AMERIX PRECIOUS METALS CORPORATION

(A Development Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN CANADIAN DOLLARS)

THREE MONTHS ENDED OCTOBER 31, 2011

MANAGEMENT'S RESPONSIBILITY FOR UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL REPORTING

The accompanying unaudited condensed interim consolidated financial statements of Amerix Precious Metals Corporation [the "Company"] are the responsibility of the management and Board of Directors of the Company.

The unaudited condensed interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting and IFRS 1 - First-Time Adoption of International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed) *"Steven Brunelle"*
Steven Brunelle
President and Chief Executive Officer

(signed) *"Daniel Hamilton"*
Daniel Hamilton
Chief Financial Officer

Toronto, Canada
January 16, 2012

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

AMERIX PRECIOUS METALS CORPORATION

(A Development Stage Company)

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited)

	October 31, 2011	July 31, 2011 (Note 17)	August 1, 2010 (Note 17)
ASSETS			
Current assets			
Cash and cash equivalents (Note 7)	**$ 2,751,004**	$ 3,313,923	$ 81,870
Other receivables (Note 8)	**25,660**	31,000	12,865
Prepaid expenses	**14,829**	19,792	32,889
	$ 2,791,493	$ 3,364,715	$ 127,624
EQUITY AND LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities (Note 14)	**$ 174,973**	$ 175,009	$ 179,786
Equity			
Share capital (Note 9(b))	**22,373,248**	22,373,248	19,394,916
Reserves	**7,178,257**	7,178,257	4,792,106
Accumulated deficit	**(26,934,985)**	(26,361,799)	(24,239,184)
	2,616,520	3,189,706	(52,162)
	$ 2,791,493	$ 3,364,715	$ 127,624

Nature of Business and Going Concern (Note 1)
Exploration and Evaluation Expenditures on Mineral Properties (Note 5)
Commitments and Contingencies (Note 16)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

AMERIX PRECIOUS METALS CORPORATION

(A Development Stage Company)

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	Three Months Ended October 31, **2011**	2010 (Note 17)
Operating expenses		
Exploration and evaluation expenditures (Note 5)	$ 443,973	$ 61,350
General and administrative (Note 13)	136,281	136,557
	(580,254)	(197,907)
Interest income	7,068	-
Net loss and comprehensive loss for the period	$ (573,186)	$ (197,907)
Basic and diluted loss per common share (Note 12)	**$ (0.01)**	$ (0.00)
Weighted average common shares outstanding (Note 12)	**63,693,434**	40,530,384

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

AMERIX PRECIOUS METALS CORPORATION

(A Development Stage Company)

Condensed Interim Consolidated Statements of Shareholders' Equity

(Expressed in Canadian Dollars)

(Unaudited)

		Reserves			
	Share Capital	**Warrants Reserve**	**Equity settled share-based payments reserve**	**Accumulated Deficit**	**Total**
Balance, August 1, 2010	19,394,916	233,040	4,559,066	(24,239,184)	(52,162)
Exercise of warrants	3,720	-	-	-	3,720
Fair market value of exercise of warrants	2,666	(2,666)	-	-	-
Fair value of warrants issued	(1,581)	1,581	-	-	-
Net loss and comprehensive loss for the period	-	-	-	(197,907)	(197,907)
Balance, October 31, 2010	19,399,721	231,955	4,559,066	(24,437,091)	(246,349)
Private placements	4,926,740	-	-	-	4,926,740
Finder's fee	(300,642)	-	-	-	(300,642)
Share issuance costs	(156,262)	-	-	-	(156,262)
Fair value of warrants issued	(1,434,392)	1,434,392	-	-	-
Fair value of warrants issued as a finder's fee	(272,857)	272,857	-	-	-
Exercise of warrants	139,402	-	-	-	139,402
Fair value of exercise of warrants	63,038	(63,038)	-	-	-
Property interest acquisition	8,500	-	-	-	8,500
Stock-based compensation	-	-	743,025	-	743,025
Net loss and comprehensive loss for the period	-	-	-	(1,924,708)	(1,924,708)
Balance, July 31, 2011	22,373,248	1,876,166	5,302,091	(26,361,799)	3,189,706
Net loss and comprehensive loss for the period	-	-	-	(573,186)	(573,186)
Balance, October 31, 2011	**$ 22,373,248**	**$ 1,876,166**	**$ 5,302,091**	**$(26,934,985)**	**$ 2,616,520**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

AMERIX PRECIOUS METALS CORPORATION

(A Development Stage Company)

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

	Three Months Ended October 31, **2011**	Three Months Ended October 31, 2010 (Note 17)
Cash (used in) provided by:		
Operating activities		
Net loss for the period	$ (573,186)	$ (197,907)
Items not affecting cash:		
Unrealized loss on foreign exchange	12,366	18,535
	(560,820)	(179,372)
Change in non-cash operating working capital:		
Decrease (increase) in other receivables and prepaid expenses	10,303	(3,552)
(Increase) decrease in accounts payable and accrued liabilities	(36)	143,717
	(550,553)	(39,207)
Financing activities		
Shares issued on exercise of warrants	-	3,720
	-	3,720
Change in cash and cash equivalents	(550,553)	(35,487)
Cash and cash equivalents, beginning of period	3,313,923	81,870
Effect of exchange rate changes on cash held in foreign currencies	(12,366)	(18,535)
Cash and cash equivalents, end of period	$ 2,751,004	$ 27,848
Cash and cash equivalents consist of:		
Cash	$ 251,004	$ 27,848
Cash equivalent	2,500,000	-
	$ 2,751,004	$ 27,848

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. NATURE OF BUSINESS AND GOING CONCERN

Amerix Precious Metals Corporation (the "Company" or "Amerix"), a publicly traded company listed on the TSX Venture Exchange and the Frankfurt Stock Exchange, is involved in the acquisition, exploration and development of mineral properties. The Company was originally incorporated under the Company Act of British Columbia and completed its continuance in the Province of Ontario effective May 31, 2004. The Company has not earned any income. The primary office of the Company is located at 40 University Avenue, Suite 710, Toronto, Ontario, Canada, M5J 1T1.

