

**MAXIMUS VENTURES LTD.**  
(an exploration stage Company)

**CONSOLIDATED FINANCIAL STATEMENTS**

**Years ended September 30, 2007 and 2006**

## AUDITORS' REPORT

### To the shareholders of Maximus Ventures Ltd.

We have audited the consolidated balance sheet of Maximus Ventures Ltd. (an exploration stage Company) as at September 30, 2007 and the consolidated statements of operations and comprehensive loss, deficit, contributed surplus, cash flows and deferred exploration expenses for the year ended September 30, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2007 and the results of its operations and its cash flows for the year ended September 30, 2007, in accordance with Canadian generally accepted accounting principles.

The consolidated financial statements as at September 30, 2006 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their report dated December 15, 2006.

*Raymond Chabot Grant Thornton LLP*

Chartered Accountants

Montréal, Canada  
December 14, 2007

**Maximus Ventures Ltd.**  
 (an exploration stage Company)  
**Consolidated Balance Sheets**

	September 30, 2007	September 30, 2006
	\$	\$
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	277,262	3,403,416
Marketable securities (note 3)	-	2,097,823
Amounts receivable	208,610	110,444
Prepaid expenses	21,518	-
	<b>507,390</b>	<b>5,611,683</b>
Asset-backed commercial paper (note 4)	3,834,386	-
Reclamation bond	7,468	3,640
Equipment (note 5)	4,418	-
Exploration advance (note 9)	57,411	274,565
Mineral properties (note 6)	805,992	692,133
Deferred exploration expenses (note 6)	6,454,183	2,810,914
	<b>11,671,248</b>	<b>9,392,935</b>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	399,387	427,039
Loan from a related party (note 7)	-	550,000
	<b>399,387</b>	<b>977,039</b>
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock (note 8)	36,770,075	32,519,107
Contributed surplus	2,736,582	1,976,556
Deficit	(28,234,796)	(26,079,767)
	<b>11,271,861</b>	<b>8,415,896</b>
	<b>11,671,248</b>	<b>9,392,935</b>

Subsequent events (note 14)

*The accompanying notes are an integral part of the consolidated financial statements.*

On behalf of the Board,

(s) François Viens  
 François Viens, Director

(s) Elaine Bennett  
 Elaine Bennett, Director

# Maximus Ventures Ltd.

(an exploration stage Company)

## Consolidated Operations and Comprehensive Loss

	Year ended September 30, 2007	Year ended September 30, 2006
	\$	\$
<b>Expenses</b>		
Management and administration	281,210	101,798
Professional fees	115,023	103,699
Consulting	18,500	7,948
Office	57,112	26,172
Transfer agent and filing fees	23,479	23,433
Shareholder communications	25,182	5,698
Travel and related costs	36,441	16,856
Depreciation	884	-
Stock-based compensation cost	631,997	31,780
<b>Loss before other items</b>	<b>1,189,828</b>	<b>317,384</b>
<b>Other items</b>		
Interest income	(154,603)	(77,203)
Financing fee (note 7)	-	170,000
Loss (gain) on disposal of marketable securities (note 3)	1,385,463	(496,445)
Non-hedge derivative gain (note 7)	(28,424)	-
Impairment charge on asset-backed commercial paper (note 4)	950,000	-
Write-down of deferred exploration expenses and mineral properties (note 6)	932,493	-
	<b>3,084,929</b>	<b>(403,648)</b>
Earnings (loss) before income taxes	(4,274,757)	86,264
Future income tax recovery (note 10)	767,700	-
<b>Net earnings (loss) and comprehensive loss</b>	<b>(3,507,057)</b>	<b>86,264</b>
Basic and diluted earnings (loss) per common share	(0.06)	0.01
Weighted average number of common shares - basic	56,575,908	39,319,554
Weighted average number of common shares - diluted	57,775,908	39,907,059

The accompanying notes are an integral part of the consolidated financial statements.

**Maximus Ventures Ltd.**  
 (an exploration stage Company)  
**Consolidated Deficit and Contributed Surplus**

	Year ended September 30, 2007	Year ended September 30, 2006
	\$	\$
<b>DEFICIT</b>		
Balance, beginning of year	(26,079,767)	(26,166,031)
Fair value adjustments (note 2)	1,352,028	-
Net earnings (loss)	(3,507,057)	86,264
Balance, end of year	<b>(28,234,796)</b>	<b>(26,079,767)</b>

	Year ended September 30, 2007	Year ended September 30, 2006 (restated)
	\$	\$
<b>CONTRIBUTED SURPLUS</b>		
Balance, beginning of year, as reported	1,598,956	1,437,259
Prior year adjustment (note 2)	377,600	-
Balance, beginning of year, as restated	<b>1,976,556</b>	1,437,259
Stock-based compensation cost	631,997	31,780
Share purchase warrants (note 8)	-	377,600
Broker warrants (note 8)	128,029	129,917
Balance, end of year	<b>2,736,582</b>	<b>1,976,556</b>

*The accompanying notes are an integral part of the consolidated financial statements.*

**Maximus Ventures Ltd.**  
(an exploration stage Company)  
**Consolidated Cash Flows**

	Year ended September 30, 2007	Year ended September 30, 2006
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net earnings (loss)	(3,507,057)	86,264
Non-cash items		
Depreciation	884	-
Stock-based compensation cost	631,997	31,780
Shares issued as financing fee	-	170,000
Loss (gain) on disposal of marketable securities	1,385,463	(496,445)
Non-hedge derivative gain	(28,424)	-
Impairment charge on asset-backed commercial paper	950,000	-
Write-down of deferred exploration expenses and mineral properties	932,493	-
Future income tax recovery	(767,700)	-
Changes in non-cash working capital items	(62,395)	(16,692)
Cash flows from operating activities	(464,739)	(225,093)
<b>INVESTING ACTIVITIES</b>		
Purchase of marketable securities	-	(2,000,000)
Proceeds from disposal of marketable securities	2,264,388	1,450,000
Payment of participation right related to disposal of marketable securities	(171,576)	-
Investments in ABCP	(4,784,386)	-
Reclamation bond	(3,828)	(3,640)
Equipment	(5,302)	-
Deferred exploration expenses and mineral properties	(4,401,724)	(2,235,250)
Cash flows from investing activities	(7,102,428)	(2,788,890)
<b>FINANCING ACTIVITIES</b>		
Shares issued, net of costs	4,991,013	4,328,584
Loan from a related party	-	2,000,000
Reimbursement of loan from a related party	(550,000)	(1,450,000)
Cash flows from financing activities	4,441,013	4,878,584
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(3,126,154)</b>	<b>1,864,601</b>
Cash and cash equivalents, beginning of year	3,403,416	1,538,815
Cash and cash equivalents, end of year	277,262	3,403,416
<b>Changes in other non-cash items</b>		
Value of share purchase warrants received (note 3)	-	1,051,378
Accounts payable related to exploration projects	84,941	289,530
Issuance of common shares pursuant to a mineral property agreement (note 6)	142,500	312,500
Issuance of common shares as finder's fee (note 6)	13,184	-
Issuance of broker warrants (note 8)	128,029	129,917

The accompanying notes are an integral part of the consolidated financial statements.

# Maximus Ventures Ltd.

(an exploration stage Company)

## Consolidated Deferred Exploration Expenses

Year ended September 30, 2007

	Hope Bay, Nunavut	Larder Lake, Ontario	Unity, Idaho	Excelsior Springs, Nevada	Keystone, Nevada	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	2,310,299	277,975	-	222,640	-	2,810,914
Assaying	-	104,528	-	59,235	8,857	172,620
Compilation and reporting	42,578	-	-	-	-	42,578
Contractors and consultants	-	17,693	-	-	17,401	35,094
Drilling	1,312,153	1,285,436	-	322,200	36,526	2,956,315
Geological	189,480	202,629	2,537	79,151	-	473,797
Labour	5,512	167,113	2,410	-	-	175,035
Management and administration	188,173	133,147	6,652	11,513	-	339,485
Mapping and sampling	103,178	-	-	-	-	103,178
Title and claim management	13,649	-	6,031	35,051	157	54,888
Travel and related costs	36,652	35,884	10,474	37,640	152	120,802
	1,891,375	1,946,430	28,104	544,790	63,093	4,473,792
	4,201,674	2,224,405	28,104	767,430	63,093	7,284,706
Write-down of deferred exploration expenses	-	-	-	(767,430)	(63,093)	(830,523)
Balance, end of year	4,201,674	2,224,405	28,104	-	-	6,454,183

Year ended September 30, 2006

	Hope Bay, Nunavut	Larder Lake, Ontario	Unity, Idaho	Excelsior Springs, Nevada	Keystone, Nevada	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	1,510,045	-	-	76,286	-	1,586,331
Assaying	-	72,865	-	14,962	-	87,827
Compilation and reporting	34,896	4,159	-	-	-	39,055
Contractors and consultants	-	111,118	-	6,184	-	117,302
Drilling	426,591	788,266	-	1,379	-	1,216,236
Geological	165,180	162,072	-	67,242	-	394,494
Labour	-	13,775	-	-	-	13,775
Management and administration	50,915	157,019	-	19,188	-	227,122
Mapping and sampling	115,865	-	-	-	-	115,865
Title and claim management	6,807	7,614	-	12,066	-	26,487
Travel and related costs	-	12,465	-	25,333	-	37,798
	800,254	1,329,353	-	146,354	-	2,275,961
	2,310,299	1,329,353	-	222,640	-	3,862,292
Fair value of warrants (note 6)	-	(1,051,378)	-	-	-	(1,051,378)
Balance, end of year	2,310,299	277,975	-	222,640	-	2,810,914

The accompanying notes are an integral part of the consolidated financial statements.

