

### Temex Resources Corp. (TSXV: TME) – Exploring for Gold in Canada’s Most Prolific Gold Belts

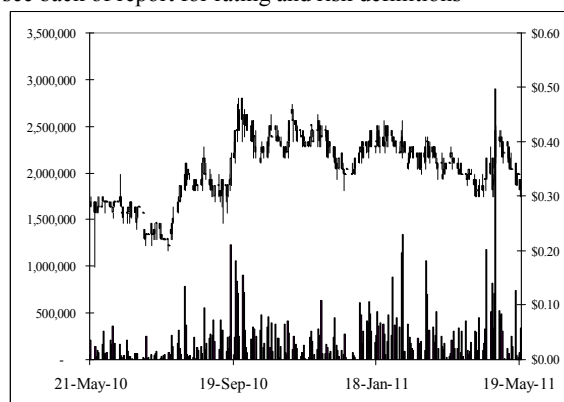
Sector/Industry: Junior Exploration/Mining

[www.temexcorp.com](http://www.temexcorp.com)

#### Market Data (as of May 20, 2011)

Current Price	C\$0.31
Fair Value	C\$0.93
Rating*	BUY
Risk*	5 (Highly Spec)
52 Week Range	C\$0.17 - C\$0.48
Shares O/S	105.83 mm
Market Cap	C\$32.81 mm
Current Yield	N/A
P/E (forward)	N/A
P/B	1.17
YoY Return	10.7%
YoY TSXV	39.8%

\*see back of report for rating and risk definitions



#### Investment Highlights

- Temex Resources Corp. (“Temex,” “TME,” “the company”) is a TSX Venture listed junior exploration company focused on gold and silver exploration in northeastern Ontario.
- The Whitney property, the company's flagship gold project in the Timmins gold camp, is held under a joint venture between TME and Goldcorp. It contains 3 past producers including the Hallnor Mine which had the highest grade in Canada’s largest gold camp.
- The company's Juby project, located in the Shining Tree area of Ontario, has NI 43-101 resources of 14.1 Mt @ 1.36 g/t containing 0.614 Moz Indicated and 18.3 Mt @ 1.14 g/t containing 0.602 Moz inferred in the Juby Main zone. Excellent potential remains to expand this gold resource.
- The company currently has \$5.2 million in cash, or \$0.06 per share.
- We are initiating coverage on TME with a BUY rating and a fair value of \$0.93 per share.

#### Risks

- The value of the company is dependent on the success of drilling, expansion and determination of favorable resource estimates.
- The company does not currently own a producing mineral property
- Access to capital and share dilution.

#### Key Financial Data (FYE - Feb 28)

(C \$)	2010	2011 (9 mo)
Cash	2,476,325	8,722,678
Working Capital	2,473,555	8,415,167
Mineral Properties	16,860,635	19,044,988
Total Assets	19,551,962	28,663,555
Net Income	(2,888,103)	(942,341)
EPS	(0.04)	(0.01)

Temex Resources is a TSX Venture listed company focused primarily on gold projects in northeastern Ontario. The company’s flagship Timmins Gold project is held in a 60/40 joint venture with Goldcorp. The company’s 100% owned Juby Lease property near Shining Tree, Ontario has NI 43-101 resources of 14.1 Mt @ 1.36 g/t containing 0.614 Moz Indicated and 18.3 Mt @ 1.14 g/t containing 0.602 Moz inferred gold resources.

## Company Overview

Temex Resources Corp. is a TSX Venture listed company focused on the exploration and development of gold and silver projects in northeastern Ontario. Many of the properties are situated along the well-known Porcupine-Destor and Larder Lake-Cadillac Fault Zones. These regional structures, which cut through the Abitibi Greenstone belt, are geologically associated with all of the region's most prolific gold camps.

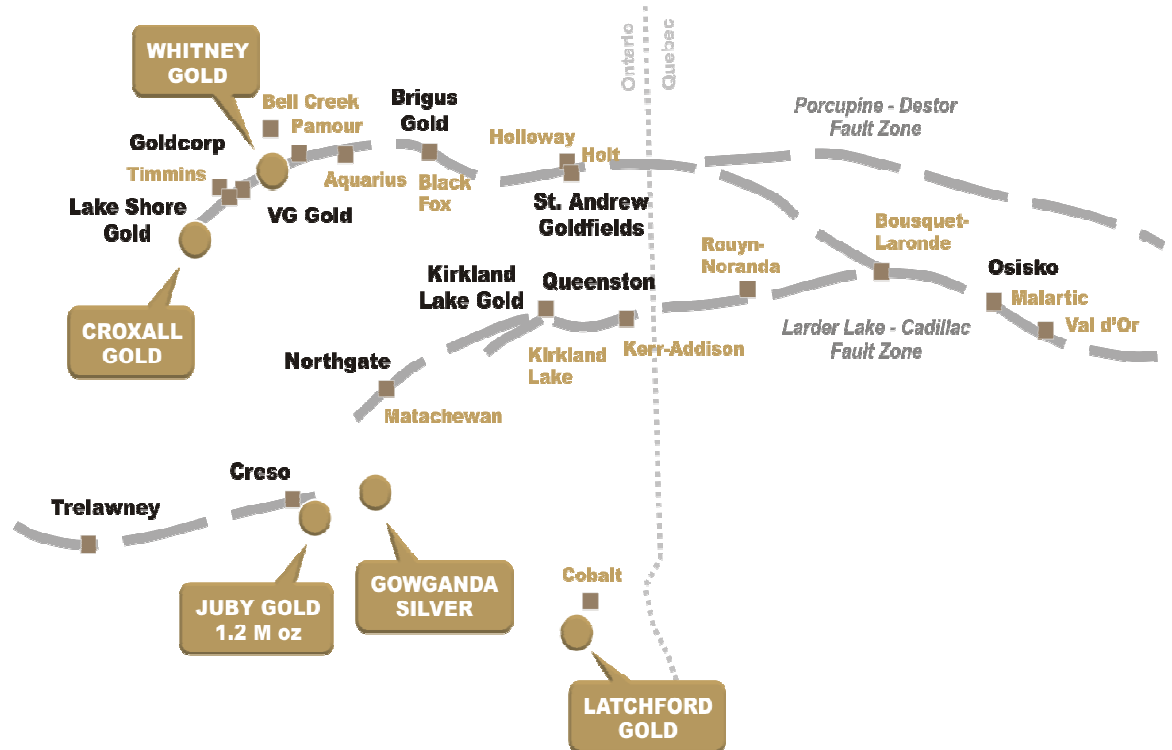


Figure 1: TME projects in northeastern Ontario. The Larder Lake Cadillac Fault Zone and Porcupine-Destor Fault Zone are strongly correlated to world class deposits in the area. (Source: Company)

The company's flagship Whitney Gold project is located on the east side of Timmins. The Whitney property is held in a 60/40 joint venture between TME and Porcupine Gold Mines (40%, "Porcupine"), a joint venture between Goldcorp Inc. (TSX: G) and Goldcorp Canada Ltd. (collectively "Goldcorp").

The Whitney property hosts several past producing mines including the Hallnor which has historically operated at the highest grade of any mine to produce over 1 million ounces in the Timmins area. Surface drilling completed by the joint venture has intersected high-grade gold mineralization interpreted to be the down dip continuation of two veins which provided significant ore supplies to past production.

