

**GEOROX RESOURCES INC.**  
**(A DEVELOPMENT STAGE ENTERPRISE)**  
**(formerly Oromonte Resources Inc.)**

**CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2008 AND 2007**

The interim consolidated financial statements have not been reviewed by the Company's auditors.

**GEOROX RESOURCES INC.**  
**(A DEVELOPMENT STAGE ENTERPRISE)**  
**(formerly Oromonte Resources Inc.)**

**CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

**SEPTEMBER 30, 2008 AND 2007**

<b>INDEX</b>	<b>PAGE</b>
Consolidated Balance Sheets	1
Consolidated Statements of Operations, Comprehensive Loss and Deficit	2
Consolidated Statements of Deferred Exploration and Development Expenditures	3
Consolidated Statements of Cash Flows	4
Notes to the Consolidated Financial Statements	5 - 17

**GEOROX RESOURCES INC.**  
**(A DEVELOPMENT STAGE COMPANY)**  
**(formerly Oromonte Resources Inc.)**

**CONSOLIDATED BALANCE SHEETS AS AT SEPTEMBER 30, 2008 AND DECEMBER 31, 2007**

(Unaudited)	2008	2007
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	\$ 1,298,232	\$ 1,872,318
Sundry receivables	88,644	95,627
Prepaid expenses	1,161	929
	1,388,037	1,968,874
<b>FIXED ASSETS (Note 3)</b>	41,941	90,725
<b>INVESTMENTS (Note 4d)</b>	598,750	598,750
<b>INTEREST IN MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (Note 4 and Statement)</b>	778,392	666,901
	\$ 2,807,120	\$ 3,325,250
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 54,732	\$ 226,433
<b>SHAREHOLDERS' EQUITY</b>		
<b>CAPITAL STOCK (Note 5b)</b>	6,740,220	6,740,220
<b>WARRANTS (Note 5c)</b>	491,299	491,299
<b>CONTRIBUTED SURPLUS (Note 5e)</b>	1,290,054	1,229,535
<b>DEFICIT</b>	(5,769,185)	(5,362,237)
	2,752,388	3,098,817
	\$ 2,807,120	\$ 3,325,250

APPROVED ON BEHALF OF THE BOARD:

"Bruce E Cottingham", Director

"Grant A. Simpson", Director

See accompanying notes to the consolidated financial statements

**GEOROX RESOURCES INC.**  
**(A DEVELOPMENT STAGE COMPANY)**  
**(formerly Oromonte Resources Inc.)**

**CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT**  
**FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007**

(Unaudited)

	2008 three months	2007 three months	2008 nine months	2007 nine months
<b>OPERATING EXPENSES</b>				
Public relations and promotion	\$ 6,129	\$ 23,386	\$ 19,209	\$ 124,026
Office and general	40,036	101,392	113,706	241,521
Management and consulting fees	28,350	9,483	109,423	94,149
Travel expenses	1,520	15,895	16,765	69,599
Transfer agent and filing fees	2,709	2,112	14,284	22,744
Stock based compensation (Notes 5d & 5e)	18,245	-	60,519	75,402
Rent	900	1,530	4,050	7,642
Professional fees	112,877	26,558	125,817	117,653
Bad debt	-	(1,352)	-	981
Interest and bank charges	243	562	1,663	2,852
Amortization	2,868	8,268	12,292	20,141
<b>LOSS, BEFORE OTHER ITEMS</b>	<b>213,877</b>	<b>187,834</b>	<b>477,728</b>	<b>776,710</b>
<b>OTHER ITEMS</b>				
Interest income	(12,410)	(28,360)	(25,178)	46,673
Foreign exchange loss (gain)	(9,132)	22,021	(37,132)	(14,776)
Loss (gain) on disposal	(906)	1,352	(8,470)	(2,333)
	(22,448)	(4,987)	(70,780)	29,564
<b>NET LOSS AND OTHER COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>191,429</b>	<b>182,847</b>	<b>406,948</b>	<b>747,146</b>
<b>DEFICIT, BEGINNING OF PERIOD</b>	<b>5,577,756</b>	<b>2,742,335</b>	<b>5,362,237</b>	<b>2,178,036</b>
<b>DEFICIT, END OF PERIOD</b>	<b>\$ 5,769,185</b>	<b>\$ 2,925,182</b>	<b>\$ 5,769,185</b>	<b>\$ 2,925,182</b>
<b>NET LOSS PER SHARE</b>				
Basic and diluted	\$ 0.019	\$ 0.018	\$ 0.040	\$ 0.073
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING</b>				
	10,234,518	10,234,518	10,234,518	10,234,518

See accompanying notes to the consolidated financial statements

**GEOROX RESOURCES INC.**  
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**CONSOLIDATED STATEMENTS OF DEFERRED EXPLORATION  
AND DEVELOPMENT EXPENDITURES**

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008 AND DECEMBER 31, 2007**

(Unaudited)

	Pangui	Virgen del Cisne	Chimbuza	Nambija	Total
	\$	\$	\$	\$	\$
<b>ACQUISITION COSTS</b>					
Balance, December 31, 2006	173,170	175,094	59,626	300,052	707,942
Additions	66,402	-	161,100	-	227,502
Gold sales net of expenses	-	-	-	(140,774)	(140,774)
Dispositions	-	-	-	(159,278)	(159,278)
Write-down	-	(3,840)	(220,726)	-	(224,566)
Balance, December 31, 2007	239,572	171,254	-	-	410,826
<b>DEFERRED EXPLORATION COSTS</b>					
Balance, December 31, 2006	-	-	-	1,533,067	1,533,067
Additions	450,646	112,662	38,222	-	601,530
Dispositions	-	-	-	(1,533,067)	(1,533,067)
Write-down	(194,571)	(112,662)	(38,222)	-	(345,455)
Balance, December 31, 2007	256,075	-	-	-	256,075
Balance, December 31, 2007	495,647	171,254	-	-	666,901
<b>ACQUISITION COSTS</b>					
Balance, December 31, 2007	239,572	171,254	-	-	410,826
Balance, SEPTEMBER 30, 2008	239,572	171,254	-	-	410,826
<b>DEFERRED EXPLORATION COSTS</b>					
Balance, December 31, 2007	256,075	-	-	-	256,075
Additions	67,168	44,323	-	-	111,491
Balance, SEPTEMBER 30, 2008	323,243	44,323	-	-	367,566
Balance, SEPTEMBER 30, 2008	562,815	215,577	-	-	778,392

See accompanying notes to the consolidated financial statements

**GEOROX RESOURCES INC.**  
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**CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS AND NINE MONTHS  
ENDED SEPTEMBER 30, 2008 AND 2007**  
(Unaudited)

	2008 three months	2007 three months	2008 nine months	2007 nine months
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net loss for the period	\$ (191,429)	\$ (182,847)	\$(406,948)	\$(747,146)
Operating activities not involving cash:				
Stock based compensation	18,245	-	60,519	75,402
Amortization	2,868	8,268	12,292	20,141
Changes in non cash working capital balances:				
Decrease (increase) in sundry receivables	(6,048)	(31,482)	6,983	(53,472)
Decrease (increase) in prepaid expenses	(313)	22,035	(232)	(107,842)
(Decrease) in due to related parties	-	(92,482)	-	(154,383)
Increase (decrease) in accounts payable and accrued liabilities	45,148	(123,246)	(171,701)	(74,900)
	(131,529)	(399,754)	(499,087)	(1,042,200)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest in mineral properties and deferred exploration expenses	-	(22,582)	(111,491)	(583,020)
(Purchase) of fixed assets	-	(14,067)	(819)	(51,034)
Proceeds from disposal of fixed assets	-	-	37,311	-
	-	(36,649)	(74,999)	(634,054)
<b>INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	(131,529)	(436,403)	(574,086)	(1,676,254)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	1,429,761	2,690,770	1,872,318	3,930,621
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	\$ 1,298,232	\$ 2,254,367	\$ 1,298,232	\$ 2,254,367