# Maximus Ventures Ltd.

(an exploration stage Company)

## Notes to Consolidated Financial Statements

September 30, 2007 and 2006

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### 1. GOVERNING STATUTES AND NATURE OF OPERATIONS

Maximus Ventures Ltd. (the "Company") was incorporated under the laws of British Columbia, Canada. The Company is primarily engaged in the acquisition and exploration of mineral properties. To date, the Company has not earned significant revenues and is considered to be in the exploration stage.

The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and deferred exploration expenses is dependent upon the existence of economically recoverable reserves on these properties, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production from these reserves or sufficient proceeds from their disposal thereof. The Company will periodically have to raise additional funds to continue operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

Although the Company has taken steps to verify title to the mineral claims in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

All financial results in these financial statements are expressed in Canadian dollars unless otherwise indicated.

### 2. ACCOUNTING POLICIES

The accompanying consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

#### Accounting estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates and assumptions are based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results may differ from those estimates. Significant areas where management judgement is applied are the carrying value of asset-backed commercial paper, mineral properties and deferred exploration expenses, asset retirement obligation and stock-based compensation.

#### Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Significant inter-company transactions are eliminated on consolidation.

#### Cash and cash equivalents

Cash and cash equivalents include bank balances and short-term investments in money market instruments that are carried at fair value (at the lower of cost and fair value until September 30, 2006).

# Maximus Ventures Ltd.

(an exploration stage Company)

## Notes to Consolidated Financial Statements

September 30, 2007 and 2006

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### 2. ACCOUNTING POLICIES (continued)

#### Asset-Backed Commercial Paper

Investments in asset-backed commercial paper ("ABCP") are classified as held for trading and are recorded at their fair value. Unrealized gains and losses are reported in earnings.

#### Equipment

Equipment is accounted for at cost and amortized over its estimated useful life (3 years) using the straight-line method.

#### Exploration projects

Acquisition costs and expenditures on mineral exploration programs are deferred until the commercial viability of the property is determined. If commercial production is achieved, the capitalized costs are amortized over the estimated useful life of the mine or on their anticipated useful life, if the useful life of the asset is less than the life of the mine. The Company reviews the carrying values of its exploration projects at least on an annual basis or whenever events or changes in circumstances indicate that the carrying amounts of these assets may not be recoverable, by reference to project economics (including the timing of the exploration and / or development work) work programs and exploration results or if a property is abandoned. When it becomes apparent that the carrying value of a property exceeds its estimated net recoverable amount, an impairment charge is recorded.

#### Asset retirement obligation

The Company recognizes the fair value of an estimated liability for the future closure and reclamation costs with a corresponding increase to the carrying value of the related long-lived asset. The Company defers the amount added to the asset until the commercial viability of the property is determined. If commercial production is achieved, the Company amortizes the amount added on the same basis as the depreciation method established for the related asset. The liability is adjusted at the end of each year to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. As at September 30, 2007, the Company had no material asset retirement obligation.

#### Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined according to differences between the carrying amounts and the tax bases of assets and liabilities. They are measured by applying enacted or substantively enacted tax rates and laws at the date of the financial statements for the years in which temporary differences are expected to reverse. The Company establishes a valuation allowance against future tax assets if, based on available information, it is more likely than not that some or all of the future tax assets will not be realized.

The Company renounces to tax deductions relating to qualified resource expenditures that are financed by the issuance of flow-through shares, to the benefit of its shareholders, in accordance with current tax legislation. Future income taxes related to the temporary differences created by this renouncement are recorded at the time that the Company renounces to its right to these deductions with a corresponding reduction to capital stock.

# Maximus Ventures Ltd.

(an exploration stage Company)

## Notes to Consolidated Financial Statements

September 30, 2007 and 2006

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### 2. ACCOUNTING POLICIES (continued)

#### Foreign currency translation

Monetary assets and liabilities of the Company and of its integrated subsidiaries are translated into Canadian dollars at the exchange rate in effect at the balance sheet date, whereas non-monetary assets and liabilities are translated at the exchange rate in effect at the transaction date. Revenues and expenses are translated at the average rate in effect during the year with the exception of depreciation that is translated at the historical rate. Gains and losses on exchange arising from translation are recorded in earnings for the year.

#### Derivate instruments

The Company, on occasion, uses derivative financial instruments, which are recognized at their fair value on the balance sheet. Gains or losses arising from the use of derivative instruments, both realized and unrealized, are charged to earnings.

#### Loss per share

Loss per share is the result of the net loss divided by the weighted average number of shares outstanding during the year. The treasury-stock method is used to determine the dilutive effect of warrants and stock options. The diluted loss per share is the same as the basic loss per share due to the anti-dilutive effect of the outstanding warrants and options described in Note 8.

#### Stock option plan

The Company measures the compensation cost of stock options issued under employee and non-employee compensation plans using a fair value-based method. Compensation costs are measured at the grant date based on the fair value of the award using the Black-Scholes option-pricing model and are recognized over the related vesting period as an expense with a corresponding increase to contributed surplus.

The Black-Scholes option-pricing model used to calculate option values, as well as other currently accepted option valuation models, were developed to estimate the fair value of freely tradable, fully transferable options without vesting restrictions, which significantly differ from the Company's stock option awards. The models also require highly subjective assumptions, including future stock price volatility and expected time until exercise, which greatly affect the calculated values.

# Maximus Ventures Ltd.

(an exploration stage Company)

## Notes to Consolidated Financial Statements

September 30, 2007 and 2006

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### 2. ACCOUNTING POLICIES (continued)

#### Changes in accounting policies

##### i) Financial Instruments

Effective October 1, 2006, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants (CICA) under CICA Handbook Section 1530, *Comprehensive Income*, Section 3251, *Equity*, Section 3855, *Financial Instruments - Recognition and Measurement*, Section 3861, *Financial Instruments - Disclosure and Presentation* and Section 3865, *Hedges*. These new Handbook Sections provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting.

Under Section 3855, all financial instruments are to be measured at fair value except for loans and receivables, held to maturity investments and other financial liabilities, which are to be measured at amortized cost. Held for trading financial assets are to be measured at fair value and changes in fair value are to be recognized in earnings. Available-for-sale financial instruments are to be measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is sold or impaired. Section 1530 establishes standards for the reporting of comprehensive income, defined as the change in equity from transactions and other events from non-owner sources, and include items that would not normally be included in earnings, such as unrealized gains or losses on available-for-sale investments.

Adoption of these new recommendations resulted in the following classification and measurement of the Company's financial instruments which were previously recorded at cost. Cash and cash equivalents and marketable securities are classified as held for trading. They are measured at fair value and changes in fair value are recognized in earnings. Amounts receivable and exploration advance are classified as loans and receivables and accounts payable and accrued liabilities are classified as other liabilities. They are measured at amortized cost. The Company has determined that the right to a 10% participation in the proceeds from the sale of marketable securities (described in note 7) is an embedded derivative. The Company's deficit position as at October 1, 2006 was reduced by \$1,352,028 to reflect the opening fair value of its financial instruments. Since October 1, 2006, changes in value of the Company's financial instruments are recognized in earnings.

##### ii) Allocation of proceeds on equity financing

During the year, the Company retroactively changed its method of allocating the proceeds from an equity financing between common shares and share purchase warrants to now allocate proceeds based on the relative fair values of the common shares and share purchase warrants. The fair value of the common shares is calculated by using the TSX Venture Exchange share price on the date of the issuance and the fair value of the share purchase warrants is determined using the Black-Scholes valuation model. Previously, the Company attributed the entire proceeds received through an equity financing to capital stock. The impact of this change in accounting policy is a decrease in capital stock of \$377,600 at October 1, 2006 and a corresponding increase to contributed surplus. The fair value of the warrants was determined using a risk-free interest rate of 4.06%, a 1.5-year life period, a volatility rate of 122% and a dividend rate of 0%.

# Maximus Ventures Ltd.

(an exploration stage Company)

## Notes to Consolidated Financial Statements

September 30, 2007 and 2006

### 3. MARKETABLE SECURITIES

	September 30, 2007	September 30, 2006
	\$	\$
Shares in NFX Gold Inc. ("NFX")	-	2,097,823

During the year ended September 30, 2006, the Company had acquired 8,000,000 common shares of NFX upon the exercise of warrants granted to the Company under the terms of an option agreement with NFX on the Larder Lake properties. The cost of the shares of \$3,051,378 consisted of cash paid of \$2,000,000 and the fair value of the warrants, which amount of \$1,051,378 was determined based on the Black-Scholes option pricing model using a risk-free interest rate of 3.69%, a 2 year life period, a volatility rate of 130% and a dividend rate of 0%.

In 2006, the Company had also completed an option agreement with Kodiak International Inc. ("Kodiak") (with amendments), which gave Kodiak an option to purchase from the Company in whole or in part in multiples of 500,000 shares, the 8,000,000 shares of NFX, at specified prices. During the year ended September 30, 2006, Kodiak had acquired 2,500,000 of the NFX shares for proceeds of \$1,450,000. In January 2007, Kodiak acquired an additional 4,500,000 of the NFX shares for proceeds of \$1,935,000. At that date, the option agreement with Kodiak expired partially unexercised. In August 2007, the Company sold the remaining 1,000,000 shares of NFX for proceeds of \$329,388.

