



**AMERIX PRECIOUS METALS CORPORATION**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THREE AND NINE MONTHS ENDED APRIL 30, 2009**

**JUNE 29, 2009**

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This Management Discussion and Analysis (“MD&A”) of the financial condition and results of the operations of Amerix Precious Metals Corporation (“Amerix” or the “Company”) is intended to supplement and complement the Company’s unaudited interim consolidated financial statements and the related notes covering the three and nine month period ended April 30, 2009. This MD&A should be read in conjunction with those unaudited interim consolidated financial statements as well as the annual audited consolidated financial statements of the Company and the related MD&A for the year ended July 31, 2008.

The Company prepares its consolidated financial statements in Canadian dollars and in accordance with generally accepted accounting principles (“GAAP”) in Canada. All dollar amounts in this MD&A are expressed in Canadian dollars unless otherwise stated. Additional information regarding the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

This MD&A may contain forward-looking statements that are based on the Company’s expectations, estimates and projections regarding its business and the economic environment in which it operates. These statements speak only of the date on which they are made, are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Examples of some of the specific risks associated with the operations of the Company are set out below under “Risk Factors”. Actual outcomes and results may differ materially from those expressed in these forward looking statements and readers should not place undue reliance on such statements,

## **OVERVIEW**

Amerix Precious Metals Corporation (the “Company” or “Amerix”) is a junior resource company involved in the acquisition, exploration and development of mineral properties.

The Company does not generate operating revenues. Management anticipates that the Company will experience net losses as a result of ongoing exploration and general corporate and administrative costs until such time as revenue generating activity is commenced.

The Company presently has interests in two mineral properties located in Brazil – the Vila Porto Rico Property and the Limão Property.

During the nine months ended April 30, 2009, the Company’s activities included the following material events:

On April 17, 2009, Daniel Noone was appointed to Board of Directors of Amerix.

On March 30, 2009 and April 16, 2009, the Company completed a non-brokered private placement (the “private placement”) in two tranches for an aggregate of 24,392,500 units (the “Units”) at a price of \$0.02 per Unit for aggregate gross proceeds of \$487,850. Each Unit consisted of one common share of Amerix and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share at a price of \$0.05 for a period of twelve months from the date of closing. The Company paid a total cash fee of \$11,648 and issued 119,000 Units as a finder’s fee in regard to the private placement. The securities issued in connection with the private placement are subject to a four month hold period from date of issue.

On November 28, 2008, the Company announced that it was unable to make an option payment of 4.4 kilograms (“kilos”) of gold which was due to the holder (“the Holder”) of the First Carneiro Agreement (the “Agreement”) relating to the Company’s option payments on its Ouro Roxo concessions in Vila Porto Rico Property covering the area to the south, or the left bank, of the Pacú River. Under the terms of the Agreement, the Company was required to pay 10 kilos of gold on July 28, 2008, of which 5.6 kilos was paid. Payment of the remaining balance of 4.4 kilos was subsequently deferred to November 25, 2008, with the agreement of the Holder. As a result of the significant deterioration in the availability of financing for junior exploration stage companies such as Amerix, the Company was unable to raise capital to allow it to meet obligations under the Agreement and, as of November 25, 2008, was technically in default of the terms of the Agreement. The Holder had the right to claim default and demand that the Company sign the concession rights over to the Holder, at which point all rights would revert back to the Holder and the Company would not be entitled to any compensation for exploration work previously performed on the concessions or reimbursement for any option payments previously made under the terms of the Agreement.

However, the Company continued to negotiate with the Holder and on March 3, 2009, announced that it had executed a Letter of Intent (“LOI”) with a Brazilian Consortium (the “Consortium”) represented by the Holder of the Agreement and Campina Participações S.A., a Brazilian company with expertise in alluvial mining in deeply weathered terrains. Under terms of the LOI, the Consortium will acquire 100% of the exploration permits containing the Ouro Roxo deposits with Amerix retaining a 2.5% Gross Royalty on all gold production. In addition, the

Consortium will assume all gold option payments under the Agreement, including the default payment of 4.4 kilos of gold, 10.0 kilos of gold due on July 28, 2009, and 70.0 kilos of gold due on July 28, 2010. At estimated gold prices, of approximately US\$950 per ounce, these option payments of 84.4 kilos of gold equate to approximately Cdn\$3,740,000. Should the mineable reserve (in the probable category or better) on this property exceed 2 million ounces, the Consortium also assumes additional payments of 50 kilos of gold for each additional one million ounces of reserve determined. The sale of the exploration permits containing the Ouro Roxo deposits was approved by shareholders at the Company's Annual and Special Meeting of Shareholders on April 17, 2009. The Company is in the final stages of completing the definitive agreement with the Consortium.

The Company still maintains its interests in the exploration permits covering the area to the north, or the left bank, of the Pacú River. This area includes the prospective Nova Brasilia and Carumbé gold areas covered under the Second Carneiro Agreement. In addition, the Company still maintains its interest in the Limão Property.

As at January 31, 2009, the Company reviewed the carrying value of the Limão Property in response to the decline in the economic environment. As a result of the review, it was determined that costs incurred prior to fiscal 2004 on the Limão Property were impaired and a write down of \$540,531 was recorded to adjust Limão's carrying value to its estimated fair value of \$260,796. Management used the economic value of the work performed to date on the Limão Property to determine what the impairment charge should be. The Company is currently in discussions with Matapi Exploração Mineral Ltda., the holder of the Limão property option agreement, to defer payment of the 2009 option payment instalments.

The Company's assets as at April 30, 2009 were \$13,988,614 compared to \$14,440,790 as at July 31, 2008. The decrease was due to a reduction in cash, which was used predominately to pay operating expenses during the nine months ended April 30, 2009 and the impairment charge against the Limão Property, partially offset by funds received from the Company's private placement during the third quarter of fiscal 2009.

The Company does not presently have sufficient financial resources to complete, by itself, the exploration required to develop its properties to an advanced stage. The exploration and development of the Company's properties will therefore depend upon the Company's ability to obtain financing through the joint venturing of projects, private placement financing, public financing or other means. There is no assurance that the Company will be successful in obtaining the required financing.

## **MINERAL EXPLORATION ACTIVITIES**

The Company's operations consist of the exploration and development of mineral properties in Brazil as well as ongoing corporate head office costs. Expenditures on the Company's mineral properties for the nine months ended April 30, 2009 were \$287,011 compared to \$3,252,740 for the prior year period. The Company also recorded an impairment charge of \$540,531 against the Limão Property in January 2009.

The following table summarizes the continuity of the mineral properties during the period:

	Properties		
	VPR	Limao	Total
Balance, July 31, 2008	\$13,240,958	\$ 801,327	\$ 14,042,285
Expenditures during the period	260,011	27,000	287,011
Property writedowns during the period		(540,531)	(540,531)
Balance, April 30, 2009	<u>\$13,500,969</u>	<u>\$ 287,796</u>	<u>\$ 13,788,765</u>

## **Brazilian Properties**

### **Vila Porto Rico**

In 1997, the Company negotiated an option agreement with Matapi Exploração Mineral Ltda. (“Matapi”), a Brazilian company, to acquire a 70 per cent interest in Matapi’s Vila Porto Rico Property located west of the Tapajós Garimpeiro reserve, in north-central Brazil. The Vila Porto Rico Property is 40,000 hectares in extent and is divided into 4 equal-sized 10 kilometer by 10 kilometer claim blocks. Under the option agreement, the Company was to make payments totaling US\$715,000 over three years and carry out exploration programs with expenditures of US\$2.25 million within the same three year period. Upon fulfillment of these terms, Matapi was to be awarded a 30 per cent shareholding in the Company’s subsidiary holding the Vila Porto Rico Property.