See accompanying notes to the consolidated financial statements

**GEOROX RESOURCES INC.**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)  
SEPTEMBER 30, 2008 AND 2007

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Georox Resources Inc. (the “Company” or “Georox”) was incorporated under the Canada Business Corporations Act on April 14, 2003. The Company, formerly known as Oromonte Resources Inc., changed its name effective August 26, 2008. The Company is in the process of exploring its resource properties in Ecuador and British Columbia, Canada for mineral reserves and is considered to be in the development stage, as defined by the Canadian Institute of Chartered Accountants (“CICA”) Accounting Guideline 11 “Enterprises in the Development Stage”. The Company has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of the carrying values of mineral properties is dependent upon the discovery of economically recoverable reserves, the preservation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain financing necessary to complete development of the properties, and the future profitable production therefrom or alternatively upon the Company’s ability to dispose of its interests on an advantageous basis. The assets of the Company that are located outside of North America are subject to the risk of foreign investment, including increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations, legislative changes and political uncertainty. Subsequent to year end, the Ecuadorian Constitutional Assembly approved a new mining mandate (the “Mining Mandate”) under which the government is re-evaluating mining concessions previously granted. These changes in the political environment in Ecuador create uncertainty regarding the future of mining in Ecuador. See Note 9.

As at September 30, 2008, the Company had working capital of \$1,333,305 (\$1,742,441 at December 31, 2007) and an accumulated deficit of \$5,769,185 (\$5,362,237 at December 31, 2007).

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a “going concern”, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Management of the Company believes that it has sufficient funds to pay its ongoing administrative expenses and to meet its liabilities for the ensuing year as they fall due. The Company is in the development stage with no history of profitability. There is no guarantee that the Company’s exploration programs will yield positive results or that the Company will be able to obtain the necessary financing to carry out the exploration and development of its properties. If the “going concern” assumption was not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying values of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used. Such adjustments could be material.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The unaudited interim consolidated financial statements have been prepared by and are the responsibility of the Company’s management in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly they do not contain all the information and footnotes required by Canadian generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included. These unaudited interim consolidated financial statements follow the accounting policies set out in the Company’s year end audited consolidated financial statements, as at December 31, 2007 and should be read in conjunction with the year end consolidated financial statements. Operating results for the three month period and nine month period ended September 30, 2008 are not necessarily indicative of the results that can be expected for the year ended December 31, 2008.

The accounting policies of the Company are in accordance with Canadian generally accepted accounting principles and their basis of application is consistent with that of the previous year except as outlined below.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)  
SEPTEMBER 30, 2008 AND 2007

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Consolidation**

The consolidated financial statements include the financial statements of the Company and its wholly owned subsidiaries, Ecuaro Resources S.A., Oromonte Resources S.A., Marissaoro Minerals S.A., Monteminerals S.A. and Orosources Minerals S.A., all incorporated in Ecuador. All inter-company balances and transactions have been eliminated on consolidation.

**Cash and Cash Equivalents**

Cash and cash equivalents are comprised of cash on hand and short-term investments, which mature within three months from the date of acquisition. Surplus cash is invested in GIC investments with maturities of less than one year, which can be cashed at any time. The GIC investments are held in a Canadian chartered bank or a financial institution controlled by a Canadian chartered bank.

**Investments**

Investments in Canuc Resources Corporation ("Canuc") consist of warrants and common shares and are carried at cost and are reviewed annually for impairment as Canuc's shares are not trading and no market value is available. These investments are classified as available for sale.

Canuc explores resource properties in Ecuador. If the Mining Mandate is applied as it is now, the Company could experience difficulty recovering the full value of these investments. This would represent an impairment which could be material to the Company (See Note 9).

**Stock-Based Compensation**

The fair value for each stock option granted is estimated on the date of grant using the Black-Scholes option-pricing model. These fair value costs are recognized as an expense with a corresponding increase to contributed surplus over the vesting period of the grant. As the options are exercised, the consideration paid together with the amount previously recognized in contributed surplus is recorded as an increase to share capital. The Company's stock option plan is described in Note 5(d).

**Asset Retirement Obligations**

The fair values of asset retirement obligations are recorded as liabilities on a discounted basis when they are incurred. Amounts recorded for the related assets are increased by the amount of these obligations. Over time, the liabilities will be accreted for the change in their present value and the initial capitalized costs will be depleted and amortized over the useful lives of the related assets. The Company did not have any asset retirement obligations as at September 30, 2008 and December 31, 2007.

**Interest in Mineral Properties and Deferred Exploration Expenditures**

Interest in mineral properties and deferred exploration expenditures, net of pre-production revenues are carried at cost until they are brought into production, at which time they are depleted on a unit-of-production method based on proven and probable reserves. If a property is subsequently determined to be significantly impaired in value, the property and related deferred costs are written down to net realizable value. Other general exploration expenses are charged to operations as incurred. The cost of mineral properties abandoned or sold and their related deferred exploration costs are charged to operations in the current year.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)  
SEPTEMBER 30, 2008 AND 2007

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

The Company reviews capitalized costs on its property interests on a periodic basis and recognizes impairment in value, based on a review of exploration results, whether the Company has significant exploration plans in the immediate future and upon management's assessment of the future probability of profitable revenues from the property or from the sale of the property. The recoverability of costs incurred on the mineral properties is dependent on numerous factors including exploration results, environmental risks, commodity risks, political risks, and the Company's ability to attain profitable production. Management's assessment of the property's estimated current fair value may also be based upon a review of other property transactions in the same geographic area as that of the property under review.

Costs include the cash consideration and the fair market value of the shares issued for the acquisition of the mineral properties. The carrying value is reduced by option proceeds received until such time as the property cost is reduced to nominal amounts. Properties acquired under option agreements or joint ventures, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at the time of payment.

Title to mining properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for certain problems arising from the frequently ambiguous conveyance history characteristic of many mining properties. Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title (See Notes 1 and 9). Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defect. Titles may also be affected by government legislation.

**Fixed Assets**

Equipment is recorded at cost. Amortization is provided over the related assets' estimated useful lives using the following methods and annual rates.

Vehicles	20% declining balance
Computer equipment	30% to 45% declining balance
Office equipment	10% to 20% declining balance

**Income Taxes**

Income taxes are calculated using the asset and liability method of accounting. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Future income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and on unclaimed losses carried forward and are measured using the substantially enacted tax rates that will be in effect when the differences are expected to reverse or losses are expected to be utilized. The effect on future income tax assets and liabilities of a change in income tax rates is recognized in income in the period that includes the date of enactment or substantive enactment of the change. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential benefit is taken and no asset is recognized.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)  
SEPTEMBER 30, 2008 AND 2007

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Loss Per Common Share**

Basic loss per share is calculated using the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated using the treasury stock method. In order to determine diluted loss per share, the treasury stock method assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The diluted loss per share calculation excludes any potential conversion of options or warrants that would increase earnings per share or decrease loss per share. As the Company had losses for the periods ended September 30, 2008 and 2007, basic and diluted loss per share are the same as the exercise of all options and warrants would be anti-dilutive.