### 4. INVESTMENTS IN ASSET-BACKED COMMERCIAL PAPER

As at September 30, 2007, the Company held \$4,784,386 of non-bank sponsored ABCP (before accounting for an impairment charge), of which \$1,992,600 is invested in Apsley Trust Class E, \$1,992,530 with Rocket Trust Class E, with the remaining balance invested in Ironstone Trust Class E. These investments matured on August 16, 2007 but no payment has been received. At the time the Company acquired the investments, the non-bank sponsored ABCPs were rated R-1 (High) by DBRS Limited ("DBRS"), the highest credit rating for commercial paper.

DBRS placed certain of the ABCP "Under Review with Developing Implications" following the August 16, 2007 announcement that a group representing banks, asset providers and major investors had agreed in principle to a long-term proposal and interim agreement to convert the ABCP into term floating-rate notes ("FRN") maturing no earlier than the scheduled termination dates of the underlying assets (the "Montreal Proposal ABCP"). In November 2007, DBRS downgraded the rating of Apsley Trust to R-4 Under Review with Developing Implications, due to its exposure to US sub-prime Residential Mortgage-Backed Securities.

# Maximus Ventures Ltd.

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## Notes to Consolidated Financial Statements

September 30, 2007 and 2006

### 4. INVESTMENTS IN ASSET-BACKED COMMERCIAL PAPER (continued)

On September 6, 2007, a Pan Canadian Committee (the "Committee") consisting of a panel of major Montreal Proposal ABCP investors was formed. The Committee subsequently retained Goodmans and JP Morgan Chase as legal and financial advisors, respectively, to oversee the proposed restructuring process. On October 16, 2007, the Chairman of the Committee announced the proposed restructuring of one of the 22 conduits affected by this crisis, and an extension of the standstill agreement until December 14, 2007, which date was further extended to January 31, 2008.

The Montreal Proposal ABCP last traded in the active market on or about August 13, 2007 and there are currently no market quotations available for the Montreal Proposal ABCP. There is no certainty regarding the outcome of the Montreal Proposal and therefore there is a significant amount of uncertainty in estimating the amount and timing of cash flows associated with the Montreal Proposal ABCP. The Company estimates the fair value of the Montreal Proposal ABCP by applying a loss factor of 25% to 50% on investments exposed to US sub-prime mortgages and a 10% loss factor on other investments and using a valuation technique which incorporates a risk factor to discounted future cash flows considering the best available market data and management's intentions for such investments as at September 30, 2007. Consequently, the Company has recorded during the year an impairment charge of \$950,000 related to ABCP held.

Since the fair value of the Montreal Proposal ABCP are determined based on the Company's assessment of market conditions as at September 30, 2007, the fair value reported may change materially in subsequent periods. In addition, the fair value estimates are dependent upon the likelihood, nature and timing of future restructuring under the terms of the Montreal Proposal.

#### Temporary line of credit

On August 30, 2007 (with amendments dated October 9, 2007 and December 6, 2007), the Company entered into a temporary credit facility of \$1,000,000, secured by the Company's investments in ABCP, to fund working capital requirements. As at September 30, 2007, the Company had not drawn on the facility, which bears interest at prime less 1.50% and matures on January 31, 2008. The Company is required to reduce the amount of the outstanding credit facility with any proceeds received from the sale of the ABCP.

### 5. EQUIPMENT

	Cost	Accumulated depreciation	September 30, 2007 Net	September 30, 2006 Net
	\$	\$	\$	\$
Computer equipment	5,302	884	4,418	-

# Maximus Ventures Ltd.

(an exploration stage Company)

## Notes to Consolidated Financial Statements

September 30, 2007 and 2006

### 6. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENSES

	September 30, 2007		September 30, 2006	
	Mineral properties	Deferred exploration expenses	Mineral properties	Deferred exploration expenses
	\$	\$	\$	\$
Hope Bay, Nunavut	775,000	4,201,674	632,500	2,310,299
Larder Lake, Ontario	-	2,224,405	-	277,975
Unity, Idaho	30,992	28,104	-	-
Excelsior Springs, Nevada	-	-	51,026	222,640
Keystone, Nevada	-	-	8,607	-
	<b>805,992</b>	<b>6,454,183</b>	692,133	2,810,914

#### Hope Bay, Nunavut

Pursuant to an agreement dated September 10, 2004, as amended February 20, 2006, Miramar Mining Corporation ("Miramar"), a company related by virtue of a common director, and the Company, entered into an option agreement whereby the Company can earn a 75% interest in the Chicago Claim Group and Twin Peaks areas, Hope Bay, Nunavut. To earn its interest, the Company is required to:

- Issue 5,000,000 common shares over a three year period (4,000,000 common shares issued at September 30, 2007 at a value of \$775,000 and the remaining 1,000,000 common shares issued on October 5, 2007 at a value of \$300,000).
- Incur \$7,250,000 in expenditures over three years, with scheduled minimum cumulative expenditures of \$3,250,000 by October 31, 2007, \$5,250,000 by October 31, 2008, and \$7,250,000 by October 31, 2009, as amended on February 19, 2007 to extend the terms on the exploration expenditures from April 30<sup>th</sup> to October 31st of each year.

Additionally, the Company is required to issue up to 16,500,000 common shares as follows:

- 1,500,000 shares following the reporting of the first 500,000 of gold equivalent ounces in measured, indicated or inferred resources;
- 7,500,000 shares over three tranches upon the first, second and third million gold equivalent ounces reported as measured and/or indicated resources;
- 2,500,000 shares on delivery of a positive feasibility study; and
- 5,000,000 shares upon reaching commercial production.

Miramar will have a one-time right to buy back up to a 50% interest and become operator by paying the Company 150% of the Company's proportionate exploration costs for the percentage being acquired.

# Maximus Ventures Ltd.

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## Notes to Consolidated Financial Statements

September 30, 2007 and 2006

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### 6. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENSES (continued)

#### Larder Lake Properties, Ontario

On November 24, 2005, the Company entered into an option agreement to acquire a 60% interest in the Cheminis, Bear Lake and Fernland properties and a 45% interest in the Barber Larder property, collectively referred to as the Larder Lake properties located in Ontario. To earn its interest, the Company is required to incur total minimum expenditures of \$6,000,000, of which required commitments of \$1,200,000 was incurred by December 31, 2006. Additional commitments of \$2,000,000 must be incurred by December 31, 2007 and \$2,800,000 by December 31, 2008. At September 30, 2007, the Company had incurred a cumulative amount of \$3,275,783 on this property, considering the value for the NFX warrants in the amount of \$1,051,378 (note 3) which was presented as a reduction of deferred exploration expenses.

#### Unity, Idaho

On July 31, 2007, the Company entered into an option agreement with Unity GoldSilver Mines Inc. (a privately-held company) ("Unity") to earn a 60% interest in the Unity mineral property located in Idaho, USA. To earn its interest, the Company must incur US\$1,000,000 in exploration and development work and complete a positive feasibility study, by November 2010. During the earn-in period, the Company will manage all exploration-related activities. In the event that a positive feasibility study is completed and that a favourable Board decision is obtained to begin construction, the Company and Unity (through a joint venture agreement to be prepared within the next 12 months) would fund such construction expenditures in accordance with their respective participation in the project. In the event that Unity decides not to participate in the funding of the construction costs, the Company will finance all construction costs and receive an additional 5% participation in the project from Unity. As a result of this agreement, the Company issued to an unrelated third party, as a finder's fee, 39,950 of its common shares which value on the date of grant represented an amount of \$13,184 (US \$12,500).

#### Excelsior Springs Project, Esmeralda County, Nevada

In 2005, the Company entered into an option agreement to acquire certain unpatented mining claims located in Esmeralda County, Nevada for US\$270,000, payable by September 30, 2009, and a royalty of 2% on gross sales of metals from the property. At September 30, 2007, the Company has paid a total amount of \$44,930 (US\$40,000). In 2005, the Company also entered into a separate option agreement to acquire certain patented mining claims also located in Esmeralda County, Nevada for an annual payment of US\$12,000 until production and payment of a 2% royalty on gross sales. On reviewing the results from its exploration program, the Company decided not to pursue further work on this project and consequently wrote-down the carrying value of the property to Nil during the year ended September 30, 2007, by recording a charge under the caption "Write-down of deferred exploration expenses and mineral properties" in the amount of \$855,228.

Maximus Ventures Ltd.  
 (an exploration stage Company)  
**Notes to Consolidated Financial Statements**

September 30, 2007 and 2006

**6. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENSES (continued)**

**Keystone, Pershing County, Nevada**

During the year ended September 30, 2006, the Company staked certain unpatented mining claims located in Pershing County, Nevada. On reviewing the results from its exploration program, the Company decided not to pursue further work on this property and consequently wrote-down the carrying value of the property to Nil during the year ended September 30, 2007, by recording a charge under the caption "Write-down of deferred exploration expenses and mineral properties" in the amount of \$77,265. The Company has no further commitments related to this property.