A technical report dated October 1997 was prepared for the Company by Behre Dolbear & Company Ltd. and Behre Dolbear Chile & Cia. Ltda. (Dolbear) with respect to the Vila Porto Rico Property. The report is filed on SEDAR and is available for review at [www.sedar.com](http://www.sedar.com).

During 1998, the option agreement with Matapi was renegotiated such that the Company was to acquire 100 per cent of the Vila Porto Rico Property subject to (i) paying US\$715,000 in four stages over three years, and (ii) issuing 1,966,250 common shares in five stages, being four stages of 250,000 common shares each, and the remaining 966,250 common shares being contingent upon the delivery of an independent study identifying at least 2,000,000 ounces of gold in the probable reserve category. There were no continuing work expenditure requirements. All payments to Matapi were optional to the Company. Matapi retained a maximum 2.0 per cent net smelter return royalty (“NSR”) that could be purchased by the Company for US\$800,000 at any time. The Company closed the property transaction in July 1998 by making a cash payment of US\$115,000 and issuing 250,000 common shares. From 1997 through 2003, title to the Vila Porto Rico Property was held by Mineração Vila Porto Rico Ltda., the Company’s Brazilian subsidiary, via Mineral Exploration Licenses, Numbers 3647-3650 dated November 25, 1997 as granted by the Brazilian Department of Mines.

In August 1999, the Company paid a further US\$125,000 and issued 250,000 common shares to Matapi.

On May 22, 2001, the Company entered into an amending agreement with Matapi with respect to the Vila Porto Rico Property in relation to the Company's option to acquire a 100 per cent interest therein. The consideration for the exercise of the option was amended as follows:

- (a) a payment of US\$240,000 (instead of US\$715,000), as already paid by the Company;
- (b) a 1.5 per cent NSR, with a buyout of US\$1,275,000 (which may be paid down, in whole or in part, at any time by the Company); and
- (c) 1,966,250 common shares of the Company of which 500,000 common shares had been issued and the balance of 1,466,250 common shares were issuable to Matapi upon receipt by the Company of an independent study that confirmed a reserve (in the probable category or better) of at least 2,000,000 ounces of gold on the Vila Porto Rico Property.

On July 31, 2003, Mineração Vila Porto Rico Ltda. ("MVPR"), the Company's Brazilian subsidiary, was granted four new Mineral Exploration Licenses, Numbers 5827-5830 dated July 25, 2003 by the Brazilian Department of Mines in respect of the Vila Porto Rico Property.

On November 13, 2003, the Company entered into a new agreement with Matapi with respect to the Vila Porto Rico Property in relation to the Company's option to acquire a 100 per cent interest therein. The consideration for the option was agreed as follows:

- (a) a payment of US\$400,000 to Matapi in installments during the 2004 to 2006 period;
- (b) a 2.0 per cent NSR, with a buyout of US\$800,000 (which may be paid down at any time by the Company on the basis of US\$200,000 for each one-quarter or 0.5 per cent of the NSR acquired); and
- (c) 1,466,250 common shares of the Company of which 250,000 common shares were issued on January 1, 2004 and 250,000 common were to be issued on September 1, 2004. The balance of 966,250 common shares is to be issued to Matapi upon receipt by the Company of an independent study that confirmed a reserve (in the probable category or better) of at least 2,000,000 ounces of gold on the Vila Porto Rico Property.

On July 28<sup>th</sup>, 2004, the Company through MVPR, entered into two agreements with a previous mineral rights holder ("Carneiro") of the Vila Porto Rico property in consideration of services rendered in concluding negotiations between MVPR and Matapi with respect to the transfer of ownership of the mineral rights.

The first Carneiro agreement (relating to the portion of the property south of the Pacu River, an east-west trending river located on exploration licenses 852726/93 and 852678/93) contains the following significant terms:

- (i) requiring payment of US\$200,000 upon execution of the agreement (paid);
- (ii) requiring payment of 100 kilograms of gold, should this portion of the property be determined to have a mineable reserve (in the probable category or better) of up to 2,000,000 ounces, within 72 months of execution of the agreement, with the following terms.
  - a. if the 100kg of gold payments were not made at various required dates prior to July 28, 2006, additional cash payments aggregating US\$300,000 were required (paid);

- b. On or before July 28, 2007 – payment of 10 kilograms of gold (10 kilograms of gold has been paid with a value of \$239,082);
  - c. On or before July 28, 2008 – payment of 10 kilograms of gold
  - d. On or before July 28, 2009 – payment of 10 kilograms of gold
  - e. On or before July 28, 2010 – payment of 70 kilograms of gold
- (iii) should the mineable reserve (in the probable category or better) on this portion of the property exceed 2,000,000 ounces, the Company is required to make additional payments of 50 kilograms of gold for each additional 1,000,000 ounces of reserve determined.

The second Carneiro agreement (relating to the portion of the property north of the Pacu River) contains the following significant terms:

- (i) requiring payment of 100 kilograms of gold (a) within 20 days from receipt of a technical report which confirms a mineable reserve (in the probable category or better) of up to 2,000,000 ounces of gold on this portion of the property, or (b) by July 28, 2010; and
- (ii) should the mineable reserve (in the probable category or better) on this portion of the property exceed 2,000,000 ounces, the Company is required to make additional payments of 50 kilograms of gold for each additional 1,000,000 ounces of reserve determined.

All payments required under the second Carneiro agreement are required to be made within 20 days of the date of receipt of a technical report acceptable to the TSX Venture Exchange.

On July 30<sup>th</sup>, 2004, the Company announced that it had reached agreement with the local garimpeiro operation at the Ouro Roxo deposit on the Vila Porto Rico Property. Under the terms of this agreement (the “Garimpeiro Agreement”) the Company ceded a 150 hectare area within the 40,000 hectare Vila Porto Rico Property to the garimpeiro who will be permitted to work the alluvial material and the associated tailings.

On August 3<sup>rd</sup>, 2004, the Company signed a new option agreement with Matapi which establishes a revised payment schedule under which the Company will acquire from Matapi an undivided 100 per cent right, title and interest in the Vila Porto Rico Property (subject to the Garimpeiro Agreement) such that:

- (a) the Company will pay Matapi US\$80,000 over the period through March 2006;
- (b) the Vila Porto Rico Property will be subject to a 2.0 per cent NSR, with a buyout of US\$800,000 (which may be paid down, in whole or in part, at any time by the Company); and
- (c) 1,216,250 common shares of the Company of which 250,000 common shares were issued on September 1, 2004 and the balance will be issuable to Matapi upon receipt by the Company of an independent study that confirms a reserve (in the probable category or better) of at least 2,000,000 ounces of gold on the Vila Porto Rico Property.

In August 2004, the necessary camp and support equipment was purchased and MVPR established an exploration camp to support drilling operations and other field operations.