While the Company has no source of revenue, it believes it has sufficient cash resources to meet its exploration and administrative overhead and maintain its mineral investments planned through October 2012. As at October 31, 2011, the Company had working capital of $2,616,520 and an accumulated deficit of $26,934,985. In order to meet future expenditures and cover administrative and exploration costs beyond that point, the Company will need to raise additional financing. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Company.

These unaudited condensed interim consolidated financial statements have been prepared on the going concern basis. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation and adoption of International Financial Reporting Standards ("IFRS")

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles ("GAAP") as set out in the Handbook of the Canadian Institute of Chartered Accountants (“CICA Handbook”). In 2010, the CICA Handbook was revised to incorporate IFRS, and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has commenced reporting on this basis in these unaudited condensed interim consolidated financial statements. In the financial statements, the term “Canadian GAAP” refers to GAAP before the adoption of IFRS.

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting ("IAS 34") and IFRS 1, "First-time Adoption of International Financial Reporting Standards". Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). Subject to certain transition elections disclosed in note 17, the Company has consistently applied the same accounting policies in its opening IFRS statement of financial position at August 1, 2010 and throughout all periods presented, as if these policies had always been in effect. Note 17 discloses the impact of the transition to IFRS on the Company's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company’s financial statements for the year ended July 31, 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation and adoption of International Financial Reporting Standards ("IFRS") (continued)

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of January 16, 2012, the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending July 31, 2012 could result in restatement of these unaudited condensed interim consolidated financial statements, including the transition adjustments recognized on change-over to IFRS.

The unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's Canadian GAAP annual financial statements for the year ended July 31, 2011.

(b) Basis of presentation

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis. In addition, these unaudited condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these unaudited condensed interim consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in note 2(n).

(c) Basis of consolidation

The unaudited condensed interim consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

The following companies have been consolidated within the interim consolidated financial statements:

Company	Registered	Principal activity
Brazourocay Corporation	Cayman Islands	Holding company
S.A. Ventures I Limited	Cayman Islands	Holding company
S.A. Ventures II Limited	Cayman Islands	Holding company
Mineração Vila Porto Rico Ltda	Brazil, South America	Exploration company

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Functional and reporting currency

The functional and reporting currency of the Company and the Company's foreign subsidiaries, as determined by management, is the Canadian Dollar. For the purpose of the unaudited condensed interim consolidated financial statements, the results and financial position are expressed in Canadian Dollars.

Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognised in the audited annual consolidated statement of loss and comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(e) Financial instruments

The Company's financial instruments consist of the following:

Financial assets:	Classification:
Cash and cash equivalents	At fair value through profit and loss ("FVTPL")
Other receivables	Loans and receivables

Financial liabilities:	Classification:
Accounts payable and accrued liabilities	Other financial liabilities

<u>At fair value through profit and loss</u>
This category comprises assets acquired or incurred for the purpose of selling or repurchasing it in the near future. The Company measures financial assets at FVTPL at fair value, recognizing any gains or losses arising from this measurement in the statement of loss and comprehensive loss.

<u>Loans and receivables</u>
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

<u>Other financial liabilities</u>
Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition. Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial instruments (continued)

Impairment of financial assets:

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been negatively impacted. Evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- the likelihood that the borrower will enter bankruptcy or financial re-organization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of loss and comprehensive loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the condensed interim statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets are impaired. Where such an indication exists, the recoverable amount of the asset is estimated. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

(g) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and highly liquid short-term guaranteed investment certificates with original maturities at the date of purchase of three months or less.

(h) Exploration and evaluation expenditures

The Company expenses exploration and evaluation expenditures as incurred in mineral properties not commercially viable and financially feasible. Exploration and evaluation expenditures include property option payments and evaluation activities.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

Exploration and evaluation expenditures are capitalized if the Company can demonstrate that these expenditures meet the criteria of an identifiable intangible asset. To date, no such exploration and evaluation expenditures have been identified and capitalized.

(i) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows to present value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Share based payment transactions

The fair value of share options granted to employees is recognized as an expense over the vesting period using the graded vesting method with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Stock option expense incorporates an expected forfeiture rate.

(k) Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as non-current.

Tax on income in interim periods is accrued using the tax rate that would be applicable to expected total annual earnings.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Restoration, rehabilitation and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs are discounted to their net present value and are provided for and capitalized to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

The Company has no material restoration, rehabilitation and environmental costs as at October 31, 2011, July 31, 2011 and August 1, 2010 as the disturbance to date is minimal.

(m) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The treasury stock method is used to arrive at the diluted loss per share, which is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares. The Company's diluted loss per share does not include the effect of stock options and warrants as they are anti-dilutive.

(n) Significant accounting judgments and estimates

The preparation of these unaudited condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These unaudited condensed interim consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the unaudited condensed interim consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Significant accounting judgments and estimates (continued)

Critical accounting estimates

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the recoverability of other receivables that are included in the unaudited condensed interim consolidated statements of financial position;

Critical accounting judgments

- The Company's assumption of no material restoration, rehabilitation and environmental provisions, based on the facts and circumstances that existed during the period;
- The assumptions used for determining the amount of deferred income taxes and deferred income tax assets and liabilities including future income tax rate and recoverability; and
- Going concern presentation of the financial statements which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

(o) New accounting standards and interpretations

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after December 31, 2010 or later periods. Many are not applicable to or do not have a significant impact on Amerix and have been excluded from the table below. The following have not yet been adopted and are being evaluated to determine their impact on Amerix.

(i) IFRS 9 – Financial instruments (“IFRS 9”) was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013. The effective date of IFRS 9 is January 1, 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) New accounting standards and interpretations (continued)

(ii) IFRS 10 – Consolidated financial statements ("IFRS 10") was issued by the IASB in May 2011. IFRS 10 is a new standard which identifies the concept of control as the determining factor in assessing whether an entity should be included in the consolidated financial statements of the parent company. Control is comprised of three elements: power over an investee; exposure to variable returns from an investee; and the ability to use power to affect the reporting entity's returns. IFRS 10 is effective for annual periods beginning on or after January 1, 2013. Earlier adoption is permitted.

