Fundamental Research Corp.

Investment Analysis for Intelligent Investors

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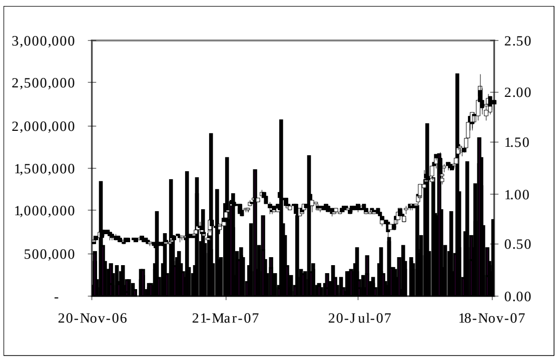
Orko Silver Corp. (TSX.V: OK) – 86% Increase in Silver-Eq Resource Estimate Highlights Takeover Potential

Sector/Industry: Junior Mining **www.orkosilver.com**

Market Data (as of November 21, 2007)

Current Price	C$1.81
Fair Value	C$2.00 (↑)
Rating*	BUY
Risk*	5 (Highly Spec)
52 Week Range	C$0.45 – C$2.17
Shares O/S	96,873,278
Market Cap	C$175.34 mm
Current Yield	N/A
P/E	N/A
P/B	34.9
YoY Return	235.2%
YoY TSXV	9.1%

*see back of report for rating and risk definitions



Investment Highlights

- The company's goal is to build a resource estimate of 100 million ounces of silver equivalent to become an attractive acquisition target. OK released their fourth resource estimate in October 2007, and now have an inferred resource estimate of 66.6 million oz silver and 109,000 oz gold on their La Preciosa Property.
- The high grade Martha Vein added 27.5 million ounces silver equivalent to the resource estimate. This is the company's priority target at this time, due to its high grades and great widths.
- The company continues to hit very high-grade intercepts, and still has not outlined the full dimensions of the property's extensive mineralized system.
- Orko now has four drill rigs running continuously on the La Preciosa property to build their resource estimate quickly. Exploration at this time is focused on identifying the dimension of the orebody in the inferred category before completing infill drilling.
- We have raised our fair value estimate on the company from $1.25 per share to $2.00 per share.

Risks

- The company is aiming to be taken out at the inferred resource stage. Strategic takeovers at the inferred resource stage are relatively rare, and there is no guarantee that "100 million ounces inferred" is the magic number for takeover.

Key Financial Data (FYE - Oct 31)

(C $)	2003	2004	2005	2006	2007 9 mo
Cash + Short-term Inv	250,072	43,591	229,647	3,215,748	3,981,663
Working Capital	207,305	3,896	(79,374)	2,629,314	3,326,703
Mineral Assets	66,000	-	42,000	1,287,163	1,316,163
Total Assets	346,224	64,756	308,590	4,624,252	5,793,949
LT Debt	-	-	-	-	-
Net Loss	(465,402)	(465,567)	(2,608,215)	(7,065,743)	(8,847,271)
Loss per Share	(0.04)	(0.02)	(0.11)	(0.13)	(0.12)

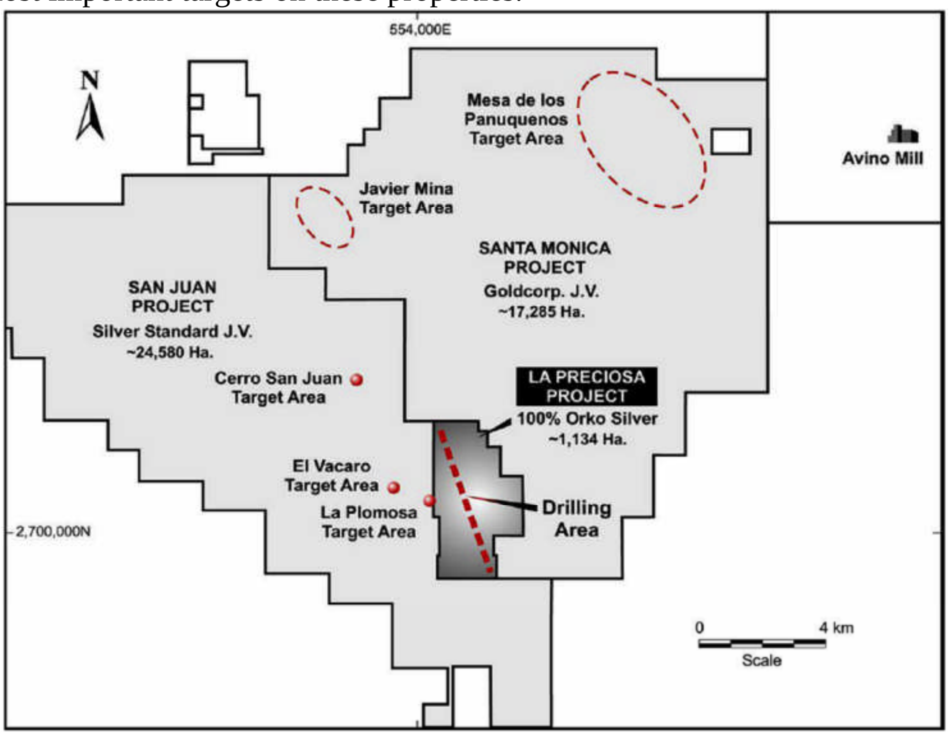
Note: FRC's mining advisor and a senior FRC executive have visited OK's property in the past 12 months; see the back of this report for additional disclosures