**Foreign Currency Translation**

The Canadian dollar is the functional currency of all of the Company's operations, which are classified as integrated for foreign currency translation purposes. Under this method translation gains or losses are included in the determination of net income or loss.

Monetary assets and liabilities of the Company's integrated foreign operations are translated into Canadian dollars at exchange rates in effect at the balance sheet date. Revenues and expenses are translated at the average exchange rates for the period, except for amortization which is translated at historical rates.

**Use of Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Such estimates and assumptions affect the carrying value of assets, impact decisions as to when exploration and development costs should be capitalized or expensed and affect estimates for asset retirement obligations and reclamation costs. The Company's most significant areas of estimation are in relation to recoverability of exploration property expenditures and possible impairment, valuation of the investment in common shares and warrants of Canuc Resources Corporation, stock-based compensation, warrant valuation, royalties and future tax assets and liabilities. Actual results could differ from those estimates.

**Comparative Figures**

Certain comparative figures have been reclassified to conform to the presentation adopted in the current period.

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(Unaudited)  
SEPTEMBER 30, 2008 AND 2007

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Financial Instruments**

**Section 3855 – “Financial instruments – Recognition and Measurement”** prescribes when a financial asset, financial liability, or non-financial derivative is to be recognized on the balance sheet as well as its measurement amount. All financial instruments are required to be measured at fair value on recognition of the instrument, except for certain related party transactions. Measurement in subsequent periods is dependent on whether the financial instrument has been classified as “held for trading”, “available for sale”, “held to maturity”, “loans and receivables”, or “other financial liabilities” as defined by the standard.

Financial assets and financial liabilities “held for trading” are measured at fair value with changes in those fair values recognized in net income. Financial assets “available for sale” are measured at fair value, with changes in those fair values measured in other comprehensive income. Financial assets “held to maturity”, “loans and receivables” and “other financial liabilities” are measured at amortized cost using the effective interest method of amortization. The methods used by the Company in determining the fair value of financial instruments is unchanged as a result of implementing the new standard.

**Hedges**

**Section 3865 – “Hedges”** specifies how hedge accounting is to be applied and what disclosures are necessary when it is applied.

**Comprehensive Income**

**Section 1530 – “Comprehensive income”** introduced new standards for reporting and disclosure of comprehensive income. Comprehensive income is the change in equity of the Company during the period as a result of transactions and other events and circumstances from non-owner sources. There was no comprehensive income or loss during the period ended September 30, 2008; accordingly, no consolidated statement of comprehensive income or loss has been presented.

**Accounting changes**

Effective January 1, 2007, the Company adopted the revised CICA section 1506, “Accounting Changes”. Under the revised section, voluntary changes in accounting policy are permitted only if they result in financial statements that provide more reliable and relevant information to the reader. Changes in accounting policy must be applied retrospectively, while changes in accounting estimates are to be applied prospectively. The revised section also outlines additional disclosure required when accounting changes are applied, including the justification for the change, a complete description of the policy, the primary source of GAAP and the detailed effect on the financial statement line items. There was no impact on the Company’s consolidated financial statements resulting from the adoption of the revised standard.

**Adoption of new accounting policies**

As of January 1, 2008, the Company adopted two new CICA standards, Section 3862 “Financial Instruments – Disclosures” and Section 3863 “Financial Instruments – Presentation”. The new disclosure standard increases the emphasis on the risks associated with both recognized and unrecognized financial instruments and how those risks are managed.

As of January 1, 2008, the Company adopted CICA Section 1535 “Capital Disclosures” which requires additional disclosures of objectives, policies and processes for managing capital. In addition, disclosures include whether companies have complied with externally imposed capital requirements.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)  
SEPTEMBER 30, 2008 AND 2007

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In June 2007, the CICA amended Handbook Section 1400, "General Standards for financial statement presentation". These standards became effective for interim and annual financial statements for the Company's reporting periods beginning on January 1, 2008.

In January 2006, the CICA Accounting Standards Board adopted a strategic plan for the direction of accounting standards in Canada. As part of the plan, accounting standards in Canada for public companies are expected to converge with International Financial Reporting Standards ("IFRS") by the end of 2011. The Company continues to monitor and assess the impact of the convergence of Canadian GAAP and IFRS.

**3. FIXED ASSETS**

	2008			2007		
	Cost \$	Accumulated Amortization \$	Net \$	Cost \$	Accumulated Amortization \$	Net \$
Vehicles	-	-	-	57,137	17,052	40,085
Computer equipment	26,356	15,353	11,003	26,356	9,640	16,716
Office equipment	36,849	5,911	30,938	36,747	2,823	33,924
	63,205	21,264	41,941	120,240	29,515	90,725

**4. INTEREST IN MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES**

The Company has three early stage development properties in Ecuador, namely the Pangui, Virgen del Cisne and Chimbuza Properties. Exploration of the Company's properties in Ecuador is currently in abeyance due to the Ecuadorian government's mining moratorium (See Note 9). The properties and terms of the acquisition agreements are described below as well as the transfer agreement of all the Company's Nambija interests:

**a) Pangui Property**

The Company acquired a 100% interest in the Pangui Property, located in Southern Ecuador, in September, 2006 for consideration of US\$150,000 (\$174,810 Canadian). In April 2007, the Company acquired a 100% ownership of an additional mining concession (San Andres) which is contiguous with and located on the southwest corner of the main Pangui property. The concession was purchased for US\$60,000 (\$66,402 Canadian).

Prior to March 28, 2008, the annual patents were paid to retain five of the most promising concessions totalling 16,730.70 hectares. The 350 hectare San Andres concession was subsequently cancelled by the Ecuadorian government, appealed and not re-appealed.

See Note 4(f) and 10.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)  
SEPTEMBER 30, 2008 AND 2007

---

**4. INTEREST IN MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (Continued)**

**b) Virgen del Cisne Property**

In 2006, the Company entered into an agreement to acquire a 100% interest in the Virgen del Cisne Property comprised of nineteen concessions situated southeast of Cuenca, Ecuador for US\$150,000 (\$174,810 Canadian). At the time, titles to twelve concessions were transferred to the Company while seven title transfers were in progress dependent upon submission of an environmental study, subsequently submitted in April 2007.

Prior to March 28, 2008, the annual patents were paid to retain 13 of the most promising concessions totalling 36,120.30 hectares including those titles in progress. However, under the authority of the April 18, 2008 Mining Mandate, the Ecuadorian government subsequently cancelled the seven concession titles in progress totalling 17,787.3 hectares. These seven concessions had been written down to \$Nil as at December 31, 2007 (the write down was taken due to information that became known to the Company between December 31, 2007 and the date of issuance of the Company's December 31, 2007 consolidated financial statements) and the final \$50,000 payment that was due to the seller for the seven concessions has not been paid. Including the Marissa Project, the Company now holds six Virgen del Cisne concession titles totalling 18,333 hectares.

See Note 4(f).

**c) Chimbuza Property**

The Company entered into an agreement to acquire a 100% interest in the Chimbuza Project for US\$250,000 (\$291,350 Canadian). Included in the US\$250,000 is a schedule of payments of US\$50,000 to be made semi-annually. US\$150,000 was paid to December 31, 2007 and US\$50,000 was paid in January 2008. The Company has notified the seller that the final payments will not be made and the property will revert to the seller following the establishment of the new mining law in Ecuador.

