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**AMERIX PRECIOUS METALS CORPORATION**

**MANAGEMENT DISCUSSION AND ANALYSIS**

**FOR QUARTER ENDED OCTOBER 31, 2007**

**APRIL 29, 2008**

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**Disclosure Regarding Forward-Looking Statements**

This Management Discussion and Analysis contains certain “Forward-Looking Statements” within the meaning of applicable securities legislation. All statements, other than statements of historical fact, included herein are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Corporation’s expectations are disclosed in the Corporation’s documents filed from time to time with the TSX Venture Exchange and, among others, the Ontario Securities Commission as well as under the heading “Risk Factors” in the Management Discussion and Analysis.

**OVERVIEW**

Amerix Precious Metals Corporation (the “Corporation” or “Amerix”) is a junior resource company involved in the acquisition, exploration and development of mineral properties. The Corporation presently has interests in two mineral properties located in Brazil – the Limão Property and the Vila Porto Rico Property. All monetary values within this document are in Canadian Dollars unless otherwise stated.

During the quarter ended October 31<sup>st</sup>, 2007, the Corporation’s activities included the following material events:

On August 1<sup>st</sup>, 2007: The Corporation announced the finalization of the transfer of the mineral rights in respect of the Limão Property located in north-central Brazil to the Corporation. 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., Matapi formally assigned the minerals rights in respect of the Limão Property to Mineração Vila Porto Rico Ltda. in consideration for an aggregate of 400,000 common shares of Amerix to be issued over three years and approximately \$290,000 payable over three years. Matapi retain 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.

On August 9<sup>th</sup>, 2007: The Corporation announced the completion of the brokered private placement with Coniston Investment Corp. ("Coniston") of 15,090,000 units of Amerix at a price of \$0.25 per unit for aggregate gross proceeds of \$3,772,500. Each unit consisted 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 purchase one additional common share of Amerix at a price of \$0.35 at any time until August 8<sup>th</sup>, 2008, provided that if the closing price of the common shares of Amerix on the TSX Venture Exchange is equal to or greater than \$0.45 per common share for a period of ten consecutive trading days at any time after December 9<sup>th</sup>, 2007, Amerix may accelerate the expiry date of the Warrants by giving notice to the holders thereof and in such case the Warrants will expire on the 20<sup>th</sup> day after the date on which such notice is given by Amerix. As consideration for its services in connection with private placement, Coniston received a cash commission of \$296,600. In addition, Coniston received a broker warrant (the "Broker Warrant") exercisable for 1,483,000 units of Amerix. Each such unit consists of one common share of Amerix and one-half of one common Warrant. The Broker Warrant is exercisable at a price of \$0.25 per Broker Unit until August 8<sup>th</sup>, 2008.

On October 1<sup>st</sup>, 2007: The Corporation announced the signing of two drilling contracts - one with-Geologica e Sondagens Ltda. (GEOSOL), Belo Horizonte, Brazil, and the other with Kluane International Drilling, Inc (“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.

## AMENDED AND RESTATED

On October 24<sup>th</sup>, 2007: The Corporation announced that Kluane International Drilling, Inc. 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 of 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 contained mineralized veins of similar character, composition, and orientation to those in Ouro Roxo deposits. Additional geologic mapping identified a parallel north-trending gold-mineralized shear zone approximately 1.5 kilometres to the west of the Ouro Roxo deposits.

On November 16<sup>th</sup>, 2007: The Corporation announced that the closing price of the common shares of Amerix on the TSX Venture Exchange had been greater than \$0.45 per share over a period of ten consecutive trading days and, accordingly, Amerix accelerated the expiry of the warrants originally issued on April 7, 2006 and amended as announced on March 26<sup>th</sup>, 2007.

Subsequent to the quarter ended October 31<sup>st</sup>, 2007, the Corporation's activities included the following material events:

On December 3, 2007 the Corporation appointed Jeffrey Reeder as Chief Executive Officer and President and Dan Hamilton as Chief Financial Officer. The Corporation also appointed Mr. Gregory Liddy and Mr. William Whitehead to the Board of Directors.

On December 13, 2007 the Corporation provided an update on the exploration program at the Vila Porto Rico Property. The Corporation announced that the drill contractor, Kluane International Drilling, 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 Corporation also announced that initial assay results for eight complete holes for the Ouro Roxo North ("ORO") zone were received from SGS Geosol Laboratorios Ltda located in Belo Horizonte, Brazil. 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 December 17, 2007, the Corporation also appointed Mr. Luciano Borges to the Board of Directors.