On November 22<sup>nd</sup>, 2004, the Company announced that a 5,000-meter drill program had commenced at the Vila Porto Rico Property. The initial diamond drilling occurred at Ouro Roxo North and was comprised of 1,000 meters in six holes which extended the drill grid started by RTZ/CRA in 1995 and 1996 on the 429.5 North, 200 North and 100 North Sections.

On December 15<sup>th</sup>, 2004, the Company reported that the first phase of diamond drilling at Ouro Roxo North had been completed and a total of 1,112 meters had been drilled in six holes.

On February 14<sup>th</sup>, 2005, the Company announced the results from the first three drill holes at Ouro Roxo North at the Vila Porto Rico Property.

On March 1<sup>st</sup>, 2005, the Company announced the results of the second three drill holes at Ouro Roxo North at the Vila Porto Rico Property and the commencement of drilling of a 14-hole program on Ouro Roxo South.

On May 17<sup>th</sup>, 2005, the Company announced the completion of 13 diamond drill holes (1,340.7 meters) of a 14-hole program (1,380 meters) to test the geochemical anomaly at Ouro Roxo South (Pimenteiras). Assay results from the first three holes identified gold mineralization and the Company believes that Ouro Roxo South (Pimenteiras) has the potential similar to Ouro Roxo North (Buriti).

On August 15<sup>th</sup>, 2005, the Company provided a further progress report on exploration activities at the Vila Porto Rico Property, including further assay results from Ouro Roxo North, where hole number 27 intersected a mineralized zone 148 meters below the collar, which averaged 7.7 grams of gold per tonne over 18 meters, including 25.5 grams of gold per tonne over 5 meters.

On October 25<sup>th</sup>, 2005, the Company announced the discovery of extensive gold mineralization at Nova Brasilia at the Vila Porto Rico Property. The mineralized zone extends for at least 550 meters and yielded grab samples assaying up to 162.74 grams of gold per tonne.

On November 28<sup>th</sup>, 2005, the Company announced the discovery of gold mineralization at Carumbé at the Vila Porto Rico Property. The mineralized zone is similar to the Nova Brasilia mineralization and yielded grab sample assays of 57.47, 20.72, 1.86 and 5.34 grams of gold per tonne.

In July 2005, the Company engaged Behre Dolbear & Company (USA), Inc, to complete a report on the Vila Porto Rico Property and to present its findings in a document that complied with the requirements of Canadian National Instrument 43-101, Standards of Disclosure for Mineral Projects (“NI 43-101”).

In November 2005, the Company engaged Senior Engenharia Ltda. of Belo Horizonte, Minas Gerais, Brazil to complete a resource report for the Ouro Roxo deposit. This report was incorporated in a petition to the 5th District of the Departamento Nacional da Produção Mineral (DNPM) to increase the term of the exploration concessions granted to MVPR in 2003 and/or to extend these exploration concessions by an additional three years.

In January 2006, the Company engaged SRK Consulting (Canada) Inc. to incorporate the results of the resource report completed by Senior Engenharia Ltda. of Belo Horizonte into a technical report which complied with the requirements of NI 43-101.

On June 23<sup>rd</sup>, 2006, the Company reported that an independent NI 43-101 Technical Report on the Vila Porto Rico Property had been prepared and filed on SEDAR. The report, dated June 20, 2006 was completed by SRK Consulting (Canada) Inc. in collaboration with SRK (Brazil).

In their report to the Company, SRK opined that:

- Both the Ouro Roxo North and South deposits are open along the strike of the shear zone to the north and south of each deposit. SRK believes that there is sufficient evidence to indicate that the auriferous zones within the Ouro Roxo deposits are continuous.
- SRK believes there is a good possibility of extending the gold mineralization as well as discovering new auriferous shoots to the north and south of the current resources.
- Ouro Roxo North is open at depth and the deposit has good potential of extending gold mineralization as well as discovering new shoots of gold mineralization down dip of the current resources.
- SRK considers the entire Cantagalo-Ouro Roxo structure highly prospective for gold mineralization.
- SRK considers that the regional shear is proven as a large hydrothermal conduit of gold bearing mineralized fluids and the numerous gold showings including Pachiúba, Inferno Verde and Nova Brasília confirm the extent of the mineralization.
- The Ouro Roxo North and South deposits also demonstrate that the system is capable of hosting significant gold resources.

SRK computed an inferred resource estimate of 1.34 million tonnes at a grade of 5.8 grams of gold per tonne containing 252,000 ounces of gold. The SRK estimate was based on 27 drill holes on sections approximately 100 metres apart, using the inverse distance method and a cut off grade of 1.0 gram of gold per tonne.

On July 4<sup>th</sup>, 2006, the Company provided an update on the drill program at the Vila Porto Rico Property. Through June 30<sup>th</sup>, 2006, the Company's drill contractor, Kluane had completed 1,866 meters of diamond drilling in 11 holes.

On August 8<sup>th</sup>, 2006, the Company provided an update on the drill program at the Vila Porto Rico Property. Through July 31<sup>st</sup>, 2006, Kluane had completed 2,470 meters of diamond drilling in 14 holes. The initial phase of the drill program, which commenced on April 25<sup>th</sup>, 2006, was designed to test and confirm the target at Nova Brasilia along strike and at depth.

On September 21<sup>st</sup>, 2006, the Company announced the first assay results from the 2006 exploration program at the Vila Porto Rico Property. Through August 31, 2006, drilling along the mineralized shear zone totaled 2,740 m in 16 diamond drill holes. Geologic mapping and geochemical soil surveys indicated that the Nova Brasilia shear zone is at least 2.5 km long, with 1.6 km yet to be drilled and tested. The potential for structures that branch off the Nova Brasilia shear zone is considered to be equally important. In addition, 4-5 drill targets were identified along structures unrelated to the Nova Brasilia shear zone in the northern part of the Vila Porto Rico Property.

On September 28<sup>th</sup>, 2006, the DNPM (Departamento Nacional da Produção Mineral – Brazilian Government Mining Bureau) granted two exploration licenses (Numbers 9208 and 9209 pursuant to DNPM Processes 850.015/2006 and 850.017/2006) to MVPR. These licenses cover the properties contiguous with the original Vila Porto Rico Property on its northern and eastern boundaries and comprise 9,875.43 hectares and 8,361.07 hectares, respectively.

On October 5<sup>th</sup>, 2006, MVPR filed an official memo with the DNPM advising that exploration activities had commenced on the properties to the north and east of the original Vila Porto Rico Property. These additional exploration licenses allow MVPR to expand its exploration program into the northerly extension of the Vila Porto Rico shear zone. The eastern claim is adjacent to Nova Brasilia and Inferno Verde and exhibits important and promising structures indicative of additional mineralized zones.

On October 18<sup>th</sup>, 2006, the Company reported progress on the second phase of diamond drilling which began in mid-September at Carumbé on the Vila Porto Rico Property. The Company also reported that new exploration concessions had been granted for the Limão Property and for an easterly extension to the original Vila Porto Rico Property.

On November 22<sup>nd</sup>, 2006, the Company announced that the DNPM had renewed all four of its exploration licenses for the Vila Porto Rico Property. These exploration licenses are valid for three years and were granted to MVPR which is wholly-owned by Amerix.