See Note 4(f) and Note 9.

**d) Nambija Property**

The Company entered into a mining lease and share purchase agreement dated September 3, 2003 with Canuc Resources Corporation ("Canuc") and Compania Minera Andos S.A. ("Andos"), a wholly owned subsidiary of Canuc, to lease certain mining rights on property in the Nambija area of Ecuador (the "Mining Rights") owned by Andos, for a five-year term. During the lease term, the Company was obligated to carry out sufficient assessment work to maintain the Nambija Property in good standing and pay all taxes, assessments and other charges lawfully levied or assessed against the Property. The Company was to pay to Andos a gross royalty of 2.5% of the value of the minerals mined from the property when the mine went into commercial production, which it did not.

In May 2006, the Company entered into a purchase agreement for 8 mining rights: 4 rights within Condominio Norte and 4 rights within Condominio Sur, as well as the Goldstar Mine and its related buildings, equipment and property, from an officer of the Company for total cash consideration of US\$320,000 of which US\$120,000 is due upon transfer of the mining rights (paid), US\$80,000 due within one year following the transfer of mining rights (paid), with the balance of US\$120,000 payable in monthly instalments of US\$10,000 (US\$120,000 paid), following signing of the agreement. The Goldstar Mine consists of four mining rights, located in the Nambija region.

On October 5, 2007 the Company completed an agreement in accordance with a Letter of Intent, dated August 22, 2007, to transfer all of the Company's interest in the Nambija, Ecuador gold mining property to Canuc. In exchange for the transfer and quit claim of its interests to Canuc, Georox

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**(A DEVELOPMENT STAGE COMPANY)**  
**(Formerly Oromonte Resources Inc.)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)  
SEPTEMBER 30, 2008 AND 2007

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**4. INTEREST IN MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (Continued)**

received a total of 15,000,000 common shares of Canuc valued at \$450,000 (representing 14% of Canuc's outstanding capital at October 5, 2007) and 3,750,000 warrants for the purchase of additional common shares of Canuc, exercisable for a period of 18 months at \$0.05 per share valued at \$48,750 (increasing to \$0.07 per share if Canuc shares trade in excess of \$0.07 for a period of 20 days). In addition, Canuc has granted Georox a 2.5% gross royalty on the Nambija property, subject to a US \$2,000,000 cumulative cap on royalty payments. Canuc has also assumed responsibility for certain payments made or to be made relating to the property in the aggregate of up to approximately US \$110,000 (including the reimbursement of a portion of amounts already paid by Georox of \$76,000) and the responsibility for certain former senior employees of Georox in Ecuador.

Georox also subscribed for 3,300,000 common shares of Canuc at \$0.03 per common share (for gross proceeds of \$100,000), as part of the transaction.

The Canuc warrants were valued using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; risk free interest rate of 4.3%; expected life of 18 months; and expected volatility of 120%.

The loss on disposition of the Nambija Property was valued as follows:

Proceeds from disposition:	
15,000,000 common shares of Canuc	\$ 450,000
3,750,000 warrants of Canuc	48,750
Cash	76,000
Payables assumed by Canuc	<u>23,129</u>
	\$ 597,879
Carrying value of property	<u>1,692,345</u>
Loss on disposition	<u>\$ 1,094,466</u>

As of September 30, 2008, 5,625,000 of the Canuc common shares were subject to trading restrictions (1,875,000 were released on April 5, 2008) and the remaining common shares will be released as follows: 1,875,000 on each of the 3, 6 and 9 month anniversaries of the date the common shares of Canuc commence trading on a recognized stock exchange.

- e) During the nine months ended September 30, 2008, the Company staked nine mining claims encompassing 215 contiguous units in the Tillicum Mountain area in the West Kootenay region of south-eastern British Columbia. The Company's claims are within the Caribou Creek drainage system about 17 km east of the village of Burton. The claims were acquired for the nominal cost of registering and transferring the claims approximating \$2,000.
- f) As a result of the Mining Mandate discussed in Notes 1 and 9, management had reviewed its existing mineral property claims as at December 31, 2007 and decided to abandon certain claims that comprise portions of the Pangui, Virgen del Cisne and Chimbuza properties. As a result, the Company recorded writedowns for these properties of \$194,571, \$116,502 and \$258,948, respectively (the write down was taken due to information that became known to the Company between December 31, 2007 and the date of issuance of the Company's December 31, 2007 consolidated financial statements).

**GEOROX RESOURCES INC.**  
**(A DEVELOPMENT STAGE COMPANY)**  
**(Formerly Oromonte Resources Inc.)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)  
SEPTEMBER 30, 2008 AND 2007

**5. CAPITAL STOCK, WARRANTS, AND OPTIONS**

The capital stock is as follows:

a) **Authorized**  
Unlimited number of common shares

b) **Issued**  
10,234,518 post-consolidation common shares

	Common Shares #	Amount \$
Balance, September 30, 2008 and December 31, 2007	10,234,518	6,740,220

As of August 26, 2008 the Company consolidated its shares on a one for three basis.

c) **Share Purchase Warrants**

As at September 30, 2008, the following warrants were outstanding on a post-consolidation basis:

Date of Grant	Warrants Issued #	Exercise Price \$	Expiry Date
November 17, 2006	1,000,000	2.25	November 17, 2008

As of August 26, 2008 the Company consolidated its warrants on a one for three basis.

d) **Options**

The Company has a stock option plan for the purchase of common shares for its directors, officers, employees and other service providers. The aggregate number of common shares reserved for issuance under the plan will not exceed 10% of its issued and outstanding common shares. No one person shall be granted options representing more than 5% of the issued and outstanding common shares of the Company. The maximum number of shares which may be reserved for issuance to any consultant in any 12-month period shall be 2% of the shares issued and outstanding at the time of the grant. The maximum number of shares which may be reserved for issuance to investor relations employees in any 12-month period shall be 2% of the shares issued and outstanding at the time of the grant. The options are non-assignable and non-transferable and may be granted for a term not exceeding five years. The exercise price of the options is fixed by the board of directors of the Company and shall be determined on the basis of the market price of the shares at the time of grant, subject to all applicable regulatory requirements.

	Options #	Weighted Average Exercise Price \$
Balance, December 31, 2007	656,667	1.47
Expired during the period	(150,000)	(1.38)
Balance September 30, 2008	506,667	1.56

As of August 26, 2008 the Company consolidated its options on a one for three basis.

**GEOROX RESOURCES INC.**  
**(A DEVELOPMENT STAGE COMPANY)**  
**(Formerly Oromonte Resources Inc.)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)  
SEPTEMBER 30, 2008 AND 2007

**5. CAPITAL STOCK, WARRANTS, AND OPTIONS (Continued)**

No options were granted during the three months ended September 30, 2008. The weighted average fair value of options granted during the year ended December 31, 2007, amounted to \$0.28 per option. The fair value of these options at the date of grant was determined using the Black-Scholes option pricing model based on the following weighted average assumptions: expected dividend yield of 0%; risk-free interest rate of 4.1%; expected life of 3 years; and expected volatility of 133%.