At the annual and special meeting of the shareholders of the Corporation held on January 17, 2008, the shareholders of the Corporation elected the four nominees of management, Jeffrey Reeder, Gregory Liddy, William Whitehead and Luciano Borges, to the board of directors of the Corporation and approved the new stock option plan as described in the management information circular dated December 17, 2007. The Corporation granted incentive stock options to its directors, officers, consultants and employees under the new stock option plan for the purchase of 2,500,000 common shares of the Corporation for a

## AMENDED AND RESTATED

period of five years at a price of \$0.30 per share. The board of directors of the Corporation appointed Jeffery Reeder, Gregory Liddy and William Whitehead as members of the audit committee of the board of directors and appointed Gregory Liddy as the chairman of the audit committee.

On January 18, 2008, the Corporation issued 100,000 shares as partial consideration under the terms of its agreement for the assignment and transfer of the mineral rights of its Limao property.

On January 23, 2008 the Corporation announced that core drilling had resumed at the Ouro Roxo deposit on its Vila Porto Rico Property in the Tapajos District of Brazil. The drilling is being concentrated in the Ouro Roxo North and will continue to test both the lateral and up dip continuity of the high-grade zones revealed by previous drilling. The Corporation will also re-drill at least two holes drilled by RTZ for certification purposes.

On March 26, 2008, the Corporation 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 Corporation's intention to include the mechanized auger drill samples in the overall gold resource at Ouro Roxo. The Corporation 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 March 28, 2008, the Company announced that, as a result of an internal management review of its option agreements to acquire a 100% interest in its Vila Porto Rico ("VPR") property, it will restate the Mining Properties note and Commitment and Contingencies note in its previously reported consolidated financial statements for the year ended July 31, 2007 and interim unaudited consolidated financial statements for the period ended October 31, 2007 to properly disclose the option payments relating to the agreements signed with the original mineral rights holder ("Carneiro") of the VPR property. The Company anticipates filing the restatements shortly, along with revised MD&A's. The Company's previously reported financial results, financial position and cash flows will not change as a result of the note restatements.

Management's review concluded that the previously issued consolidated financial statements did not adequately reflect all the terms of the two option agreements entered into between the Company and Carneiro on July 28, 2004. One agreement relates to the portion of the VPR property south of the Pacu River and the other agreement relates to the property north of the Pacu River, an east-west trending river located on exploration licenses 852726/93 and 852678/93. Specifically, for the agreement relating to the property south of the Pacu River, the Company's consolidated financial statements did not disclose that, in addition to the previously disclosed payments required should the reserve, in the probable category or better, be less than 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 reserves determined in excess of 2,000,000 ounces. In addition, the Company's financial statements did not disclose that, for the agreement relating to the property north of the Pacu River, should the property contain a reserve in the probable category or better of less than 2,000,000 ounces the Company is nonetheless required to make a payment of 100 kilograms of gold and should the property contain a reserve in the probable category or better in excess of 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 reserves determined.

#### **Warrant & Option exercises**

Subsequent to October 31, 2007, an aggregate of 950,000 share purchase warrants were exercised in exchange for 950,000 shares at a price of \$0.40 per share and 775,000 share purchase warrants were exercised in exchange for 775,000 shares at a price of \$0.35 per share.

During November 2007, 124,000 stock options were exercised in exchange for 124,000 shares at a price of \$0.25 per share.

During December 2007, 500,000 stock options were exercised in exchange for 500,000 shares at a price of \$0.25 per share. In addition, 2,050,000 share purchase warrants with an exercise price of \$0.40 expired on December 13, 2007 and 150,000 stock options with an exercise price of \$0.25 expired on December 16, 2007.

The Corporation does not presently have sufficient financial resources to complete, by itself, the exploration and development of its properties, or any other properties it may acquire. The development of the Corporation's properties will therefore depend upon the Corporation'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 Corporation will be successful in obtaining the required financing.