The company's 100% owned Juby Lease located in the Shining Tree area of Ontario hosts an NI 43-101 resource estimate of 14.1 Mt @ 1.36 g/t containing 0.614 Moz indicated and 18.3 Mt @ 1.14 g/t containing 0.602 Moz inferred in the Juby Main zone.

The company also has extensive claim holdings surrounding the Juby Lease and has identified a number of new exploration targets. The surrounding claims form the Juby JV

property jointly held by Temex (60%) and Goldeye Explorations Ltd (TSXV: GGY) (40%). Temex is the operator of the project.

**Whitney Gold Project**

**Project Overview:** The Whitney Gold project consists of the Whitney property on the eastern end of the Timmins gold mining camp and the Croxall property located approximately 15 kilometers west of Timmins. The Croxall property is adjacent to the Timmins Gold Mine (formerly Timmins West Gold Mine) currently operated by Lake Shore Gold (TSX: LSG). The Croxall property is subject to an option and joint venture agreement with Mill City Gold Corp (TSXV: MC).

The Whitney property is held under a joint venture between TME (60%) and Porcupine Gold Mines (40%, “Porcupine”), a joint venture between Goldcorp Inc. (TSX: G) and Goldcorp Canada Ltd. (collectively “Goldcorp”). Goldcorp, one of the world’s largest gold producers, has extensive interests in projects throughout the Abitibi greenstone belt.

**The Whitney property includes several past producing mines including the Hallnor which historically operated at the highest grade of any mine of those that produced over 1 million ounces in the Timmins area; producing gold at an average grade of 0.40 opt Au.**

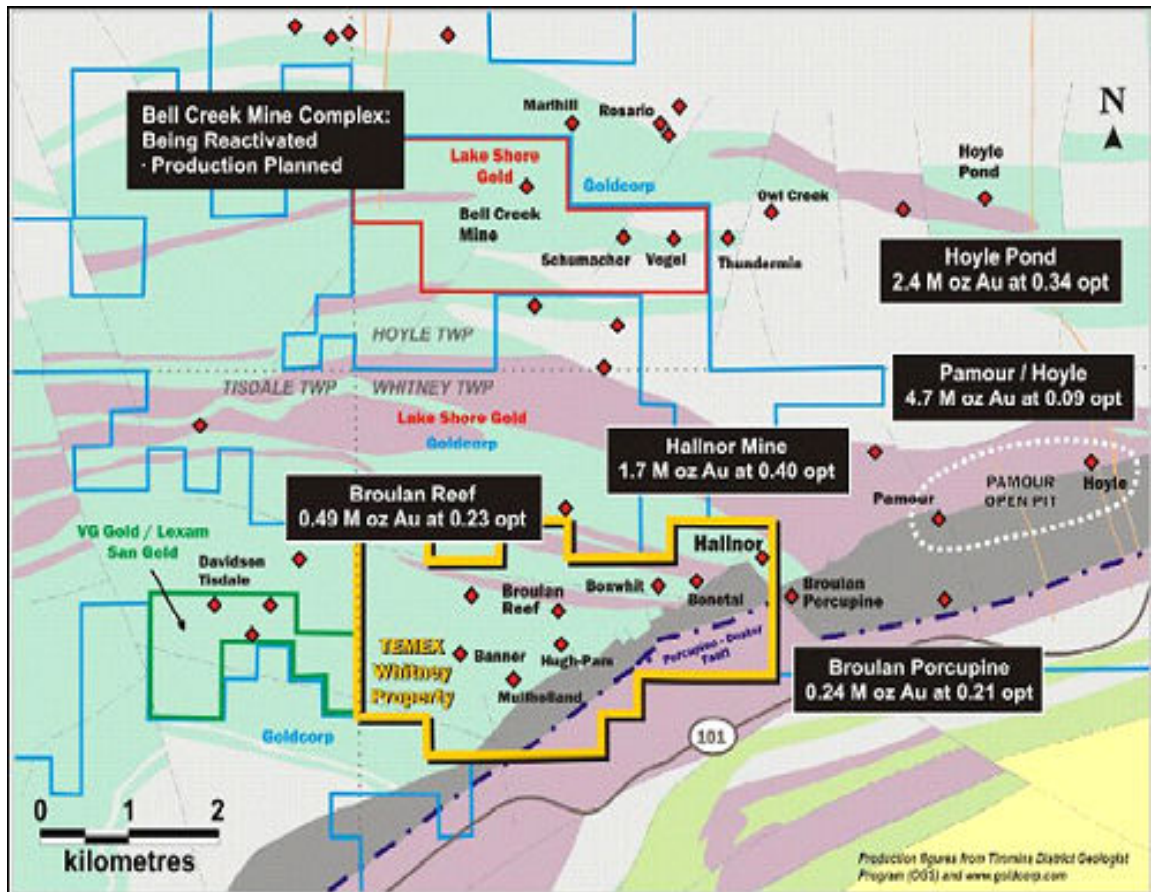


Figure 2: The Whitney property. The property covers and is surrounded by numerous past and currently producing mines. (Source: Company)

The Temex / Goldcorp JV has committed to a **minimum joint work program totaling \$8.33 million** to be undertaken over a five year period ending in 2015. This places a **minimum contribution by Temex of approximately \$5 million**.

We believe that the location and local infrastructure will show long term benefits for the project. Goldcorp is expecting that primary processing in the near term at Dome Mill will be mostly of low grade stockpiled ore from Pamour pit and have stated that they are looking to fast track their high-grade underground projects. **While Goldcorp does not specifically mention the Temex property in future plans, the Hallnor was the highest grade historic producer in the region and it could logically be one of the suppliers of high grade ore.**

**Ownership:** In 2005, the company entered into an option and joint venture agreement with Porcupine. The original agreement included a 60% interest in the mineral rights on the Whitney property exclusive of the top 1,000 feet on the claims covering the former Hallnor and Bonetal mines. The company met all requirements to earn the 60%, including \$4.0 million in exploration expenditures and exercised their option in June, 2009.

On June 29, 2010, the company entered into an expanded JV agreement that allowed the company to acquire a 60% interest in the mineral rights above 1,000 feet on the remainder of the Whitney property for the purchase price of \$1.25 million (divided into two equal installments). The first payment of \$0.625 million was satisfied by the company through the issuing of an aggregate of 2 million common shares to Goldcorp. The second payment of \$0.625 million is due on or before the first anniversary of the agreement (June 29, 2011) and may also be satisfied through the payment in cash or the issuing of an aggregate of 2 million common shares.

**Should any party's participating interest be reduced to below 10%, it will be converted to a 2% NSR royalty.**

**Location/Access/Infrastructure:** The property is in an excellent location just east of the city of Timmins, Ontario. The property is within a **4 kilometer trend of the Porcupine Destor fault break that has historically produced 10 Moz of gold**. The property directly covers the Hallnor mine which operated at the highest grade of any mine to a total of 1.7M ounces of gold at an average grade of 0.40 opt Au.

There is no surface milling infrastructure fit for use on the property, but underground workings have been dewatered as recently as the year 2000, and are likely to still be usable for underground access and exploration. The Dome (Goldcorp) and Bell Creek (Lakeshore) mills are located within a few kilometres of the property.

