

AURAMEX RESOURCE CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2006

The following discussion and analysis of financial position and results of operations of Auramex Resource Corp. (the "Company") is prepared as at April 26, 2007, and should be read in conjunction with the audited consolidated financial statements of the Company, and the notes thereto, for the year ended December 31, 2006. In this discussion, unless the context otherwise dictates, a reference to the business and operations of the Company includes the business and operations of the Company's wholly owned Mexican subsidiary, Exploración Auramex S. A. de C. V. ("Auramex Mexico"). Additional information relating to the Company is available on SEDAR at www.sedar.com.

Description of the Business

The Company is engaged in the business of acquiring interests in mineral properties with exploration potential and exploring those properties to determine if they host economic deposits of minerals. While the Company has acquired and explored a number of properties over the years, it has yet to identify and develop an economic mineral deposit. If the Company determines that a property likely does not host an economic deposit, or if maintaining a property becomes uneconomic for any other reason, it abandons the property and writes off the capitalized acquisition and deferred exploration and development costs associated with the property. As existing properties are abandoned, the Company seeks out new properties for acquisition that it considers may have the potential to host the economic mineral deposit or deposits that will result in its evolution into a producing, revenue generating entity. The exploration of mineral properties and subsequent development involves a high degree of risk and few properties that are explored are ultimately developed into producing properties.

The Company currently has mineral exploration projects in Mexico and in British Columbia which are discussed in the following pages.

Overall Performance

As the Company does not have a producing mineral property, it has no source of cash other than debt financing and equity financing from the sale of its common shares and share purchase warrants. The cash raised in this manner is used to cover ongoing administrative expense and to fund exploration activities on its mineral exploration properties. The amount of money available for exploration is directly related to the amount that the Company is able to raise from these sources, after administrative expenses have been paid. The Company is continually engaged in the process of raising

money and allocating the proceeds between its current administrative needs and desired exploration activities. As funds become depleted, new financing is sought and the process is repeated. The determination as to which properties to explore, what programs to undertake and how much money to spend in each instance is made on an ongoing basis by the Company's management, in consultation with its Board of Directors and professional advisors.

As a result of the foregoing, the true measure of the Company's performance for any given period lies in the amount of money it was able to raise, the amount of exploration it was able to undertake and the results of those exploration efforts.

Working capital at December 31, 2006 was a deficit of \$48,669 compared to working capital of \$71,400 at December 31, 2005. The cash component of working capital for the same dates was \$57,076 and \$116,165 respectively. During the year, the Company realized gross proceeds of \$745,000 from equity financing, compared to \$332,410 in the previous year. Total exploration expenditures during fiscal 2006 were \$408,477, as compared to \$332,998 in the prior year.

Overall, the Company was able to raise sufficient funds during the year to cover its administrative expenses, to acquire additional claims and to conduct a property scale exploration program on the Bear River properties at Stewart, BC, to conduct a 500 metre drill program on the Magenta property in Mexico, to conduct a soil survey at the La Perla property in Mexico, and to acquire an option on the Gracias a Dios property in Mexico.

Selected Annual Information

The following table sets out selected financial information, presented in Canadian dollars and prepared in accordance with generally accepted accounting principles in Canada ("GAAP"), for the years ended **December 31**,

		2006		2005		2004	
(a)	Revenue	\$	Nil	\$	Nil	\$	Nil
(b)	Income(Loss) before discontinued operations and extraordinary items	\$	(577,294)	\$	(241,426)	\$	(506,012)
(c)	Loss per share:						
	Basic -	\$	(0.03)	\$	(0.02)	\$	(0.07)
	Fully Diluted -	\$	n/a	\$	n/a	\$	n/a
(d)	Net loss	\$	(577,294)	\$	(241,426)	\$	(506,012)
(e)	Net loss per share:						
	Basic -	\$	(0.03)	\$	(0.02)	\$	(0.07)
	Fully Diluted -	\$	n/a	\$	n/a	\$	n/a
(f)	Total Assets	\$	1,110,156	\$	1,091,233	\$	970,845
(g)	Long Term Financial Liabilities	\$	78,645	\$	134,979	\$	179,815
(h)	Cash dividends per share	\$	Nil	\$	Nil	\$	Nil

The Company had no revenue over the three year period referred to in the foregoing.