**7. LOAN FROM A RELATED PARTY**

During the year ended September 30, 2006, the Company borrowed \$2,000,000 from a company controlled by the chairman of the Company, of which \$1,450,000 had been repaid as at September 30, 2006. The balance of the loan was repaid in January 2007. Under the terms of the loan agreement, a total of 500,000 common shares was issued to the lender (shares issued during the year ended September 30, 2006) and the lender was paid an amount of \$171,576 during the year ended September 30, 2007, which consisted in a right to a 10% participation of the proceeds exceeding \$2,000,000 from the sale of the NFX shares, up to a maximum of \$200,000. As the participation right was determined to be an embedded derivative to the sale of the marketable securities, its fair value on October 1, 2006 was presented as an opening adjustment to deficit.

**8. CAPITAL STOCK**

**a) Issued and fully paid**

	Year ended September 30, 2007		Year ended September 30, 2006	
	Number of shares	Amount \$	Number of shares	Amount \$
<b>Authorized</b>				
Unlimited number of common shares without par value				
<b>Balance, beginning of year</b>	<b>48,242,330</b>	<b>32,519,107</b>	34,909,014	28,215,540
<b>Issued</b>				
Private placement	10,000,000	4,600,000	9,500,000	3,872,400
Exercise of warrants	3,316,666	663,333	2,333,316	466,663
Hope Bay property (note 6)	500,000	142,500	1,000,000	312,500
Financing fee (note 7)	-	-	500,000	170,000
Finder's fee – Unity property (note 6)	39,950	13,184		
<b>Share issue costs</b>				
Commissions and other costs		(272,320)		(388,079)
Value of broker warrants		(128,029)		(129,917)
Income tax deductions renounced		(767,700)		-
<b>Balance, end of year</b>	<b>62,098,946</b>	<b>36,770,075</b>	48,242,330	32,519,107

# Maximus Ventures Ltd.

(an exploration stage Company)

## Notes to Consolidated Financial Statements

September 30, 2007 and 2006

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### 8. CAPITAL STOCK

#### a) Issued and fully paid (continued)

On March 6, 2007, the Company completed a brokered private placement for gross proceeds of \$4,600,000. The private placement was comprised of 10,000,000 flow-through common shares at a price of \$0.46 per share. The Company paid commissions and other costs totalling \$272,320 and issued agents' warrants to purchase up to 491,500 common shares at a price of \$0.46 per share until September 6, 2008. These broker warrants have been recorded at a fair value of \$128,029 based on the Black-Scholes option pricing model using a risk-free interest rate of 4.07%, an expected life of the warrants of 1.5 years, an annualized volatility of 124% and a dividend rate of 0%. The proceeds of the flow-through financing are to be used to incur Canadian exploration expenditures that qualify as flow-through mining expenditures for purposes of the Income Tax Act (Canada), by December 31, 2008. As at September 30, 2007, an amount of \$1,900,098 remains available for such expenditures.

On May 23, 2006, the Company completed a brokered private placement for gross proceeds of \$4,250,000. The private placement was comprised of 5,000,000 units at a price of \$0.40 per unit and 4,500,000 flow-through common shares at a price of \$0.50 per share. The units consisted of one common share and one-half of one share purchase warrant. Each whole warrant entitled the holder to purchase one additional common share of the Company at a price of \$0.60 per share until November 23, 2007 (see note 14 d). However, if the trading price of the shares of the Company closes at or above \$0.80 per share for 20 consecutive trading days any time after September 24, 2006, then the Company will have the right to provide a written notice to the warrant holders to exercise all unexercised warrants within 30 days or warrants will be cancelled. The Company paid commissions and other costs totalling \$388,079 and issued broker warrants to purchase up to 570,000 common shares at a price of \$0.45 per share until November 23, 2007 (see note 14 c). The warrants and the broker warrants have been recorded at a fair value of \$465,479 and \$129,917 respectively, based on the Black-Scholes option pricing model using a risk-free interest rate of 4.06%, an expected life of the warrants of 1.5 years, an annualized volatility rate of 122% and a dividend rate of 0%. The proceeds of the flow-through financing totalling \$2,250,000 were fully used to incur Canadian exploration expenditures.

In accordance with the flow-through share agreement dated May 23, 2006, in the amount of \$2,250,000, the Company has renounced the related tax deductions in an amount of \$767,700 with a corresponding increase to future income tax recovery.

**Maximus Ventures Ltd.**  
 (an exploration stage Company)  
**Notes to Consolidated Financial Statements**

**September 30, 2007 and 2006**

**8. CAPITAL STOCK (continued)**

**b) Warrants**

	<b>Year ended September 30, 2007</b>	Year ended September 30, 2006
<b>Number of warrants</b>		
Balance, beginning of year	<b>6,386,666</b>	5,649,982
Issued	<b>491,500</b>	3,070,000
Exercised	<b>(3,316,666)</b>	(2,333,316)
Balance, end of year	<b>3,561,500</b>	6,386,666

At September 30, 2007, the outstanding number of warrants exercisable into common shares is as follows:

	Number of warrants		Number of warrants		Price	Expiry date
	Sept 30, 2006	Issued	Exercised	Sept 30, 2007	per share	
					\$	
Private placement offering of July 2005	3,316,666	-	(3,316,666)	-	0.20	-
Private placement offering of May 2006	2,500,000	-	-	2,500,000	0.60	2007-11-23
Broker warrants - May 2006	570,000	-	-	570,000	0.45	2007-11-23
Broker warrants - March 2007	-	491,500	-	491,500	0.46	2008-09-06
	<b>6,386,666</b>	<b>491,500</b>	<b>(3,316,666)</b>	<b>3,561,500</b>		

**c) Stock options**

The Company has a stock option plan in place under which it is authorized to grant options to directors, senior officers, employees and consultants to acquire up to 20% of the issued and outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum of 5 years. The directors may determine and impose terms upon which each option shall become vested in respect of option shares. Current policies of the TSX-Venture Exchange ("TSXV") provide that minimum vesting requirements shall be 25% of the option upon TSXV approval and 12.5% every quarter thereafter, which is the vesting period adopted by the directors of the Company. The Company measures compensation costs related to the award of stock options using the fair value method. The fair value of the options is estimated using the Black-Scholes option pricing model. A stock-based compensation charge is recognized over the vesting period.

# Maximus Ventures Ltd.

(an exploration stage Company)

## Notes to Consolidated Financial Statements

September 30, 2007 and 2006

### 8. CAPITAL STOCK (continued)

#### c) Stock options (continued)

During the year, the Company granted 2,500,000 stock options (200,000 in 2006) valued at \$709,500 (\$63,558 in 2006). The weighted-average fair value of the options granted during the year was estimated at \$0.28 per option (\$0.32 in 2006) using an expected time-period of 5 years (5 years in 2006), a semi-annual risk-free interest rate ranging from 3.90% to 4.40% (4.13% in 2006), a volatility rate of between 86% and 124% (99% in 2006) and a 0% dividend factor (0% in 2006). Pursuant to the Company's stock option plan, these options will vest over 18 months until November 2008.

The following table sets out the activity in stock options:

	Year ended September 30, 2007	Year ended September 30, 2006
<b>Number of Options</b>		
Balance, beginning of year	1,400,000	1,380,000
Granted	2,500,000	200,000
Cancelled / expired	-	(180,000)
Number of options outstanding, end of year	<u>3,900,000</u>	<u>1,400,000</u>

Stock option transactions are summarized as follows:

Grant date	Exercise price	Balance, Sept 30, 2006	Granted	Exercised	Cancelled	Balance, Sept 30, 2007	Number of options exercisable	Residual exercise period
	\$							
Nov 12, 2004	0.12	500,000	-	-	-	500,000	500,000	2.1 years
Aug 31, 2005	0.10	700,000	-	-	-	700,000	700,000	2.9 years
Mar 28, 2006	0.30	200,000	-	-	-	200,000	200,000	3.5 years
Nov 14, 2006	0.32	-	900,000	-	-	900,000	562,500	4.1 years
Dec 27, 2006	0.40	-	1,000,000	-	-	1,000,000	625,000	4.3 years
Feb 22, 2007	0.35	-	400,000	-	-	400,000	200,000	4.4 years
May 23, 2007	0.29	-	200,000	-	-	200,000	75,000	4.6 years
		<u>1,400,000</u>	<u>2,500,000</u>	<u>-</u>	<u>-</u>	<u>3,900,000</u>	<u>2,862,500</u>	

#### d) Diluted earnings per share

Excluded from the calculation of the diluted earnings per share for the year ended September 30, 2007 are 3,561,500 warrants (6,336,667 in 2006) and 2,700,000 stock options (200,000 in 2006) because to include them would be anti-dilutive.

# Maximus Ventures Ltd.

(an exploration stage Company)

## Notes to Consolidated Financial Statements

September 30, 2007 and 2006

### 9. RELATED PARTY TRANSACTIONS

During the year ended September 30, 2007, the Company entered into the following transactions with related parties:

- a) Paid or accrued management fees of \$65,743 (2006 - \$71,798) to a company controlled by a director of the Company.
- b) Paid or accrued consulting fees of \$18,500 (2006 - Nil) to the Chairman of the Company.
- c) Paid or accrued administration expenses of \$59,525 to Reunion Gold Corporation (2006 - Nil), a company with a common director and officer, providing administrative services.
- d) Paid or accrued mineral property expenditures of \$1,837,430 (2006 - \$782,649) to a company with a common director and Nil (2006 - \$39,956) to a director of the Company.