**History:** The Hallnor mine historically produced a total of 1.7 million ounces at an average grade of 0.40 opt (13.71 g/t) up to the year 1972. **Collectively, the mines on the property have produced over 2.3 million ounces of high-grade gold.**

At the Lower Hallnor (i.e. below 1,000 feet), exploration by a previous operator in the 1990's showed that considerable potential remains at depth. Drilling intersections by

previous operators in the Lower Hallnor include 1,270 g/t gold over 2.90 meters and 202 g/t gold over 2.10 meters.

At the Upper Hallnor drill intersections in areas that remain under-developed or completely undeveloped include: 15.26 g/t gold over 3.00 meters, 1173 g/t gold over 1.52 meters, 12.37 g/t gold over 4.88 meters and 42.10 g/t gold over 2.44 meters.

During past production, particularly at Hallnor, mining was stopped at the extent of the historic property boundaries and as a result, **productive gold zones that were suspected to continue downdip and to the west of the underground workings were not explored.** As it is very unlikely that a mesothermal gold deposit would cease to continue across a man made property boundary, it was postulated that significant mineralization continued down dip and to the west.

Utilizing deep drilling in 2008-2009, the company extended the down plunge extension of the 11 Vein and 19 Vein, in the Lower Hallnor with high grade results including 21.10 g/t gold over 6.55 metres. The mineralization was intersected just beyond the historic property boundary of the Hallnor mine further demonstrating that mining was halted at the property boundary rather than due to lack of ore. The 11 Vein and 19 Vein are two structures key to the past production at Hallnor with historical production numbers of 450,000 tons at 10.92 g/t Au and 650,000 tons at 14.40 g/t Au respectively.

**Geology and Mineralization:** Mineralization on the Whitney property is typical of most deposits in the Timmins area which can be classified as Archean greenstone belt-hosted gold deposits. Gold mineralization occurs as free gold and is often associated with quartz +/- carbonate veins with sericite-carbonate alteration haloes. These mesothermal gold hosting veins and structures often occur at or near the contacts of Timiskaming-type sediments with altered mafic volcanics and continue to significant depths.

**TME Exploration:** Since the company first entered the joint venture agreement in 2005, a total of **34,779 meters in 125 holes have been completed in six drill campaigns.** Figure 3 below indicates the areas identified by TME drilling so far and Figure 4 is the longitudinal section of the Whitney property showing the historic mining and exploration boundary, as well as the additional mineralized veins TME has identified.

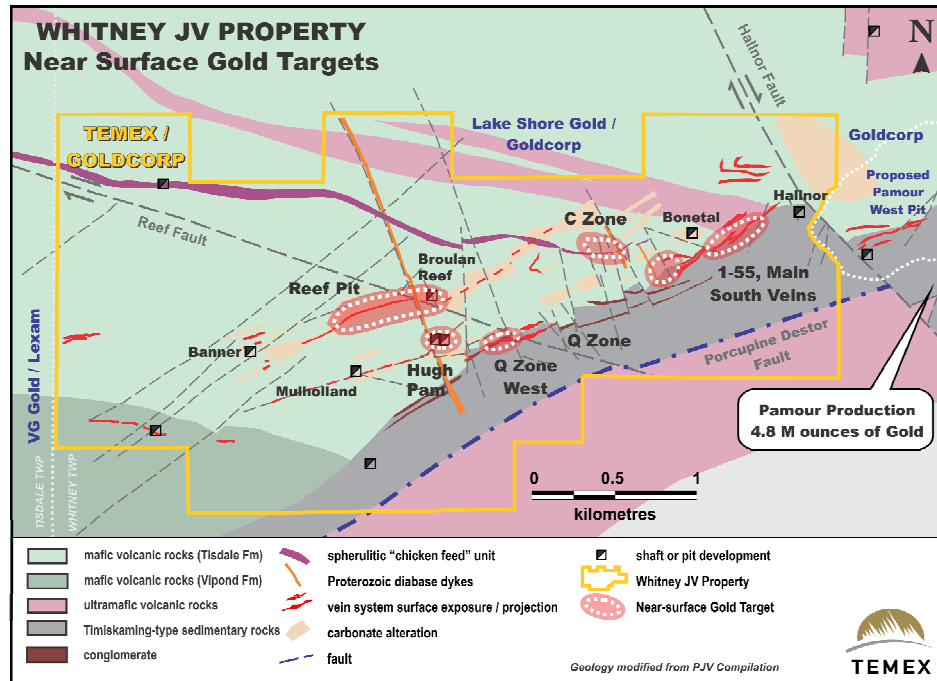


Figure 3: Targets on the Whitney property. (Source: Company)

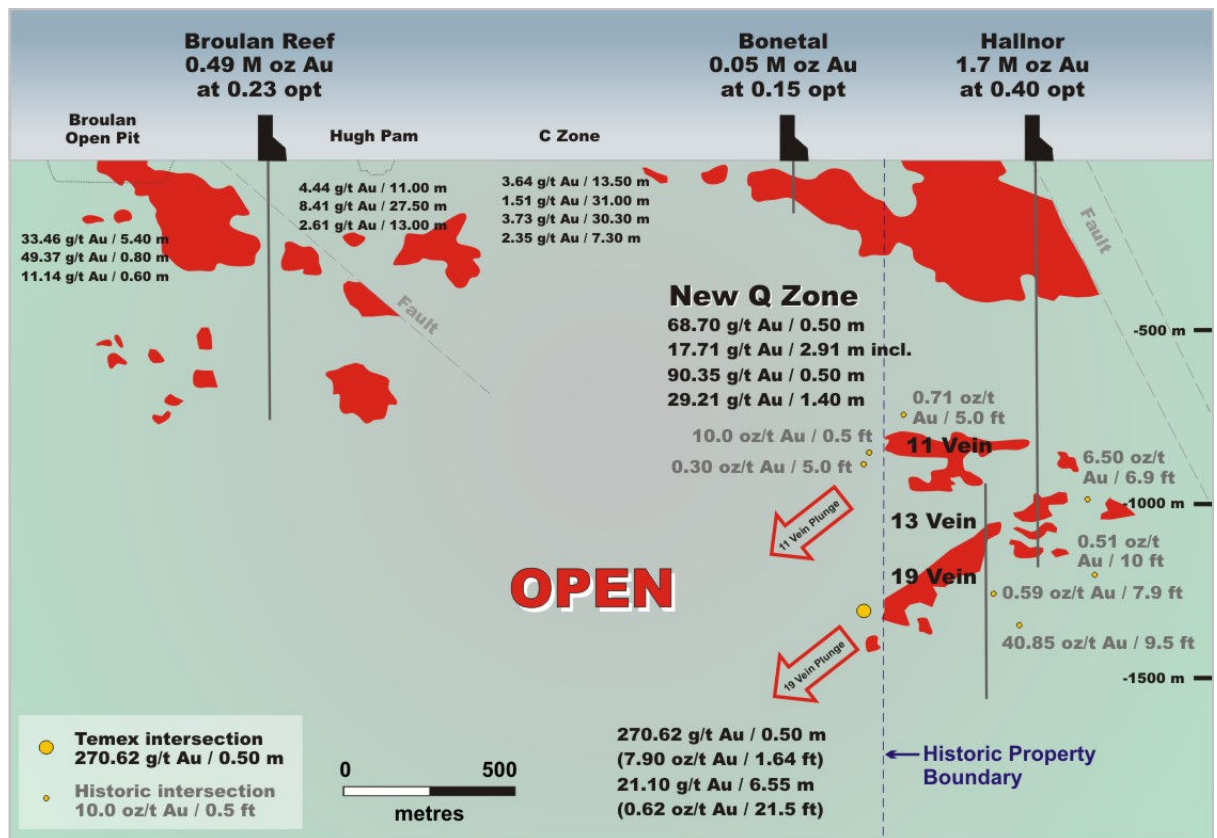


Figure 4: Interpreted cross section of the Whitney property. Historic mining and exploration on the Hallnor lease did not cross the historic boundary where TME has intersected additional mineralized veins. (Source: Company)

In the Broulan Reef Mine area, potentially open pitable gold mineralization has been identified (“Reef Pit”).