Most general and administrative expenses have been generally consistent from year to year, with the exceptions of legal expenses, accounting expense, investor relations expense, fees and penalties, and stock based compensation expense.

In 2004, the Company had recorded legal expenses related to property acquisitions and to private placements as legal expense. In 2005 and 2006, those legal costs relating to property acquisitions and to private placements were recorded as capital to “acquisitions of interests in mineral properties” and “share issuance costs” respectively

In 2006, the Company incurred accounting expense in Mexico of \$7,288 relating to Auramex Mexico. There had not been any similar expense incurred in previous years.

In 2004, the Company incurred \$42,843 of investor relations expense. One investor relations contract was terminated at the end of 2004. Investor relations expense for 2005 and 2006 was \$18,000.

In 2005, the Company incurred \$13,877 in fees and penalties to Canada Revenue Agency relating to flow-through funds not spent within the required period of time.

A stock based compensation expense of \$89,525 (2005 - \$145,823), (2004 – \$204,069) was recorded for the year 2006 as required by GAAP, notwithstanding that no cash benefits were received by any of the recipients of the options pertaining to this expense item.

The loss for 2006 was further impacted by a write-off of \$362,585 related to the abandonment of the Ymir property.

Results of Operations

The Company is engaged in the business of acquiring and exploring mineral exploration properties in the hope of discovering economic deposits of minerals that can eventually be placed into production. The Company has yet to identify and develop an economic mineral deposit, and accordingly has no sales or other significant revenue and no profit.

At December 31, 2006 the Company held five mineral exploration properties, the Magenta property, Mexico, The Gracias a Dios property within the Magenta boundaries, the La Perla II concession, Mexico, the Bear River Property, British Columbia, and the Brandywine property, British Columbia. A description of each project is contained in the following.

Magenta Property, Mexico

The Company's Magenta property, located near Culiacan, Sinaloa State, Mexico, comprises 4,900 hectares of staked ground, the El Fierro concession covering 732 hectares and the Gracias a Dios and Ampliación Gracias a Dios concessions covering 50 hectares.

With respect to the 732 hectare El Fierro exploration concession, Auramex Mexico, entered into an option agreement dated April 8, 2003, as amended, with Exploración Azteca S.A. de C.V. ("Azteca"), a wholly owned subsidiary of Nordic Gold Corp. Under the agreement, Auramex Mexico can earn an 85% interest in the concession by causing back taxes of approximately US\$6,000 to be paid on the concession, causing the Company to issue 20,000 common shares and incurring property expenditures totalling US\$200,000 over five years, of which US\$140,000 need not be spent until the last year (2007). To date the back taxes have been paid, the 20,000 shares have been issued and property expenditures of approximately CDN\$188,000 have been incurred on the El Fierro concession. Auramex Mexico and Azteca have signed a letter of intent dated February 21, 2007 to extend the option to December 2008 and Auramex will issue 25,000 shares in the Company as consideration for the extension. Upon Auramex Mexico earning its interest, Azteca may either participate in a joint venture for the remaining 15% or convert to a 2% net smelter returns royalty. Azteca will automatically convert to a 2% NSR in the event that its interest under the joint venture is diluted to 10% or less.

With respect to the 50 hectare Gracias a Dios and Ampliación Gracias a Dios concessions, Auramex Mexico entered into an option agreement dated December 18, 2006 to purchase these concessions which cover the historic El Escobal gold mine. Under the agreement, Auramex Mexico can purchase the properties by the issuance of \$US50,000 in shares in the parent company, (503,000 shares issued at \$0.115), payment of \$US100,000 at the end of one year and \$300,000 at the end of the second year. Upon the Company earning its interest, the Optionor is entitled to receive a 2% Net Smelter Returns Royalty that is capped at \$US1,450,000. In addition to the option to purchase the mining concessions, Auramex Mexico has also entered into an option to purchase 450 hectares of surface land overlying the El Escobal mine and part of the Magenta concession. The option to purchase the land requires the payment of \$US100,000 at the end of the second year. The terms of the agreement require that both options be exercised or that neither be exercised.