As at September 30, 2008, the following options were outstanding as recorded on a post-consolidation basis:

Date of Grant	Options Outstanding #	Options Exercisable #	Exercise Price \$	Expiry Date
December 19, 2005 (i)	66,667	66,667	0.57	December 19, 2010
July 11, 2006 (i)	100,000	100,000	2.13	July 20, 2011
August 4, 2006 (iii)	66,667	66,667	1.80	July 31, 2011
November 23, 2006 (i)	100,000	66,667	2.13	November 22, 2011
February 14, 2007(ii)	25,000	25,000	1.26	February 13, 2010
April 1, 2007(ii)	100,000	75,000	1.26	March 31, 2010
April 4, 2007(i)	15,000	10,000	1.08	April 3, 2012
May 29, 2007(i)	33,333	22,222	0.81	May 28, 2012
Balance September 30, 2008	506,667	432,223	1.55	

- (i) Options vest 1/3 on date of grant and 1/3 on each of the first and second anniversaries of the options.
- (ii) Options vest 1/4 on date of grant and 1/4 on each of the six, twelve and eighteen-month anniversaries of the options.
- (iii) Options vested immediately on date of grant.

As of August 26, 2008 the Company consolidated its options on a one for three basis.

**e) Contributed Surplus**

	Amount \$
Balance, December 31, 2007	1,229,535
Stock-based compensation	42,274
Balance, September 30, 2008	1,271,809

**GEOROX RESOURCES INC.**  
**(A DEVELOPMENT STAGE COMPANY)**  
**(Formerly Oromonte Resources Inc.)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)  
SEPTEMBER 30, 2008 AND 2007

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**6. RELATED PARTY TRANSACTIONS**

- (i) During the nine months ended September 30, 2008, \$Nil (year ended December 31, 2007 – \$13,114) was paid to a corporation controlled by a former director of the Company and \$4,375 (year ended December 31, 2007 – \$42,900) was paid to a director for 43-101 Qualified Person (QP) services in Ecuador.
- (ii) During the nine months ended September 30, 2008, \$55,884 (year ended December 31, 2007 - \$114,732) was expensed for legal services provided by a law firm of which a director of the Company is a partner.
- (iii) During the nine months ended September 30, 2008, management and consulting fees of \$24,754 (year ended December 31, 2007 - \$61,672) were charged by officers, directors and the spouse of an officer and director of the Company.
- (iv) During the year ended December 31, 2007, two directors of the Company purchased gold from the Company for \$6,954 of which \$Nil (year ended December 31, 2007 - \$3,375) was included in sundry receivables as of September 30, 2008.

The above transactions were in the normal course of operations and were recorded at the exchange amount, which is the amount agreed to by the related parties.

**7. CONTINGENCY**

**Environmental Contingencies**

The Company's mining and exploration activities are subject to various federal, provincial and state laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations based upon environmental studies completed and subsequently approved by the Ecuadorian government.

**8. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT**

**Fair Value**

Canadian generally accepted accounting principles require that the Company discloses information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates. Cash and cash equivalents are classified as "held for trading", sundry receivables are classified as "loans and receivables", accounts payable and accrued liabilities are designated as "other liabilities" and investments are classified as "available for sale". The carrying amounts for cash and cash equivalents, sundry receivables, and accounts payable and accrued liabilities on the balance sheet approximate fair value because of the limited term of these instruments.

**Foreign Exchange Risk**

Certain of the Company's transactions are incurred in United States and Ecuadorian currencies and are therefore subject to gains or losses due to fluctuations in that currency. At September 30, 2008 the Company held cash in US dollars of \$7,075 (\$7,530 CDN) (December 31, 2007 - \$28,693US; 28,693 CDN).

**GEOROX RESOURCES INC.**  
**(A DEVELOPMENT STAGE COMPANY)**  
**(Formerly Oromonte Resources Inc.)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)  
SEPTEMBER 30, 2008 AND 2007

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**8. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (Continued)**

**Commodity Price Risk**

The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of certain minerals.

**Capital management**

The Company's policy is to maintain a capital base sufficient to manage its cash flow and development plans. The Company monitors its working capital and issues share capital to manage its development plans. There are no external restrictions on the Company's capital.

**9. MATERIAL UNCERTAINTY**

On April 18, 2008 the Constitutional Assembly and the Government of Ecuador issued a Constituent Mandate pertaining to mining (the "Mining Mandate") that could have an adverse affect on the Company's exploration properties in Ecuador, if and when the Mining Mandate is fully implemented. Most of the Mining Mandate's provisions require further government implementation measures, but Article 6 declared an immediate moratorium on the issuance of new concessions and other mining rights until the new rights contemplated in the Mining Law go into effect, originally expected to be within the 180 day period. All mining exploration activities have also been declared suspended by Article 8 of the Mining Mandate. The Mining Mandate appears to require the renegotiation of concessions when the new mining laws are brought into effect. If the Mining Mandate is applied as it is now, the Company could experience difficulties upholding title to its mineral properties. This would represent an impairment event for its mineral properties and the resulting impairment would be material to the Company. The Company has cut back its operations in Ecuador until there is greater certainty about its ability to proceed with its exploration plans there. To date, five concessions within the Pangui Property and seven concessions within the Virgin del Cisne Property have been cancelled as a result of the Mining Mandate (See Note 10).

The value of the investment in Canuc described in Note 4(d) may also be impacted by the Mining Mandate as Canuc is focused on mineral exploration in Ecuador. An impairment in the investment could be material to the Company.

**10. SUBSEQUENT EVENTS**

On November 6, 2008, the Company announced that it is undertaking a non-brokered Private Placement of up to 4,000,000 Units in the capital of the Corporation at \$0.05 per unit for aggregate gross issue proceeds of up to \$200,000. Each Unit is comprised of one common share of the Corporation and one-half common share warrant. Each whole common share warrant shall entitle the holder thereof to purchase one additional common share of the Corporation at a price of \$0.10 per share up to two years after the Closing Date.

All securities issued under this Private Placement are subject to resale restrictions for a period of four months following the Closing Date which is tentatively scheduled for December 15, 2008.

**GEOROX RESOURCES INC.**  
**(A DEVELOPMENT STAGE COMPANY)**  
**(Formerly Oromonte Resources Inc.)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)  
SEPTEMBER 30, 2008 AND 2007

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**10. SUBSEQUENT EVENTS** (Continued)

The Corporation's authorized capital consists of an unlimited number of common shares. After giving effect to this Private Placement, the Corporation will have 14,234,518 outstanding common shares. An additional 1,000,000 common shares were reserved for issuance pursuant to outstanding warrants that expired on November 17, 2008; 2,000,000 common shares will be reserved for issuance with respect to warrants which may be issued pursuant to this Private Placement; and 506,667 common shares are currently reserved under the Corporation's stock option plan.

There is no assurance that the Corporation will be able to complete the Private Placement, in whole or in part. The proposed Private Placement is subject to acceptance by the TSX Venture Exchange.

On November 20, 2008, the Company announced that on November 18, 2008, the Company received notice from its legal counsel in Ecuador that the Government of Ecuador, under the authority of the April 18, 2008 Mining Mandate, has cancelled four of the Company's Pangui concessions totalling 16,380.70 hectares. The Company has instructed its legal counsel to appeal the concession cancellations based upon administrative errors.