On December 28<sup>th</sup>, 2006, the Company reported the assay results from 15 drill holes on the Nova Brasilia shear zone at the Vila Porto Rico Property. Several high-grade gold-bearing sulfide zones were intersected, and these zones appear to be continuous for a long distance (0.9 kilometres).

On January 17<sup>th</sup>, 2007: The Company announced positive results from its sampling program of the Ouro Roxo tailings at the Vila Porto Rico Property. The laboratory reported gold grades from 84 samples (55% of all samples), which range in value from 40 ppb to 6,701 ppb over one-metre sections and average 1,741 ppb.

The best intersections included:

- 3.369 g/t Au over 4.0 metres;
- 3.992 g/t Au over 4.9 metres; and
- 3.005 g/t Au over 6.0 metres.

On February 27<sup>th</sup>, 2007, the Company provided an update on the exploration program at the Vila Porto Rico Property and reported encouraging drill results from the Ouro Roxo Project. The major gold-producing pits and shafts on the property are located within the North-South trending Ouro Roxo fault zone, which is 1 to 2 kilometres wide, and has been traced over a strike length of more than 25 kilometres. The Company announced that 18 additional core holes (2,809.45 m) had been completed on the Ouro Roxo Project, for a total of 69 holes. Eight holes were completed to test the two kilometre long area between these Ouro Roxo Norte and Sur, now called Ouro Roxo Medio.

On March 28<sup>th</sup>, 2007, the Company announced a summary of the results of drilling at the Nova Brasilia project in the Vila Porto Rico Property. The results included a synthesis of the data and a drill hole location map. Drill results tested a 1.2 kilometre long gold zone and the best results were obtained in the southern 600 metres of the drilling area. Significant gold values were encountered in the area of drill holes ANB 25 and ANB 26 in section 9700N, located 200 metres north of the New Aracati open pit. Drill hole ANB 26 intersected 1.4 m @ 5.3 g/t from 45.6 – 47.0 metres; however no core was recovered above this interval due to poor drilling conditions in weathered bedrock (saprolite development). The gold intercept is potentially open up-dip and near surface. Drill results will be integrated with surficial geological and geochemical data and additional mapping and sampling will be conducted, prior to planning additional drilling later during 2007.

On April 16<sup>th</sup>, 2007, the Company reported preliminary results from the Carumbé Project, in the Vila Porto Rico Property. Initial assay results contained high-grade gold values (up to 135 g/t Au) in drill holes ACR 33 and ACR 34, which were drilled from the same drill pad at different inclinations in section 5020N adjacent to the Carumbé open pit. Drill hole ACR 33 intersected 1.0 m @ 6.1 g/t from metres 114.0 to 115.0; drill hole ACR 34 intersected a weighted average 2.8 m @ 40.3 g/t from metres 212.18 to 214.50.

On May 1<sup>st</sup>, 2007, the Company announced encouraging drill results from the Ouro Roxo Project in the Vila Porto Rico Property. The Company completed 18 angle core holes on the project during the first quarter of 2007, bringing the total number of holes on the Ouro Roxo Project to 69. Results from the second group of nine holes further demonstrate the continuity of the gold mineralization for more than 3 kilometres from the Ouro Roxo North zone to the Ouro Roxo South zones through the Ouro Roxo Medio zone.

On May 10<sup>th</sup>, 2007, the Company announced additional encouraging assay results from the 2007 drilling on the Ouro Roxo Project in the Vila Porto Rico Property.

On June 25<sup>th</sup>, 2007, the Company announced the results of its channel sampling program on high-grade gold veins at the Ouro Roxo Project in the Vila Porto Rico Property, which returned values of up to 475 g/t.

On October 1<sup>st</sup>, 2007, the Company announced the signing of two drill contracts, one with GEOSOL and the other with Kluane. These contracts allow for up to 5,000 metres of core drilling and are a continuation of the drilling program at the Ouro Roxo Project in the Vila Porto Rico Property.

On October 24<sup>th</sup>, 2007, the Company announced that Kluane was drilling at the Ouro Roxo Project in the Vila Porto Rico Property. Kluane had completed 624 metres of drilling in four holes within the northern extension of the Ouro Roxo deposits. GEOSOL commenced work in early September and had completed 648 metres of drilling in five holes.

Geologic mapping along trend to the north the Ouro Roxo deposits revealed an extension of the north-south shear zone for some 2 kilometres to the Pacú River across older inactive garimpeiro excavations which contain mineralized veins of similar character, composition, and orientation to those in Ouro Roxo. Additional geologic mapping identified a parallel north-trending gold-mineralized shear zone approximately 1.5 kilometres to the west of the major Ouro Roxo zone.

On December 13, 2007, the Company provided an update on the exploration program at the Vila Porto Rico Property. The Company announced that Kluane drilled 28 new holes for a total of more than 4,500 metres of core at the Ouro Roxo deposit. This drilling program is expanding upon the 69 drill-hole program that was completed previously at the Ouro Roxo deposit. The Company also announced that initial assay results for eight complete holes for the Ouro Roxo North (“ORO”) zone were received from GEOSOL. Significantly, the drilling, assaying and visual description of the cores from the ORO zone show that gold mineralization extends at least 600 metres farther north than known before this new drilling program and is open-ended to the north.

On March 26, 2008, the Company reported additional results of its recently completed drilling program in the Ouro Roxo mining prospect in the Vila Porto Rico (VPR) Exploration Licenses in the Tapajós Gold Province in Brazil. Thirty-eight new holes were drilled and approximately 5800 metres of core were recovered. Assays have been reported already for eight of these holes (news release of December 13, 2007). New assays are now available for 16 additional holes; 12 in the Ouro Roxo North gold-bearing zones and 4 in Ouro Roxo Middle. Highlights from the new drilling results include 4 meters of 14.4 g/t gold in hole AORN-60 and 1.1 meters of 37.38 g/t gold within a 11.65 meter interval grading 4.28 g/t gold in hole AORN-85. To expedite the quantification of the Ouro Roxo gold resource, a closely spaced mechanized and hand auger drill program is underway and will be expanded to encompass much of the VPR area. The initial hand auger program will consist of several hundred closely spaced one meter hand auger holes designed to locate and define the surface expression of the known gold zones. These zones will be followed up by mechanized auger drilling capable to drill to depths of 30 meters. It is the Company’s intention to include the mechanized auger drill samples in the overall gold resource at Ouro Roxo. The Company believes that hand and mechanized auger drilling is most efficient and cost effective exploration method in this type of terrain. In addition, a topographic survey of the entire VPR area is in progress.

On May 21, 2008, the Company provided results from the augering and the recently completed diamond drilling program at its gold mining prospect Vila Porto Rico, located in the Tapajós gold province in Brazil. Thirty nine (39) mechanized auger holes and an additional 714 one-meter hand-auger holes have been completed. Assays from 22 mechanized auger holes show 11 of the holes intersected oxide gold mineralization ranging from 4 to 15 metres in thickness, including one hole with 15 metres of 14.48 g/t Au and another with 15 metres of 3.67 g/t Au. In addition complete assays for 4 diamond drill holes and partial assays for 2 diamond drill holes from the drilling program completed in late February 2008 were released.