The remaining 4,900 hectares comprising the balance of the Magenta property was acquired by staking at a cost to the Company of approximately \$21,800. The staked ground surrounds the El Fierro concession and certain other claims, totalling approximately 380 hectares, not controlled by the Company.

An initial evaluation of the Magenta property consisting of a property examination, reviewing historic reports and sampling, was conducted in the Spring of 2003. A trenching and soil sampling program was conducted in the southwest area of the property in the fall of 2003. In May 2004, an Induced Polarization and Resistivity Survey and

surface sampling were conducted in the La Prieta area and in the El Fierro area. Several drill targets were identified, as well as areas that require additional geophysical work to determine if drill targets exist there. A 700 metre drill program in these two areas consisting of five holes was completed October 23, 2004. The drill program tested three locations, namely La Prieta #1 vein, La Prieta copper/gold porphyry zone and the El Fierro zone. The assays at La Prieta #1 and El Fierro, although anomalous in gold, copper, silver, nickel and cobalt, were too low to be considered potentially economic. The results at the copper/gold porphyry zone were encouraging and indicate the need for additional exploration.

During 2005, the Company conducted a program to evaluate part of the La Prieta copper/gold porphyry zone over a north/south length of 1.5 kilometres, and one kilometre east/west. Prospecting, mapping and soil sampling were carried out in November 2005.

In March and April of 2006, the Company conducted a 500 metre diamond drill program, consisting of a 313 metre hole in the copper/porphyry zone and a 187 metre hole into a copper showing 500 metres south east of the copper/gold porphyry zone. Assays from the porphyry zone identified it as a copper/molybdenum/gold porphyry system returning 0.021% copper and anomalous molybdenum from continuous samples over the whole 313 metres. The second 187 metre hole returned anomalous copper values but entered a weakly mineralized diorite in the last 20 metres of the hole. In March 2007, the 313 metre hole was re-entered and a further 150 metres were drilled. Anomalous copper values were returned but this hole also was also terminated in weakly mineralized diorite. A soil geochemical, induced polarization and mapping program is considered necessary to further evaluate the La Prieta copper/molybdenum/gold porphyry.

There is extensive historic data available regarding the Gracias a Dios (“El Escobal”) concessions, including historic production data and more recent exploration results. Santa Cruz Gold Inc. conducted trenching and drilling in 1996 and 1997 which provided estimates of mineral resources totalling 108,000 ounces of gold. The Company drilled eight locations totalling 700 metres in a diamond drill program in February and March of 2007 designed to confirm and expand that resource.

To the end of 2006, \$605,189 had been expended on the Magenta property. Of that amount, \$178,591 was expended in 2006. Approximately \$335,000 has been spent in 2007 to date, \$260,000 at El Escobal and \$75,000 at the La Prieta porphyry zone. All programs conducted at Magenta have been supervised by David St. Clair Dunn, P.Geo. (“Dunn”) and the most recent report prepared in accordance with National Instrument 43-101 prepared by Dunn, dated April 5, 2005, entitled “Report on Diamond Drilling on the Magenta Property” is available on the SEDAR website at www.sedar.com and on the Auramex website at www.auramex.com.

La Perla II, Mexico

During 2005, the Company staked a 300 hectare concession in northern Sinaloa State, Mexico at a staking cost of \$2,831. A soil geochemical survey was conducted in April 2006 over an area of artisanal pitting. An area 200 metres by 50 metres returned anomalous gold values. Trenching of this area is planned for the fall of 2007.

Bear River Property, British Columbia

Under five option agreements dated September 21, 2005, February 1, 2006 (two agreements), September 15, 2006 and February 21, 2007, the Company has the right to acquire a 100% interest in the Bear River properties for cash totalling \$24,900 (paid), and the issuance of 575,000 common shares in the Company (260,000 issued) over a period ending February 2008. Each option agreement provides that after the Company has earned its interest, the Optionor is entitled to receive a 1% Net Smelter Returns royalty. The Net Smelter Returns royalty under all five agreements can be purchased by the Company for a total of \$4,000,000.