As at September 30, 2007, an exploration advance of \$57,411 (September 30, 2006 - \$274,565) was paid to a company with a common director, an advance of \$35,912 was paid to a company controlled by the Chairman of the Company and accounts payable and accrued liabilities included an amount due to Reunion Gold Corporation of \$46,708 (Nil at September 30, 2006).

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

### 10. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	Year ended September 30, 2007	Year ended September 30, 2006
	\$	\$
Earnings (loss) before income taxes	(4,274,757)	86,264
Expected income tax expense (recovery)	(1,458,547)	31,590
Non-deductible expenses (non-taxable income)	1,355,772	(6,022)
Unrecognized tax benefit	(664,925)	(25,568)
Total income tax recovery	(767,700)	-
Represented by:		
Future income tax recovery	(767,700)	-

**Maximus Ventures Ltd.**  
 (an exploration stage Company)  
**Notes to Consolidated Financial Statements**

**September 30, 2007 and 2006**

**10. INCOME TAXES (continued)**

The significant components of the Company's future income tax assets and liabilities are as follows:

	September 30, 2007	September 30, 2006
	\$	\$
Future income tax assets		
Non-capital loss carryforwards	576,280	778,000
Mineral properties	951,660	1,866,000
Financing costs	222,580	123,000
Capital loss carryforwards	2,318,760	2,243,000
	<u>4,069,280</u>	<u>5,010,000</u>
Future income tax liabilities		
Marketable securities	-	(224,000)
Valuation allowance	<u>(4,069,280)</u>	<u>(4,786,000)</u>
Total future income tax assets	<u>-</u>	<u>-</u>

During the year ended September 30, 2007, the Company renounced exploration expenditures of \$2,250,000 (2006 – Nil) which resulted in a \$767,700 charge against capital stock and a corresponding future income tax recovery to earnings.

The Company has non-capital tax losses, which are available to reduce income taxes in future years. They total \$1,889,440 and expire as follows:

	\$
2008	539,784
2009	303,126
2010	510,967
2014	377,704
2015	156,889
2027	970
Total	<u>1,889,440</u>

# Maximus Ventures Ltd.

(an exploration stage Company)

## Notes to Consolidated Financial Statements

September 30, 2007 and 2006

### 11. SEGMENTED INFORMATION

The Company has one reportable operating segment being the acquisition and exploration of mineral properties. Mineral properties and deferred exploration expenses are located in the following geographic locations:

	September 30, 2007	September 30, 2006
	\$	\$
Canada	7,201,079	3,220,772
United States of America	59,096	282,275
	<u>7,260,175</u>	<u>3,503,047</u>

### 12. FINANCIAL INSTRUMENTS

The Company's financial instruments at September 30, 2007 consist of cash and cash equivalents, receivables, investments in ABCP and accounts payable and accrued liabilities. Other than investments in ABCP, the fair value of these financial instruments approximates their carrying value. Other than investments in ABCP, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The Company's risk management is coordinated by the officers of the Company, in close co-operation with the members of the board of directors.

### 13. COMPARATIVE FIGURES

Certain comparative figures provided for the year ended September 30, 2006 have been reclassified to conform to the presentation adopted for the year ended September 30, 2007.

# Maximus Ventures Ltd.

(an exploration stage Company)

## Notes to Consolidated Financial Statements

September 30, 2007 and 2006

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### 14. SUBSEQUENT EVENTS

#### a) Issuance of shares for mineral property

On October 5, 2007, the Company issued to Miramar Hope Bay Ltd. ("Miramar") 1,000,000 common shares due and owing to Miramar, valued at \$300,000, pursuant to its Option Agreement (as more fully described in note 6).

#### b) Private Placement

On October 24, 2007 the Company completed a private placement of 10,666,666 Units at a price of \$0.30 per Unit for gross proceeds of \$3,200,000, of which 9,730,000 Units were brokered and 936,666 Units were non-brokered. Each Unit issued consists of one common share and one common share purchase warrant, with each warrant entitling the holder to acquire an additional common share of the Company at a price of \$0.40 per share until April 24, 2009, subject to the right of the Company to accelerate, on or after February 25, 2008, the expiry date of the warrants where the closing price of the Company's common shares is \$0.40 or greater for a period of 30 consecutive trading days. The Agents received a cash commission of 6% of the gross proceeds of the brokered portion of the financing and non-transferable agent's warrants to purchase up to 583,800 common shares of the Company at a price of \$0.30 per share until April 24, 2009. Net proceeds from the sale of the Units will be used by the Company for exploration expenditures on its projects in Canada and in the USA and for general working capital purposes.

#### c) Exercise of warrants

In November 2007, the May 2006 broker warrants, which totaled 570,000 warrants, were fully exercised for total proceeds of \$256,500.

#### d) Extension of maturity date of warrants

In November 2007, the Company extended by six months the term of outstanding share purchase warrants exercisable for 2,500,000 of its shares and issued pursuant to the May 23, 2006 private placement. There was no amendment to the exercise price. The 2,500,000 outstanding warrants exercisable at \$0.60 per share will expire on May 23, 2008.

#### e) Grant of stock options

On December 14, 2007, the Company's board of directors approved the granting of 620,000 stock options pursuant to the terms of the stock option plan. Each stock option is exercisable at a price of \$0.42 per share for a period of 5 years from the date of grant.

## MAXIMUS VENTURES LTD.

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED SEPTEMBER 30, 2007

*The following management's discussion and analysis ("MD&A") of the operations, results, and financial position of Maximus Ventures Ltd. ("Maximus" or the "Company"), dated December 17, 2007, covers the years ended September 30, 2007 and 2006 and should be read in conjunction with the audited consolidated financial statements and related notes for the years ended September 30, 2007 and 2006 (the "September 30, 2007 and 2006 consolidated financial statements").*

*The September 30, 2007 and 2006 consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada ("Canadian GAAP").*

*All financial results are expressed in Canadian dollars unless otherwise indicated.*

#### **BUSINESS OVERVIEW**

The Company is engaged in the exploration for gold-silver properties in North America. Its primary assets are an option to earn a 75 percent interest from Miramar Mining Corporation ("Miramar") in two properties on the Hope Bay gold belt in Nunavut, an option to earn a 60 percent interest in certain resource properties held by NFX Gold Inc. ("NFX") in the Larder Lake area of eastern Ontario and an option to earn from a privately-held company, a 60% interest in the Unity property located in Idaho, USA. The Company is in the process of exploring its mineral projects and has not yet determined whether these properties contain mineral resources or mineral reserves. To this date, the Company has not generated any revenues from operations.

#### **Corporate**

On March 6, 2007, the Company completed a brokered private placement for gross proceeds of \$4,600,000. The private placement was comprised of 10,000,000 flow-through common shares at a price of \$0.46 per share. The Company paid commissions and other costs totalling \$272,320 and issued broker warrants to purchase up to 491,500 common shares at a price of \$0.46 per share until September 6, 2008.

Subsequent to year-end, on October 24, 2007, the Company announced that it has closed a private placement of 10,666,666 Units at a price of \$0.30 per Unit for gross proceeds of \$3,200,000. Each Unit issued consists of one common share and one common share purchase warrant, with each warrant entitling the holder to acquire an additional common share of the Company at a price of \$0.40 per share until April 24, 2009, subject to the right of the Company to accelerate, on or after February 25, 2008, the expiry date of the warrants if the closing price of the Company's common shares is \$0.40 or greater for a period of 30 consecutive trading days. The Agents received a cash commission of 6% of the gross proceeds of the brokered portion of the financing and broker warrants to purchase up to 583,800 common shares of the Company at a price of \$0.30 per share until April 24, 2009.

On November 30, 2007, the Company had \$4.1 million of readily-available liquidities (excluding investments in asset-back commercial paper of \$4.8 million, which situation is more fully described in the following section), including an unused credit facility of \$1,000,000 secured by the Company's investments in ABCP, to pursue without interruption its exploration programs.

#### **Asset-backed Commercial Paper ("ABCP")**

On September 30, 2007, the Company had \$4.8 million invested in secured short-term debt obligations (rated R-1 High by Dominion Bond Rating Service), issued by limited purpose trusts sponsored and managed by non-bank entities. These obligations, commonly known as ABCP, typically have terms of less than 365 days and

repayment of a maturing ABCP is dependent on the cash generated by the trusts' underlying assets and the ability of the trusts to issue new ABCP.

In mid-August 2007, a number of sponsors of non-bank managed ABCP announced that they could not place ABCP due to unfavourable conditions in the Canadian capital markets. As a result, the non-bank ABCP market is currently the subject of an agreement signed August 16, 2007 among a number of affected parties. This agreement, referred to as the "Montreal Accord", contemplates some form of a restructuring of ABCP on or before December 14, 2007 with the expressed intention of re-introducing those investments in a different form and also creating a market for them to be traded. However, the general terms of reference of the Montreal Accord have not been made the subject of a definitive proposal and there is no certainty of a positive outcome. There is presently no active market for the ABCP held by the Company and the funds cannot be accessed until such time as the restructuring contemplated by the Montreal Accord has been completed or some alternative acceptable resolution is found.