# **MANAGEMENT DISCUSSION AND ANALYSIS FOR GEOROX RESOURCES INC. (Formerly Oromonte Resources Inc.) FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2008**

## **GENERAL**

The following Management's Discussion and Analysis ("MD&A") prepared as of November 26, 2008, is provided for the purpose of reviewing the results for the three month period ended September 30, 2008. This discussion and analysis of the performance, financial condition and future prospects of the Company should be read in conjunction with the Company's consolidated financial statements and notes for the three months ended September 30, 2008. The Financial Statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP) and all monetary amounts are expressed in Canadian dollars unless otherwise indicated.

This discussion includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts that address activities, events or developments that Georox Resources Inc. (the "Company" or "Georox") expects are forward looking statements. *Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, readers and investors are cautioned that such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.* Factors that could cause actual results to differ materially from those in the forward-looking statements include market prices, exploration and exploration successes, continued availability of capital and financing and general economic, market or business conditions.

Additional information related to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.georoxresources.com](http://www.georoxresources.com).

## **DESCRIPTION OF BUSINESS**

Georox Resources Inc. is a Canadian natural resources exploration company presently engaged in the acquisition, development and exploration of base and precious metal properties. Until the acquisition of Canadian interests in 2008, the Company's focus has been on mineral exploration properties in Ecuador, South America.

The Company was incorporated on April 14, 2003 as Oromonte Resources Inc., under the Canada Business Corporations Act (CBCA). The Company's shares initially began trading on the TSX Venture Exchange under the trading symbol "ORR" on March 29, 2005 and on the Frankfurt Exchange under the trading symbol "OF6" on June 21, 2006. Effective at the market opening August 26, 2008, the Company's common shares and common-share purchase warrants commenced trading under the new Company name, Georox Resources Inc., under the new symbols GXR and GXR.WT respectively on the TSX Venture Exchange and the Company's common shares began trading under the symbol OF6A on the Frankfurt Exchange.

## **MINERAL EXPLORATION PROPERTIES**

### **Canada**

On April 10, 2008 the Company announced it had acquired nine mining claims in British Columbia. The claims encompass 215 contiguous units consisting of approximately 4462

hectares in the Tillicum Mountain area in the West Kootenay region of southeastern British Columbia. The Company's claims are within the Caribou Creek drainage system about 17 km east of the village of Burton. Several inactive small scale hard rock mine workings are found throughout the area. The adjacent Tillicum Mountain Gold Property to the south and southeast has "10 known deposits and prospects of gold-silver mineralization". The property "covers a portion of a roof pendant situated at the northwest end of a 250 km long arcuate belt of Rossland Group volcanics. The belt is host to several gold mines and prospects with recorded production in excess of 4 million ounces of gold." (Tillicum Mountain Assessment Work Report – Geologic Systems Ltd. April 2003). Data is being collected about the claims in order to develop a work plan.

## **Ecuador**

In 2006 and 2007 the Company acquired mining concessions in south-eastern Ecuador consisting of three consolidated properties namely: Chimbuza Property, Pangui Property, and Virgen del Cisne Property. The Marissa concession was purchased as part of the Virgen del Cisne acquisition, however, because of its separate geographic location, it is now considered to be a distinct property for exploration purposes, as noted below. The Company acquired its Nambija Property interests in 2003 and 2006 which were subsequently transferred to Canuc Resources Corporation in October 2007 in exchange for shares, warrants and future royalties. For the transfer agreement details, see the Company's MD&A as of December 31, 2007 and other such documents on SEDAR at [www.sedar.com](http://www.sedar.com).

In March 2008, the Company focused its Ecuadorean exploration targets on the most promising concessions and anomalous areas within the Company's property portfolio. It thereby reduced its annual patent payments and its property portfolio by 39,600.90 hectares. As a result of the April 18, 2008 Mining Mandate, eight concessions were cancelled by the government as of September 30, 2008 thereby reducing the Company's holdings to 11 concessions totalling 35,613.70 hectares. Subsequently, on November 18, 2008 the Company received notice that an additional four concessions totalling 16,380.70 hectares had been cancelled. The latter four concession cancellations are under appeal.

The properties currently held are more fully described as follows:

**Chimbuza Property**– In late December 2006, the Company entered into a purchase agreement to acquire 100% interest in the Chimbuza Property with a schedule of payments to be made over two years. This mining concession consists of 900 hectares, borders a paved highway system in southern Ecuador, and is within 15 km of the Company's Pangui Property. The annual patent was paid to maintain the property prior to the Government's March 28, 2008 deadline. However, given the *force majeure* created by the Government of Ecuador's Mining Mandate on April 18, 2008, the Company notified the seller that the final two payments will not be made for the property. Thus, on August 1, 2008 the Company signed a Promissory Contract with the previous owner to return the concession title to him as soon as practically possible after the Mining Mandate has expired and the Government's new mining law and relevant regulatory procedures are declared and implemented.

**Pangui Property** – The Company originally purchased 100% ownership interest in the Pangui Property in September 2006. With the purchase of an additional 350 hectare concession (San Andres) in April 2007, the property consisted of 34,108.7 hectares located 170 km northeast of Loja City in southern Ecuador, and 15 km west of, and across a river valley from, Aurelian Resource's "Fruta del Norte" discovery. The annual patents were paid to retain 5 of the most promising concessions encompassing 16,730.70 hectares prior to the Government's March 28, 2008 deadline. Subsequently the Government cancelled the Company's 350 hectare San Andres concession reducing the Pangui Property to 16,380.70 hectares. As noted in the Subsequent Events, the Government has now cancelled the remaining 4 concessions. The matter is under appeal.

**Marissa Property** – This 100% owed property consists of 3,025 hectares located in the Azuay province, Ecuador, about 55 km south of the city of Cuenca. Marissa is north of, and adjacent to, the El Mozo high sulfidation gold deposit being explored by Channel Resources. The annual patent was paid to maintain the property prior to the Government's March 28, 2008 deadline.

**Virgen del Cisne Property** – The Company purchased a 100% ownership interest in this property located in the Azuay province southeast of Cuenca city in southern Ecuador in 2006. The 19 concession acquisition included the Marissa concession noted above. The remaining 18 Virgen del Cisne concessions encompassed 55,318.20 hectares in a highly mineralised gold belt. The annual patents were paid to retain 12 of the most promising concessions encompassing 33,095.30 hectares prior to the Government's March 28, 2008 deadline. Within the latter, seven concessions consisting of 17,787.30 hectares contain forest protected areas where final title transfer has been dependent upon government approval of the required environmental studies submitted in April 2007. The Company has now received notice that the Government is not approving the mining rights within the protected forest areas, thus reducing the Company's current Virgen del Cisne Property holdings to 5 concessions totalling 15,308 hectares excluding the Marissa Project.

## **EXPLORATION ACTIVITY AND RESULTS**

The Company's early stage exploration program in Ecuador was severely setback in 2007 and 2008 due to unforeseen political and governmental administrative circumstances. With the installation of Ecuador's newly elected government in January 2007, a process began to radically change the country's constitution and mining law. This evolving process created an uncertain business and mining industry environment in Ecuador throughout 2007 that is now not expected to stabilize until the last quarter of 2008 and first quarter of 2009. As of April 18, 2008, the Government of Ecuador established a 180-day mining moratorium while changes are made to the country's mining regime. The moratorium has not been declared expired or rescinded to date. The country's new constitution was ratified in a referendum September 28, 2008; however, the new mining legislation is not expected to pass into law until early 2009.

