

AURAMEX RESOURCE CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2007

The following discussion and analysis of financial position and results of operations of Auramex Resource Corp. (the "Company") is prepared as at April 25, 2008, and should be read in conjunction with the audited financial statements for the years ended December 31, 2007 and 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 may 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.

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, 2007 was \$87,877 compared to a working capital deficit of \$48,669 at December 31, 2006. The cash component of working capital for the same dates was \$116,644 and \$57,076 respectively. During the year, the Company realized gross proceeds of \$1,660,535 from equity financing, compared to \$745,000 in the previous year. Total exploration expenditures during 2007 were \$915,465, as compared to \$401,301 in the previous year.

Overall, the Company was able to cover its administrative expenses, to conduct a two crew extensive exploration program on the Bear River property, to conduct rehabilitation of the underground workings at El Escobal in Mexico and to acquire additional property at Magenta during the year. This performance was in line with management's expectations for the year.

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,**

			2007		2006		2005
(a)	Revenue	\$	Nil	\$	Nil	\$	Nil
(b)	Income(Loss) before discontinued operations and extraordinary items	\$	(278,350)	\$	(577,294)	\$	(241,426)
(c)	Loss per share:						
	Basic -	\$	(0.01)	\$	(0.03)	\$	(0.02)
	Fully Diluted -	\$	n/a	\$	n/a	\$	n/a
(d)	Net loss	\$	(278,350)	\$	(577,294)	\$	(241,426)
(e)	Net loss per share:						
	Basic -	\$	(0.01)	\$	(0.03)	\$	(0.02)
	Fully Diluted -	\$	n/a	\$	n/a	\$	n/a
(f)	Total Assets	\$	2,360,661	\$	1,110,156	\$	1,091,233
(g)	Long Term Financial Liabilities	\$	Nil	\$	78,645	\$	134,979
(h)	Cash dividends per share	\$	Nil	\$	Nil	\$	Nil

While the Company had no revenue over the three year period referred to in the foregoing, it received a one-time cash payment in 2007 of \$47,000 from the Resort Municipality of Whistler as consideration for quit claiming certain surface rights within the Company's Brandywine property, which directly impacted the 2007 loss figure.

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

In 2007, the Company incurred accounting expense in Mexico of \$3,925 (2006 - \$7,288) relating to Auramex Mexico. There had not been any similar expense incurred in previous years.

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 \$56,248 (2006 - \$89,525) (2005 - \$145,823), was recorded for the year 2007 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 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 develop an economic mineral deposit, and accordingly has no sales or other significant revenue and no profit. The Company did receive a payment of \$47,000 during the year in exchange for quit claiming certain surface rights on the Brandywine Property to the Resort Municipality of Whistler.

At December 31, 2007 the Company held five mineral exploration properties, the Magenta property, Mexico, the Gracias a Dios (El Escobal) 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 Ana concession covering 275 hectares that was purchased in 2007, 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"), the wholly owned subsidiary of Nordic Gold Corp. Under the agreement, Auramex Mexico can earn an 85% interest in the acreage 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. To date, the back taxes have been paid and the 20,000 shares have been issued. The exploration expenditures of US\$200,000 will have been incurred by the end of a diamond drill program currently nearing completion. During the current year, the Company issued 25,000 shares to Azteca as consideration for an extension of the option to December 2008. 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

\$US 50,000 in shares in the parent company, (503,000 shares issued at \$0.115), payment of \$US 100,000 (paid) by December 18, 2007 and \$US 300,000 by December 18, 2008. Upon the Company earning its interest, the Optionor is entitled to receive a 2% Net Smelter Returns Royalty that is capped at \$US 1,450,000. 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 \$US 100,000 by December 18, 2008. 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, a 275 hectare property known as Ana, and certain other claims, totalling approximately 132 hectares, not controlled by the Company. During the quarter ended June 30, 2007, the Company entered into an agreement to acquire the Ana property which is adjacent to El Escobal. The terms of the agreement were the payment of back taxes (paid), payment to the vendor of \$US 2,000 upon signing (paid) and payment of \$US 8,000 (paid) to the vendor upon completion of the purchase.

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. An Induced Polarization and Resistivity Survey and surface sampling were conducted in the La Prieta area and in the El Fierro area in May 2004. Several drill targets were identified. A 700 metre drill program in these two areas, completed October 23, 2004, 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 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 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.