*C-Zone* - At this near surface zone, both high grade intervals (TW05-07: 1.5 meters @ 30.93 g/t Au) and broad intervals of lower grade mineralization (TW05-01: 31 meters @ 1.51 g/t Au) were identified by exploration in 2005.

*Q Zone* - The Q zone was identified in 2009 drilling by Temex and **is believed to be the down plunge extension of the main mineralized structures in the Upper Hallnor.** The company has drilled just two holes into the target with the first hole, TW09-078, intersecting several sections of gold mineralization and including 25 occurrences of visible gold. High grade intersections include 17.71 g/t gold over 2.90 meters, 90.35 g/t gold over 0.5 meters and 52.67 g/t gold over 0.71 meters. Four subsequent holes drilled to further test the Q zone deviated significantly and did not intersect the target area. Therefore this zone remains open and will be tested upon availability of a suitable drilling rig.

**2010 Drill Program:** In 2010, the company drilled 14,205 meters at the Whitney property testing targets in the Upper Hallnor Mine area including the 1-55, Bonetal, South, Main and #6 Veins which had not been significantly explored since 1972. The following table highlights the best intercepts from the 2010 drill program.

Hole_ID	From (m)	To (m)	Core Length (m)	Au (g/t)
<b>Hallnor Footwall - 6 Vein Area</b>				
TW 10-109	240.40	251.00	10.60	2.82
TW 10-110	230.20	235.90	5.70	6.47
TW 10-112	251.30	258.00	6.70	9.97
TW 10-113	294.70	295.50	0.80	18.80
TW 10-116	461.90	472.60	10.70	2.08
	481.10	495.50	14.40	3.72
	486.20	495.50	9.30	2.83
TW 10-119	477.50	496.80	19.30	4.12
TW 10-120	426.20	447.10	20.90	2.03
TW 10-123	436.60	472.90	36.30	1.47
<b>Hallnor South Vein</b>				
TW 10-111	21.50	25.60	4.10	21.20
TW 10-114	26.90	35.80	8.90	3.20
TW 10-115	16.50	26.00	9.50	2.40
	95.80	97.80	2.00	14.00
TW 10-117	241.10	246.60	5.50	3.40
<b>Hallnor Main Vein</b>				
TW 10-118	60.50	61.00	0.50	44.30
TW 10-122	20.70	23.10	2.40	33.60
<b>1-55 zone</b>				
TW 10-95	79.20	81.25	2.05	10.12
TW 10-97	76.30	83.30	7.00	3.32
TW 10-98	58.00	70.00	12.00	2.28
TW 10-100	178.50	185.70	7.20	2.79
TW 10-102	61.30	63.40	2.10	18.74
<b>Bonetal</b>				
TW 10-80	163.20	165.20	2.00	6.05
TW 10-81	147.00	155.70	8.70	5.61
TW 10-82	148.40	153.60	5.20	4.52

**Resource Estimate:** This property does not currently have an NI 43-101 resource estimate. The company plans to perform a resource estimate and expects the results to be available within the year.

**Current Status:** In March 2011, the company announced the commencement of a 12,000m drill program to be completed by this September. This year’s drill program is designed to continue the previous exploration efforts to establish a NI 43-101 resource estimate. Drilling will follow up gold zones tested in the 2010 and 2009 drill program, including the 6 Vein area, the Hallnor South and Main veins, the depth extension of the 1-55 Zone, Q zone and near surface targets at the Broulan Reef area.

**Juby Project**

**Project Overview:** The Juby Gold Project, located in the Shining Tree area of Ontario, is composed of the Juby Lease, Juby JV property, Mosher Lake property and the Tyranite property.

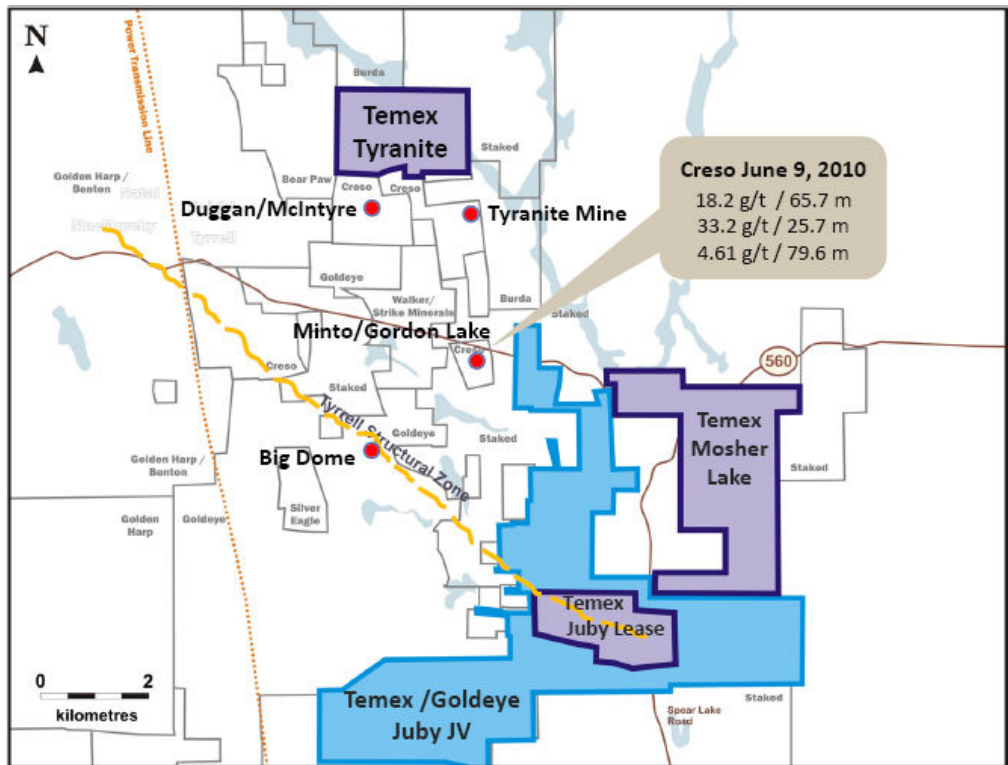


Figure 5: Juby lease and surrounding joint venture properties. (Source: Company)

The 100% owned Juby Lease hosts an NI 43-101 resource estimate of 14.1 Mt @ 1.36 g/t containing 0.614 Moz Indicated and 18.3 Mt @ 1.14 g/t containing 0.602 Moz inferred in the Juby Main zone.