On November 28, 2008, the Company announced that it was unable to make an option payment of 4.4 kilograms (“kilos”) of gold which was due to the holder (“the Holder”) of the First Carneiro Agreement (the “Agreement”) relating to the Company’s option payments on its Ouro Roxo concessions in Brazil covering the area to the south, or the left bank, of the Pacú River. Under the terms of the Agreement, the Company was required to pay 10 kilos of gold on July 28, 2008, of which 5.6 kilos was paid. Payment of the remaining balance of 4.4 kilos was subsequently deferred to November 25, 2008, with the agreement of the Holder. As a result of the significant deterioration in the availability of financing for junior exploration stage companies such as Amerix, the Company was unable to raise capital to allow it to meet obligations under the Agreement and, as of November 25, 2008, was technically in default of the terms of the Agreement. The Holder had the right to claim default and demand that the Company sign the concession rights over to the Holder, at which point all rights would revert back to the Holder and the Company would not be entitled to any compensation for exploration work

previously performed on the concessions or reimbursement for any option payments previously made under the terms of the Agreement.

However, the Company continued to negotiate with the Holder and on March 3, 2009, announced that it had executed a Letter of Intent (“LOI”) with a Brazilian Consortium (the “Consortium”) represented by the Holder of the Agreement and Campina Participações S.A., a Brazilian company with expertise in alluvial mining in deeply weathered terrains. Under terms of the LOI, the Consortium will acquire 100% of the exploration permits containing the Ouro Roxo deposits with Amerix retaining a 2.5% Gross Royalty on all gold production. In addition, the Consortium will assume all gold option payments under the Agreement, including the default payment of 4.4 kilos of gold, 10.0 kilos of gold due on July 28, 2009, and 70.0 kilos of gold due on July 28, 2010. At estimated gold prices, of approximately US\$950 per ounce, these option payments of 84.4 kilos of gold equate to approximately Cdn\$3,740,000. Should the mineable reserve (in the probable category or better) on this property exceed 2 million ounces, the Consortium also assumes additional payments of 50 kilos of gold for each additional one million ounces of reserve determined. The sale of the exploration permits containing the Ouro Roxo deposits was approved by shareholders at the Company’s Annual and Special Meeting of Shareholders on April 17, 2009. The Company is in the final stages of completing the definitive agreement with the Consortium.

The Company still maintains its interests in the exploration permits covering the area to the north, or the left bank, of the Pacú River. This area includes the prospective Nova Brasilia and Carumbé gold areas covered under the Second Carneiro Agreement.

The Company’s ability to exercise the option and acquire an interest in the Vila Porto Rico Property is conditional upon the Company having sufficient finances to make, and making, all required payments. There is no guarantee the Company will have the funds required to make, or make, such payments. If not, the Company may lose all of its interest in the Vila Porto Rico Property, including forfeiting all payments made to date. See “Risk Factors”.

### **Limão**

During 1997, the Company negotiated an option agreement with Cooperativa Mineral do Vale do Rio Tocantins Ltda. (“UNITINS”), a Brazilian company, to acquire a 70 per cent interest in the Limão Property (the “Limão Property”) in north-central Brazil. The Limão Property covers approximately 11,812 hectares in the Tapajós Garimpeiro reserve. Under the option agreement, the Company was to make payments totaling US\$285,000 over three years and carry out exploration programs with expenditures of US\$2.25 million within the same three year period. Upon fulfillment of these conditions, UNITINS was to be awarded a 30 per cent shareholding in the Company’s subsidiary holding the Limão Property.

A technical report dated October 1997 was prepared for the Company by Behre Dolbear & Company Ltd. and Behre Dolbear Chile & Cia. Ltda. (Dolbear) with respect to the Limão Property. The report is filed on SEDAR and is available for review at [www.sedar.com](http://www.sedar.com).

During 1998, the option agreement with UNITINS was renegotiated such that the Company was to acquire a 100 per cent interest in the Limão Property subject to (i) paying US\$285,000 in four stages over three years, and (ii) issuing 783,750 common shares in four tranches of 100,000 shares each, and with the issue of 383,750 common shares being contingent upon an independent study identifying at least 1,000,000 ounces of gold in the probable reserve category. There were

no continuing work expenditure requirements. All payments to UNITINS were optional to the Company. UNITINS retained a maximum 2.0 per cent NSR that could be purchased by the Company for US\$500,000 at any time.

During 1999, UNITINS acquired title to the Limão Property and transferred title to the Company's subsidiary, MVPR. At that time, the Company paid US\$50,000 and issued 100,000 common shares to UNITINS. Title was held via Mineral Exploration Licenses, Numbers 329 and 330 dated January 25, 1999 as granted by the Brazilian Department of Mines.

On May 22, 2001, the Company entered into an amending agreement with UNITINS in relation to the Company's option to acquire a 100 per cent interest in the Limão Property. The consideration for the exercise of the option was amended to:

- (a) the payment of US\$110,000 (instead of US\$285,000), as already paid by the Company;
- (b) a 1.5 per cent NSR, with a buyout of US\$675,000 (which may be paid down, in whole or in part, at any time by the Company); and
- (c) 783,750 common shares of the Company of which 200,000 common shares have been issued and the balance of 583,750 common shares are issuable to UNITINS upon receipt by the Company of an independent study that confirms a reserve (in the probable category or better) of at least 1,000,000 ounces of gold on the Property.

On October 16<sup>th</sup>, 2006, the DNPM granted two exploration licenses for the Limão Property (Numbers 9513 and 9576 pursuant to DNPM Process 850.263/2002 and 850.262/2002) to Matapi Exploração Mineral Ltda ("Matapi"). These licenses will be transferred to MVPR through previous agreements with Matapi. MVPR has completed the field work required for an environmental license at the Limão Property and expects to commence drilling on the property in 2008.

On July 12<sup>th</sup>, 2007, the Company finalized the transfer of the mineral rights in respect of the Limão property located in north-central Brazil to the Company. Pursuant to an agreement for the assignment and transfer of mineral rights among Amerix, Matapi Exploração Mineral Ltda. ("Matapi") and Mineração Vila Porto Rico Ltda. ("MVPR"), a wholly-owned subsidiary of Amerix, Matapi formally assigned the minerals rights in respect of the Limão Property to MVPR in consideration for an aggregate of 400,000 common shares of Amerix to be issued over three years and approximately \$296,000 payable over three years, commencing in fiscal 2008. Matapi retains a two per cent net smelter return royalty in respect of the Limão Property and will receive an additional 383,250 common shares of Amerix if a technical report in compliance with NI 43-101 evidencing the existence of at least 1,000,000 ounces of gold is delivered in respect of the Limão property.

As at January 31, 2009, the Company reviewed the carrying value of the Limão Property in response to the decline in the economic environment. As a result of the review, it was determined that costs incurred prior to fiscal 2004 on the Limão Property were impaired and a write down of \$540,531 was recorded to adjust Limão's carrying value to its estimated fair value of \$260,796. Management used the economic value of the work performed to date on the Limão Property to determine what the impairment charge should be.

The Company is currently in discussions with Matapi to defer payment of the 2009 option payment installments.