Management has estimated the fair value impairment on ABCP held by applying a loss factor of 25% to 50% on investments exposed to US sub-prime mortgages and a 10% loss factor on other investments and using a valuation technique incorporating a risk factor to discounted future cash flows. While management believes that it has utilized an appropriate methodology to estimate fair value, given the number of uncertainties there can be no assurance that management's estimate of potential recovery is accurate. Based on this fair value estimation, the Company has recorded during the year an impairment charge in the amount of \$0.95 million. Subsequent adjustments, which could be material, may be required in future reporting periods. In addition, the Company has not accrued any interest due from these investments pending further information from the restructuring.

### ***Exploration Activities***

During the year ended September 30, 2007, the Company incurred deferred exploration expenditures of \$4,473,792 compared to \$2,275,961 in 2006. Of this amount, \$1,946,430 was incurred on the Larder Lake properties in Ontario, \$1,891,375 was spent on the Hope Bay property in Nunavut, \$28,104 was spent on the Unity property in Idaho and \$607,883 was spent on the Excelsior Springs and Keystone properties in Nevada.

### **Larder Lake Project, Ontario, Canada**

Under the terms of an option agreement with NFX to acquire a 60% interest in the Cheminis, Bear Lake and Fernland properties and a 45% interest in the Barber Larder property (collectively called the "Larder Lake project", located in Ontario), the Company can earn its interest in the Larder Lake project by funding cumulative exploration expenditures of \$6,000,000 by December 31, 2008, including required commitments of \$1,200,000 which was incurred by December 31, 2006 and additional commitments of \$2,000,000 by December 31, 2007 and \$2,800,000 by December 31, 2008.

The Larder Lake project extends for about 6 kilometres along the Kirkland Lake-Cadillac fault zone, a regional scale geologic structure that hosted the Kerr Addison mine. It also includes the Cheminis mine and numerous other gold occurrences and mines. Drilling programs in 2006 identified several additional parallel branches of the Kerr Addison favourable geologic units. A 10,000 metre drilling program estimated at a budgeted cost of \$1.46 million is underway to explore for gold along these relatively unexplored parallel structures, one of which appears to have controlled the high grade gold mineralization at the Kerr Addison mine located some 2km to the east. The drilling program started in mid-March with one diamond drill and is continuing until mid-December. A total of 19 holes totalling 9,800 metres have been drilled from the beginning of the program in March 2007 to the end of October 2007. Assay results from 15 holes have thus far been received; results from remaining holes are pending.

The current drilling campaign has thus far resulted in the discovery of new high-grade gold zones at Bear Lake and at Fernland.

At **Bear Lake**, the Company announced on August 16, 2007 that hole #11 intersected 2 distinct zones of high grade gold mineralization. The first zone, located at 587m (-485m vertical), is within altered ultramafic rocks with 1-2% pyrite ("Carbonate"-type mineralization) and yielded 10.4g/t Au over 5.2m, including 1.5m @ 20.8g/t Au.

The second gold zone in hole #11 intersected at 667m (-550m vertical) consists of strongly altered variolitic basalt, cut by several "albitized" and strongly pyritized (up to 30% pyrite) intermediate intrusives and graded 8.0 g/t Au over 5.2m, including 13.3g/t Au over 6.0m or 18.6g/t Au over 4.2m. Both of these new high-grade gold zones are open up-dip, down-dip and laterally. Both high-grade gold zones are within altered high-iron mafic and/or ultramafic volcanic rocks locally cut by albitized dykes. These rock types are the typical host to significant gold deposits at the nearby Kerr-Addison Mine and other historic and current gold producers in the region. Assay results have been received from two of the follow-up holes drilled around hole #11. Hole #15, drilled 50 metres down-plunge from hole #11, intersected 1.2 g/t Au over 5.5 m followed by 3.9 g/t over 10.7m including 7.0 g/t Au over 4.1 m. Hole #14, drilled 75 metres up-plunge from #11, also intersected both zones with the upper zone grading 0.5 g/t Au over 8.9 m and the lower zone averaging 0.5 g/t Au over 7.0 m. Results from holes #16 and #17, respectively drilled 70m east and 50m west of hole #11 are still pending. Additional drilling is required to define the strike, dip of these mineralized zones, and to further define potential higher-grade lenses. While a limited number of additional holes could be drilled from the shores of Bear Lake, detailed definition drilling will be better achieved from the ice this winter and at least 2 more drill rigs are expected to start working in January 2008.

At **Fernland**, the Company announced on November 6, 2007, the discovery of a new high grade gold zone. Hole #13 cut 13.5m of flow-type mineralization grading 6.9 g/t Au, including a 6.0m section grading 13.1 g/t Au, at a depth of 160 metres below surface. This intersection is open down-plunge for at least 600 metres and laterally for over 300 metres. While waiting for the assay results of the two follow-up holes (#16 and #17) at Bear Lake, follow-up drilling is being carried out at Fernland laterally and down-plunge of the newly discovered high-grade mineralization. A series of six drill holes are planned at Fernland to follow-up the high grade "flow-ore" intersection in hole #13 and delimit the lateral extent and continuity of the zone along the indicated steep southeast plunge.

### **Hope Bay Project, Nunavut, Canada**

Under the terms of an option agreement with Miramar, the Company can earn a 75% interest in the Chicago and Twin Peaks areas in the Hope Bay gold belt in Nunavut, by funding cumulative minimum exploration expenditures of \$3,250,000 by October 31, 2007 (which commitment has been respected), \$5,250,000 by October 31, 2008, and \$7,250,000 by October 31, 2009. Exploration work at Hope Bay is performed by Miramar under contract to the Company.

A total of 2,620m of drilling (11 holes) were completed at Hope Bay during the year, exclusively in the Chicago area. The drill program tested the continuity and extent of a large gold-silver alteration system (hole #6: 0.2g/t Au over 108m and hole #10: 0.5g/t Au over 82m) in order to locate potential higher grade gold-silver shoots. All holes intersected alternating sequences of felsic tuffs and flows locally cut by gabbroic dykes. In general, holes are moderately sericitized and/or chloritized with locally up to 5-10% pyrite. However, an increase in alteration and mineralization is seen towards the south, indicating a possible vector in that direction. Assay results have been received for 60% of the samples submitted. The drilling at Chicago is now completed. The Company will wait until all the assay results are received and compiled to plan additional drill holes at Hope Bay.

### **Unity Project, Idaho, USA**

On July 31, 2007, the Company entered into an option agreement with Unity GoldSilver Mines Inc. (a privately-held company) ("Unity") to earn a 60% interest in the Unity Property located in Idaho, USA. To earn its interest, the Company must incur US \$1,000,000 in exploration and development work and complete a positive feasibility study, by November 2010. During the earn-in period, the Company will manage all exploration-related activities. In the event that a positive feasibility study is completed and that a favourable Board decision is obtained to begin construction, the Company and Unity (through a joint venture agreement to be prepared within the next 12 months) would fund such construction expenditures in accordance with their respective participation in the project. In the event that Unity decides not to participate in the funding of the construction costs, the Company will finance all construction costs and receive an additional 5% participation in the project from Unity.

The Unity Property consists of 8 patented claims and 38 unpatented claims, all contiguous and covering 756 acres (306 hectares). It is located near the town of Warren in central Idaho, 80 km north of McCall, a community

of 3,000 people where all the required services are available. A well maintained gravel road links Warren to McCall. The property includes the Unity Mine which produced 100,000 ounces of gold from three gold-rich quartz veins at grades of 30 to 150 g/t during the early 20<sup>th</sup> century. The mine was closed in 1942 as a war measure and has been dormant since. An additional one million ounces of gold is reported to have been extracted from extensive placer gold deposits around the mine. A fully permitted 125 ton per day gravity mill in good working condition is available 2 kilometres from the Unity mine portal. The mill is not in operation at the moment.

The hydrothermal vein system covers an area of about 4 square kilometres. Individual veins are very continuous, up to 2 kilometres long, and only a fraction of the area has been mined or systematically explored. To date, 41 different gold-bearing quartz veins have been identified on the property, of which the Rescue, the Little Giant and the Charity are three of the 18 better known veins and supplied most of the reported historic gold production. These veins are still open laterally and down-dip and, with minimal exploration and development work, their extensions could potentially be mined again from an existing 1,600m long adit.

No drilling has been recorded on the property and all previous exploration efforts were conducted using trenching and underground drifting along the veins. Many gold-bearing quartz veins, parallel to or cutting the main vein systems remain to be explored.

Due to forest fires raging in the area, the exploration program at the Unity Project was delayed until the spring of 2008. The first phase of work will test the lateral and down-dip extensions of 2 high-grade gold veins, being the Little Giant and Rescue veins.

### **Excelsior Springs, Nevada, USA**

The Excelsior Springs Property, located in Esmeralda County, Nevada consists of 2 patented mining claims and 100 unpatented claims. The patented claims are held under a lease (US\$12,000 per year) with option to purchase (at any time for US\$300,000). The unpatented claims are held under a purchase option with total payments over 4 years of US\$270,000, of which \$44,930 (US\$40,000) has been paid to this date, and a 2% gross sales royalty.

The exploration at Excelsior Springs targeted gold mineralization in an area exhibiting regional-scale thrust faulting in limestones intruded by small granitic dikes. During the year, the Company drilled 22 RC holes totalling 2,888 metres. Three (3) of these holes (EX-10, EX-11 and EX-13) were drilled to follow-up the high grade gold intersection in hole EX-02. Hole EX-13 cut 2.7g/t Au over 13.7 metres in a mineralized zone 85 metres up-dip from the intercept in EX-02. Geological interpretation suggests that these higher grade intercepts may not correlate directly, suggesting either faulting or the presence of multiple disrupted mineralized lenses.