**AMENDED AND RESTATED**

The Corporation incurred a net loss for the quarter of \$176,712 compared to a net loss of \$106,423 for the prior year quarter, as detailed in the following tabulation:

	Quarter ended October 31, 2007	Quarter ended October 31, 2006	Year ended July 31, 2007	Year ended July 31, 2006
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
<b>Expenses</b>				
Stock-based compensation	50,155	50,950	494,311	247,402
Management fees	26,063	12,000	104,530	48,000
Professional fees	14,666	26,855	92,707	98,934
Travel and promotion	3,469	-	16,269	15,353
Transfer agent & filing fees	3,913	3,825	26,451	28,817
Office and General	8,784	13,445	71,206	56,200
Rent	603	684	2,266	2,749
Investor relations	32,764	21,421	143,088	185,817
Loss (gain) on foreign exchange	35,580	(23,480)	(12,405)	15,153
Write-off of note receivable	-	-	-	122,410
General Exploration	-	-	38,406	-
Loss on disposition of mining properties	-	-	-	330,360
Amortization	715	723	3,362	3,458
<b>Total Expenses</b>	176,712	106,423	980,191	1,154,653
<b>Net loss for period</b>	(176,712)	(106,423)	(980,191)	(1,154,653)

The cash expenses increased for the reasons summarized below:

During the quarter ended October 31, 2007, Management fees increased to \$26,063, compared to \$12,000 in 2006, primarily due to the engagement of a Vice President – Exploration and a Technical Advisor in February 2007; Investor relations increased to \$32,764, compared to \$21,421 during the same period in 2006, as the Corporation increased its European investor relations and marketing activities in 2007; and Professional fees decreased to \$14,666 during the three months ended October 31, 2007, compared to \$26,855 during 2006 as the prior year costs included higher legal fees related to the sale of the Corporation’s 50% interest in the Santo Domingo Project in Mexico. Foreign exchange was a loss of \$35,580 during the first quarter of 2007 compared to a gain of \$23,480 in 2006, due mainly to the strengthening of the Canadian dollar.

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

**SELECTED ANNUAL INFORMATION**

The following table sets out selected financial information of the Corporation for the past three years. The Corporation's financial year end is July 31<sup>st</sup>.

	<b>Year Ending July 31<sup>st</sup>, 2007 (Audited) \$</b>	<b>Year Ending July 31<sup>st</sup>, 2006 (Audited) \$</b>	<b>Year Ending July 31<sup>st</sup>, 2005 (Audited) \$</b>
Net Income (Loss)	(980,191)	(1,154,653)	(583,589)
Net Loss per Share	(0.02)	(0.03)	(0.02)
Working Capital	9,778	3,307,800	567,941
Properties:			
Deferred Acquisition & Exploration Costs	9,320,940	6,308,559	6,354,581
Other Assets	10,009	10,248	10,863
Long Term Liabilities	Nil	Nil	Nil
Total Assets	9,564,807	9,985,652	7,138,595
Shareholders' Equity			
Dollar amount	9,340,727	9,626,607	6,933,385
Number of Shares Outstanding	45,274,973	44,774,973	36,324,973

The Corporation's working capital as at October 31<sup>st</sup>, 2007 was \$2,273,332 compared to \$9,778 at July 31, 2007 due to an increase in cash and cash equivalents as a result of funds received from the private placement in August 2007.

Total assets of the Corporation increased to \$13,045,944 as at October 31, 2007, compared to \$9,564,807 at the end of the previous financial year, due to the increase in working capital.

The Corporation is a junior exploration company with no revenue generating properties.

The loss recorded in 2006 was higher than the preceding year due to non-cash charges to income arising out of the sale of the Santo Domingo Project (\$452,770) and increased expenditures on Investor Relations (\$123,762). The loss in 2007 was lower than 2006 due to increased management costs and increased non-cash charges for stock based compensation, more than offset by the 2006 loss from the Santo Domingo Project.

For further audited financial information, please refer to the Corporation's consolidated audited financial statements that have been filed on SEDAR.

## **RESULTS OF OPERATIONS**

### **Brazilian Properties**

#### **Vila Porto Rico**

In 1997, the Corporation 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 Corporation 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 Corporation’s subsidiary holding the Vila Porto Rico Property.

A technical report dated October, 1997 was prepared for the Corporation 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 Corporation 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 Corporation. Matapi retained a maximum 2.0 per cent net smelter return royalty (“NSR”) that could be purchased by the Corporation for US\$800,000 at any time. The Corporation 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 Corporation’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 Corporation paid a further US\$125,000 and issued 250,000 common shares to Matapi.