As a result, the Company's environmental study approvals and related mining permit applications have been stalled within government. Consequently, the Company's 2008 exploration plans, including drilling, have been curtailed. Georox has cancelled all its exploration activities in the country at least until the new mining laws and regulations are enacted and reviewed by the Company and the required environmental permits obtained. For prior exploration activities and results in Ecuador, see the Company's MD&A as of December 31, 2007 and other such documents on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.georoxresources.com](http://www.georoxresources.com).

## **SUMMARY OF TRANSACTIONS AND EVENTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2008**

### **Ecuador Operations Still Under a Force Majeure**

As noted above, effectively, the exploration activities of foreign mining companies remained suspended throughout the quarter. The 180-day mining moratorium established by the Government of Ecuador on April 18, 2008 has not been declared expired or rescinded to date. As a result of the Mining Mandate, five Pangui concessions and seven Virgen del Cisne concession title applications in progress have been cancelled by the Government.

## Approval of Share Consolidation and Name Change

At the Company's annual and special meeting of shareholders held on June 30, 2008, the shareholders of Oromonte Resources Inc. approved the consolidation of the Company's common shares on an up to three for one basis and the change of the Company's name to "Georox Resources Inc.". Consequently, effective at the market opening August 26, 2008, the Company's common shares and common-share purchase warrants commenced trading on a one for three consolidated basis under the new Company name, Georox Resources Inc. under the new symbols GXR and GXR.WT respectively on the TSX Venture Exchange. On the same date, the Company's consolidated common shares began trading under the symbol OF6A on the Frankfurt Exchange.

## OVERALL PERFORMANCE

As previously reported, the Company's performance continues to be dramatically affected by the government's initiation of radical change to the country's constitution, taxation, environmental and mining laws and the resultant unstable business and mining industry environment in Ecuador. This general uncertainty and delays in exploration permit approvals has had a significant negative affect on the foreign investment community that has resulted in Georox's stock price significantly reduced over the past year and a half. This is now exacerbated by the world wide economic crisis that has negatively impacted commodity markets and junior resource companies. Nevertheless, the Company remains committed to the creation of shareholder value through the exploration and development of natural resources in an environmentally, economically and socially responsible manner within its host countries and communities.

The Company recorded a loss of \$191,429 for the three months ended September 30, 2008. Working capital at the end of the third quarter was \$1,333,305.

## SELECTED FINANCIAL INFORMATION

Year Ended	Quarter September 30, 2008	Quarter September 30, 2007
Total Revenues	\$0	\$0
Net loss	\$191,429	\$182,847.
Net loss per share, basic and diluted	\$0.019	\$0.040
Total Assets	\$2,807,120	\$5,397,529.
Total current liabilities	\$54,732	\$109,890.
Deferred Exploration fees balance	\$778,392	\$2,803,888.
Cash Dividends	\$0	\$0

Three Months Ended	2 <sup>nd</sup> Quarter June 30, 2008	1 <sup>st</sup> Quarter March 31, 2008	4th Quarter December 31, 2007
Total Revenues	\$0	\$0	\$0
Net loss	\$128,949.	\$86,570.	\$2,437,055.
Net loss per share, basic and diluted	\$0.012	\$0.009	\$0.21
Deferred Exploration fees balance	\$778,392.	\$778,302	\$666,901.
Three Months Ended	2 <sup>nd</sup> Quarter June 30, 2007	1st Quarter March 31, 2007	4th Quarter December 31, 2006
Total Revenues	\$0	\$0	\$0
Net loss	\$401,350.	\$162,949.	\$553,070.
Net loss per share, basic and diluted	\$0.039	\$0.015	\$0.06
Deferred Exploration fees balance	\$2,789,573.	\$2,424,516.	\$2,241,009.

## **RESULTS OF OPERATIONS**

The financial results for the three month period ended September 30, 2008 reflect the Company's decision to generally suspend its activities in Ecuador until the Ecuadorian government decides its policy toward foreign companies in regard to mining and mineral exploration. The Company's expenses in Ecuador are currently aimed only at protecting title to its Ecuadorian assets to the extent possible. All operating expenses with the exception of professional fees and management and consulting fees have been reduced from the three month period ended September 30, 2007 as the Company had been actively involved in mining exploration in Ecuador during that period. Professional fees have increased due to legal fees relating the protection of the Company's assets in Ecuador, legal fees relating to the share consolidation and name change and increased audit fees relating to the 2007 year-end. Management and consulting fees relate mainly to the salary paid to the CEO and to the President. Stock based compensation in the period relates only to the amortization of the fair value of options granted in prior periods that vest over time, no new options have been granted.

## **LIQUIDITY AND CAPITAL RESOURCES**

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the company are dependent upon its ability to continue to raise adequate financing in the future.

Commercial production has not commenced on any resource properties and the Company does not generate cash from commercial operations. At the present time, Georox finances exploration and development activities by raising capital from equity markets.

The Company's working capital was \$1,333,305 at September 30, 2008, as a result of equity financing during 2006.

The Company has sufficient working capital to meet all of its foreseeable obligations based on its plans for the next twelve months.

## **FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash and cash equivalents, receivables, investments and accounts payables and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. However, certain of the Company's transactions are incurred in United States and Ecuadorean currencies and are therefore subject to gains or losses due to fluctuations in those currencies. The fair value of financial instruments approximates their carrying values, unless otherwise noted. The fair value of investments is subject to an annual impairment test.

## **CORPORATE STRUCTURE**

Georox Resources Inc. has five subsidiary companies in Ecuador as noted below. Orosources Minerals S.A. became the operational management subsidiary in October 2007, replacing the functions previously carried out by Ecuaro Resources S.A.

Subsidiary

Orosources Minerals S.A.  
Ecuaro Resources S.A.  
Marissaoro Minerals S.A.  
Monte Minerals S.A.  
Oromonte Resources S.A.

Properties

Nil – operations only  
Nil  
Marissa concession  
Virgen del Cisne concessions  
Pangui and Chimbuza (El Macizo) concessions

**STOCK OPTIONS**

No stock options were issued or exercised during the three months ended September 30, 2008. 50,000 options expired during the period due to the termination of an Investor Relations contract pertaining to Europe. As a result of the one for three common share consolidation effective August 26, 2008, stock options granted now effectively total 506,667 with 432,223 options currently exercisable.

**WARRANTS**

During the three months ended September 30, 2008, no warrants expired or were exercised. However, all the outstanding warrants expired on November 17, 2008. Due to the one for three common share consolidation effective August 26, 2008, prior to their expiry three warrants and \$2.25 were required for the purchase of one common share.

**OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements.

**RELATED PARTY TRANSACTIONS**

During the nine months ended September 30, 2008, \$Nil (year ended December 31, 2007 – \$13,114) was paid to a corporation controlled by a former director of the Company and \$4,375 (year ended December 31, 2007 – \$42,900) was paid to a director for 43-101 Qualified Person (QP) services in Ecuador.

During the nine months ended September 30, 2008, \$55,884 (year ended December 31, 2007 - \$114,732) was expensed for legal services provided by a law firm of which a director of the Company is a partner.

During the nine months ended September 30, 2008, management and consulting fees of \$24,754 (year ended December 31, 2007 - \$61,672) were charged by officers, directors and the spouse of an officer and director of the Company.

During the year ended December 31, 2007, two directors of the Company purchased gold from the Company for \$6,954 of which \$Nil (year ended December 31, 2007 - \$3,375) was included in sundry receivables as of September 30, 2008.

The above transactions were in the normal course of operations and were recorded at the exchange amount, which is the amount agreed to by the related parties.