Orko Silver Corp. owns three adjacent silver properties on over 43,000 hectares in the state of Durango, Mexico that they are exploring. They currently have a resource estimate of 73.1 million ounces of silver equivalent on their main property, La Preciosa, in which they have a 100% interest. The company aims to have a resource estimate of 100 million ounces silver inferred to become an attractive acquisition target. Much of the San Juan and Santa Monica properties remain underexplored.

Company Overview

Orko Silver Corp. began acquiring silver properties in Mexico in 2003, and their three adjacent properties are located in the state of Durango, Mexico. Durango is Mexico's 2nd largest silver producing region and 1st in gold production. The purpose of this update is to discuss Orko's exploration efforts since August 2007, and revisit our valuation based on the company's recent updated resource estimate, which improved upon the previous estimate by 84%.

Orko's 100% owned La Preciosa property has a resource estimate of 66.6 million oz silver and 109,000 oz of gold as of October 2007. Orko has an option to earn 75% each on two large adjacent properties, San Juan and Santa Monica, with Silver Standard Resources (TSX: SSO) and Goldcorp (TSX:G) respectively. These two joint venture projects are still in the early stages of exploration. Together, these three properties are a continuous land package that exceeds 43,000 hectares, very little of which has been actively explored. This should be considered a district scale project. The map below shows Orko's three properties and some of their most important targets on these properties.



Source: Orko Silver Corp.

Orko's corporate strategy is to focus on exploration and build a resource estimate of 100 million ounces of silver equivalent, making the company an attractive acquisition target for top-tier mining companies. This target has been defined based on the silver equivalent of 2 million ounces gold, which is considered a large gold deposit. To this end, Orko has been drilling with two drill rigs 24 hours a day, 7 days a week, since March 2005, and they plan to continue building their resource estimate towards this goal. A third and fourth drill rig were added in September, and October, respectively. The company recently released a fourth resource estimate that takes them to over 70% of their target. They have had great success in several new vein discoveries on the property, notably the excellent grades and widths of the Martha vein at depth.

La Preciosa

Property Overview: The 1,134 hectare La Preciosa property sits at the center of the company's three properties. La Preciosa was mined in the early 1900s, but fell into disrepair during the Mexican Revolution. Mexican mining giant Luismin, acquired by Goldcorp (TSX:G) in 2001, explored the property in the 1980s. This was during the time that the Hunt Brothers attempted to corner the silver market and drove the price of silver up to $54/ounce at its peak. Luismin expanded underground workings, took 1,365 underground samples, drilled 7 holes, and stockpiled over 11,000 tonnes of ore at 180 g/t silver before abandoning the project when the Hunt Brothers were forced to declare bankruptcy and the price of silver fell to $5/oz.

Accessibility and Infrastructure: The La Preciosa property is located 47 kilometers northeast of the city of Durango in Durango State. The property is accessible by paved road to the edge of Orko's properties, where the road turns to dirt. It is located between the villages of Francisco Javier Mina, Francisco I. Madero and Ricardo Flores Magon. These villages are a source for mechanics and other laborers. We believe the proximity to Durango is an advantage for the project, as Durango is a mining center for supplies and labor. Although some of the roads are rough, the topography of the project is generally favorable to road construction.

Currently, Orko trucks water for drilling from a reservoir in the village of Francisco Javier Mina. For potential future mining operations, there is a groundwater aquifer on the property that could be utilized for a well, as was done at the former Avino Mine directly to the east. Currently, there is no power on the property, but the adjacent villages are connected to the electrical grid.