The ability of the Company to retain ownership of the Limão Property is contingent on the Company having sufficient finances to make, and making, all required payments. There is no guarantee that the Company will have the funds required to make, or make, such payments. If not, the Company may lose all of its interest in the Limão property, including forfeiting all payments made to date. See “Risk Factors.”

## **RESULTS OF OPERATIONS**

### **Selected Annual Information:**

	<b>Year Ended July 31<sup>st</sup>, 2008 (Audited) \$</b>	<b>Year Ended July 31<sup>st</sup>, 2007 (Audited) \$</b>	<b>Year Ended July 31<sup>st</sup>, 2006 (Audited) \$</b>
Net Loss	\$ (1,147,604)	\$ (980,191)	\$ (1,154,653)
Net Loss per Share	(0.02)	(0.02)	(0.03)
Working Capital (Deficiency)	(90,282)	9,778	3,307,800
Properties:			
Deferred Acquisition & Exploration Costs	14,042,285	9,320,940	6,308,559
Other Assets	Nil	10,009	10,248
Total Assets	14,440,790	9,564,807	9,985,652
Shareholders' Equity			
Dollar amount	\$ 13,184,312	\$ 9,340,727	\$ 9,626,607
Number of Shares Outstanding	62,988,973	45,274,973	44,774,973

## Summary of Quarterly Results:

	Revenues	Net Income (Loss)	Loss/Share Basic and Diluted
July 31, 2007	Nil	(228,624)	(0.01)
October 31, 2007	Nil	(176,712)	(0.00)
January 31, 2008	Nil	(570,504)	(0.01)
April 30, 2008	Nil	(570,504)	(0.01)
July 31, 2008	Nil	(175,742)	(0.01)
October 31, 2008	Nil	(164,389)	(0.01)
January 31, 2009	Nil	(652,570)	(0.01)
April 30, 2009	Nil	(169,622)	(0.00)

## Nine months ended April 30, 2009:

The Company incurred a net loss of \$986,581 for the nine months ended April 30, 2009, compared to a net loss of \$971,862 for the prior year period, as detailed in the following table:

Canadian Dollars	Quarter ended April 30		Nine Months ended April 30,	
	2009 (Unaudited)	2008 (Unaudited)	2009 (Unaudited)	2008 (Unaudited)
<b>Expenses</b>				
Stock-based compensation	440	21,691	6,594	590,949
Management fees	52,278	54,107	143,946	116,576
Professional fees	54,521	62,608	129,488	122,755
Travel and promotion	12,045	39,272	35,874	43,838
Transfer agent & filing fees	19,016	7,240	23,302	28,457
Office and general	15,372	9,577	36,995	27,674
Rent	3,000	11,250	30,500	15,305
Investor relations	12,168	30,751	24,705	103,156
Loss (gain) on foreign exchange	782	(12,667)	14,646	(79,094)
Amortization	-	817	-	2,246
Write-down of mineral properties and deferred exploration expenditures	-	-	540,531	-
<b>Total Expenses</b>	169,622	224,646	986,581	971,862
<b>Net loss for period</b>	(169,622)	(224,646)	(986,581)	(971,862)

The operating expenses for the nine months ended April 30, 2009, are summarized below:

Stock-based compensation decreased to \$6,549, compared to \$590,949 in 2008, as the 2009 expense relates to the vesting of certain options previously granted in January 2008. Management fees increased to \$143,946 (2008 - \$116,576), primarily due to the Company's President and Chief Executive Officer and Chief Financial Officer being hired in December 2007 and in place for the entire nine months ended April 30, 2009, compared to five months during the same period in 2008; Professional fees of \$129,488 (2008 - \$122,755) are only slightly higher than 2008 fees. Travel and promotion decreased to \$35,874 (2008 - \$43,838) due to reduced travel to the Brazilian properties during the third quarter of 2009. Office and general expense of \$36,995 (2008 - \$27,674) is higher than the previous year due primarily to higher insurance costs. Rent of \$30,500 (2008 - \$15,305) was higher as the Company established a corporate office in Toronto in December 2007 and incurred rent expense for the entire nine months ended April 30, 2009 compared to five months during the same period in 2008. Investor relations expense for the nine months ended April 30, 2009, was \$24,705, compared to \$103,156 during the same period in 2008, as the prior year expenses included marketing costs associated with the Company's private placement that closed in August 2007. Foreign exchange loss of \$14,646 during 2009 (2008 - gain of \$79,094) was due to the continued strengthening of the Brazilian Real relative to the Canadian dollar during the period. In January 31, 2009, the Company reviewed the carrying value of the Limão Property in the response to the decline in the economic environment. As a result of the review, it was determined that costs incurred prior to fiscal 2004 on the Limão Property were impaired and a write down of \$540,531 was recorded to adjust Limão's carrying value to its estimated fair value of \$260,796. Management used the economic value of the work performed to date on the Limão Property to determine what the impairment charge should be.

All other cash and non-cash expenses were in line with those experienced in the prior financial year.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Company's primary source of cash is from the issuance of its own securities, as it is an exploration company with interests in precious metals mining prospects. The Company's working capital ratio was approximately 1:2.7 as at April 30, 2009 with a working capital deficiency of \$338,547.

The Company does not currently have contractual obligations with regards to any purchase obligations or financings other than the payments required in order to maintain its various mining interests. These amounts are as follows:

<b>Thousands of Dollars</b>				
Contractual Obligations	Total	2009	2010	2011
Long Term Debt	-		-	-
Capital Lease Obligations	-		-	-
Operating Obligations	-		-	-
Purchase Obligations	-		-	-
Other Long Term Obligations				
Vila Porto Rico	3,391	-	3,391	-
Limão	264	82	85	97
<b>Total Contractual Obligations</b>	<b>3,655</b>	<b>82</b>	<b>3,476</b>	<b>97</b>

On November 28, 2008, the Company announced that it was unable to make an option payment of 4.4 kilograms (“kilos”) of gold which was due to the holder (“the Holder”) of the First Carneiro Agreement (the “Agreement”) relating to the Company’s option payments on its Ouro Roxo concessions in the Vila Porto Rico property covering the area to the south, or the left bank, of the Pacú River. Under the terms of the Agreement, the Company was required to pay 10 kilos of gold on July 28, 2008, of which 5.6 kilos was paid. Payment of the remaining balance of 4.4 kilos was subsequently deferred to November 25, 2008, with the agreement of the Holder. As a result of the significant deterioration in the availability of financing for junior exploration stage companies such as Amerix, the Company was unable to raise capital to allow it to meet obligations under the Agreement and, as of November 25, 2008, was technically in default of the terms of the Agreement. The Holder had the right to claim default and demand that the Company sign the concession rights over to the Holder, at which point all rights would revert back to the Holder and the Company would not be entitled to any compensation for exploration work previously performed on the concessions or reimbursement for any option payments previously made under the terms of the Agreement.