## AMENDED AND RESTATED

On May 22, 2001, the Corporation entered into an amending agreement with Matapi with respect to the Vila Porto Rico Property in relation to the Corporation'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 Corporation;
- (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 Corporation); and
- (c) 1,966,250 common shares of the Corporation 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 Corporation 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., the Corporation'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 Corporation entered into a new agreement with Matapi with respect to the Vila Porto Rico Property in relation to the Corporation'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 Corporation 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 Corporation 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 Corporation 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 Corporation through its wholly-owned Brazilian subsidiary Mineração Vila Porto Rico Ltda. ("VPR"), 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 VPR and Matapi with respect to the transfer of ownership of the mineral rights.

## AMENDED AND RESTATED

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 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 of gold; 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 Corporation 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 Corporation ceded a 100 hectare area within the 40,000 hectare Vila Porto Rico Property to the garimpeiro who will be permitted to work the eluvial material and the associated tailings.

## AMENDED AND RESTATED

On August 3<sup>rd</sup>, 2004, the Corporation signed a new option agreement with Matapi which establishes a revised payment schedule under which the Corporation 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 Corporation 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 Corporation); and
- (c) 1,216,250 common shares of the Corporation of which 250,000 common shares were issued on September 1, 2004 and the balance will be issuable to Matapi upon receipt by the Corporation 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 Mineração Vila Porto Rico Ltda. established an exploration camp to support drilling operations and other field operations.

On November 22<sup>nd</sup>, 2004, the Corporation 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 Corporation 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 Corporation 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 Corporation 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 Corporation 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 Corporation believes that Ouro Roxo South (Pimenteiras) has the potential similar to Ouro Roxo North (Buriti).

On August 15<sup>th</sup>, 2005, the Corporation 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 gold over 5 meters.

## AMENDED AND RESTATED

On October 25<sup>th</sup>, 2005, the Corporation 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 gold.

On November 28<sup>th</sup>, 2005, the Corporation 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 Corporation 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 Corporation 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 Mineração Vila Porto Rico in 2003 and/or to extend these exploration concessions by an additional three years.

In January 2006, the Corporation 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 Corporation 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 Corporation, 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 Corporation provided an update on the drill program at the Vila Porto Rico Property. Through June 30<sup>th</sup>, 2006, the drill contractor, Kluane International Drilling, had completed 1,866 meters of diamond drilling in 11 holes.

On August 8<sup>th</sup>, 2006, the Corporation provided an update on the drill program at the Vila Porto Rico Property. Through July 31<sup>st</sup>, 2006, the drill contractor, Kluane International Drilling, 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 Corporation 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.

## AMENDED AND RESTATED

On October 18<sup>th</sup>, 2006, the Corporation reported progress on the second phase of diamond drilling which began in mid-September at Carumbé on the Vila Porto Rico Property. The Corporation 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 Corporation announced that the DNPM (Departamento Nacional da Produção Mineral – Brazilian Government Mining Bureau) 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 Mineração Vila Porto Rico which is wholly-owned by Amerix.

On December 28<sup>th</sup>, 2006, the Corporation 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 Corporation 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 Corporation 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 Corporation 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 Corporation 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 this year.

On April 16<sup>th</sup>, 2007, the Corporation 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 Corporation announced encouraging drill results from the Ouro Roxo Project in the Vila Porto Rico Property. The Corporation 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 Corporation 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 Corporation 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 Corporation announced the signing of two drill contracts, one with Geologica e Sondagens Ltda., Belo Horizonte, Brazil, and the other with Kluane International Drilling, Inc. 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 Corporation announced that Kluane International Drilling, Inc. ("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. Geologica e Sondagens Ltda. 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 Corporation provided an update on the exploration program at the Vila Porto Rico Property. The Corporation announced that the drill contractor, Kluane International Drilling, 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 Corporation also announced that initial

assay results for eight complete holes for the Ouro Roxo North (“ORO”) zone were received from SGS Geosol Laboratorios Ltda located in Belo Horizonte, Brazil. 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.

The Corporation’s ability to exercise the option and acquire an interest in the Vila Porto Rico Property is conditional upon the Corporation having sufficient finances to make, and making, all required payments. There is no guarantee the Corporation will have the funds required to make, or make, such payments. If not, the Corporation 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 Corporation 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 Corporation 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 Corporation’s subsidiary holding the Limão Property.

A technical report dated October, 1997 was prepared for the Corporation 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 Corporation 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 Corporation. UNITINS retained a maximum 2.0 per cent NSR that could be purchased by the Corporation for US\$500,000 at any time.