In April, 2008 two diamond drill holes totalling 163 metres were drilled at El Fierro. Assays are pending.

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 (not NI 43-101 compliant). 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. One hole returned an 8.1 metre interval that assayed 34 grams per tonne (“g/t”) gold. In July 2007, the Company contracted with a mining engineer to provide crews to clean and rehabilitate the underground workings. As many years had passed since the mine was operated, rehabilitation has been complicated and difficult, mostly due to the presence of bats and cave-ins. At the time of this report, cleaning and rehabilitation is still ongoing to enable underground sampling. Sampling is being done in the exposed portions of the underground workings and assays are pending. The Company has commissioned a NI 43-101 compliant report to be prepared once the underground workings are sufficiently accessible, and assays from samples have been received. Diamond drilling at El Escobal is in progress at the date of this report.

To the end of 2006, \$605,189 had been expended on exploration on the Magenta property. \$603,729 has been spent in 2007, \$514,954 at El Escobal and \$88,775 at the La Prieta porphyry zone. All programs conducted at Magenta have been supervised by David St. Clair Dunn, P.Geol. (“Dunn”). 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 was conducted at this location in December 2007. Samples returned anomalous values in gold. The Company has not yet designed a next stage exploration program.

Bear River Properties, 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 totaling \$24,900 (paid), and the issuance of 575,000 common shares in the Company (issued) over a period ended 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. These options have been exercised and tenures totaling 29,538.732 hectares are now owned by the Company. Not all title transfers have been completed at the date of this report. The Net Smelter Returns royalty under all five agreements can be purchased by the Company for a total of \$4,000,000.

A sixth option agreement dated November 22, 2007, gives the Company the right to acquire a 100% interest in 1,064.255 hectares in the Bear River area by payment of

\$3,000 (paid) and the issuance of 100,000 shares (25,000 issued) in the Company over a two year period. If the option is exercised, the optionor will be entitled to a 2% NSR, which can be purchased by the Company for \$1,000,000.

The Bear River properties consist of 119 mineral claims covering approximately 30,000 hectares located in the Skeena Mining Division, near Stewart, British Columbia. The claims comprise four non-contiguous claim groups: the Georgie River, 25 kilometres south of Stewart, the Tide North 45 kilometres north northwest of Stewart, the Surprise Creek 35 kilometres northeast of Stewart, and the Bear immediately east and north of Stewart.

An initial phase of mineral exploration was carried out on these properties in 2006 with the exception of the Surprise Creek claim block which was added after the program was completed. In late May 2007, the Company began a program to follow up on encouraging results from the 2006 program and to conduct initial property stream sediment sampling at Surprise Creek.

At Georgie River, a 2006 Field Program outcrop assay returned 4.3% copper along 25 metres of strike and 1.1 metres width at a showing previously known as the Lyddon Showing. In 2007, magnetic and VLF-em geophysical surveys have been carried out over a one kilometre by one kilometre grid. A strong magnetic anomaly has been discovered 100 metres north of and extending at least 700 metres to the north northeast off the grid. A strong, localized VLF-em anomaly was located 350 metres west northwest of the showing. A soil geochemical survey has been carried out over the entire grid.

At Tide North, the east side of the Bowser River has been sampled and the gold bearing structure discovered in 2006 has been trenched in 2007. Four pan concentrate samples returned anomalous gold values; 100 parts per billion (“ppb”), 180 ppb, 545 ppb and 24.2 grams per tonne (“g/t”) gold.

At Surprise Creek, which consisted of 14 tenures with a total area of 6,052.340 hectares, a property scale stream sediment sampling program has been completed. A vein on one of the mineral tenures (Lauren Gold - tenure number 523449) contains visible pyrite, galena and sphalerite. A sample collected from a stockwork vein returned assays of 13.2 g/t gold, 0.3 % lead and 0.86 % zinc. Two pan concentrate samples collected from a stream flowing into Surprise Creek in the northwestern portion of the property returned 150 ppb gold and 120 ppb gold. A grab sample taken upslope from the two pan concentrate samples just mentioned returned 820 ppb gold and 515 parts per million copper. The Company added 1,010.138 hectares at this location in the option agreement dated November 22, 2007. Detailed prospecting, sampling and trenching are recommended for a 2008 program.