However, the Company continued to negotiate with the Holder and on March 3, 2009, announced that it had executed a Letter of Intent (“LOI”) with a Brazilian Consortium (the “Consortium”) represented by the Holder of the Agreement and Campina Participações S.A., a Brazilian company with expertise in alluvial mining in deeply weathered terrains. Under terms of the LOI, the Consortium will acquire 100% of the exploration permits containing the Ouro Roxo deposits with Amerix retaining a 2.5% Gross Royalty on all gold production. In addition, the Consortium will assume all gold option payments under the Agreement, including the default payment of 4.4 kilos of gold, 10.0 kilos of gold due on July 28, 2009, and 70.0 kilos of gold due on July 28, 2010. At estimated gold prices, of approximately US\$950 per ounce, these option payments of 84.4 kilos of gold equate to approximately Cdn\$3,740,000. Should the mineable reserve (in the probable category or better) on this property exceed 2 million ounces, the

Consortium also assumes additional payments of 50 kilos of gold for each additional one million ounces of reserve determined. The sale of the exploration permits containing the Ouro Roxo deposits was approved by shareholders at the Company's Annual and Special Meeting of Shareholders on April 17, 2009. The Company is in the final stages of completing the definitive agreement with the Consortium.

The Company still maintains its interests in the exploration permits covering the area to the north, or the left bank, of the Pacú River. This area includes the prospective Nova Brasilia and Carumbé gold areas covered under the Second Carneiro Agreement.

The second Carneiro agreement contains the following significant terms:

- (i) requiring payment of 100 kilograms of gold (a) within 20 days from receipt of a technical report which confirms a mineable reserve (in the probable category or better) of up to 2,000,000 ounces of gold on this portion of the property, or (b) by July 28, 2010; and
- (ii) should the mineable reserve (in the probable category or better) on this portion of the property exceed 2,000,000 ounces, the Company is required to make additional payments of 50 kilograms of gold for each additional 1,000,000 ounces of reserve determined.

All payments required under the second Carneiro agreement are required to be made within 20 days of the date of receipt of a technical report acceptable to the TSX Venture Exchange. The option payment obligation is based on the price of gold of US\$27.47 as at April 30, 2009.

The obligations for the Limão property represent instalments relating to cash payments and the issue of 200,000 shares as property payments for the Limão property. The share obligation payments are based on the Company's closing share price of \$0.03 per share as at April 30, 2009. Matapi retains a two per cent net smelter return royalty in respect of the Limão Property and will receive an additional 383,250 common shares of Amerix if a technical report in compliance with National Instrument 43-101 - Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators evidencing the existence of at least 1,000,000 ounces of gold is delivered in respect of the Limão Property. The Company is currently in discussions with Matapi to defer payment of the 2009 option payment installments.

The Company plans to continue to explore the Limão and Vila Porto Rico properties during fiscal 2009. Long term obligations will depend upon the results of these exploration programs.

The Company estimates that it will require approximately \$800,000 to meet its financial obligations from the date hereof to December 31, 2009, comprised of approximately \$720,000 for exploration, administration and general working capital requirements and approximately \$80,000 for property option installment payments relating to its Limão property (see above). The Company will require additional financing in order to meet these financial obligations and is actively seeking equity financing and other available financing alternatives. The timing and ability to fulfil this need will depend on the liquidity of the financial markets as well as the acceptance of investors to finance resource-based junior precious metals companies. There is no assurance that the Company will have the funds required to meet such obligations.

## **OFF-BALANCE SHEET ARRANGEMENTS**

As of the date of this filing, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect upon the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

## **TRANSACTIONS WITH RELATED PARTIES**

During the nine months ended April 30, 2009 the Company paid or accrued \$143,946 (2008 - \$98,390) in management fees to current and former officers of the company. Directors and officers are reimbursed for travel and other expenses incurred on behalf of the Company. At April 30, 2009, \$111,316 (July 31, 2008 - \$nil) was payable current officers of the Company.

One of the Company's directors, who served prior to December 1, 2007, is a partner in a law firm which received compensation for legal services in the aggregate amount of \$nil during the nine months ended April 30, 2009 (2008 - \$75,500).

## **SHARE CAPITAL**

### **Common shares**

#### **Authorized**

Unlimited Common shares

Unlimited First Preference shares

Unlimited Second preference shares

#### **Issued**

	<u>Number of Shares</u>	<u>Amount</u>
Balance, July 31, 2008	62,988,973	\$17,745,268
Shares issued during the period	24,611,500	492,230
Shares issuance costs	-	( 14,028)
Fair value of warrants issued	-	( 200,022)
Balance, April 30, 2009	<u>87,600,473</u>	<u>\$18,023,448</u>

## **Warrants**

The following table shows the continuity of warrants during the period:

	<u>Number of Warrants</u>	<u>Weighted Average Exercise Price</u>
Balance, July 31, 2008	8,253,000	\$0.33
Granted during the period	24,511,500	\$0.05
Expired during the period	( 8,253,000)	(0.33)
Balance, April 30, 2009	<u>24,511,500</u>	<u>\$0.05</u>

## **Stock options**

The following table shows the continuity of stock options during the period:

	<u>Number of Options</u>	<u>Weighted Average Exercise Price</u>
Balance, July 31, 2008	5,605,000	\$0.40
Forfeited/expired during the period	(3,230,000)	( 0.34)
Balance, April 30, 2009	<u>2,375,000</u>	<u>\$0.48</u>

As at April 30, 2009 and June 29, 2009, the following stock options were outstanding:

<b>Number of options</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
650,000	\$0.35	November 8, 2009
650,000	\$0.93	June 30, 2011
525,000	\$0.27	January 18, 2012
550,000	\$0.30	January 22 2013

## **PROPOSED TRANSACTION**

The Company has not entered into any significant transaction, nor is it currently reviewing any such transaction, that has not been discussed within this MD&A.

## **SUBSEQUENT EVENTS**

The Company had no material events subsequent to April 30, 2009, and up to the date of this report.

## **CHANGES IN ACCOUNTING POLICIES**

### **Capital Disclosures and Financial Instruments – Disclosures and Presentation**

On December 1, 2006, the CICA issued three new accounting standards: Capital Disclosures (Handbook Section 1535), Financial Instruments – Disclosures (Handbook Section 3862), and Financial Instruments – Presentation (Handbook Section 3863). These new standards became effective for the Company on August 1, 2008.

#### **Capital Disclosures**

Handbook Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such noncompliance. The Company has included disclosures recommended by the new Handbook section in Note 3 to its unaudited interim consolidated financial statements.

#### **Financial Instruments**

Handbook Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the Company manages those risks. The Company has included disclosures recommended by the new Handbook sections in Note 4 to its unaudited interim consolidated financial statements.

### **General Standard of Financial Statement Presentation**

In June 2007, the CICA amended Handbook Section 1400, Going Concern, to assess an entity's ability to continue as a going concern and disclose any material uncertainties that cast doubt on its ability to continue as a going concern. Section 1400 is effective for interim and annual reporting periods beginning on or after January 1, 2008. The application of this new standard had no impact on the Company's unaudited interim financial statements as at and for the three months ended October 31, 2008.

## **Future Accounting Changes**

### Goodwill and Intangible Assets

In November 2007, the CICA approved Handbook Section 3064, “Goodwill and Intangible Assets” which replaces the existing Handbook Sections 3062, “Goodwill and Other Intangible Assets” and 3450 “Research and Development Costs”. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008, with earlier application encouraged. The standard provides guidance on the recognition, measurement and disclosure requirements for goodwill and intangible assets. The Company is currently assessing the impact of this new accounting standard on its consolidated financial statements.