During 1999, UNITINS acquired title to the Limão Property and transferred title to the Corporation’s subsidiary, Mineração Vila Porto Rico Ltda. At that time, the Corporation 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.

## AMENDED AND RESTATED

On May 22, 2001, the Corporation entered into an amending agreement with UNITINS in relation to the Corporation'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 Corporation;
- (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 Corporation); and
- (c) 783,750 common shares of the Corporation 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 Corporation 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 August 1<sup>st</sup>, 2007, the Corporation announced the finalization of the transfer of the mineral rights in respect of the Limão Property located in north-central Brazil to the Corporation. 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 mineral 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 \$290,000 payable over three years. 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 ability of the Corporation to retain ownership of the Limão Property is contingent on the Corporation having sufficient finances to make, and making, all required payments. There is no guarantee that the Corporation will have the funds required to make, or make, such payments. If not, the Corporation may lose all of its interest in the Limão Property, including forfeiting all payments made to date. See "Risk Factors."

Almost all of the expenditures of the Corporation to date on the Limão Property have gone into acquisition payments. See "Risk Factors".

**Mexican Properties**

**Santo Domingo Project**

The Corporation acquired from Stroud Resources Ltd. (“Stroud”), 50 per cent of Stroud’s interest in Compañía Minera San Diego y La Espanola, S.A. de C.V. (“SDLE”). SDLE is a private Mexican company that holds exploitation licenses to two mineral properties located 90 kilometres north of Guadalajara, Mexico known as the *Santo Domingo II* and the *Nombre de Dios* properties and together referred to herein as the “*Santo Domingo Property*”.

On March 22<sup>nd</sup>, 2006, the Corporation and Stroud Resources Ltd. announced that Stroud had agreed, subject to financing, to acquire Amerix’s 50 per cent ownership interest in the Santo Domingo Project for consideration of Cdn\$1.8 million. Amerix retains a 5 per cent net smelter royalty on the project to a maximum of Cdn\$1.0 million.

On August 8<sup>th</sup>, 2006, the Corporation announced that it had completed the sale of its 50 per cent interest in the Santo Domingo Project to Stroud.

**SUMMARY OF QUARTERLY RESULTS**

The following table sets forth, for the quarter ended on the date indicated, information relating to the Corporation’s revenue, net loss and loss per common share as prepared under generally accepted accounting principles in Canada.

	Revenues	Net Income (Loss)	Loss/Share Basic and Diluted
January 31, 2006	Nil	(463,557)	(0.01)
April 30, 2006	Nil	(260,202)	(0.01)
July 31, 2006	Nil	(343,619)	(0.01)
October 31, 2006	Nil	(106,423)	(0.00)
January 31, 2007	Nil	(429,559)	(0.01)
April 30, 2007	Nil	(215,585)	(0.00)
July 31, 2007	Nil	(228,624)	(0.01)
October 31, 2007	Nil	176,712)	(0.00)

The Corporation is a junior exploration company with no revenue generating properties. Currently, the Corporation’s funding continues to be derived from issuing securities and its short-term investments.

For further quarterly financial information, please refer to the Corporation's unaudited interim consolidated financial statements that have been filed on SEDAR.

**LIQUIDITY**

The Corporation'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 Corporation's working capital ratio was approximately 5.80:1 as at October 31, 2007 with working capital of \$2,273,332.

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

<b>Thousands of Dollars</b>					
Contractual Obligations	Total	2008	2009	2010	2011
Long Term Debt	-	-		-	-
Capital Lease Obligations	-	-		-	-
Operating Obligations	-	-		-	-
Purchase Obligations	-	-		-	-
Other Long Term Obligations					
Vila Porto Rico	2,159	240	240	1,679	-
Limão	385	32	114	114	125
<b>Total Contractual Obligations</b>	<b>2,544</b>	<b>272</b>	<b>354</b>	<b>1,793</b>	<b>125</b>