(iii) IFRS 11 – Joint arrangements ("IFRS 11") was issued by the IASB in May 2011. IFRS 11 is a new standard which focuses on classifying joint arrangements by their rights and obligations rather than their legal form. Entities are classified into two groups: parties having rights to the assets and obligations for the liabilities of an arrangement, and rights to the net assets of an arrangement. Entities in the former case account for assets, liabilities, revenues and expenses in accordance with the arrangement, whereas entities in the latter case account for the arrangement using the equity method. IFRS 11 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(iv) IFRS 12 – Disclosure of interests in other entities ("IFRS 12") was issued by the IASB in May 2011. IFRS 12 is a new standard which provides disclosure requirements for entities reporting interests in other entities, including joint arrangements, special purpose vehicles, and off balance sheet vehicles. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(v) IFRS 13 – Fair value measurement ("IFRS 13") was issued by the IASB in May 2011. IFRS 13 is a new standard which provides a precise definition of fair value and a single source of fair value measurement considerations for use across IFRSs. The key points of IFRS 13 are as follows:

- fair value is measured using the price in a principal market for the asset or liability, or in the absence of a principal market, the most advantageous market;
- financial assets and liabilities with offsetting positions in market risks or counterparty credit risks can be measured on the basis of an entity's net risk exposure;
- disclosure regarding the fair value hierarchy has been moved from IFRS 7 to IFRS 13, and further guidance has been added to the determination of classes of assets and liabilities;
- a quantitative sensitivity analysis must be provided for financial instruments measured at fair value;
- a narrative must be provided discussing the sensitivity of fair value measurements categorized under Level 3 of the fair value hierarchy to significant unobservable inputs; and
- information must be provided on an entity's valuation processes for fair value measurements categorized under Level 3 of the fair value hierarchy.

IFRS 13 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) New accounting standards and interpretations (continued)

(vi) IAS 1 – Presentation of financial statements ("IAS 1") was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that might be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012.

3. CAPITAL MANAGEMENT

The Company manages its capital with the following objectives:

(i) To ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
(ii) To maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by Management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, comprising share capital, reserves and accumulated deficit which at October 31, 2011 totaled $2,616,520 (July 31, 2011 - $3,189,706 and August 1, 2010 - $(52,162)).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is regularly updated based on activities related to its mineral properties. Selected information is frequently provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the three months ended October 31, 2011.

The Company is not subject to any capital requirements imposed by a regulator or lending institution.

4. FINANCIAL RISK FACTORS

(a) Financial Risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk including interest rate, foreign exchange rate, and commodity price risk.

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit Risk
Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, cash equivalents and other receivables. Cash and cash equivalents are held with reputable financial institutions which are closely monitored by management. Management believes that the credit risk concentration with respect to financial instruments included in cash and cash equivalents is minimal.

Liquidity Risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2011, the Company had working capital of $2,616,520 (July 31, 2011 - $3,189,706 and August 1, 2010 - deficiency of $(52,162)). All of the Company's financial liabilities have contractual maturities of less than 60 days and are subject to normal trade terms.

Market Risk

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has minimal cash balances, and cash equivalents which consists of a guaranteed investment certificate.

Commodity Price Risk
The Company is exposed to commodity price risk. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity price risk as it relates to precious metals to determine the appropriate course of action to be taken by the Company.

4. FINANCIAL RISK FACTORS (Continued)

(b) Financial Risk (continued)

Foreign Currency Risk

The Company's reporting and functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars, US dollars and Brazilian Reals. The Company funds major exploration expenses in Brazil. Accordingly, it maintains Brazilian Real bank accounts in Brazil. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

Sensitivity Analysis

The Company has, for accounting purposes, designated its cash and cash equivalents as FVTPL, which is measured at fair value. Other receivables are classified for accounting purposes as loans and receivables, which are measured at amortized cost which equals fair value. Accounts payable and accrued liabilities are classified for accounting purposes as other financial liabilities, which are measured at amortized cost which also equals fair value.

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a three month period:

(i) The Company is exposed to interest rate risk on fluctuations in interest rate on its cash equivalents. As at October 31, 2011, sensitivity to a plus or minus 1% change in the interest rate would affect net loss and comprehensive loss by approximately $6,250 with all other variables held constant.

(ii) The Company is exposed to foreign currency risk on fluctuations related to cash, other receivables, and accounts payable and accrued liabilities that are denominated in US dollars and Brazilian Reals. As at October 31, 2011, sensitivity to a plus or minus 5% change in the foreign exchange rate would affect net loss and comprehensive loss by approximately $1,500 with all other variables held constant.

(iii) Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of precious metals. Precious metal prices have fluctuated widely in recent years. There is no assurance that, even if commercial quantities of precious metals may be produced in the future, a profitable market will exist for them. A decline in the market price of precious metals will also require the Company to reduce its mineral resources, which could have a material and adverse effect on the Company's value. As of October 31, 2011, the Company was not a precious metals producer. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION EXPENDITURES ON MINERAL PROPERTIES

The exploration and evaluation expenditures on the mineral properties to date are as follows:

	Ouro Roxo Property	Limão Property	Total
Balance - July 31, 2011	13,483,261	1,714,540	15,197,801
Expenditures during the period	-	443,973	443,973
Balance, October 31, 2011	$ 13,483,261	$ 2,158,513	$ 15,641,774

Limão Property

On July 12, 2007 the Company finalized the option agreement with respect to the transfer of the mineral rights of its Limão property located in north-central Brazil.

Pursuant to the option agreement for the assignment of mineral rights among Amerix, Matapi Exploração Mineral Ltda. ("Matapi") and the Company's wholly-owned Brazilian subsidiary Mineração Vila Porto Rico Ltda. (“MVPR”), Matapi formally assigned the mineral rights in respect of the Limão property to MVPR in consideration for an aggregate of 133,333 common shares of Amerix (of which 66,667 common shares were issued) and approximately $331,000 payable over three years (of which approximately $59,000 was paid during fiscal 2008). In addition, Matapi retained a 2% Net Smelter Royalty ("NSR") in respect of the Limão property which may be bought out by the Company at its sole discretion for payment of approximately $615,000. Matapi may receive an additional 127,750 common shares of Amerix if a technical report acceptable to the TSX Venture Exchange evidencing the existence of at least 1,000,000 ounces of gold (probable reserve) is delivered in respect of the Limão property (See note 16).