In the approximately 20,000 hectares comprising the Bear property, there are two highly prospective targets, Roosevelt Ridge and the Dunwell Mine area. In the 2006 program, two samples taken 500 metres apart on either side of a rapidly ablating icefield, returned 5.5 g/t gold and 3.5% zinc on one side and 7.5 g/t gold and 3.4 % zinc on the other side at Roosevelt Ridge. Trenching, further sampling and mapping have been conducted at this location. The most significant value obtained from the trenching and chip sampling was

3.05 g/t gold. In 2006, a grab sample at the Dunwell Mine area returned an assay of 7.8 g/t gold.

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 1,590 hectares in area. The property includes three cell claim tenures totalling 228 hectares. Two tenures were staked in 2006 and one in 2007, adjacent to the five legacy claims.

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 work recommended by this report has not yet been conducted. 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 Brandywine property is notably prospective in silver, both at the Silver Tunnel location and at the Tedi Pit location. The Tedi Pit location also contains high zinc and lead values as shown in drill core assays from a 1992 drill program. The price of silver has increased in the past five years from a low of \$US4.30 per ounce in 2001 to a high of \$US20.92 in March 2008 and is currently above \$US 16.00. Expenditures in 2007 were \$18,859. The Company did a sampling program at the Tedi Pit, and secured drill core from the 1992 drill program.

Summary of Quarterly Results

The following table sets out selected financial information, presented in Canadian dollars and prepared in accordance with GAAP, for each of the last eight quarters ended December 31, 2007:

		2007			
		Fourth quarter	Third quarter	Second quarter	First quarter
(a)	Revenue	\$ Nil	\$ 47,309	\$ Nil	\$ Nil
(b)	Income (Loss) before discontinued operations and extraordinary items	\$ (126,833)	\$ (39,699)	\$ (51,430)	\$ (60,388)
(c)	Inc(loss) per share:				
	Basic -	\$ (0.004)	\$ (0.001)	\$ (0.002)	\$ (0.003)
	Fully Diluted -	\$ n/a	\$ n/a	\$ n/a	\$ n/a
(d)	Net income(loss)	\$ (126,833)	(39,699)	(51,430)	(60,388)
(e)	Net income(loss)				

	per share:				
	Basic -	\$ 0.004)	\$ (0.001)	\$ (0.002)	\$ (0.003)
	Fully Diluted -	\$ n/a	\$ n/a	\$ n/a	\$ n/a

		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)	Inc(loss) per share: Basic -	\$ (0.02)	\$ (0.003)	\$ (0.003)	\$ (0.004)
	Fully Diluted -	\$ n/a	\$ n/a	\$ n/a	\$ n/a
(d)	Net income(loss)	\$ (416,665)	(55,031)	(47,874)	(57,724)
(e)	Net income(loss) per share: Basic -	\$ (0.02)	\$ (0.003)	\$ (0.003)	\$ (0.004)
	Fully Diluted -	\$ n/a	\$ n/a	\$ n/a	\$ n/a

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 any 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 higher than the first three quarters because of year end entries, mainly the recognition of stock based compensation expense for stock options and a currency exchange loss.

Liquidity and Capital Resources

The Company's primary source of cash is equity financing, by 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.

During 2007, the Company raised gross proceeds of \$1,385,000 from private placement financing, and in that regard issued a total of 10,000,000 common shares and warrants for the purchase of an additional 10,000,000 common shares. 1,950,000 warrants were exercised providing an additional \$266,500 and 69,500 options were exercised providing an additional \$9,035.

During the fiscal year, the Company has successfully raised sufficient equity to pay its administrative costs as they become due and to carry out 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 expense.

During the year ended December 31, 2007, general and administrative expense totalled \$327,912 including stock based compensation of \$56,248. Working capital at December 31, 2007 was \$87,877 (2006 – (\$48,669)) and at the date of this report is \$165,029.

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, 2007, the Company expended \$166,861 and issued 783,000 shares with a deemed value of \$95,395 on property acquisitions, and \$915,465 on exploration and related property expenditures. A further \$168,593 has been spent during 2008 to date on the exploration programs: \$97,719 at El Escobal, \$24,550 at El Fierro, \$27,536 at Magenta, \$1,184 at La Perla II, \$11,250 on the Bear River properties and \$6,354 on the Brandywine property.