## **SUBSEQUENT EVENTS**

On November 6, 2008, the Company announced that it is undertaking a non-brokered Private Placement of up to 4,000,000 Units in the capital of the Corporation at \$0.05 per unit for aggregate gross issue proceeds of up to \$200,000. Each Unit is comprised of one common share of the Corporation and one-half common share warrant. Each whole common share warrant shall entitle the holder thereof to purchase one additional common share of the Corporation at a price of \$0.10 per share up to two years after the Closing Date.

All securities issued under this Private Placement are subject to resale restrictions for a period of four months following the Closing Date which is tentatively scheduled for December 15, 2008.

The Corporation's authorized capital consists of an unlimited number of common shares. After giving effect to this Private Placement, the Corporation will have 14,234,518 outstanding common shares. An additional 1,000,000 common shares were reserved for issuance pursuant to outstanding warrants that expired on November 17, 2008; 2,000,000 common shares will be reserved for issuance with respect to warrants which may be issued pursuant to this Private Placement; and 506,667 common shares are currently reserved under the Corporation's stock option plan.

There is no assurance that the Corporation will be able to complete the Private Placement, in whole or in part. The proposed Private Placement is subject to acceptance by the TSX Venture Exchange.

On November 20, 2008, the Company announced that on November 18, 2008, the Company received notice from its legal counsel in Ecuador that the Government of Ecuador, under the authority of the April 18, 2008 Mining Mandate, has cancelled four of the Company's Pangui concessions totalling 16,380.70 hectares. The Company has instructed its legal counsel to appeal the concession cancellations based upon administrative errors.

The continuing world wide economic crisis that erupted in October 2008 has negatively impacted commodity markets and junior resource companies, including Georox stock and its capital markets.

## **RISK AND UNCERTAINTIES**

The Company is principally involved in the inherently high-risk mineral exploration business, and as such, is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. The list of risks noted is not exhaustive and other risk factors may apply. An investment in the Company may not be suitable for all investors.

- The industry is capital intensive and subject to fluctuations in metal prices, market sentiment, foreign exchange and interest rates.
- There is no certainty that properties which the Company has deferred as assets on its balance sheet will be realized at the amounts recorded.
- The ability of the Company to continue operations in future is dependent upon obtaining favourable results from its exploration activities, which will affect its ability to attract joint venture partners and to raising financing.
- The only source of future funds for further exploration programs, or if such exploration programs are successful for the development of economic ore bodies and commencement of commercial production thereon, presently available to the Company is

the sale of equity capital or the offering by the Company of an interest in its properties to be earned by another party carrying out further exploration or development. Although the Company has been successful in accessing the equity market in the past, there is no assurance that such sources of financing will be available on acceptable terms, if at all, in the future. Further exploration and development of its properties will be dependent on the Company's ability to obtain financing through joint venturing, debt or equity financing or other means.

- Mining operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of precious metals and other minerals, including equipment failure, unexpected geological formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of facilities, damage to life or property, environmental damage and possible legal liability.
- Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in exploration operations may be required to compensate those suffering loss or damage by reason of the exploration activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.
- The Company competes in the intensely competitive mining industry with other larger companies that have greater technical and financial resources for the acquisition of mineral properties, recruitment and retention of qualified employees, access to drilling and other equipment required for exploration and development. Such competition could adversely affect the Company's future exploration and development of its projects.
- Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and may be affected by undetected defects. Further, although the Company acquires the rights to some or all of the minerals in the ground subject to the tenures that it acquires, or has a right to acquire, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by the mineral tenures. In such cases, applicable mining laws usually provide for rights of access to the surface for the purpose of carrying on mining activities. However, the enforcement of such rights can be costly and time consuming.
- The Company's activities are primarily within Ecuador and therefore any adverse changes or developments affecting the Company's Ecuadoran projects could have a material effect on the Company's business, financial condition, results of operations and prospects.
- Exploration activity is also dependent upon the laws of local governments, which may change from time to time, and may have an effect on the Company's exploration program.

#### Risks Specific To Operating In Ecuador

The Company may be affected by Ecuador's political environment and economic instability. There have been numerous changes at the presidential and congressional levels in recent years. The current elected President, Rafael Correa, took office in January 2007. His government is engaged

in developing both a new constitution and mining law for the country which are not expected to be clarified until the fourth quarter of 2008 and first quarter of 2009.

Recent announcements by the Correa administration recognize the potential contribution of mining to the future development of the country. The government's proposed changes to the mining regime include the institution of royalties, work requirements to hold concessions, community consultation and tighter environmental controls. While the Company believes the current investment and political climate in Ecuador will continue to stabilize, there can be no certainty that that will be the case in future. As a result, the Company may be adversely affected by governmental amendments or changes to mining laws, regulations and requirements, such as the April 18, 2008 Constituent Mandate noted above. The possibility that future governments may adopt substantially different policies, which might extend to the appropriation of assets, cannot be ruled out.

While the Company's projects are located near rural communities with a mining history and which are generally supportive of the industry, some groups have been opposed to mining activities in the past. Furthermore rural communities are subject to being influenced by external entities, groups or organizations which may influence the disposition of the local community to host mining activities. In recent years, anti-mining non-governmental organization (NGO) activity in Ecuador has increased.

To mitigate such risks, the Company's policy is to ensure local communities are familiar with its projects and mining methods, have an opportunity for input through community consultations, and support the exploration activities that can ultimately provide social and economic benefits to them while protecting their environment. As well, the Company funds its Ecuador operations on an as-needed basis. The Company does not presently maintain political risk insurance for its foreign exploration projects.

## **CHANGE IN ACCOUNTING POLICIES**

### **Adoption of new accounting policies**

As of January 1, 2008, the Company adopted two new CICA standards, Section 3862 "Financial Instruments – Disclosures" and Section 3863 "Financial Instruments – Presentation". The new disclosure standard increases the emphasis on the risks associated with both recognized and unrecognized financial instruments and how those risks are managed.

As of January 1, 2008, the Company adopted CICA Section 1535 "Capital Disclosures" which requires additional disclosures of objectives, policies and processes for managing capital. In addition, disclosures include whether companies have complied with externally imposed capital requirements.

In June 2007, the CICA amended Handbook Section 1400, "General Standards for financial statement presentation". These standards became effective for interim and annual financial statements for the Company's reporting periods beginning on January 1, 2008.

In January 2006, the CICA Accounting Standards Board adopted a strategic plan for the direction of accounting standards in Canada. As part of the plan, accounting standards in Canada for public companies are expected to converge with International Financial Reporting Standards ("IFRS") by the end of 2011. The Company continues to monitor and assess the impact of the convergence of Canadian GAAP and IFRS.

## ACCOUNTING ESTIMATES

Estimates are based on historical experience and on various other assumptions that the Company believes to be reasonable. These estimates form the basis of judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. The Company's most significant areas of estimation are in relation to recoverability of mineral properties, stock-based compensation expenses, warrant valuation, and future tax assets and liabilities. Actual results could differ from those estimates.

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the consolidated financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

## DIRECTORS

James Allan, Calgary, AB, Canada  
Bruce Cottingham, Nelson, BC, Canada  
Burkhard Franz, Silverton, BC, Canada  
Daryl Fridhandler, Calgary, AB, Canada  
Lorraine McVean, Calgary, AB, Canada  
Grant Simpson, Edmonton, AB, Canada

## OTHER

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