On October 15, 2009, the Company amended certain terms of the Limão option agreement with Matapi and on October 19, 2010 and April 29, 2011, additional amendments were made. The amended terms require Amerix to make the following payments to Matapi:

- Payment of Brazilian Reals 85,000 on or about October 16, 2009 (paid)
- Payment of Brazilian Reals 100,000 and 33,333 shares of Amerix on April 30, 2010 (paid and issued)
- Payment of Brazilian Reals 140,000 on April 30, 2011 (paid on May 6, 2011)
- Payment of Brazilian Reals 192,682 (145,000 Brazilian Reals adjusted for inflation) (deferred until October 31, 2011, paid October 20, 2011) and 33,333 shares of Amerix on April 30, 2011 (issued)

In addition, the Company has agreed to spend the following on exploration work on the Limão property:

- US$500,000 within one year ending December 20, 2011 (spent)
- US$500,000 within one year ending December 20, 2012

The Company paid a fee of Brazilian Reals 50,000 to defer the timing of these obligations.

5. EXPLORATION AND EVALUATION EXPENDITURES ON MINERAL PROPERTIES (Continued)

Ouro Roxo Property

The Company, through MVPR, entered into a purchase option agreement with Matapi in relation to the Company's option to acquire a 100% interest in the Ouro Roxo property. The significant terms of the Matapi agreement are as follows:

(i) aggregate payments of US$80,000 through various installments by March 2006 (US$80,000 has been paid);
(ii) a 2% NSR to Matapi, with a buyout of US$200,000 for each one-quarter of the NSR (0.5%) which may be paid down, in whole or in part, at any time by the Company; and
(iii) the issue of 655,416 common shares of the Company, of which 333,333 shares have been issued in prior years. The balance of 322,083 common shares will be issuable to Matapi upon receipt by the Company of an independent study that confirms a mineable reserve (in the probable category or better) of at least 2,000,000 ounces of gold on this property.

On April 17, 2009, the Company's shareholders approved a Letter of Intent ("LOI") with a Brazilian Consortium ("Consortium") and on October 23, 2009, this LOI was executed in a Definitive Agreement with the Consortium. Under the terms of the Definitive Agreement, the Consortium acquired 100% of the exploration permits containing the southern Ouro Roxo mineral interests, with Amerix retaining a 2.5% NSR on all gold production. In addition, the Consortium assumed all outstanding and future gold option payments relating to the southern Ouro Roxo Concessions which were due on or before July 28, 2009 and on or before July 28, 2010. The southern Ouro Roxo concessions are subject to an existing underlying 2.0% NSR payable to Matapi. Amerix has the right to buy-out this underlying 2.0% NSR and is currently in discussions with Matapi concerning this matter. The Consortium submitted the final mining report to the Brazilian National Mining Authority to convert the exploration permits to a mining concession in accordance with Brazilian Mining Law.

(Expressed in Canadian Dollars)

6. CATEGORIES OF FINANCIAL INSTRUMENTS

	As at October 31 2011	As at July 31, 2011	As at August 1, 2010
Financial assets:			
At fair value through profit and loss			
Cash and cash equivalents	$ 2,751,004	$ 3,313,923	$ 81,870
Loans and receivables			
Other receivables	$ 25,660	$ 31,000	$ 12,865
Financial liabilities:			
Other financial liabilities			
Accounts payable and accrued liabilities	$ 174,973	$ 175,009	$ 179,786

As of October 31, 2011, July 31, 2011 and August 1, 2010, the fair value of all the Company's financial instruments approximates the carrying value, due to their short-term nature.

7. CASH AND CASH EQUIVALENTS

	As at October 31 2011	As at July 31, 2011	As at August 1, 2010
Cash	$ 251,004	$ 313,923	81,870
Short-term investment	2,500,000	3,000,000	$ -
	$ 2,751,004	$ 3,313,923	$ 81,870

Short-term investment consists of a variable rate cashable Guaranteed Investment Certificate.

8. OTHER RECEIVABLES

	As at October 31 2011	As at July 31, 2011	As at August 1, 2010
Sales tax receivable - (Canada)	$ 16,653	$ 27,843	$ 12,865
Interest receivable	8,562	2,712	-
Other receivable	445	445	-
	$ 25,660	$ 31,000	$ 12,865

(Expressed in Canadian Dollars)

9. SHARE CAPITAL

(a) AUTHORIZED

Unlimited	Common shares
Unlimited	First preference shares
Unlimited	Second preference shares

(b) ISSUED

	Common Shares	Amount
Balance, August 1, 2010	40,526,530	$ 19,394,916
Exercise of warrants	20,668	3,720
Fair market value of exercise of warrants	-	2,666
Fair value of warrants issued		(1,581)
Balance, October 31, 2010	40,547,198	19,399,721
Private placements (i)(ii)(iii)	22,594,000	4,926,740
Finder's fee (i)(ii)(iii)	-	(300,642)
Share issuance costs	-	(156,262)
Fair value of warrants issued (i)(ii)(iii)	-	(1,434,392)
Fair value of warrants issued as a finder's fee (i)(ii)(iii)	-	(272,857)
Exercise of warrants	518,903	139,402
Fair market value of exercise of warrants	-	63,038
Property interest acquisition (Note 5)	33,333	8,500
Balance, July 31, 2011 and October 31, 2011	63,693,434	$ 22,373,248

(i) On November 3, 2010, the Company completed the first tranche of a non-brokered private placement of 1,819,000 Units at a price of $0.21 per Unit for aggregate cash proceeds of $381,990.

Each Unit consisted of one common share of Amerix and one-half common share purchase warrant (each whole warrant a "Warrant"). Each Warrant entitles the holder to purchase one common share of Amerix at a price of $0.33. The Warrants will expire twenty-four months from the date of issue unless the closing price of the common shares has been $0.75 or higher for ten consecutive trading days anytime after the date of issue, in which case the Warrants will expire thirty days after notice announcing an earlier expiry date. The securities issued in connection with the private placement are subject to a four month hold period from the date of issue.