The Vila Porto Rico property obligations are for option instalment payments which are due in the 4<sup>th</sup> quarter of each year and relate to the portion of the property south of the Pacu River. Should the portion of the property south of the Pacu River contain mineable reserves (in the probable category or better) in excess of 2,000,000 ounces, the Corporation shall pay an additional 50 kilograms of gold for each 1,000,000 ounces of reserve in excess of 2,000,000 ounces. Should there be a mineable reserve (in the probable category or better) of at least 2,000,000 ounces of gold at the Vila Porto Rico property on the portion of the property north of the Pacu River the Corporation shall pay an additional 100 kilograms of gold. Should the portion of the property north of the Pacu River contain mineable reserves (in the probable category or better) in excess of 2,000,000 ounces, the Corporation shall pay an additional 50 kilograms of gold for each 1,000,000 ounces of reserve in excess of 2,000,000 ounces. Also, should the entire Vila Porto Rico property (the combined property north and south of the Pacu River) contain reserves in the probable or better category of at least 2,000,000 ounces the Corporation shall issue 966,250 common shares as consideration under the Matapi option agreement. All obligations for the Vila Porto Rico property are based on the gold price of US\$25.38 per gram on October 31<sup>st</sup>, 2007.

The obligations for the Limão property represent instalments relating to cash payments and the issue of 100,000 shares as property payments for the Limão property. The share obligation payments are based on the Corporation's closing share price of \$0.32 per share as at October 31, 2007. Matapi retain 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 Corporation plans to aggressively explore the Limão and the Vila Porto Rico Properties in Brazil during fiscal 2008. Long term obligations will depend upon the results of these exploration programs.

Currently, the Corporation has sufficient cash reserves to meet its financial obligations for upcoming exploration programs. However, the Corporation may seek to raise additional funding to finance planned and future exploration programs should the directors deem it to be advisable. 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.

## **CAPITAL RESOURCES**

As of October 31<sup>st</sup>, 2007, the Corporation had the following capital commitments for fiscal 2008 to keep its properties in good standing.

### **Brazilian Projects**

In order to maintain its interest in the Vila Porto Rico Property the Corporation is required to make a payment of approximately \$240,000 during fiscal year 2008 and the Corporation is required to issue 100,000 common shares for the Limão property obligations during fiscal year 2008.

### **Working Capital**

The Corporation estimates that it requires approximately \$500,000 per year for administration and general working capital. The company has sufficient funds to continue the exploration on the Vila Porto Pico Property early in 2008. Should drilling results warrant, the Corporation may chose to increase the projected expenditures on either or both of the Brazilian properties.

### **Available Funds**

The Corporation has sufficient cash reserves to meet its financial obligations for the 2008 exploration programs. However, the Corporation will need to raise additional funding to finance future exploration programs. 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.

## **OFF-BALANCE SHEET ARRANGEMENTS**

As of the date of this filing, the Corporation 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 Corporation, including, and without limitation, such considerations as liquidity and capital resources.

## **TRANSACTIONS WITH RELATED PARTIES**

During the three months ended October 31, 2007 the Corporation paid or accrued \$26,063 (2006 - \$12,000) in management fees to current and former officers of the company. The Corporation paid \$4,713 (2006 - \$nil) to a director for geological services. In addition, directors and officers are reimbursed for travel and other expenses incurred on behalf of the Corporation.

One of the Corporation's directors is a partner in a law firm which received compensation for legal services in the aggregate amount of \$41,001 (2006 - \$16,973) during the recently completed quarter.

## **RISK FACTORS**

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

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

***Limited Business of the Corporation:*** Other than the Corporation's option to acquire the Vila Porto Rico Property and the Limão Property in Brazil, the Corporation has no material non-cash assets. There is no assurance the Corporation 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 Corporation 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 Corporation 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 Corporation'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 Corporation 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, or either of them, 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 Corporation, the extent of which cannot be predicted and which may well be beyond the capacity of the Corporation to fund. The Corporation'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 Corporation 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 Corporation'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 Corporation's business.

***Financing:*** The Corporation does not presently have sufficient financial resources to complete, by itself, the exploration and development of its properties, or any properties it may acquire. The exploration and development of the Corporation's properties will therefore depend upon the Corporation'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 Corporation will be successful in obtaining the required financing.

***Limited Operating History and Lack of Cash Flow:*** The Corporation has a limited business history. The Corporation has no history of earnings or cash flow from its present operations. The only present source of funds available to the Corporation is through the sale of equity or debt securities or borrowing. Even if the results of exploration are encouraging, the Corporation

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 Corporation may not realize a return on its investment. While, the Corporation 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 Corporation.

The Corporation 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 Corporation 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 Corporation are required by law to act honestly and in good faith with a view to the best interests of the Corporation, to disclose any material interest which they may have in any project or opportunity of the Corporation, and to abstain from voting on such matter.