Given the additional work required to properly assess the potential of this property and the Company's focus on its properties in Canada and Idaho, USA, the Company decided to stop further work on this property and consequently wrote-down the carrying value of the property to Nil at September 30, 2007. The Company is evaluating various options regarding the lease and option agreements related to this property.

### **Keystone Project, Nevada, USA**

In 2006, the Company staked certain unpatented mining claims located in Pershing County, Nevada. The Keystone project was abandoned during the year following the lack of success of the exploration program and consequently, the Company wrote-down the carrying value of the property to Nil at September 30, 2007. Reclamation earthwork was completed and all drill sites were reclaimed to either their original slope or previous disturbed condition.

## Selected Consolidated Financial Information

	September 30, 2007	September 30, 2006	
	\$	\$	
<b>Balance Sheet</b>			
Cash and cash equivalents	277,262	3,403,416	
Asset-backed commercial paper ("ABCP")	3,834,386	-	
Mineral properties and deferred exploration expenses	7,260,175	3,503,047	
Total assets	11,671,248	9,392,935	
Shareholders' equity	11,271,861	8,415,896	
<b>Year ended September 30,</b>			
	<b>2007</b>	<b>2006</b>	<b>2005</b>
	\$	\$	\$
Administration expenses	557,831	285,604	324,446
Stock-based compensation cost	631,997	31,780	106,429
Interest income	(154,603)	(77,203)	(18,994)
Loss (gain) on disposal of marketable securities	1,385,463	(496,445)	-
Impairment charge on ABCP	950,000	-	-
Finance fee	-	170,000	-
Non-hedge derivative gain	(28,424)	-	-
Write-down (recovery) of deferred exploration expenses	932,493	-	(11,165)
Future income tax recovery	(767,700)	-	(583,000)
<b>Net earnings (loss)</b>	<u>(3,507,057)</u>	<u>86,264</u>	<u>182,284</u>
<b>Basic and diluted earnings (loss), per share</b>	(0.06)	0.01	0.01
<b>Cash flows</b>			
Operating activities	(464,738)	(225,093)	(672,261)
Investing activities	(7,102,429)	(2,788,890)	(1,229,384)
Financing activities	4,441,013	4,878,584	1,392,026

Since its incorporation, the Company has not paid any cash dividends on its outstanding common shares. Any future dividend payment will depend on the Company's financial needs to fund its exploration programs and any other factor that the board may deem necessary to consider. It is highly unlikely that any dividends will be paid in the near future.

## Results of Operations

During the year ended September 30, 2007, the Company reported a net loss of \$3,507,057 compared to net earnings of \$86,264 in 2006. The significant changes during 2007 compared to 2006 are as follows:

Administrative expenses totaled \$557,831 in 2007 compared to \$285,604 in 2006 following the hiring of a new full-time President and CEO in December 2006, the hiring of a part-time CFO in early 2007 and higher office expenses and travel costs.

Stock-based compensation expense of \$631,997 in 2007 compared to \$31,780 in 2006 is mostly attributable to the granting of 2,500,000 options during the year.

Interest income of \$154,603 in 2007 compared to \$77,203 in 2006 reflect the higher cash balance held by the Company in 2007 following the private placement of March 2007 for gross proceeds of \$4,600,000.

Following the adoption by the Company of the new recommendations of the Canadian Institute of Chartered Accountants on the recognition and measurement of financial instruments (see "Changes in Accounting Policies"), the Company recorded a fair value adjustment of \$1,352,028 on October 1, 2006, with the impact of reducing the opening balance deficit.

Following the sale during the year of the remaining 5,500,000 shares held in NFX at an average price of \$0.41 per share, the Company recorded a loss on marketable securities of \$1,385,463 in 2007. In 2006, the Company had sold 2,500,000 shares in NFX at a price of \$0.58 per share resulting in a gain of \$496,445.

As discussed in Business Overview – Asset-Backed Commercial Paper ("ABCP") section, the Company recorded an impairment charge against the value of its ABCP in an amount of \$950,000 in 2007.

In 2007, the Company recorded a write-down of its accumulated expenditures of \$932,493 incurred on the Excelsior and Keystone properties, located in Nevada. On reviewing the results of its exploration programs, the Company decided not to pursue further work on these properties. The Company did not record any write-down of exploration properties in 2006.

Following the renouncement to flow-through share subscribers of eligible exploration expenditures in the amount of \$2,250,000 in 2007, the Company recorded, in accordance with applicable accounting policies, a future income tax recovery of \$767,700 with a corresponding decrease to capital stock. No such renouncement had been made in 2006.

## Selected Quarterly Financial Information

Period ended	Revenues	Net earnings (loss)	Net earnings (loss) per share
	\$	\$	\$
September 30, 2007	19.5	(939.2)	(0.02)
June 30, 2007	63.6	(159.6)	-
March 31, 2007	43.1	(195.8)	(0.01)
December 31, 2006	28.4	(2,212.5)	(0.05)
September 30, 2006	40.8	296.5	0.04
June 30, 2006	23.5	(64.1)	(0.01)
March 31, 2006	5.3	(96.8)	(0.01)
December 31, 2005	7.6	(49.3)	(0.01)

- (1) Includes a write-down of deferred exploration expenses and mineral properties of \$855,228, an unrealized loss on ABCP of \$950,000 and a future income tax recovery of \$767,700.
- (2) Includes a loss on marketable securities of \$30,000 and a write-down of deferred exploration expenses and mineral properties of \$77,265.
- (3) Includes a loss on marketable securities of \$38,600 and a finance fee of \$138,500.
- (4) Includes a loss on disposal of marketable securities of \$1,595,000 and a stock-based compensation cost of \$559,741.
- (5) Includes a gain on sale of securities of \$496,445.

## Liquidity and Capital Resources

The Company had working capital of \$108,003 at September 30, 2007 compared to working capital of \$4,634,644 at September 30, 2006. The reduction in working capital in 2007 is mainly attributable to mineral property and exploration expenditures totaling \$4,401,725, the reclassification of the ABCP investments held at September 30, 2007 as a long-term asset and cash used in operations of \$464,738, offset by net proceeds of the March 31, 2007 private placement of \$4,327,680 pursuant to the flow-through financing discussed below and the receipt of \$663,333 pursuant to the exercise of share purchase warrants which had been issued as part of the July 2005 private placement.

The Company had cash of \$277,262 at September 30, 2007 compared to cash and cash equivalents of \$3,403,416 at September 30, 2006. The reduction in the cash position in 2007 is mainly attributable to mineral property and exploration expenditures totaling \$4,401,725, the reclassification of the ABCP investments held at September 30, 2007 as a long-term asset, the repayment of a loan from a related party of \$550,000, and cash used in operations of \$464,738, offset by net proceeds of the March 31, 2007 private placement of \$4,327,680 pursuant to the flow-through financing discussed below, the receipt of \$663,333 pursuant to the exercise of share purchase warrants which had been issued as part of the July 2005 private placement and proceeds of \$2,264,338 from the sale of 5,500,000 NFX shares.

On March 6, 2007, the Company completed a brokered private placement consisting of 10,000,000 flow-through common shares at a price of \$0.46 per share for aggregate gross proceeds of \$4,600,000. The agent received a cash commission equal to 5% of the gross proceeds from the sale of shares as well as 491,500 broker warrants. Each broker warrant entitles the agent to purchase one common share of the Company at a price of \$0.46 per share, expiring September 6, 2008. The net proceeds of the flow-through shares will be used to incur Canadian exploration expenditures, as defined by the Income Tax Act (Canada), by December 31, 2008.

In January 2007, the Company sold 4,500,000 common shares (in addition to the 2,500,000 shares sold during the year ended September 30, 2006) of the original 8,000,000 common shares of NFX. Maximus sold the 4,500,000 NFX shares for gross proceeds of \$1,935,000. Proceeds from the sale have been applied to repay

the balance of the loan of \$550,000 from a related party and to pay a 10% participation right of \$138,500. In August 2007, the Company sold the remaining 1,000,000 shares of NFX for proceeds of \$329,338 and paid a 10% participation right of \$33,076.

On May 23, 2006, the Company completed a brokered private placement for gross proceeds of \$4,250,000. The private placement was comprised of 5,000,000 units at a price of \$0.40 per unit and 4,500,000 flow-through common shares at a price of \$0.50 per share. The units consisted of one common share and one-half of one share purchase warrant. Each whole warrant entitled the holder to purchase one additional common share of the Company at a price of \$0.60 per share until November 23, 2007, such maturity being extended in November 2007 to May 23, 2008. The Company issued broker warrants to purchase up to 570,000 common shares at a price of \$0.45 per share until November 23, 2007, which were fully exercised in November 2007. The net proceeds of the flow-through financing totalling \$2,250,000 were fully used to incur Canadian exploration expenditures.

The Company believes that it has sufficient funds, taking into account the fair value of its ABCP investments, to continue its programs on its exploration properties in fiscal year 2008. The development of the Company may in the future depend on the Company's ability to obtain additional financing. The amount and timing of additional funding may be significantly impacted by the outcome of the Montreal Accord restructuring should the amount recovered be lower than management's current best estimate of recovery and should funds not be readily available. In the past, the Company has relied mostly on equity financing to meet its cash requirements. Future development, in excess of funds on hand, will depend on the Company's ability to obtain financing through joint venturing of projects, debt financing, equity financing or other means. There can be no assurances that the Company will be successful in obtaining any such financing or in joint venturing its properties.