The Company paid a finder's fee of $12,102 in connection with the private placement. In addition, the Company issued broker warrants (the "Broker Warrants") exercisable for 103,566 units ("Broker Units") of Amerix. Each Broker Unit consisted of one common share of Amerix and one-half of one common share purchase warrant (each whole warrant an "Underlying Warrant"). Each Underlying Warrant entitles the holder to purchase one additional common share of Amerix at a price of $0.33 at any time until November 3, 2012. The Underlying Warrants are subject to the same acceleration rights as the Warrants.

9. SHARE CAPITAL (Continued)

(b) ISSUED (Continued)

(i) (continued) The fair value of the Warrants at the date of grant was $104,551. This amount was estimated using the Black-Scholes pricing model based on the following assumptions: dividend yield of 0%; risk-free interest rate of 1.42%; expected life of two years; and volatility of 196%.

The fair value of the Broker Warrants at the date of grant was $16,778. This amount was estimated using the Black-Scholes pricing model based on the following assumptions: dividend yield of 0%; risk-free interest rate of 1.42%; expected life of two years; and volatility of 196%.

(ii) On November 30, 2010, the Company completed the second and final tranche of a non-brokered private placement of 2,575,000 Units at a price of $0.21 per Unit for aggregate cash proceeds of $540,750.

Each Unit consisted of one common share of Amerix and one-half common share purchase warrant (each whole warrant a "Warrant"). Each Warrant entitles the holder to purchase one common share of Amerix at a price of $0.33. The Warrants will expire twenty-four months from the date of issue unless the closing price of the common shares has been $0.75 or higher for ten consecutive trading days anytime after the date of issue, in which case the Warrants will expire thirty days after notice announcing an earlier expiry date. The securities issued in connection with the private placement are subject to a four month hold period from the date of issue.

The Company paid a finder's fee of $28,280 in connection with the private placement. In addition, the Company issued broker warrants (the "Broker Warrants") exercisable for 163,332 units ("Broker Units") of Amerix. Each Broker Unit consisted of one common share of Amerix and one-half of one common share purchase warrant (each whole warrant an "Underlying Warrant"). Each Underlying Warrant entitles the holder to purchase one additional common share of Amerix at a price of $0.33 at any time until November 30, 2012. The Underlying Warrants are subject to the same acceleration rights as the Warrants.

The fair value of the Warrants at the date of grant was $148,004. This amount was estimated using the Black-Scholes pricing model based on the following assumptions: dividend yield of 0%; risk-free interest rate of 1.62%; expected life of two years; and volatility of 189%.

The fair value of the Broker Warrants at the date of grant was $27,930. This amount was estimated using the Black-Scholes pricing model based on the following assumptions: dividend yield of 0%; risk-free interest rate of 1.62%; expected life of two years; and volatility of 189%.

(iii) On June 22, 2011 the Company closed a bought deal private placement offering (the “Offering”) of 18,200,000 units (the “Units”), at a price of $0.22 per Unit, for gross proceeds to the Company of $4,004,000. The Offering was completed by a syndicate of underwriters led by Canaccord Genuity Corp. and including Scotia Capital Inc. (the “Underwriters”).

Each Unit is comprised of one common share of Amerix and one half of one common share purchase warrant (each whole warrant, a “Warrant”). Each Warrant entitles the holder thereof to subscribe for one additional common share at an exercise price of $0.33 at any time prior to December 22, 2013.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (Continued)

(b) ISSUED (Continued)

(iii) (continued) The Company paid a finder's fee of $260,260 in connection with the private placement and issued 1,183,000 compensation options (the "Broker Warrants"). Each Broker Warrant entitles the holder to purchase one additional common share of Amerix at a price of $0.22 at any time until June 22, 2013.

The fair value of the Warrants at the date of grant was $1,183,418. This amount was estimated using the Black-Scholes pricing model based on the following assumptions: dividend yield of 0%; risk-free interest rate of 1.50%; expected life of 2.5 years; and volatility of 189%.

The fair value of the Broker Warrants at the date of grant was $212,940. This amount was estimated using the Black-Scholes pricing model based on the following assumptions: dividend yield of 0%; risk-free interest rate of 1.51%; expected life of two years; and volatility of 172%.

10. WARRANTS

The following table reflects the continuity of warrants:

	Number of Warrants	Weighted Average Exercise Price ($)	Fair Value ($)
Balance, August 1, 2010	1,893,330	0.15	233,040
Granted (i)	10,333	0.30	1,581
Exercised	(20,668)	0.18	(2,666)
Balance, October 31, 2010	1,882,995	0.27	231,955
Granted (ii)(iii) and (Note 9(b)(i)(ii)(iii))	12,814,667	0.32	1,707,249
Exercised	(518,903)	0.27	(63,038)
Balance, July 31, 2011 and October 31, 2011	14,178,759	0.31	1,876,166

(i) On October 14, 2010, 10,333 warrants were issued from the exercise of broker warrants. The fair value of these warrants at the date of grant was $1,581. This amount was estimated using the Black-Scholes pricing model based on the following assumptions: dividend yield of 0%; risk-free interest rate of 1.70%; expected life of 1.5 years; and volatility of 160%.

(ii) On January 11, 2011, 66,350 warrants were issued from the exercise of broker warrants. The fair value of these warrants at the date of grant was $13,336. This amount was estimated using the Black-Scholes pricing model based on the following assumptions: dividend yield of 0%; risk-free interest rate of 1.71%; expected life of 1.2 years; and volatility of 137%.

(iii) On January 12, 2011, 1,433 warrants were issued from the exercise of broker warrants. The fair value of these warrants at the date of grant was $292. This amount was estimated using the Black-Scholes pricing model based on the following assumptions: dividend yield of 0%; risk-free interest rate of 1.73%; expected life of 1.25 years; and volatility of 137%.

(Expressed in Canadian Dollars)

10. WARRANTS (Continued)

As of October 31, 2011, the following warrants were outstanding:

Fair Value ($)	Number of Warrants	Exercise Price ($)	Date of Expiry
146,996	1,153,014	0.30	March 23, 2012
16,938	131,299	0.18	March 23, 2012
17,863	141,763	0.30	April 12, 2012
748	5,800	0.18	April 12, 2012
104,551	909,492	0.33	November 3, 2012
16,778	103,566	0.21	November 3, 2012
148,004	1,287,493	0.33	November 30, 2012
27,930	163,332	0.21	November 30, 2012
212,940	1,183,000	0.22	June 22, 2013
1,183,418	9,100,000	0.33	December 22, 2013
1,876,166	14,178,759		

11. STOCK OPTIONS AND STOCK-BASED COMPENSATION

The Company has a Stock Option Plan (the "Plan") under which it is authorized to grant options to purchase up to 10% of the outstanding common shares of the Company to directors, senior officers, employees and/or consultants of the Company. As at October 31, 2011, there were 63,693,434 common shares of the Company outstanding (10% - 6,369,343). The terms of the awards under the Plan are determined by the Board of Directors.