The immediate area surrounding the Juby Project is being intensely explored and on a regional scale, several notable projects are currently being developed. In September 2010, Northgate Minerals Corp (“Northgate”) (TSX: NGX) announced gold production to commence in early 2012 at the Young-Davidson gold mine located approximately 60 kilometres to the northeast in Matachewan, Ontario. The Young-Davidson mine is to be primarily an underground mining operation; the construction of a new processing facility is



expected to have total capital costs in the order of \$339M. 75 kilometres to the west along the geological trend of the Juby Project, Trelawney Mining and Exploration Inc. (“Trelawney”) (TSXV: TRR) recently announced a NI 43-101 inferred resource of 4.2 million ounces of gold at its Cote Deposit (March 10, 2011).

In the immediate surrounding of the Juby Project, Creso Exploration Inc. (“Creso”) (TSXV: CXT), Goldeye Explorations Ltd (“Goldeye” TSXV: GGY) and Mineral Mountain Resource (TSXV: MMV) are actively exploring their respective adjacent properties which include several past producing mines. On April 29, 2011, Creso announced that they have entered into an option and JV agreement with the Hunter Dickinson Group on a \$43 million deal.

Early in Q4 2010, the company commenced a 15,000 metre drilling program to test the Juby Main zone at depth where it remains open, with the intent of expanding the NI 43-101 resources.

**Ownership:** The company holds its interest in the various properties that compose the Juby project in the following manner.

**Juby Lease:** The company purchased a 100% interest in August 2002 from Inmet Mining Corporation (“Inmet” TSX: IMN) for \$0.25 million and 0.1 million shares. Original vendors of the property retain a 2% NSR Royalty.

**Juby JV property:** 100% interest in this portion of the property was acquired in the same agreement as the Juby lease. However, Goldeye Explorations Ltd (“Goldeye” TSXV: GGY) had an option to acquire a 50% interest which it subsequently earned. In April, 2005, Goldeye’s participating interest was reduced to 40% where it remains.

A 100% interest in the Tyrannite property was acquired in a separate agreement in 2002. In December 2009, the company optioned 75% interest in two of the claims comprising the property to Creso. Creso has significant land holdings in the area including land immediately adjacent to the claims in which it acquired 75%. Creso also recently acquired the Indian Lake property approximately 2 km to the southeast of the Juby Lease. The Indian Lake property sits on the west southwest extension of the Tyrrell structural zone.

The Mosher Lake property was acquired in February 2010 through staking.

**Location/Access/Infrastructure:** Juby is located in the Shining Tree area of northeastern Ontario in the southern part of the Abitibi greenstone belt. The property is about 15 kilometers southwest of the town of Gowganda and 100 km south-southeast of Timmins. The property has excellent access via a well maintained gravel road off highway 560 which passes through the property and only about 200 meters from the main showing at the Juby zone. A major power line passes within a few kilometers of the property and water is abundant in the region. The Shining Tree area has recently seen an increase in exploration activity and we believe that ongoing projects proximal to the Juby project will positively influence mining related infrastructure in the area.

**History:** Since first being explored in 1931, the property has been subject to the usual exploration techniques such as trenching, geophysical surveys and surface drilling. The most recent exploration prior to the acquisition by TME, was performed by Inmet who drilled 22 diamond drill holes totaling 8,033 meters in 1999 and 2000.

**Geology and Mineralization:** The project area occurs along the Tyrrell Structural Zone, which is interpreted to be the western extension of the Larder Lake-Cadillac fault system. This fault system is host to the Kirkland Lake Gold Camp, Kerr Addison Mine, Young-Davidson mine (Northgate) and various other important gold deposits in Ontario and the Osisko Malartic deposits in western Quebec. The Hydro Creek and Big Dome gold zones found on adjacent claims held 100% by Goldeye are hosted by the Tyrrell Structural Zone.

Within the property, the Tyrrell Structural zone cuts Timiskaming assemblage sediments. Significant gold has been identified on the property and elevated copper values have occasionally been noted. GeoVector Management Inc., who completed the technical report on the property, believes mineralization shows mesothermal gold deposit and porphyry like characteristics.

**At the main Juby zone, gold mineralization has been identified over a strike length of approximately 2,500 meters with anomalous gold occurring over true thicknesses of up to 150 meters.**

**TME Exploration:** In total, the company has completed 114 drill holes on the property. Data from 82 of those holes plus data from 22 Inmet drill holes have been used to calculate the most recent resource estimate for the Juby Main Zone. Highlight drill results from Temex drilling include:

- **1.68 g/t gold over 90.05 meters**
- **2.87 g/t gold over 42.29 meters**
- **5.06 g/t gold over 19.80 meters**
- **1.26 g/t gold over 108.00 metres**
- **1.20g/t gold over 70.00 metres**

**Resource Estimate:** Figure 6 below depicts the main Juby zone and the area enclosing the original resource estimate completed on the property in 2005. This first estimate was calculated at a 1.0 g/t cut off when gold was at \$425 per ounce.

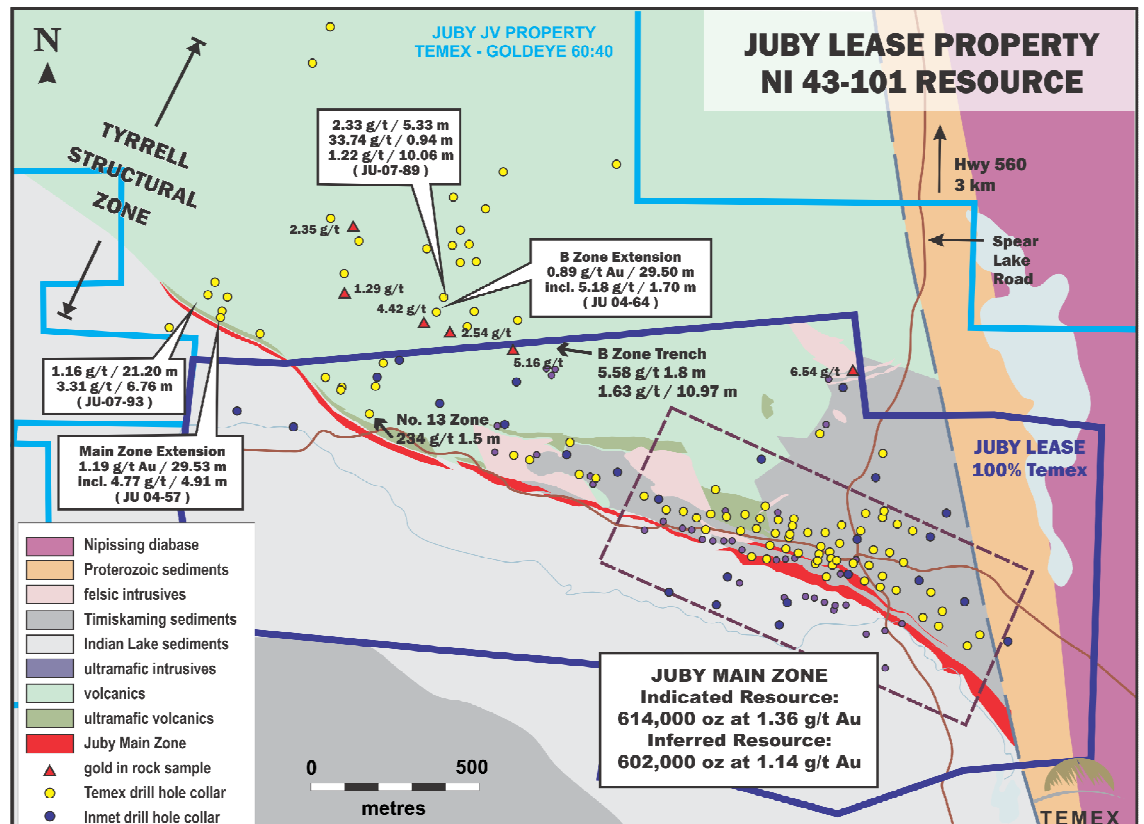


Figure 6: Juby Main Zone. (Source: Company)

On June 15, 2010 the company announced a new resource estimate for the Juby Zone Main Zone. This new estimate covers essentially the same area as the 2005 estimate but includes four additional drill holes and a cut-off grade of 0.5 g/t gold utilizing a gold price of \$1,100 per ounce.