The Bear River properties consist of 109 mineral claims covering approximately 32,000 hectares located in the Skeena Mining Division, near Stewart, British Columbia, extending roughly 25 kilometres north and 15 kilometres east. Two other non-contiguous properties are included in these agreements, Georgie River, 25 kilometres south of Stewart and Tide North 45 kilometres north northwest of Stewart.

An initial phase of mineral exploration was carried out on these properties in 2006. Numerous anomalies were outlined as detailed in the company's news releases. Follow-up exploration programs are planned for the summer of 2007.

Brandywine Property, British Columbia

The Brandywine property comprises a 100% interest, subject to a net smelter returns royalty of 0.5% with minimum annual payments of \$50,000 following commencement of commercial production, in a mining lease and five located mineral claims consisting of 51 units located in the Vancouver Mining Division, British Columbia. The property is approximately 1,320 hectares in area. The property consists also of two cell claim tenures totalling 166 hectares staked in 2006.

A geological report in accordance with National Instrument 43-101 was prepared by David St. Clair Dunn, P.Geo., and is dated June 3, 2003 (the "Brandywine Report"). The Brandywine Report reviews previous work conducted on the property and recommends a Phase 1 exploration program consisting of geological mapping and geophysical surveying at an estimated cost of \$70,000. Contingent upon the results from Phase 1, the report recommends a Phase 2 program consisting of diamond drilling at an estimated cost of

\$475,000. The Brandywine Report has been filed on SEDAR and is available on the SEDAR website at www.sedar.com.

In 2004, portable assessment credits were applied to maintain the claims in good standing until April 13, 2010. The Company made no expenditures on this property in 2005, except for the annual lease payment on the mining lease.

The Brandywine property is notably prospective in silver, and the price of silver has increased in the past five years from a low of \$US4.30 in 2001 to a high of \$US14.94 in 2006. The Company reviewed existing data on the property concerning silver mineralization, and plans additional exploration in two areas where silver mineralization was reported. Expenditures in 2006 totalled \$4,652.

Summit/Oldtimer Property, British Columbia

The Company held this property under an option agreement entered into in February 2004 and amended December 2005. Under the agreement, the Company had the right to acquire up to a 100% interest in the property by paying \$50,000 to the optionor (paid), incurring property expenditures of \$50,000 per year (\$63,055 in 2004, \$226,435 in 2005 incurred,) through 2008, and making payments to the optionor of \$65,000 in 2007 and \$40,000 in 2008. As the drill program in 2005 did not indicate economic values, the Company notified the optionor that it would not exercise its option to purchase the property and has written off the asset.

Summary of Quarterly Results

The following table sets out selected financial information, presented in Canadian dollars and prepared in accordance with Canadian generally accepted accounting principles for each of the last eight quarters ending December 31, 2006

		2006			
		Fourth quarter	Third quarter	Second quarter	First quarter
(a)	Revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil
(b)	Income (Loss) before discontinued operations and extraordinary items	\$ (416,665)	\$ (55,031)	\$ (47,874)	\$ (57,724)
(c)	Loss per share:				
	Basic -	\$ (0.02)	\$ (0.003)	\$ (0.0035)	\$ (0.004)
	Fully Diluted -	n/a	n/a	n/a	n/a
(d)	Net loss	\$ (416,665)	\$ (55,031)	\$ (47,874)	\$ (57,724)
(e)	Net loss per share:				
	Basic -	\$ (0.02)	\$ (0.003)	\$ (0.003)	\$ (0.004)
	Fully Diluted -	n/a	n/a	n/a	n/a

		2005			
		Fourth quarter	Third quarter	Second quarter	First quarter
(a)	Revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil
(b)	Income (Loss) before discontinued operations and extraordinary items	\$ (216,942)	\$ (34,334)	\$ (62,827)	\$ 72,677
(c)	Inc(loss) per share:				
	Basic -	\$ (0.018)	\$ (0.003)	\$ (0.005)	\$ 0.007
	Fully Diluted -	\$ n/a	\$ n/a	\$ n/a	\$ 0.004
(d)	Net income(loss)	\$ (216,942)	(34,334)	(62,827)	72,677
(e)	Net inc(loss) per share:				
	Basic -	\$ (0.018)	\$ (0.003)	\$ (0.005)	\$ 0.007
	Fully Diluted -	\$ n/a	\$ n/a	\$ n/a)	\$ 0.004