Exploration: The company has announced high grade drilling results from the Transversal, Abundancia, La Gloria, Chabelita, and Martha veins in the Mina La Preciosa Sector. Exploration has revealed that the Martha vein dips at 20 degrees, compared to the average dip of 70 degrees on the La Gloria and Transversal veins, and 45 degrees on the Abundancia vein. Drilling continues on the Martha vein, which has a higher average grade (232 g/t silver eq) and greater width (8.7 meters) than the Abundancia and La Gloria veins. The La Gloria vein average is 245 g/t Ag-Eq, and Abundancia vein average is 200 g/t Ag-Eq.

Resource Estimate: The company has set a goal of building a silver equivalent resource of 100 million ounces. They released their first resource estimate in January 2006. The January 2006 resource estimate was based on 26 drill holes totaling 11,576 m of drilling. The resource was updated in September 2006, based on 40 diamond drill holes totaling over 17,000 meters of core. On March 13, 2007, the company announced an updated resource based on 79 diamond drill holes totaling 28,563 meters. Average drill spacing was 100 meters, which is the spacing for an inferred resource.

The October 2007 resource estimate is based on 120 diamond drill holes. The resource increase came from the Abundancia, La Gloria, and Martha veins. The Martha vein added 27.5 million ounces silver equivalent, as it was not incorporated into the previous resource estimate.

The following tables summarize the company's current and previous resource estimates at two different cut-off grades. Orko's geologist, Ben Whiting, P.Geo., initially used a cut-off grade of 150 g/t silver equivalent and a cut-off width of 1.5 meters to define an ore shoot that could be feasibly mined at $7/oz silver. For the last three resources, Mr. Whiting also calculated the resource using a cut-off grade of 100 g/t silver equivalent. At this time, the company believes the 100 g/t silver equivalent cut-off grade is more relevant for mine planning.

New Resource Estimate

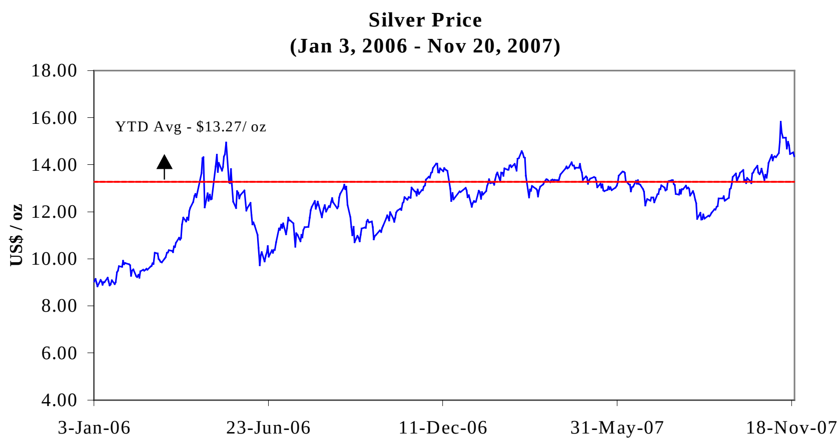
Inferred Resource at 100 g/t silver equiv. cut-off grade						
Date	**Tonnage (metric)**	**Grade (g/t)**		**Contained Ounces**		**Silver equiv. ozs**
		silver	**gold**	**Silver**	**Gold**	
Sep-06	4,050,000	207.4	0.384	27,000,000	50,000	30,000,000
Mar-07	5,720,000	192.9	0.345	35,500,000	63,400	39,300,000
Oct-07	10,360,000	200	0.328	66,600,000	109,000	73,100,000

Resource used in valuation

Inferred Resource at 150 g/t silver equiv. cut-off grade						
Date	**Tonnage (metric)**	**Grade (g/t)**		**Contained Ounces**		**Silver equiv. ozs**
		Silver	**Gold**	**Silver**	**Gold**	
Jan-06	2,720,000	227.2	0.462	19,900,000	40,400	22,300,000
Sep-06	3,420,000	235	0.435	25,800,000	47,800	28,700,000
Mar-07	4,390,000	229.9	0.396	32,500,000	55,900	35,800,000
Oct-07	6,880,000	256.6	0.387	56,600,000	85,500	61,900,000

Industry Analysis

Outlook on Silver: The figure on the next page shows silver prices since January 2006. As of November 20, 2007, silver was trading at US$14.4/oz, which reflects a YOY increase of 11.1%.