**Indicated Resource: NI 43-101 Compliant**

Cut-off Grade (g/t)	Tonnage (Mt)	Gold Grade (g/t)	Total Ounces of Gold
1.5	4.4	2.24	318,000
1.0	8.6	1.74	484,000
<b>0.5</b>	<b>14.1</b>	<b>1.36</b>	<b>614,000</b>

**Inferred Resource: NI 43-101 Compliant**

Cut-off Grade (g/t)	Tonnage (Mt)	Gold Grade (g/t)	Total Ounces of Gold
1.5	3.6	2.54	292,000
1.0	6.8	1.91	414,000
<b>0.5</b>	<b>18.3</b>	<b>1.14</b>	<b>602,000</b>

Source: Company

**Current Status:** Since October 2010, an ongoing diamond drill program has been designed to expand the Juby Lease Main Zone gold resources in both inferred and indicated categories. Discussions with management indicate **the company is aiming to increase total gold resources to 2.0 Moz.**

In January 2011, the company announced that diamond drilling will commence on its Juby Joint Venture Property held with Goldeye. Six target areas discovered during the 2010 surface exploration program are to be tested by the 15-hole Phase I diamond drill program totaling 2,500 metres. These priority targets include a 2 km long gold 500 metres south of and parallel to the Juby Main Zone gold deposit with coincident IP anomalies. Historic drilling and trenching in the 1930’s on one portion of this gold trend returned up to 2.23 g/t gold over 18.2 metres and 3.20 g/t gold over 12.0 metres.

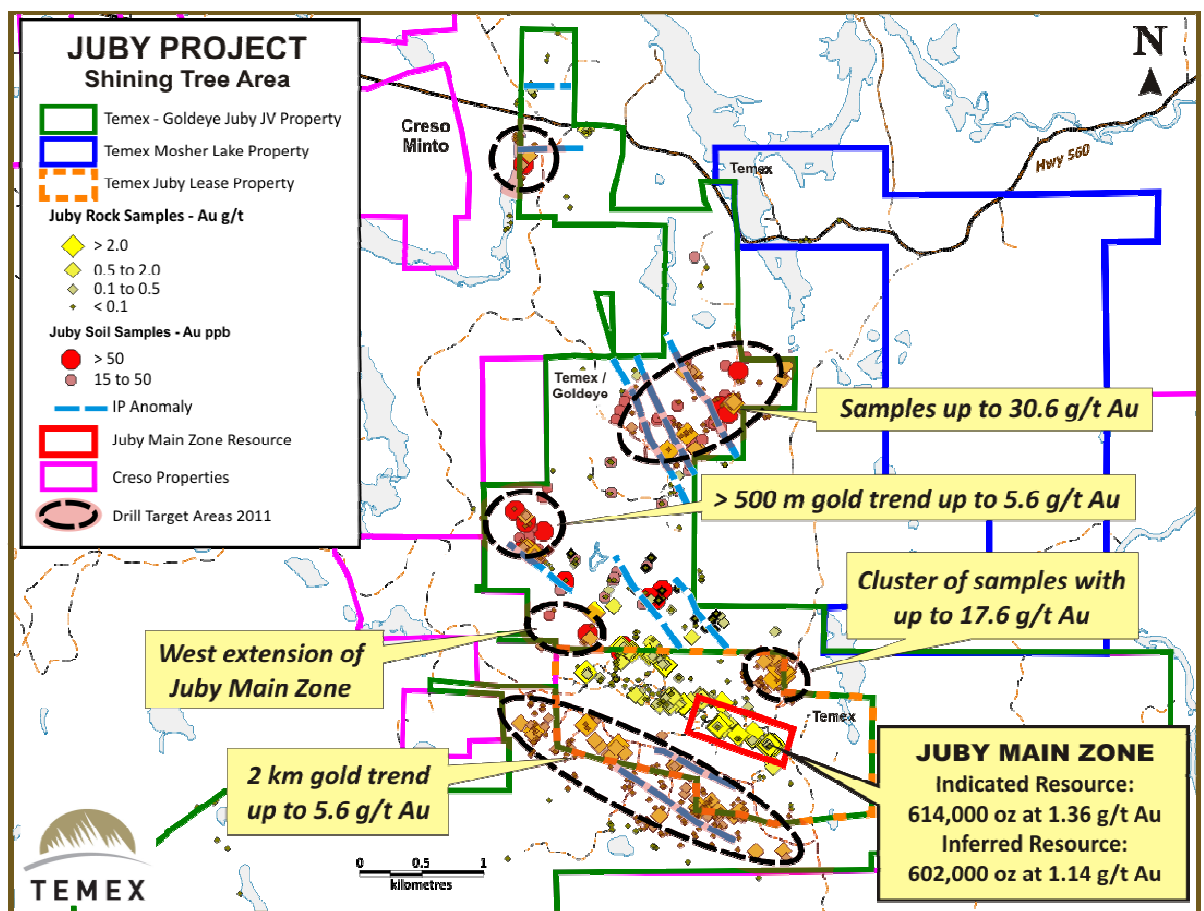


Figure 7: Juby joint venture exploration targets. (Source: Company)

The winter drill program has returned positive results with drill hole JJV11-08 intersecting 10.60 metres grading 2.04 g/t gold, representing a new discovery 2 kilometers west-northwest along trend of the 1 Juby Main Zone gold deposit.

**Other Projects**

**Property Summary – Latchford Gold:** The Latchford Gold Project is composed of nine properties covering 35,560 acres near Latchford in northeastern Ontario. The properties were primarily acquired through staking following the discovery of a boulder in November,

2003 that was blasted from a local outcrop during highway construction and assayed 6,222 g/t gold. More recently, the company has now discovered high-grade gold in bedrock grab samples including 112.29 g/t, 49.75 g/t and 11.64 g/t gold. The samples extended gold mineralization along a trend in flat lying Proterozoic sediments interpreted to be near the unconformity with underlying Archean rocks. **The company is excited about this grassroots property and believes it holds opportunity for a significant discovery of high grade gold. Drilling is planned in 2011.**

**Property Summary – Springer Gold:** The Springer Gold Project is 100% owned by TME and covers an area of over 58,000 acres in the Southwestern part of the “Ring of Fire” in northwestern Ontario. The property is **adjacent to Northern Superior (TSXV: SUP) and Rainy River Resources’ (TSXV: RR) recent gold discovery of 25.9 g/t gold over 13.5 metres on the TPK property.** The Springer claims cover potential extensions of gold-bearing structures and virtually no gold exploration history exists on this property. **The company views this project as a high potential grassroots opportunity and is evaluating its future options on Springer Gold.**

**Property Summary – Gowganda Silver:** This project sits approximately three kilometers by road from Gowganda, Ontario and hosts the historic Miller Lake O’Brien silver mine which was operated by United Siscoe Mines. Over 40 million ounces of silver were produced from the mine between 1910, and 1972, at an average grade of 22 opt silver.