The following table reflects the continuity of stock options:

	Number of Stock Options	Weighted Average Exercise Price ($)
Balance, August 1, 2010	2,516,662	0.57
Expired / Cancelled	(66,666)	1.80
Balance, October 31, 2010	2,449,996	0.51
Granted	2,891,663	0.31
Expired / Cancelled	(149,999)	2.79
Balance, July 31, 2011 and October 31, 2011	5,191,660	0.34

(Expressed in Canadian Dollars)

11. STOCK OPTIONS AND STOCK-BASED COMPENSATION (Continued)

The weighted average remaining contractual life and weighted average exercise price of options outstanding and exercisable as at October 31, 2011 are as follows:

	Options Outstanding			Options Exercisable	
Expiry Date	**Number Outstanding**	**Weighted Average Exercise Price ($)**	**Weighted Average Remaining Contractual Life (years)**	**Number Exercisable**	**Weighted Average Exercise Price ($)**
January 18, 2012	116,666	0.81	0.22	116,666	0.81
January 22, 2013	183,333	0.90	1.23	183,333	0.90
March 7, 2015	1,999,998	0.30	3.35	1,999,998	0.30
January 25, 2016	1,000,000	0.375	4.24	1,000,000	0.38
February 8, 2013	666,663	0.375	1.28	666,663	0.38
July 19, 2016	1,225,000	0.22	4.72	1,225,000	0.22
	5,191,660	0.34	3.43	5,191,660	0.34

12. LOSS PER SHARE

The calculation of basic and diluted loss per share for the three months ended October 31, 2011 and 2010 was based on the loss attributable to common shareholders of $573,186 (three months ended October 31, 2010 - $197,907) and the weighted average number of common shares outstanding of 63,693,434 (three months ended October 31, 2010 - 40,530,384). Diluted loss per share did not include the effect of stock options and warrants as they are anti-dilutive.

(Expressed in Canadian Dollars)

13. GENERAL AND ADMINISTRATIVE

	Three Months Ended October 31, 2011	2010
Management fees (Note 14)	$ 67,500	$ 45,000
Professional fees	20,379	19,382
Investor relations	1,250	12,618
Office and general	6,216	11,761
Transfer agent and filing fees	5,158	5,950
Rent	9,000	10,500
Travel and promotion	14,412	12,811
Loss on foreign exchange	12,366	18,535
	$ 136,281	$ 136,557

14. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

The remuneration of directors and key management of the Company for the three months ended October 31, 2011 and 2010 was as follows:

	Three Months Ended October 31, 2011	2010
Management fees	**$ 67,500**	$ 45,000
Exploration and evaluation expenditures	**$ 22,520**	$ 23,600
	$ 90,020	$ 68,600

The Company did not grant any options during the three month periods ended October 31, 2011 and 2010.

(Expressed in Canadian Dollars)

15. SEGMENTED INFORMATION

The Company operates one operating segment, that being the exploration and development of mineral properties. No revenue has been generated by these properties. A summary of assets by geographic area is as follows:

	October 31, 2011		
	Canada	**Brazil**	**Consolidated**
Current assets	**$ 2,719,420**	**$ 72,073**	**$ 2,791,493**

	July 31, 2011		
	Canada	Brazil	Consolidated
Current assets	$ 3,233,620	$ 131,095	$ 3,364,715

16. COMMITMENTS AND CONTINGENCIES

(a) Limão Property

The agreement relating to the assignment of the mineral rights for the Limão property calls for future payments in both shares and cash as follows:

	Shares to be issued			
	Number of shares	$ Value of Shares	BRL Payments	$Cdn Payments
Payment if reserve contains at least 1,000,000 ounces	127,750	29,383	-	-

In addition, the Company has agreed to spend US$500,000 on exploration work in each of the 12 month periods ending December 20, 2011 (spent) and 2012.

All commitments and contingent commitments under all Limão agreements are required at the option of the Company. Should the Company choose to not make such payments, any interest in the properties or the mineral rights would revert back to the vendor.

(Expressed in Canadian Dollars)

16. COMMITMENTS AND CONTINGENCIES (Continued)

(b) Ouro Roxo Property

Should an independent study confirm that the Ouro Roxo Property contains a mineral reserve (in the probable category or better) of at least 2,000,000 ounces of gold, the Company will be required to issue 322,083 common shares to Matapi.

During the quarter ended October 31, 2011, the Company's wholly-owned Brazilian subsidiary, MVPR, was named as a co-defendant by individuals claiming to be members of the Ouro Roxo Cooperativa (the "Cooperativa"). The individuals are i) seeking the annulment of the agreement signed between the Cooperativa and MVPR on October 7, 2004, and subsequently assigned by MVPR to a Brazilian National on August 30, 2007; ii) reinstatement of their squatter rights in the area of Garimpo Ouro Roxo; iii) payment of moral damages and property damages corresponding respectively to 20% and 10% of the total amount of gold produced during the period worked at Garimpo Ouro Roxo; and iv) payment of any environmental damages caused in the area. The estimated value of the claim is approximately Brazilian Reals 2,400,000 ($1,400,000). The Company and MVPR consider the claim to be without merit and intend to defend against it. No amount for the claim has been accrued in the Company's consolidated financial statements as at October 31, 2011.

(c) Operating lease obligation

	Twelve months ended July 31			
	2012	**2013**	**2014**	**Total**
Office rent obligation	$ 27,000	$ 36,000	$ 27,000	$ 90,000

The term of the office lease is $3,000 per month for three years from May 1, 2011 to April 30, 2014.

17. CONVERSION TO IFRS

(i) Overview

As stated in Significant Accounting Policies note 2, these are the Company's first unaudited condensed interim consolidated financial statements prepared in accordance with IFRS as issued by the IASB.