Source: KITCO

Although the supply and demand fundamentals of silver play a key role in setting prices, we believe silver prices will continue to follow gold in the short-term and mid-term. Our outlook on gold is positive based on a forecasted depreciation in the U.S. dollar, higher inflationary expectations, relatively lower U.S. real interest rates, and high oil prices. The average forecasts for gold prices are US$670/oz in 2007, and US$749/oz in 2008.

Also, we believe that strong investment demand for silver (as of October 3, 2007, iShares Silver Trust assets were 143.54 million oz, which reflects an increase of 584% since the introduction of the ETF in April 2006), amidst decreasing physical demand, will also help prices stay high. The average forecasts for silver prices are US$13.51/oz in 2007, and US$15.70/oz in 2008.

Financial Analysis

In the first nine months of FY2007 (ended July 2007), the company recorded a net loss of $8.85 million (EPS: -$0.12), compared to a net loss of $5.08 million (EPS: -$0.10) in the comparable period in the previous year. The net loss increased as exploration and development costs increased YOY, from $3.14 million to $5.59 million, and as stock-based compensation increased YOY, from $0.74 million to $1.93 million. We estimate the company had a burn rate (cash spent on operating and investing activities) of $0.80 million per month in the first nine months of FY2007, compared to $0.75 million per month in FY2006 (12-month period). The table below shows the company's cash and liquidity position.

	2003	**2004**	**2005**	**2006**	**2007 - 9 mo**
Working Capital	207,305	3,896	(79,374)	2,629,314	3,326,703
Current Ratio	4.8	1.1	0.8	4.8	5.3
LT Debt / Assets	-	-	-	-	-
Burn Rate	(52,164)	(30,451)	(183,337)	(750,082)	(801,729)
Cash from financing activities	684,961	803,748	2,386,100	8,987,089	7,981,480

At the end of July 2007, the company had cash and working capital of $3.98 million, and $3.33 million, respectively, compared to $3.22 million, and $2.63 million, at the end of FY2006.

Recent Financings: In August 2007, the company completed a non-brokered private placement and raised $3.15 million, by issuing 3.94 million units at a unit price of $0.80. Each unit consists of one common share and one-half share purchase warrant.

Stock Options and Warrants: At the end of July 2007, the company had 9.85 million stock options outstanding (all of them are currently 'in-the-money') with exercise prices ranging between $0.11 and $0.95, and maturity dates between October 2008, and July 2012. Since July 2007, the company has issued 7.20 million stock options, with exercise prices ranging between $0.85 and $1.00.

OK also had 8.98 million warrants outstanding (all of them are currently 'in-the-money') at the end of July 2007, with exercise prices ranging between $0.30 and $0.78, and maturity dates between August 2007 and May 2008.

dates between August 2007 and May 2008.

Conclusion: If all the outstanding warrants that expire in May 2008 are exercised, the company can raise up to $5.01 million. Based on a burn rate of $0.80 million per month, if most of the outstanding warrants are exercised (expiry dates between August 2007 and May 2008), we believe the company will not have to go back to the market until mid 2008 to raise additional capital.

Valuation

We have continued to value Orko based on a real options valuation model and a comparables valuation. As a result of the significant increase in resource estimates, our average fair value estimate increased from $1.00 per share to $1.99 per share.

Valuation	**Previous**	**Revised**
Real Options	$1.25	$1.85
Comparables	$0.75	$2.14
Average	**$1.00**	**$1.99**

The company has begun reporting resource estimates at a lower cut-off of 100 g/t, as well as the 150 g/t cut-off used previously. The 150 g/t cut-off incorporated a long term silver price of $7/oz, and with higher long term silver price forecasts, the company felt (and we agree) that 100 g/t better represents the amount of material in the deposit that could be mined. Cut-off grades also have to do with operating costs, and based on comparable operating costs in the area, 100 g/t is payable material.

We did not make any other noteworthy changes in our valuation models. A summary of our valuation models is shown on the next page.