The Company is required to spend \$166,500 eligible exploration expenditures from a \$300,000 flow-through financing conducted in 2007, and is obligated to pay \$US300,000 plus 15% value added tax by December of 2008 to exercise its option on the Gracias a Dios mineral claims and to pay \$US100,000 to exercise the option to purchase the related surface land. As the current drill program being conducted on the El Fierro and Gracias a Dios claims will use virtually all the current working capital, the Company must raise at approximately \$1,000,000 to fund administrative expense, to conduct flow-through eligible exploration in British Columbia, to fund the payment to the Gracias a Dios vendors, and to conduct further exploration on the Magenta project. As stated in the foregoing, the availability of future funding cannot be assured.

Transactions with Related Parties

The Company was party to the following transactions with related parties during the year ended December 31, 2007.

Heather Conley, the Company's President and CEO, receives \$2,500 each month pursuant to a management consulting contract. That contract is ongoing and Ms. Conley received \$30,000 in 2007 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 is providing investor relations services under a contract dated December 1, 2004. During the year ended December 31, 2007, the

Company paid \$18,000 to RAYA under this contract, and a further \$4,500 during the current year to date.

Judie Whitby, the Company's Chief Financial Officer and Secretary, receives \$4,500 per month for providing accounting, office and general management services to the Company. Prior to June 1, 2007, this amount was \$3,500 per month. During the year ended December 31, 2007, Ms. Whitby received the sum of \$49,000 pursuant to this arrangement, and has received a further \$13,500 during the current year to date. Ms. Whitby was reimbursed \$16,738 for expenses she incurred on the Company's behalf.

The Company's primary supplier of geological services is David St. Clair Dunn, a director of the Company. During the year ended December, 2007, Mr. Dunn received \$106,137 for fees and expenses, and has received a further \$4,285 during the current year to date.

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, 2007, Forth & Company provided \$65,189 in legal services, which included disbursements, and taxes that Forth & Company is required to remit to the provincial and federal governments. Of this amount, \$20,227 is recorded as a cost against capital for share issuance costs, \$5,288 is recorded as mineral property acquisition costs and \$39,674 is legal expense relating to corporate matters. During the current year to date, Forth & Company provided a further \$11,223 in legal services related to corporate matters, \$1,848 related to mineral property acquisition costs and \$6,224 related to share issuance costs.

Forth & Company had 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, 2007 and 2006.. At the end of July 2007 the liability had been billed and paid.

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

Fourth Quarter

For the three months ended December 31, 2007, the Company recorded a loss of \$126,833 compared to a loss of \$416,665 for the same period in 2006, a decrease of \$289,832. The decrease was due to the Company's \$362,585 write-off of its Summit/Oldtimer property near Ymir, British Columbia in 2006. General and administrative expense was \$72,876 in 2007 compared to \$41,288 for the same period in 2006, an increase of \$31,588. The increased general and administrative expense was largely due to a currency exchange loss of \$16,888, increased management consulting fees of \$3,700, increased travel costs of \$3,685, increased professional fees of \$2,533, and increased marketing and promotion expense of \$1,800. The Company expects similar general and administration expense in the current year.

Changes in Accounting Policies Including Initial Adoption

Effective January 1, 2007 the Company adopted the new recommendations of the CICA Handbook Section 1530, Comprehensive Income; Section 3855, Financial Instruments – Recognition and Measurement; Section 3861, Financial Instruments – Disclosure and Presentation; and Section 3865; Hedges, retroactively without restatement.

Under Section 3855, financial instruments must be classified into one of the following five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification as follows: (1) held-for-trading financial instruments are measured at fair value and changes in fair value are recognized in net earnings in the period in which they arise; (2) held-to-maturity investments, loans and receivables, and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost and amortization of premiums or discounts and losses due to impairment are included in current period net earnings; (3) available-for-sale financial assets are measured at fair value and changes in fair value are included in “other comprehensive income” until the gain or loss is recognized in income; (4) all derivative financial instruments are measured at fair value, even when they are part of a hedging relationship and changes in fair value are included in net earnings in the period in which they arise, except for hedge transactions which qualify for hedge accounting treatment in which case gains and losses are recognized as other comprehensive income.