The policies set out in the Significant Accounting Policies section have been applied in preparing the unaudited condensed interim consolidated financial statements for the three months ended October 31, 2011 and in the preparation of an opening IFRS statement of financial position at August 1, 2010 (the Transition Date).

(ii) First-time adoption of IFRS

The adoption of IFRS requires the application of IFRS 1, which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS as effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

17. CONVERSION TO IFRS (Continued)

(ii) First-time adoption of IFRS (continued)

The Company has elected to apply the following optional exemptions in its preparation of an opening IFRS statement of financial position as at August 1, 2010, the Transition Date.

- To apply IFRS 2 Share-based Payments only to equity instruments that were issued after November 7, 2002 and had not vested by the Transition Date.

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company's opening IFRS statement of financial position as at the Transition Date are consistent with those that were made under Canadian GAAP.

The Company's Transition Date IFRS unaudited statement of financial position is included as comparative information in the unaudited statements of financial position in these condensed interim consolidated financial statements.

(iii) Changes to accounting policies

The Company has changed certain accounting policies to be consistent with IFRS as is expected to be effective or available on July 31, 2012 (see note 2), the Company's first annual IFRS reporting date. The changes to its accounting policies have resulted in certain changes to the recognition and measurement of assets, liabilities, equity, revenue and expenses within its financial statements.

The following summarizes the significant changes to the Company's accounting policies on adoption of IFRS.

(a) Exploration and evaluation expenditures

On transition to IFRS, the Company adopted a policy to expense exploration and evaluation expenditures as incurred. Previously, the Company's Canadian GAAP policy was to capitalize exploration and evaluation expenditures as incurred. As a result of this adoption, all previously capitalized mineral property costs were written off against accumulated deficit, and to the extent relating to costs incurred in the current period, against the statement of loss and comprehensive loss.

Due to the adoption of a policy to expense exploration costs as incurred, all previously recognized deferred tax liabilities on temporary differences from the carrying amounts of assets and their tax bases were derecognized against accumulated deficit amounting to $547,000, $547,000 and $565,000 as at August 1, 2010, October 31, 2010 and July 31, 2011, respectively.

(Expressed in Canadian Dollars)

17. CONVERSION TO IFRS (Continued)

(iii) Changes to accounting policies (continued)

Impact on Condensed Interim Consolidated Statements of Financial Position

	As at July 31, 2011	As at October 31, 2010	As at August 1, 2010
Adjustment to mineral resource properties	$ (15,197,801)	$ (14,488,460)	$ (14,427,110)
Adjustment to deferred income tax liability	565,000	547,000	547,000
Adjustment to accumulated deficit	$ (14,632,801)	$ (13,941,460)	$ (13,880,110)

Impact on Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

	Year ended July 31, 2011	Three months ended October 31, 2010
Adjustment to exploration and evaluation expenditures	$ 770,691	$ 61,350
Reversal of future tax recovery	(18,000)	-
Adjustment to loss and comprehensive loss	$ 752,691	$ 61,350

Impact on Condensed Interim Consolidated Statements of Cash Flows

	Year ended July 31, 2011	Three months ended October 31, 2010
Adjustment to loss and comprehensive loss	$ 752,691	$ 61,350
Reversal of future tax recovery	$ 18,000	$ -
Common shares issued for mineral properties	$ (8,500)	$ -
Mineral resource properties and exploration and evaluation expenditures	$ (762,191)	$ (61,350)

(iv) Presentation

Certain amounts in the unaudited condensed interim consolidated statements of financial position, statements of loss and comprehensive loss and statements of cash flows have been reclassified to conform to the presentation adopted under IFRS.

(Expressed in Canadian Dollars)

17. CONVERSION TO IFRS (Continued)

(v) Reconciliation between IFRS and Canadian GAAP

The August 1, 2010 Canadian GAAP consolidated balance sheet has been reconciled to IFRS as follows:

	August 1, 2010		
	Canadian GAAP	**Effect of transition to IFRS**	**IFRS**
ASSETS			
Current assets			
Cash and cash equivalents	$ 81,870	$ -	**$ 81,870**
Other receivables	12,865	-	**12,865**
Prepaid expenses	32,889	-	**32,889**
	127,624	-	**127,624**
Mineral properties and exploration costs (iii)	14,427,110	(14,427,110)	**-**
	$ 14,554,734	$ (14,427,110)	**$ 127,624**
EQUITY AND LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	$ 179,786	$ -	**$ 179,786**
Non-current liabilities			
Future tax liability (iii)	547,000	(547,000)	**-**
	726,786	(547,000)	**179,786**
Equity			
Share capital	19,394,916	-	**19,394,916**
Reserves	4,792,106	-	**4,792,106**
Deficit (iii)	(10,359,074)	(13,880,110)	**(24,239,184)**
	13,827,948	(13,880,110)	**(52,162)**
	$ 14,554,734	$ (14,427,110)	**$ 127,624**

(Expressed in Canadian Dollars)

17. CONVERSION TO IFRS (Continued)

(v) Reconciliation between IFRS and Canadian GAAP (continued)

The October 31, 2010 Canadian GAAP consolidated balance sheet has been reconciled to IFRS as follows:

	October 31, 2010		
	Canadian GAAP	**Effect of transition to IFRS**	**IFRS**
ASSETS			
Current assets			
Cash and cash equivalents	$ 27,848	$ -	**$ 27,848**
Other receivables	12,005	-	**12,005**
Prepaid expenses	37,301	-	**37,301**
	77,154	-	**77,154**
Mineral properties and exploration costs (iii)	14,488,460	(14,488,460)	**-**
	$ 14,565,614	$ (14,488,460)	**$ 77,154**
EQUITY AND LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	$ 323,503	$ -	**$ 323,503**
Non-current liabilities			
Future tax liability (iii)	547,000	(547,000)	**-**
	870,503	(547,000)	**323,503**
Equity			
Share capital	19,399,721	-	**19,399,721**
Reserves	4,791,021	-	**4,791,021**
Deficit (iii)	(10,495,631)	(13,941,460)	**(24,437,091)**
	13,695,111	(13,941,460)	**(246,349)**
	$ 14,565,614	$ (14,488,460)	**$ 77,154**