Exploration completed by the company has identified additional bedrock zones of high-grade silver mineralization. Drilling completed by TME in 2006 intersected several high-grade silver intersections from multiple vein sets including 12,541 g/t over 0.30 metres, 6,066 g/t over 0.70 metres and 4,560 g/t over 0.40 metres, which are typical of past producing veins.

**Historic tailings represent a source of potential near term revenue as they contain an estimated 1.87 million tons grading 1.43 ounces per ton silver based on 545 auger and 152 sonic holes (~2.6 Moz Ag, historic estimate, non NI 43-101 compliant).** In addition to historic mine workings, the property boasts additional underground infrastructure developed from 1987 to 1989 by previous operators.

In late April, 2011, the company announced a new exploration program on the Gowganda silver project. The company has planned an initial 2,000 metre drill program to confirm and test for the extensions of several high grade silver veins as well as for other near-surface targets that Temex identified during the 2010 field program.

**Management and Board** Biographies of management and the board of directors, as provided by the company, follow:

**Ian Campbell – President, Chief Executive Officer and Director**

Mr. Campbell was appointed to the Board of Directors in 2001. Prior to his appointment as President and Chief Executive Officer in 2005, Mr. Campbell held the offices of Vice-President, Exploration and Executive Vice-President of the Company. A graduate of Lakehead University (1982), he has nearly 30 years of experience in the junior mining sector, and has held lead roles in the acquisition, exploration and discovery of numerous

advanced stage precious metal, base metal and rare element projects for several companies throughout Canada. He has extensive experience liaising with First Nation groups and has successfully completed a Memorandum of Understanding Agreement in Northwestern Ontario (1999). Ian served a four year term on the Ontario Geological Survey Technical Committee and as Chair for a one year term during the \$29 million Operation Treasure Hunt (1998-2001), representing junior mining companies operating in Ontario on behalf of the Prospectors and Developers Association of Canada. Mr. Campbell is a member in good standing of the Association of Professional Geoscientists of Ontario (2002).

**Bruce Durham, P.Geo. – Executive Chairman and Director**

Mr. Durham was appointed Executive Chairman of Temex in May 2007. Prior to joining the Company, Mr. Durham served as Vice-President Exploration, Vice-President Business Development and was also formerly the President of Canadian Royalties Inc. A graduate of the University of Western Ontario, Bruce has worked in mineral exploration for more than 30 years in various positions with junior and senior mining companies exploring primarily for precious and base metal deposits in Ontario and Quebec, but also with companies exploring across Canada, in the USA, and in Africa. He has a significant track record of mineral deposit discoveries. He has been an integral member or leader of various exploration teams credited with the discovery or definition of several significant mineral deposits including: the David Bell Mine (Hemlo), the Golden Giant Mine (Hemlo), the Redstone Nickel Mine (Timmins), the Bell Creek Mine (Timmins) and most recently he was intimately involved in the discovery or definition of at least six nickel-copper-PGE deposits in the Raglan area of Nunavik, Quebec with Canadian Royalties. He remains a director of Canadian Royalties which is in the process of becoming Quebec's next producer. Mr. Durham is a designated Qualified Person of the Company.

**Peter Akerley, Director**

Mr. Akerley has been a director of Temex since 2005. Mr. Akerley is President and Chief Executive Officer of Erdene Gold Inc, a TSX Venture-listed mineral exploration company focused on exploration for gold and copper in Mongolia. Mr. Akerley holds a BSc from Saint Mary's University in Halifax, 1988. He has been President of BRM Exploration Ltd., a mineral exploration consulting company that provided geological exploration and managerial services to the industry internationally, since 1996.

Mr. Akerley previously provided exploration and managerial services to junior and senior exploration and mining companies for projects in Canada, United States of America, Mexico, Guyana, the Philippines and Mongolia. During the period 1996 - 1998, Mr. Akerley was co-manager of a major exploration program in Mongolia. Mr. Akerley has been President and Chief Executive Officer of Erdene Gold Inc. since March 2003.

**Nelson W. Baker, Director**

Mr. Baker has been a director of Temex since 2005. He is President and Director of Mineral Mountain Resources Ltd. (TSXV: MMV). He is the former President and CEO of Rainy River Resources Ltd (TSXV: RR), a TSX Venture-listed mineral exploration company focused on exploration for gold on the Rainy River Project in north western Ontario. Mr. Baker also serves as a director of Boulder Mining Corporation and Rampart Ventures Ltd.

Mr. Baker holds a BSc. in Geological Engineering from South Dakota School of Mines and has over 30 years experience predominantly in the Canadian mineral exploration industry. His career includes senior exploration roles with Esso Minerals Canada and Hunter Dickinson Inc. and also as a consultant providing exploration and managerial services to junior and senior exploration and mining companies for projects in Canada and Namibia.

**Angus C. Footman, Director**

A director since 2002, Mr. Footman brings over twenty years of experience in the engineering and technology sectors. He has held senior positions with many large public and private firms. He has lived and worked throughout Europe, the United States and Canada. Mr. Footman is currently a private investor and acts in an advisory capacity to several public companies

**Jari Paakki, P.Geo. – Vice-President, Exploration**

Mr. Paakki has over 20 years experience in mineral exploration and was most recently Vice-President Exploration and Project Development for Blackstone Ventures Inc. Prior to that, he spent 12 years with Teck Cominco Limited as Senior Geologist based in the Thunder Bay regional office, managing gold, copper-zinc and nickel-copper exploration projects in eastern Canada, and previously worked in the Mineral Deposits Division of the Geological Survey of Canada and Falconbridge Limited.