Real Options Valuation - La Preciosa Project					
Resources (in tons)	**Category**	**Grade (g/t)**	**Contained Metal (in troy oz)**	**Price (US$/oz)**	**Value (C$)**
10,360,000	Inferred	200.0	66,600,000	11.00	716,116,500
10,360,000	Inferred	0.33	109,000	600.00	56,407,500
Recovery (Ag)	85%		Total Value (C$)		$772,524,000
Recovery (Au)	75%		Operating Costs (C$)		$375,291,000
C$/US$	1.15		**Net Value (C$)**		**$397,233,000**

Inputs relating to the underlying asset	
Estd. Mineral Resources (in tons)	10,360,000
Estd.Value of Minerals if extracted today	$354,091,889
Annualized Standard Deviation of Mineral prices	37%
Capital Investment	$40,000,000
Estd. Mine Life (years)	12
Riskfree Rate	4.20%

Output			
Stock Price	$354,091,889	T.Bond rate	4.20%
Strike Price	$40,000,000	Variance	0.13
Expiration (in years)	11.8	Anlzd. div yield	3.70%
		Value of Option	$205,452,650
d1 =	2.408	Working Capital	$4,071,515
N(d1) =	0.992	Debt	-
d2 =	1.148	Number of shares	113,503,542
N(d2) =	0.875	**Value per share**	**$1.85**

	Comparables Valuation	**SYM**	**Price**	**Enterprise Value (EV)**	**Resources (Ag eq.)**	**EV / Resources**
1	**ECU Silver Mining Inc.**	ECU	$2.28	$546,202,945	98,400,000	**$5.55**
2	**Endeavour Silver Corp.**	EDR	$4.32	$208,755,732	41,000,000	**$5.09**
3	**Fortuna Silver Mines**	FVI	$3.45	$241,354,918	72,853,818	**$3.31**
4	**Orko Silver Corp.**	OK	$1.90	$179,987,714	73,140,000	**$2.46**
5	**Avino Silver and Gold Mines**	ASM	$1.65	$24,678,177	12,595,692	**$1.96**
6	**Silver Eagle Mines Inc.**	SEG	$0.88	$29,638,719	30,200,000	**$0.98**
					Average*	**$2.78**
					Fair Value of OK ($ / share)	**$2.14**

Note: Share prices are as of November 20, 2007

* Since (1) and (2) are producing companies, we have discounted their ratios by 25%

We added two more comparables in our analysis in this report, namely ECU Silver Mining Inc. (ECU) and Endeavour Silver Corp. (EDR). Both companies are currently producing, and therefore, they are trading at a higher Enterprise value (EV) to resource ratio compared to the other companies in the analysis. We have, therefore, discounted their ratios by 25% in order to make them comparable to the other ratios.

Conclusions and Rating

Orko's most recent resource estimate highlights the great potential on the property, especially with respect to the expansion of the Martha vein. The company has only drilled a small portion of their targets. The company continues to hit very high-grade intercepts, and still has not outlined the full dimensions of this property's extensive mineralized system. Drilling results from the Santa Monica and San Juan property are expected in the following months.

We believe OK has good potential to increase its estimate of the deposit size, and expects to announce a fifth resource estimate in Q1-2008. This resource will incorporate results of at least 30 drill holes, mainly from the Martha vein, that have been completed since the last NI 43-101 resource. Based on a burn rate of $0.80 million per month, if most of the outstanding warrants are exercised (expiry dates between August 2007 and May 2008), we believe the company will not have to go back to the market until mid 2008 to raise additional capital.

The biggest risk associated with vein type deposits is the conversion of inferred resources to measured and indicated resources/proven and probable reserves. We have taken 100% inferred resources because we believe these account for the considerable upside on the property. Management does not expect to complete infill drilling or underground development to bring the resources to the measured and indicated categories. There is no guarantee that they will receive takeover offers with resources in the inferred category, nor does reaching 100 million ounces silver equivalent inferred guarantee a takeover bid.