### International Financial Reporting Standards (“IFRS”)

In January 2006, the CICA’s Accounting Standards Board (“AcSB”) formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. On February 13, 2008, the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company is currently assessing the impact of IFRS on its consolidated financial statements.

## **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

The Company is not involved in any hedging program, nor is it a party to any financial instruments that may have an impact on its financial position.

## **ENVIRONMENTAL**

The Company does not believe that there are any significant environmental obligations requiring material capital outlays in the immediate future and anticipates that such obligations will only arise when full scale development commences. As the Company’s projects are still in the exploration and development stage and no significant environmental impact has occurred to date, the Company does not currently consider that expenditures required to meet any ongoing environmental obligations at the projects are material to its results or to financial condition to the Company at this time. However, these costs may become material in the future and will be reported in the Company’s filings at that time.

## **DISCLOSURE OF INTERNAL CONTROLS**

Management has established processes which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited interim financial statements; and (ii) the unaudited interim financial statements fairly present all material respects the financial condition, results of the operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited interim financial statements.

In contrast to the certificate required under Multilateral Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings (MI 52-109), the Company utilizes the Venture Issuer Basic Certificate which does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in MI 52-109. In particular, the certifying officers filing the Certificate are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP. The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in MI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## **IFRS IMPLEMENTATION PLAN**

The AcSB has confirmed that IFRS will replace current Canadian GAAP for publicly accountable enterprises, effective for fiscal years beginning on or after January 1, 2011. Accordingly, the Company will report interim and annual financial statements in accordance with IFRS beginning with the quarter ended October 31, 2011. The Company has commenced the development of an IFRS implementation plan to prepare for this transition, and is currently in the process of identifying the key accounting policy changes that may be required. Once the potential accounting policy changes have been identified, other elements of the plan will be addressed including the implication on information technology, internal controls, contractual arrangements and employee training.

## **OTHER MD&A REQUIREMENTS**

Additional information relating to the Company, including its audited annual consolidated financial statements, its unaudited quarterly financial statements and related management discussion and analysis for each period therein is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **OUTSTANDING SHARE DATA**

A summary of common shares, common share options and common share purchase warrants at June 29, 2009, is tabled below:

Common shares issued	87,600,476
Common share options	2,375,000
Warrants	<u>24,511,500</u>
Fully diluted common shares	<u>114,486,976</u>

## **RISK FACTORS**

Investment in a natural resource company involves a significant degree of risk. The degree of risk increases substantially where the Company's properties are in the exploration, as opposed to the development or production stage. All of the Company's properties are in the exploration stage.

There are a number of risks inherent to the Company's business. These may be summarized as follows:

***Limited Business of the Company:*** Other than the Company's option to acquire the Vila Porto Rico Property and the Limão Property in Brazil, the Company has no material non-cash assets. There is no assurance the Company will be able to finance the acquisition of properties or the exploration or development thereof.

***Exploration and Development:*** All of the resource properties in which the Company has an interest or the right to acquire an interest are in the exploration stage and without a known body of commercial ore. Development of any resource property held or acquired by the Company will only follow obtaining satisfactory exploration results. Exploration for and the development of natural resources involve a high degree of risk and few properties which are explored are ultimately developed into producing properties. There is no assurance that the Company's exploration activities will result in any discovery of commercial ore.

Substantial expenditures are required to establish reserves through drilling, to develop processes to extract reserves and to develop the extraction and processing facilities and infrastructure at any site chosen for extraction. Although substantial benefits may be derived from the discovery of a major deposit, no assurance can be given that resources will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis. Few properties that are explored are ultimately developed into producing mines.

***Loss of Brazilian Properties:*** The Company has not paid the full purchase price for either of the Brazilian properties and there is the risk the property vendors may seek to repossess the properties if the required payments are not made as scheduled.

***Environmental and Government Legislation:*** Existing and possible future environmental legislation, regulations, and actions could cause significant expense, capital expenditures, restrictions, and/or delays in the activities of the Company, the extent of which cannot be predicted and which may well be beyond the capacity of the Company to fund. The Company's right to exploit any mining properties is subject to various reporting requirements and to obtaining certain governmental approvals and there is no assurance that such approvals, including environmental approvals, will be obtained without delay, or at all.

Any exploration program executed by the Company will be subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In addition, the profitability of any mining project is affected both by production costs and by markets for the project's metals, which in turn may be influenced by factors including the supply and demand for such metals, the rate of inflation, the inventories of larger producers, the political environment and changes in international investment patterns.

***Environmental Factors:*** All phases of the Company's future operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's business.

***Financing:*** The Company does not presently have sufficient financial resources to complete, by itself, the exploration required to develop its properties to an advanced stage. The exploration and development of the Company's properties will therefore depend upon the Company's ability to obtain financing through the joint venturing of projects, private placement financing, public financing or other means. There is no assurance that the Company will be successful in obtaining the required financing.

***Limited Operating History and Lack of Cash Flow:*** The Company has a limited business history. The Company has no history of earnings or cash flow from its present operations. The only present source of funds available to the Company is through the sale of equity or debt securities or borrowing. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct further exploration that may be necessary to determine whether or not a commercially mineable deposit exists on any property it has or it acquires and the Company may not realize a return on its investment. While the Company may generate additional working capital through equity offerings, borrowing, sale or the joint venture development of its properties and/or a combination thereof, there is no assurance that any such funds will be available. Failure to obtain such additional capital, if needed, would have a material adverse effect on the Company.

The Company has neither declared nor paid dividends during the past five years and does not anticipate doing so in the foreseeable future.

**Conflicts of Interest:** Certain of the directors and officers of the Company are also directors, officers or shareholders of other companies that are engaged in the business of acquiring, exploring and developing natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company, to disclose any material interest which they may have in any project or opportunity of the Company, and to abstain from voting on such matter.

**Operating Hazards and Risks:** Future operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of resources, any of which could result in work stoppages, damage to persons or property and possible environmental damage. The nature of the risks associated with the Company's business are such that liabilities might exceed insurance policy limits, the liabilities and hazards might not be insurable, or the Company may elect not to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a material adverse effect upon its financial condition.

The Company may become subject to liability for personal injury, property, or environmental damage, and other hazards of mineral exploration against which it cannot insure or against which it may elect not to insure due to high premium costs or other reasons. Payment of such liabilities could have a material adverse effect on the financial position of the Company.

**Permits and Licenses:** Upon acquisition of a property interest, the operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

**Fluctuating Prices:** The Company's future revenues, if any, are expected to be in large part derived from the extraction and sale of precious metals. The price of those commodities fluctuates widely and is affected by numerous factors beyond the Company's control including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. The effect of these factors on the price of precious metals, and therefore the economic viability of any of the Company's exploration projects, cannot be predicted accurately.

## **FORWARD LOOKING STATEMENTS**

*This discussion may contain forward-looking statements that involve a number of risks and uncertainties including statements regarding the outlook for the Company's business and operational results. By nature, these risks and uncertainties could cause actual results to differ materially from what has been indicated. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves, the grade and recovery of ore which is mined from estimates, capital and operating costs varying significantly from estimates, delays in or failure to obtain governmental, environmental or other project approvals and other factors including those risks and uncertainties identified above. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information as a result of new information, future results or other such factors which affect this information, except as required by law.*