**Edward Badida, CA – Chief Financial Officer**

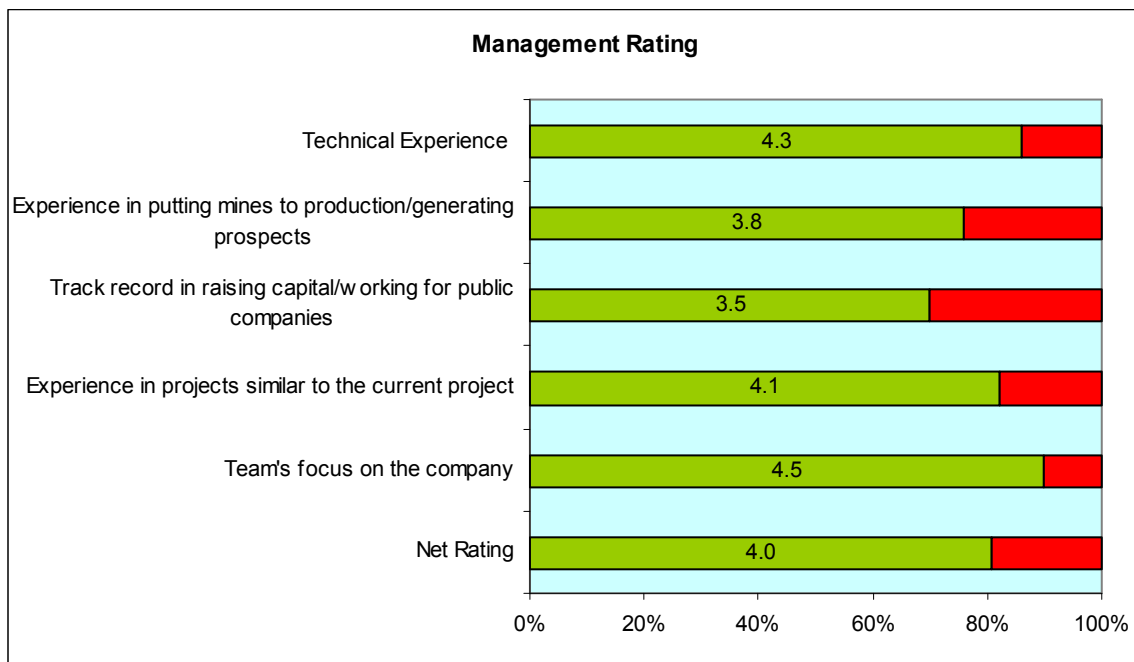
Edward J. Badida has been the CFO of the Company since 2003. He is a Chartered Accountant with over 40 years of financial management experience in working with Boards of Directors, Audit Committees, Financial Institutions, Regulators and Corporate Council. He provides the services of a CFO to several Canadian public companies in the mineral exploration and development stages which are listed on the TSX and TSX-V. His responsibilities include financial reporting and compliance, mergers and acquisitions (negotiation and due diligence), corporate finance, tax planning, treasury and investor relations. Over the past 20 years, he has been responsible for the financial management of mineral exploration programs in Canada, Europe, Mexico, South America, Central Asia and West Africa.

**Karen Rees, P.Geo. – General Manager**

Karen Rees has been with Temex Resources Corp. since 2003, currently in the head office of the Corporation in the position of General Manager, previously as manager of exploration. A graduate of the University of Saskatchewan (1984), she has 25 years of experience working as project manager, administrator and geologist for publicly listed companies, government agencies and private sector groups. Ms. Rees is a member in good standing of Association of Professional Geoscientists of Ontario (2002). Prior to working with Temex she consulted to a number of TSX and TSX-V listed companies and previous to that worked with a communications consulting firm in Winnipeg, Manitoba. Also based from Winnipeg, she worked in northern Manitoba and Saskatchewan for Noranda Exploration and in northwestern Ontario for Noramco doing gold and base metal exploration. Ms. Rees volunteers on the Human Resources Development Committee of PDAC.

**Management Rating**

We believe that one of the most important aspects of a junior mining company is its management. Therefore, we have developed a management rating system as a quantitative way to rate management based on a number of factors, including technical experience, the ability to raise financing, and management’s time commitment to the company. **Our net rating for Temex (see below) is 4.0 out of 5.0.**



**Strength of Board**

We believe that the Board of Directors of a company should include independent or unrelated directors who are free of any relationships or business that could materially interfere with the director’s ability to act in the best interest of the company. We looked at the company’s annual “Management Information Circular” to ensure that the company has an independent Board of Directors, Audit Committee and Compensation Committee.

	Poor	Good	Excellent
Three of five directors are independent		✓	
None of the directors have filed for personal bankruptcy			✓
All of the directors hold shares in the company			✓
The Audit committee is composed of three board members, all of which are independent			✓
The Compensation committee is composed of three board members, all of which are independent			✓



**Financials**

At the end of November 2010, the company had \$8.72 million in cash. Working capital was \$8.42 million. The company posted a net loss of \$0.94 million (EPS: -\$0.01) in the first nine months of FY2011 (period ended November 30, 2010). We estimate the company had a burn rate (cash spent on operating and financing activities) of \$0.28 million per month during the first nine months of FY2011, versus \$0.15 million in FY2010 (12 month period). The table below shows a summary of the company's cash and liquidity position.

(in C\$)	2009	2011 (9 mo)
Cash	2,476,325	8,722,678
Working Capital	2,473,555	8,415,167
Current Ratio	24.84	16.95
LT Debts/Assets	-	-
Burn Rate Per Month	(153,940)	(280,793)
Cash from financing activities	1,854,592	8,741,448

**Stock options and warrants:** The company currently has 8.74 million warrants (weighted average exercise price of \$0.44) and 7.94 million stock options (weighted average exercise price of \$0.39) outstanding. 0.39 million warrants and 2.06 million warrants are currently in the money.

**Conclusion:** The company currently has \$5.2 million in cash, which the company expects to be sufficient for the rest of the year.

**Valuation**

We have valued the company's two projects with resource estimates (the Juby project's NI43-101 compliant resource and Gowganda Silver's historic tailings resource) based on the current peer average enterprise value (EV) to resource ratio of \$87.5/oz (as shown in the following table).

Company	SYM	EV / Resources (Au. Eq.)
1 Trelawney Mining and Exploration Inc.	TSXV: TRR	\$211.6
2 Golden Band Resources Inc.	TSXV: GBN	\$163.4
3 Sona Resources Corporation	TSXV: SYS	\$107.9
4 Gowest Gold	TSXV: GWA	\$104.3
5 Northern Gold Mining Inc	TSXV:NGM	\$102.5
6 Hunt Mining <sup>1</sup>	TSXV: HMX	\$73.6
7 Midway Gold	TSXV: MDW	\$58.2
8 Moneta Porcupine Mines Inc.	TSX: ME	\$56.8
9 Sutter Gold Mining Inc	TSXV: SGM	\$49.3
10 Evolving Gold <sup>1</sup>	TSX: EVG	\$46.0
11 Goldstone Resources Inc.	TSX: GRC	\$45.0
12 Silverado Gold Mines Ltd.	OTCBB: SLGLF	\$31.6
<b>Average EV / Resources (\$/oz)</b>		<b>\$87.5</b>

\* Resources include all measured and indicated, and half of inferred and historical resources

1. FRC estimated resources

Based on 100% of the indicated and 50% of the inferred resources at Juby, and 50% of the historical tailings resource at Gowganda, we arrived at a fair value of \$82.17 million on these projects. We valued all the other projects at their book values.

Adding the company's current working capital, marketable securities and the book values of all the other projects, to our fair value estimate on the resources at Juby and Gowganda, we arrived at a fair value of \$0.93 per share on TME shares. A summary of our valuation is shown below.

<b>Valuation Summary</b>	
Juby + Gowganda Resource	\$82.17
Working Capital	\$5.20
Marketable Securities	\$0.64
Book Value of Other Projects	\$10.98
Fair Value	\$98.98
Shares	106.12
<b>Fair Value per Share</b>	<b>\$0.93</b>

\* Shares were calculated based on the treasury stock method

### ***Rating***

**Therefore, based on our review of the company's projects and our valuation, we initiate coverage on TME with a BUY rating and a fair value of \$0.93 per share.**

### ***Risks***

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

- The value of the company is dependent on commodity prices.
- The company does not currently have any operating mines.
- The success of drilling, project development and resource expansion are important long-term success factors for these early projects.
- Access to capital and share dilution.

**We rate the company's shares a RISK of 5 (Highly Speculative).**

**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.**Disclaimers and Disclosure**

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The distribution of FRC's ratings are as follows: BUY (72%), HOLD (7%), SELL (4%), SUSPEND (17%).

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