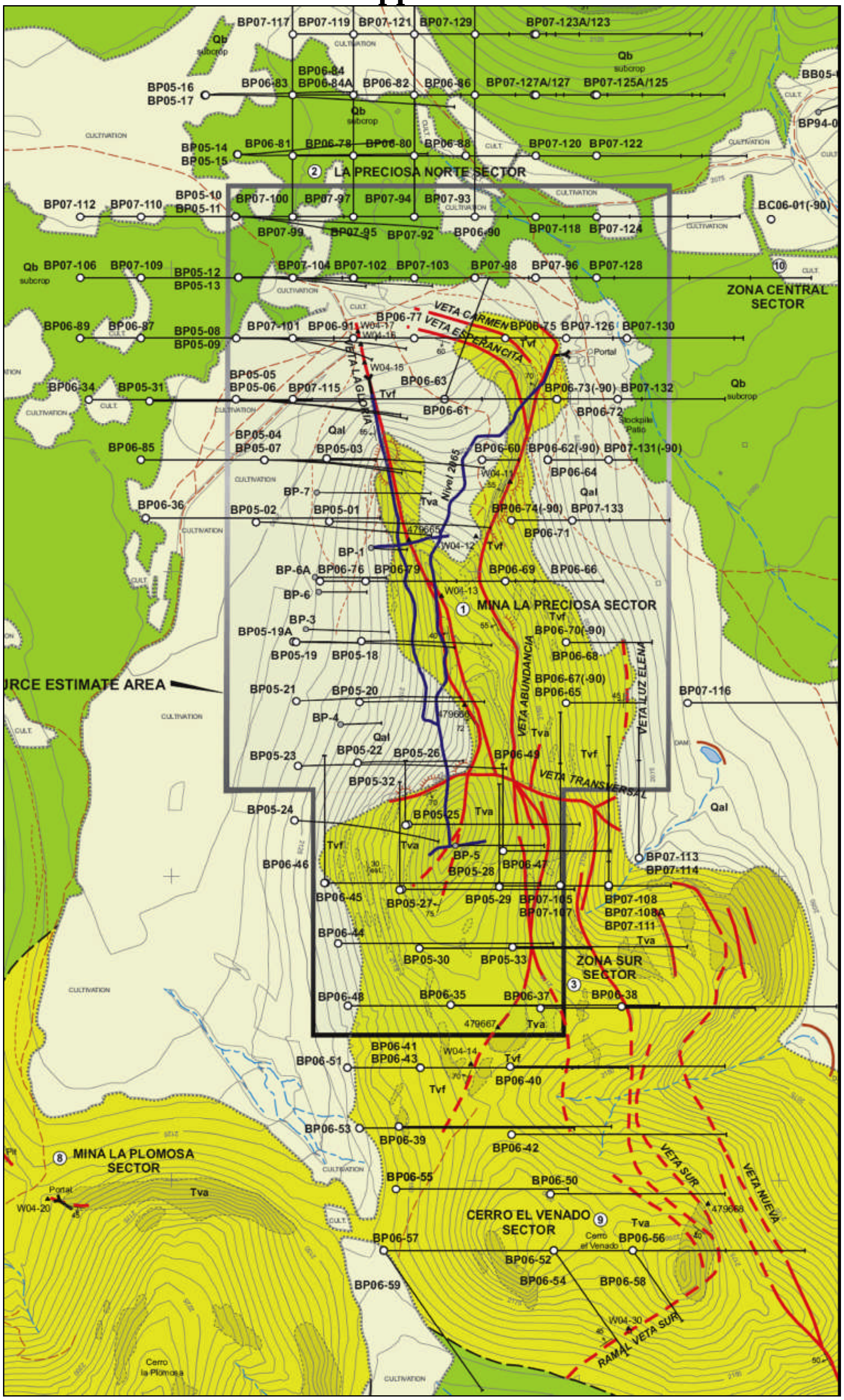
OK's share price has risen significantly since our previous report dated August 17, 2007, from $0.65 per share to $1.81 per share (as of November 21, 2007). Based on our revised fair value estimate, we reiterate our BUY rating, and raise our fair value estimate from $1.25 per share to $2.00 per share. Upside catalysts will arise as a new resource estimate is announced in Q1-2008.

Risks

The following risks, though not exhaustive, will cause our estimates to differ from actual results:

- The company is exposed to all the risks associated with any other mineral exploration company that does not have any operating mines.
- Orko's success is dependent on the management and development of its exploration projects.
- The success of drilling, expansion and increasing favorable resource estimates are very important for the company's future prospects.
- Orko's stock price depends heavily on commodity prices, namely silver and gold.

Appendix



Source: Orko Silver Corp.

Fundamental Research Corp. Equity Rating Scale:
Buy – Annual expected rate of return exceeds 12% or the expected return is commensurate with risk
Hold – Annual expected rate of return is between 5% and 12%
Sell – Annual expected rate of return is below 5% or the expected return is not commensurate with risk
Suspended or Rating N/A— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

Fundamental Research Corp. Risk Rating Scale:
1 (Low Risk) - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.

2 (Below Average Risk) - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company's capital structure is conservative with little to modest use of debt.

3 (Average Risk) - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

4 (Speculative) - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

5 (Highly Speculative) - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues, and may rely on external funding. These stocks are considered highly speculative.