The Company's business of exploring mineral exploration properties with available equity and debt financing is a long term endeavour that may take several years to yield meaningful results. Fluctuations in results from quarter to quarter are caused primarily by whether the Company raised financing or incurred exploration expenditures in any given quarter, and are not indicative of any particular trend in the Company's overall performance. Fourth quarter losses are not consistent with the first three quarters because of year end entries, including the recognition of stock based compensation expense for stock options and the write off of a mineral property.

Liquidity and Capital Resources

The Company has two sources of cash: equity financing and debt financing.

The primary method of equity financing is the sale of the Company's common shares and share purchase warrants on a private placement basis. Additional cash is generated when convertible securities, such as previously issued share purchase warrants and stock options, are exercised.

Debt financing is achieved by borrowing money from small groups of lenders. Typically, the lenders are paid interest on the money loaned and issued bonus shares as additional consideration for the loans. The Company sometimes attempts to borrow money from holders of its in-the-money share purchase warrants, with a view to offsetting the amount required to repay the funds borrowed with the amount required to exercise the warrants, thereby effectively converting the debt to equity.

During 2006 the Company raised gross proceeds of \$745,000 from equity financing, and in that regard issued a total of 6,500,000 common shares and warrants for the purchase of an additional 6,500,000 common shares. No warrants were exercised in 2006.

The monies raised in the foregoing fashion were temporarily insufficient to meet the Company's obligations during the year. At the end of 2006, the Company had cash on

hand in the sum of \$57,076 and a working capital deficit of \$48,669. Proceeds from equity financing at the beginning of 2007 were sufficient to return to a positive working capital position.

During the current financial year to the date hereof, the Company has raised an additional \$500,000 by the issue of 3,500,000 common shares and an equivalent number of share purchase warrants, \$266,500 from the exercise of 1,950,000 warrants, and \$9,035 from the exercise of 69,500 options.

During the year ended December 31, 2006, and in this fiscal year to date the Company has raised sufficient equity to pay its administrative costs and to carry out modest exploration programs on its mineral exploration properties. While certain of its administrative costs are fixed and unavoidable, the Company is able in large part to tailor its expenditures to the amount of capital available at any given time. This is particularly true with respect to exploration expenditures. For this reason, the Company has been able, to date, to generate sufficient amounts of cash in the short term to fund its ongoing activities.

The Company's ability to obtain sufficient funding for the medium to long terms will be dependent on the availability of equity and debt financing in the future, which the Company cannot predict. The availability of such funding will be dependent on a number of factors beyond the Company's control, including commodity prices, stock market performance and any number of other economic conditions. Accordingly, the ability of the Company to continue as a going concern cannot be assured.

The Company has two primary requirements for working capital: administrative costs and exploration expenses.

During the year ended December 31, 2006, general and administrative expense totalled \$291,567. This amount includes stock based compensation in the amount of \$89,525 as required by GAAP. This amount does not reflect actual expenses incurred, but attributes compensation costs to stock options granted to directors, officers or consultants. The Company does not expect a significant increase in general and administrative costs in 2007, although accounting and legal costs for Auramex Mexico are expected to increase somewhat with respect to compliance with Mexican requirements and increased activity in Mexico. At the date hereof, the Company has working capital of \$190,126 including \$99,000 in flow-through funds that must be spent on qualifying Canadian Exploration. At average monthly expenses of approximately \$17,000, the Company expects that approximately \$45,000 in additional funding will be required to fund general and administrative expense for the balance of the year.