***Operating Hazards and Risks:*** Future operations in which the Corporation 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 Corporation's business are such that liabilities might exceed insurance policy limits, the liabilities and hazards might not be insurable, or the Corporation may elect not to insure itself against such liabilities due to high premium costs or other reasons, in which event the Corporation could incur significant costs that could have a material adverse effect upon its financial condition.

The Corporation 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 Corporation.

***Permits and Licenses:*** Upon acquisition of a property interest, the operations of the Corporation will require licenses and permits from various governmental authorities. There can be no assurance that the Corporation 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 Corporation'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 Corporation'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 Corporation's exploration projects, cannot be predicted accurately.

### **PROPOSED TRANSACTION**

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

### **CHANGES IN ACCOUNTING POLICIES**

During the past three years, the Corporation has not changed its accounting policies, nor does it expect that any recent new accounting pronouncements shall have any material impact on the financial condition or results of operations.

### **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

The Corporation 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.

### **CONTROLS AND PROCEDURES**

The Company maintains disclosure controls and procedures which are designed to provide reasonable assurance that information required to be disclosed by the Company is recorded, processed, summarized and reported within the time periods specified by regulations. The Company performed an evaluation, under the supervision and participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of its disclosure controls and procedures in place as of October 31, 2007. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were not effective as of the end of the period covered by this report due to the reasons described in "Internal Control Over Financial Reporting." The steps taken by management of the Company to address each of these areas of weakness are also described under the heading "Management's Plans to Remediate Material Weaknesses".

### **INTERNAL CONTROL OVER FINANCIAL REPORTING**

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management evaluated the Company's internal controls over financial reporting ("ICFR"), as defined under Multilateral Instrument 52-109 – Certification of Disclosure in Issuer's Annual and Interim Filings of the Canadian Securities Administrators, that were in place as of October

## AMENDED AND RESTATED

31, 2007. For the purposes of Management's evaluation, a weakness in the Company's ICFR would be considered to be a "material weakness" if the weakness was a significant deficiency, or a combination of significant deficiencies, that resulted in there being more than a remote likelihood that a material misstatement of the annual or interim financial statements would not be prevented or detected on a timely basis by Management or employees in the normal course of performing their assigned functions.

The Company has determined that as of October 31, 2007 internal control over financial reporting was not effective in preventing possible material misstatements without further substantive work. Accordingly, additional substantive procedures were applied subsequently to provide assurance that such misstatements do not exist, and accordingly Management believes that the amended and restated interim consolidated financial statements for the period ended October 31, 2007 are now free from material misstatements. More particularly Management identified the following material weaknesses:

- a) Management concluded that, as of October 31, 2007, the Company did not consistently maintain implementation of effective controls over the identification and reporting of material contracts.
- b) Management concluded that, as of October 31, 2007, due to the limited number of appropriately qualified head office staff, the Company was not able to design a traditional control system that relies on the segregation of duties.

### **MANAGEMENT'S PLANS TO REMEDIATE MATERIAL WEAKNESSES**

The Company has implemented steps to rectify such weaknesses in order to diminish the possibility of a material misstatement in 2008. These are outlined below.

- a) Controls over identification and reporting of material contracts: During March 2008, Management, along with the assistance of external Brazilian legal counsel, undertook a detailed review of outstanding material contracts.
- b) Segregation of duties: In December 2007, the Company hired additional qualified head office staff. Management is now compensating for the lack of segregation of duties by the increased review by the CEO and CFO of all transactions and cash disbursements.

**OTHER MD&A REQUIREMENTS**

Additional information relating to the Corporation, 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).

As of the date of this filing, the Corporation has 62,988,973 common shares outstanding. In addition, the Corporation has the following convertible securities outstanding:

<b>Type</b>	<b>Quantity</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Options	1,000,000	\$0.44	December 15, 2008
Options	50,000	\$0.32	April 27, 2009
Options	650,000	\$0.35	November 8, 2009
Options	500,000	\$0.44	May 24, 2010
Options	650,000	\$0.93	June 30, 2011
Options	525,000	\$0.27	January 18, 2012
Options	200,000	\$0.29	February 28, 2012
Options	50,000	\$0.365	May 4, 2012
Options	2,500,000	\$0.30	January 22 2013
Warrants	6,770,000	\$0.35	August 8, 2008
Broker Warrants	1,483,000	\$0.25	August 8, 2008