Upon adoption of these new standards, the Company has classified its cash and equivalents and short-term investments as held-for-trading. Amounts receivable are classified as loans and receivables. Accounts payable and accrued liabilities and due to related parties are classified as other liabilities. Derivatives embedded in other financial instruments must be separated and measured at fair value. The Company currently does not have embedded derivatives.

Section 3861, establishes the requirements for the disclosure and presentation of financial instruments and non-financial derivatives.

Section 3865, specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. The Company currently does not have any financial instruments which qualify for hedge accounting.

Section 1530 specifies how comprehensive income is to be reported and presented. Comprehensive income is the change in the Company’s shareholder equity that results from transactions and other events from other than the Company’s shareholders and includes items that would not normally be included in net earnings, such as unrealized gains or losses on available-for-sale investments. This standard requires certain gains and losses that would otherwise be recorded as part of net earnings to be presented in other comprehensive income until such items are realized.

This standard requires the presentation of comprehensive income, and its components in a separate financial statement that is displayed with the same prominence as the other

financial statements. Accumulated other comprehensive income is presented as a new category in shareholders' equity.

As there were no other comprehensive income items, comprehensive loss for the year was equal to the net loss for the year.

Effective January 1, 2007, the Company adopted CICA Section 1506, "Accounting Changes", effective for annual and interim periods beginning on or after January 1, 2007. The new standard establishes criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and the correction of errors. The disclosure is to include, on an interim and annual basis, a description and the impact on the Company on any new primary source of GAAP that has been issued but is not yet effective. The impact that the adoption of Section 1506 will have on the Company's results of operations and financial condition will depend on the nature of future accounting changes.

The following accounting pronouncements are applicable to future reporting periods. The Company is currently evaluating the effects of adopting these standards:

On January 8, 2008, the CICA issued Section 3064, "Goodwill and Intangible Assets". Section 3064 establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. Section 3064 is effective for the Company for annual and interim financial statements commencing January 1, 2009.

On September 15, 2006, the CICA issued three new accounting standards: Section 1535 "Capital Disclosures", Section 3862 "Financial Instruments – Disclosures" and Section 3863 "Financial Instruments – Presentation". Section 1535 requires that a company disclose information that enables users of its financial statements to evaluate its objectives, policies and procedures for managing capital including disclosures of any externally imposed capital requirements and the consequences for non-compliance. Sections 3862 and 3863 replace Section 3861 "Financial Instruments – Disclosure and Presentation", revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. Sections 1535, 3862 and 3863 are effective for the Company for annual and interim financial statements commencing January 1, 2008.

Financial Instruments

At April 25, 2007, the Company has current assets in the amount of \$211,477. The cash component is \$122,706, receivables are \$18,247 and prepaids and deposits are \$70,524. At December 31, 2007, cash and cash equivalents amounted to \$116,644, receivables were \$15,668 and prepaids and deposits were \$3,492. The current liabilities of the Company as at April 25, 2008 are \$46,518 (\$47,927 at December 31, 2007).

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 during this year and last year.

Capitalized or expensed exploration and development costs	Year ended December 31, 2007	Year ended December 31, 2006
• Magenta property, Mexico	\$ 88,775	\$ 178,591
• La Perla II concession, Mexico	6,955	8,723
• Gracias a Dios, Mexico	514,954	Nil
• Brandywine property, B.C.	18,859	4,586
• Bear River properties, B.C.	285,922	209,401
Expensed research and development costs	Nil	Nil
Deferred development costs	Nil	Nil
General and administrative expenses	327,912	291,567
Material costs not referred to in the foregoing	Nil	Nil

Disclosure of Outstanding Share Data

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

35,152,249 common shares.

15,090,000 warrants to acquire common shares, as follows:.

Number of Warrants	Exercise Price	Expiry Date
880,000	\$0.15	May 2, 2008
710,000	\$0.15	August 15, 2008
500,000	\$0.15	November 8, 2008
2,500,000	\$0.15	January 16, 2009
1,000,000	\$0.25	March 12, 2009
2,000,000	\$0.15	July 17, 2009
2,000,000	\$0.20	September 6, 2009
2,500,000	\$0.15	September 6, 2009
3,000,000	\$0.10	March 11, 2010
15,090,000		

2,374,500 incentive stock options to acquire common shares, as follows:

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 8, 2011

100,000	\$0.13	January 11, 2012
<hr/> 2,374,500 <hr/>		

Other

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.