Exploration expense is relatively discretionary in that the Company can tailor the amount and timing of such expenditures to fit available capital. During the year ended December 31, 2006, the Company expended \$53,395 on property acquisition and \$408,677 on exploration and related property expenditures. A further \$10,942 has been spent during 2007 to date on property acquisition, and approximately \$335,000 on an exploration

program just ended at Magenta in Mexico. The Company estimates that \$700,000 will be needed to fund the exploration the Company proposes to undertake during the balance of 2007. This estimate includes \$99,000 already funded by flow through funds, and \$US100,000 required for payment on the Gracias a Dios option in December 2007.

Given the foregoing estimate of administrative expense and the intended amount of exploration expense, the Company will require approximately \$747,000 in capital for the balance of the year. Management expects to raise this amount from the Company's conventional sources of financing.

Transactions With Related Parties

The Company was party to the following transactions with related parties during the year ended December 31, 2006.

Heather Conley, the Company's President, receives \$2,500 each month pursuant to a management consulting contract. That contract is ongoing and Ms. Conley received \$30,000 for 2006, and has received a further \$7,500 pursuant to the contract during the current year to date.

Ms. Conley is also an associate of Robert A. Young & Associates ("RAYA") and is the spouse of its principal, Robert Young. RAYA provides investor relations services under a contract dated December 1, 2004. Under this contract, RAYA received \$18,000 for 2006 and has received a further \$4,500 during the current year to date.

David St. Clair Dunn, P. Geo., a director of the Company, is a consulting geologist who provides management of exploration programs and geological work. Mr. Dunn billed the Company \$99,235 in fees and expenses in 2006, and has billed \$22,435 in the current year to date.

Judie Whitby, the Company's Chief Financial Officer and Secretary, receives \$3,500 per month for providing accounting, office and general management services to the Company. That contract is ongoing and Ms. Whitby received \$42,000 for 2006, and has received a further \$10,500 pursuant to the contract during the current year to date.

Ms. Whitby was reimbursed \$10,490 for expenses she incurred on the Company's behalf. For convenience, Ms. Whitby uses her personal credit card for the purpose of filing work assessment and staking claims through Mineral Titles Branch online system and in this regard was refunded \$25,441 by the Company.

The Company's primary supplier of legal services is Forth & Company, which is a sole proprietorship of Clive Forth, a director of the Company. During the year ended December 31, 2006, Forth & Company billed the sum of \$134,679, which included disbursements, and taxes that Forth & Company is required to remit to the provincial and federal governments. Of this amount, excluding GST of \$7,981, \$33,977 is recorded as a

cost against capital for share issuance costs, and \$4,767 is recorded as property acquisition costs for the Bear River property. Forth & Company billed \$31,620 for legal expense relating to corporate matters and billed \$56,334 against the accrued liability discussed in the subsequent paragraph. In the current year to date, Forth & Company billed the sum of \$86,677. Of this amount, excluding GST of \$4,597, \$15,384 is recorded as a cost against capital for share issuance costs, and \$5,008 is recorded as property acquisition expenditures. Forth & Company billed \$13,541 for legal expenses relating to corporate matters, and billed \$48,150 against the accrued liability.

Forth & Company has agreed to extend to January 1, 2008 the time of payment of certain obligations totalling \$78,645 as referred to in the notes to the audited financial statements at December 31, 2006. Subsequent to the year end, \$48,150 has been paid. The remaining liability is \$34,095 and is now a current amount.

During the financial year ended December 31, 2006, the Company granted stock options to its directors and consultants on a total of 839,000 common shares of the Company, exercisable at \$0.13 on or before March 11, 2011.

The Company considers all of the foregoing transactions and the amounts related thereto to be reasonable and representative of normal commercial transactions.

Fourth Quarter Events

During the fourth quarter of 2006, the Company incurred expenditures of \$4,118 on the Magenta property, \$15,591 on Gracias a Dios, \$52,762 on the Bear River property, \$1,940 on the La Perla concession, and \$3,955 on the Brandywine property. General and administrative expenses were consistent with three months of operations at \$41,288. A \$416,662 loss for the fourth quarter includes year end adjustments. These include a future tax benefit of \$76,714 recognized on flow-through shares, the write-off of a resource property in the amount of \$362,585, stock based compensation expense of \$89,525, a currency exchange gain of \$165, and amortization of fixed assets of \$1,602.