(Expressed in Canadian Dollars)

17. CONVERSION TO IFRS (Continued)

(v) Reconciliation between IFRS and Canadian GAAP (continued)

The July 31, 2011 Canadian GAAP consolidated balance sheet has been reconciled to IFRS as follows:

	July 31, 2011		
	Canadian GAAP	Effect of transition to IFRS	IFRS
ASSETS			
Current assets			
Cash and cash equivalents	$ 3,313,923	$ -	**$ 3,313,923**
Other receivables	31,000	-	**31,000**
Prepaid expenses	19,792	-	**19,792**
	3,364,715	-	**3,364,715**
Mineral properties and exploration costs (iii)	15,197,801	(15,197,801)	**-**
	$ 18,562,516	$ (15,197,801)	**$ 3,364,715**
EQUITY AND LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	$ 175,009	$ -	**$ 175,009**
Non-current liabilities			
Future tax liability (iii)	565,000	(565,000)	**-**
	740,009	(565,000)	**175,009**
Equity			
Share capital	22,373,248	-	**22,373,248**
Reserves	7,178,257	-	**7,178,257**
Deficit (iii)	(11,728,998)	(14,632,801)	**(26,361,799)**
	17,822,507	(14,632,801)	**3,189,706**
	$ 18,562,516	$ (15,197,801)	**$ 3,364,715**

(Expressed in Canadian Dollars)

17. CONVERSION TO IFRS (Continued)

(v) Reconciliation between IFRS and Canadian GAAP (continued)

The Canadian GAAP consolidated statement of loss and comprehensive loss for the three month period ended October 31, 2010 has been reconciled to IFRS as follows:

	Three months ended October 31, 2010		
	Canadian GAAP	**Effect of transition to IFRS**	**IFRS**
Operating expenses			
Exploration and evaluation expenditures (iii)	$ -	$ 61,350	**$ 61,350**
General and administrative	136,557	-	**136,557**
Net loss and comprehensive loss for the period	$ (136,557)	$ (61,350)	**$ (197,907)**

The Canadian GAAP consolidated statement of loss and comprehensive loss for the year ended July 31, 2011 has been reconciled to IFRS as follows:

	Year ended July 31, 2011		
	Canadian GAAP	**Effect of transition to IFRS**	**IFRS**
Operating expenses			
Exploration and evaluation expenditures (iii)	$ -	$ 770,691	**$ 770,691**
General and administrative	1,354,936	-	**1,354,936**
	1,354,936	770,691	**(2,125,627)**
Interest income	3,012	-	**3,012**
Net loss before the following	(1,351,924)	(770,691)	**(2,122,615)**
Future income tax expense (iii)	(18,000)	18,000	**-**
Net loss and comprehensive loss for the period	$ (1,369,924)	$ (752,691)	**$ (2,122,615)**

(Expressed in Canadian Dollars)

17. CONVERSION TO IFRS (Continued)

(v) Reconciliation between IFRS and Canadian GAAP (continued)

The Canadian GAAP consolidated statements of cash flows for the three month period ended October 31, 2010 has been reconciled to IFRS as follows:

	Three months ended October 31, 2010		
	Canadian GAAP	Effect of transition to IFRS	IFRS
Cash (used in) provided by:			
Operating activities			
Net loss for the period (iii)	$ (136,557)	$ (61,350)	**$ (197,907)**
Items not affecting cash:			
Unrealized loss on foreign exchange	18,535	-	**18,535**
	(118,022)	(61,350)	**(179,372)**
Change in non-cash operating working capital:			
Increase in other receivables and prepaid expenses	(3,552)	-	**(3,552)**
Increase in accounts payable and accrued liabilities	143,717	-	**143,717**
	22,143	(61,350)	**(39,207)**
Investing activities			
Mineral property acquisition and exploration costs (iii)	(61,350)	61,350	**-**
	(61,350)	61,350	**-**
Financing activities			
Shares issued on exercise of warrants	3,720	-	**3,720**
	3,720	-	**3,720**
Change in cash and cash equivalents	(35,487)	-	**(35,487)**
Cash and cash equivalents, beginning of period	81,870	-	**81,870**
Effect of exchange rate changes on cash held in foreign currencies	(18,535)	-	**(18,535)**
Cash and cash equivalents, end of period	$ 27,848	$ -	**$ 27,848**

(Expressed in Canadian Dollars)

17. CONVERSION TO IFRS (Continued)

(v) Reconciliation between IFRS and Canadian GAAP (continued)

The Canadian GAAP consolidated statements of cash flows for the year ended July 31, 2011 has been reconciled to IFRS as follows:

	Year ended July 31, 2011		
	Canadian GAAP	Effect of transition to IFRS	IFRS
Cash (used in) provided by:			
Operating activities			
Net loss for the period (iii)	$ (1,369,924)	$ (752,691)	**$ (2,122,615)**
Items not affecting cash:			
Shares issued for exploration and evaluation expenditures (iii)	-	8,500	**8,500**
Stock-based compensation	743,025	-	**743,025**
Future income tax expense (recovery) (iii)	18,000	(18,000)	**-**
Unrealized loss on foreign exchange	13,492	-	**13,492**
	(595,407)	(762,191)	**(1,357,598)**
Change in non-cash operating working capital:			
Increase in other receivables and prepaid expenses	(5,038)	-	**(5,038)**
Decrease in accounts payable and accrued liabilities	(4,777)	-	**(4,777)**
	(605,222)	(762,191)	**(1,367,413)**
Investing activities			
Mineral property acquisition and exploration costs (iii)	(762,191)	762,191	**-**
	(762,191)	762,191	**-**
Financing activities			
Share capital issued, net of share issue costs	4,469,836	-	**4,469,836**
Shares issued on exercise of warrants	143,122	-	**143,122**
	4,612,958	-	**4,612,958**
Change in cash and cash equivalents	3,245,545	-	**3,245,545**
Cash and cash equivalents, beginning of period	81,870	-	**81,870**
Effect of exchange rate changes on cash held in foreign currencies	(13,492)	-	**(13,492)**
Cash and cash equivalents, end of period	$ 3,313,923	$ -	**$ 3,313,923**