#### **Off-Balance Sheet Arrangements**

As of September 30, 2007, the Company has no off-balance sheet arrangements.

#### **Related Party Transactions**

Related party transactions entered into during the year ended September 30, 2007 are as follows:

- a) Paid or accrued management fees of \$65,743 (2006 - \$71,798) to a company controlled by a director of the Company;
- b) Paid consulting fees of \$18,500 (2006 - \$Nil) to the Chairman of the Company;
- c) Paid or accrued administration expenses of \$59,525 to Reunion Gold Corporation (2006 - Nil), a company with a common director and officer, providing administrative services;
- d) Paid or accrued mineral property expenditures of \$1,837,430 (2006 - \$274,565) to Miramar Mining Corporation ("Miramar"), a company with a common director and Nil (2006 - \$39,956) to a director of the Company;
- e) Repaid a loan of \$550,000 and paid a 10% participation right of \$171,576 to a company controlled by the Chairman of the Company.

As at September 30, 2007, an exploration advance of \$57,411 (September 30, 2006 - \$274,565) was paid to a company with a common director and accounts payable and accrued liabilities included an amount due to Reunion Gold Corporation of \$46,708 (Nil at September 30, 2006).

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

#### **Book value of Mining Properties**

At the end of each period, management reviews the carrying value of its resource properties to determine whether any write-down is necessary. On reviewing the results from its exploration programs at the Excelsior and Keystone properties in Nevada, the Company decided not to pursue further work on these properties and consequently wrote-down the carrying value of the properties to Nil at September 30, 2007, by recording a

charge under the caption "Write-down of deferred exploration expenses and mineral properties" in the amount of \$932,493. The Company has no further commitments related to these properties.

### **Changes in Accounting Policies**

On October 1, 2006, the Company adopted prospectively Section 1530, *Comprehensive Income*, Section 3251, *Equity*, Section 3855, *Financial Instruments - Recognition and Measurement*, Section 3861, *Financial Instruments - Disclosure and Presentation* and Section 3865, *Hedges*, issued by the Canadian Institute of Chartered Accountants. These new sections include comprehensive standards for the recognition, measurement, presentation and disclosure of financial instruments and require that the Company classify all of its financial assets and liabilities in categories which clearly defined rules determine the standards to be applied. As a result of the adoption of these new standards, the Company has classified its marketable securities as held-for-trading and has determined that the right to a 10% participation in the proceeds from the sale of marketable securities is an embedded derivative. The Company's deficit position as at October 1, 2006 was reduced by \$1,352,028 to reflect the opening fair value of the Company's financial instruments.

During the year, the Company retroactively changed its method of allocating the proceeds from an equity financing between common shares and share purchase warrants to now allocate proceeds based on the relative fair values of the common shares and share purchase warrants. The fair value of the common shares is calculated by using the TSX Venture Exchange share price on the date of the issuance and the fair value of the share purchase warrants is determined using the Black-Scholes valuation model. Previously, the Company attributed the entire proceeds received through an equity financing to capital stock. The impact of this change in accounting policy is a decrease in capital stock of \$377,600 at October 1, 2006 and a corresponding increase to contributed surplus. The fair value of the warrants was determined using a risk-free interest rate of 4.06%, a 1.5-year life period, a volatility rate of 122% and a dividend rate of 0%.

### **Financial Instruments**

The Company's financial instruments at September 30, 2007 consist of cash and cash equivalents, amounts receivable, investments in ABCP and accounts payable and accrued liabilities. Other than investments in ABCP, the fair value of these financial instruments approximates their carrying value. Other than investments in ABCP, management does not believe that these financial instruments expose the Company to any significant interest or credit risks. The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The Company's risk management is coordinated by the officers of the Company, in close co-operation with the members of the board of directors.

### **Outstanding Share Data**

As at December 17, 2007, the Company has:

- a) 74,335,612 common shares issued and outstanding;
- b) 14,241,966 share purchase warrants outstanding with exercise prices ranging from \$0.30 to \$0.60 per share, expiring between May 2008 and April 2009; and
- c) 4,520,000 stock options outstanding with exercise prices ranging from \$0.10 to \$0.42 and expiring between November 2009 and December 2012, including the granting on December 14, 2007 of 620,000 stock options at a price of \$0.42 per share.

### **Disclosure Controls and Procedures**

The Company's Chief Executive Officer and Chief Financial Officer (the "Certifying Officers") are responsible for establishing and maintaining disclosure controls and procedures (the "Procedures") which provide reasonable assurance that information required to be disclosed by the Company under the various securities legislation (the "Required Filings") is reported within the time periods specified.

The Certifying Officers have evaluated the effectiveness of the Company's Procedures and have concluded that the Procedures in place as of the end of the period covered by the Required Filings are effective in providing reasonable assurance that material information relating to the Company is accumulated and communicated to management and reported within the time periods specified.

The Company's Certifying Officers are also responsible for establishing internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP. There was no material change in the Company's ICFR during the period from July 1, 2007 to September 30, 2007.

## **Risks and Uncertainties**

### Exploration and mining risks

The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Unprofitable efforts may result from the failure to discover mineral deposits or if mineral deposits are found, such deposits may be insufficient in quantity and quality to return a profit from production. There are currently no known bodies of commercial ore on the Company's projects and it is impossible to ensure that the exploration programs planned by the Company will result in a profitable commercial mining operation. Substantial expenses will be required to establish mineral resources through drilling, to develop metallurgical processes, to construct mining and processing facilities and to extract the metal from the mineral resources.

### Financial risk

The Company has no history of earnings. The Company's prospect is in the exploration stage only. The Company does not expect to receive revenues from operations in the foreseeable future, if at all. The Company expects to incur losses until such time as its prospect or any other properties the Company may acquire enter into commercial production and generate sufficient revenues to fund its continuing operations. Given the nature of capital market demand for speculative investment opportunities, there is no assurance that additional financing will be available in the appropriate amount when required.

### Foreign exchange risk

Some of the Company's expenditures are in US dollars. Movement in the Canadian dollar against the US dollar therefore has a direct impact on the Company's cost base. The Company does not use derivative instruments to reduce its exposure to foreign exchange risks.

### Risk on uncertainty of title

Although the Company has taken steps to verify title to the mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

### Environmental risk

The Company is subject to various environmental incidents that can occur during exploration work. The Company maintains an environmental management system including operational plans and practices.

### Gold Price Volatility

The market price of the Company's common shares, its financial results and its exploration, development and mining activities may in the future be significantly and adversely affected by declines in the price of gold and silver. Gold and silver prices are volatile, can fluctuate widely and are affected by numerous factors beyond the

control of the Company such as industrial and jewellery demand, forward sales by producers, the sale or purchase of gold by central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and other foreign currencies, and global or regional political and economic conditions. The price of gold and silver has fluctuated widely in the past and future price declines in the market value of gold and silver could cause continued exploration, development of and commercial production from the Company's properties to be impracticable.

#### Permits and licences

Although the Company is entitled to carry out its current drilling programs, the Company cannot be certain that it will receive the necessary permits on acceptable terms to conduct further exploration and to develop its projects. The failure to obtain such permits, or delays in obtaining such permits, could increase the Company's costs and delay its activities, and could adversely affect the operations of the Company.

#### Competition and Agreements with Other Parties

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than itself. Competition in the precious metals mining industry is primarily for mineral rich properties which can be developed and can produce economically. Such competition may result in the Company being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to develop its properties. The Company's inability to compete with other mining companies for these resources would have a material adverse effect on the Company's results of operation and business.

#### Conflicts of Interest

Certain directors of the Company are also directors, officers or shareholders of other natural resource companies. Situations may arise where the directors of the Company may be in competition with the Company. Any conflicts of interest will be subject to and governed by the law applicable to directors' conflicts of interest. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

#### **Forward Looking Statements**

Except for historical information, this MD&A may contain forward-looking statements. Forward-looking statements are not historical facts, and are subject to a number of known and unknown risks and uncertainties beyond the Company's control; uncertainties related to raising sufficient financing to fund the planned work in a timely manner and on acceptable terms; the possibility that required permits may not be obtained in a timely manner or at all; changes in planned work resulting from weather, logistical, technical or other factors; potential resources, exploration results, costs and supply of material relevant to the mining industry, and future plans and objectives of the Company. These statements may cause the actual results, levels of activity, performance or achievement of the Company to be materially different from any future results, levels of activity, performance or achievement expressed or implied by these forward looking statements.

Statements relating to the effects and impacts of the market disruption are forward-looking information within the meaning of Canadian securities laws. These forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ materially from those reflected in the forward looking statements, including, ABCP market conditions, additional defaults under ABCP, the ability of ABCP funds to obtain funding from liquidity facilities supporting the ABCP, and other risks and uncertainties, including those described in this MD & A.

### **Additional Information and Continuous Disclosure**

This MD & A has been prepared as at December 17, 2007. Additional information on the Company is available through regular filings of press releases and financial statements on SEDAR ([www.sedar.com](http://www.sedar.com)) and on the Company's web site ([www.maximusventures.com](http://www.maximusventures.com)).