In November 2006, the Company completed a private placement of 500,000 units at \$0.15 per unit. Each unit consists of one flow-through common share and one share purchase warrant to acquire one additional share at a price of \$0.15 for a period of two years from the date of issue. Finders' fees of \$3,000 were paid with respect to this financing.

Financial Instruments

At April 26, 2007, the Company has cash and cash equivalents in the amount of \$232,785. The cash component is \$217,933, receivables of \$8,524, and prepaids and deposits of \$6,328. At December 31, 2006, cash and cash equivalents amounted to \$65,074, receivables were \$4,191 and prepaids and deposits \$3,808.

The current liabilities of the Company as at April 26, 2007 are \$42,659 (\$113,743 at December 31, 2006).

Additional Disclosure for Venture Issuers

The Company's business primarily involves mining exploration, and the Company has received no revenue from operations in either of its last two financial years. The following selected financial information indicates costs and expenses incurred by the Company for the two most recently completed financial years.

	Year ended Dec. 31, 2006	Year ended Dec. 31, 2005
Capitalized or expensed exploration and development costs		
• Magenta property, Mexico	178,591	91,664
• La Perla II concession, Mex.	8,723	-
• Brandywine property, B.C.	4,586	-
• Ymir property, B.C. ⁽¹⁾	n/a	225,870
• Bear River property, B.C.	209,401	15,464
Expensed research and development costs	Nil	Nil
Deferred development costs	Nil	Nil
General and administrative expenses ⁽²⁾	291,567	328,077
Material costs not referred to in the foregoing	Nil	Nil

⁽¹⁾ Property written off in 2006.

⁽²⁾ The general and administrative expenses include stock based compensation of \$89,525 in 2006 and \$145,823 in 2005, which amounts do not involve any outlay of cash by the Company, but are required entries pursuant to GAAP.

Disclosure of Outstanding Share Data

The Company has the follow securities outstanding at the date hereof.

24,927,249 common shares.

8,650,000 warrants to acquire common shares.

Number of Warrants	Exercise Price	Expiry Date
400,000	\$0.19	June 6, 2007
925,000	\$0.12	January 4, 2008
310,000	\$0.12	January 24, 2008
565,000	\$0.12	February 14, 2008
860,000	\$0.15	April 6, 2008
880,000	\$0.15	May 2, 2008
710,000	\$0.15	August 15, 2008
500,000	\$0.15	November 8, 2008
2,500,000	\$0.12	January 16, 2009
1,000,000	\$0.20	March 12, 2009
<u>8,650,000</u>		

2,374,500 incentive stock options to acquire common shares (3,648,950 authorized)

Options Outstanding	Exercise Price	Expiry Date
825,000	\$0.15	August 26, 2008
380,000	\$0.13	December 2, 2008
50,000	\$0.13	August 19, 2009
150,000	\$0.13	September 22, 2009
100,000	\$0.20	May 5, 2010
769,500	\$0.13	March 11, 2011
100,000	\$0.15	January 11, 2012
<u>2,374,500</u>		

Other

The Company's Chief Executive Officer and Chief Financial Officer (the "Responsible Officers") are responsible for establishing and maintaining disclosure controls and procedures for the Company, designed to provide reasonable assurance that material information relating to the Company and its subsidiaries is made known to the Responsible Officers by others within the organization, particularly during the period in which the Company's annual financial statements and Management's Discussion and Analysis are being prepared. The Responsible Officers have also designed such control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's generally accepted accounting principles. The Responsible Officers have evaluated the effectiveness of the Company's disclosure controls and procedures as at December 31, 2006, and have concluded that such controls and procedures are effective in conveying the required information to the Responsible Officers, particularly in light of the Company's size, structure and stage of development. No changes have occurred in the Company's internal control over financial reporting

during the most recently completed interim period that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

The Company has no off-balance sheet arrangements. The Company has no proposed material asset or business acquisition or disposition that the Company's Board of Directors has decided to proceed with, or that the Company's senior management has decided to proceed with in the belief that confirmation by the Board is probable...There were no changes in accounting policies during 2006.