

## AMERIX PRECIOUS METALS CORPORATION

(\$0.20, APM: TSX-V)

### Recommendation

Speculative Buy

### Risk

High

### Target Price

\$0.45

### Price (August 21)

\$0.20

### Potential Return

125%

### 52-Week Range

\$1.05-\$ 0.175

### % Below High

81%

### % Above Low

14%

### Shares O/S

45.28 million

### Market Cap

\$9.06 million

### Average Daily Volume

20-Day: 110,500

150-Day: 186,900

### Year-End

July 31

C\$	BVPS	EPS
2005a	\$0.19	(\$0.02)
2006a	\$0.21	(\$0.03)
2007e	\$0.29	(\$0.02)
2008e	\$0.28	(\$0.02)

BVPS: Book Value Per Share

EPS: Earnings Per Share

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Data Source: www.BigCharts.com

### UPFRONT

The shares have been range-bound between \$0.20 and \$0.40 since the beginning of October 2006. Amerix has thin capitalization and, until it achieves some successful drilling results, this early-stage exploration company is likely to suffer from a lack of investor awareness. With an aggressive capex program for the next two years, this scenario could change quickly.

### RECOMMENDATION

We recommend the shares of Amerix Precious Metals Corporation (“Amerix” or the “Company”) to risk-tolerant investors as a Speculative Buy, with a 12-month Target Price of \$0.45 per share.

### PROFILE

Amerix Precious Metals Corporation is a Toronto-based exploration company with two principal properties located in the Tapajós Gold District of Pará State, Brazil: Vila Porto Rico and Limão.

### HIGHLIGHTS

- ▶ The Tapajós Gold District in Brazil has significant known gold resources but is relatively under-explored.
- ▶ June 2006 NI 43-101 report at Ouro Roxo on the Vila Porto Rico property shows an inferred resource of 1,336,000 tonnes at 5.8 g/t.
- ▶ Ouro Roxo was first explored by Rio Tinto from 1993-1997.
- ▶ Brazil has large gold resources and a mining-friendly jurisdiction.
- ▶ Private placement of \$3.8 million in July 2007 provides ample funds to conduct the 2007 exploration campaign.
- ▶ Thin management depth, small market capitalization, and a lack of investor awareness are key challenges.

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## THE COMPANY

Amerix has its origins in 1997 and is led by mining engineer Mr. John Andrews as Chairman and geologist Dr. Lawrence Snee as interim President and Vice President Exploration (see Management and Directors, Appendix II). In June 2007, Dr. Snee assumed the role as interim President after Mr. Keith Laskowski resigned. Dr. Snee had joined Amerix as a consultant in October 2006. The Company's geological expertise is complemented by Dr. Chuck Thorman, who acts as a Technical Advisor.

The Company's focus is in the Tapajós Gold District of Brazil where it intends to expand the existing inferred resource at the Ouro Roxo deposit on its Vila Porto Rico property and to develop its exploration database and geological model.

Ouro Roxo was first explored by Rio Tinto in 1993-1997. Amerix has completed additional drilling between Ouro Roxo North and Ouro Roxo South demonstrating the presence of gold mineralization between these two areas. The Ouro Roxo gold zone has been traced over a distance of 3 kilometres, with a total of 69 drill holes. The NI 43-101 report released in June 2006 utilized 27 drill holes and defined an inferred gold resource of 1.336 Mt @ 5.8 g/t for 250,000 oz gold. Additional drilling at Ouro Roxo is planned in order to update the gold estimate.

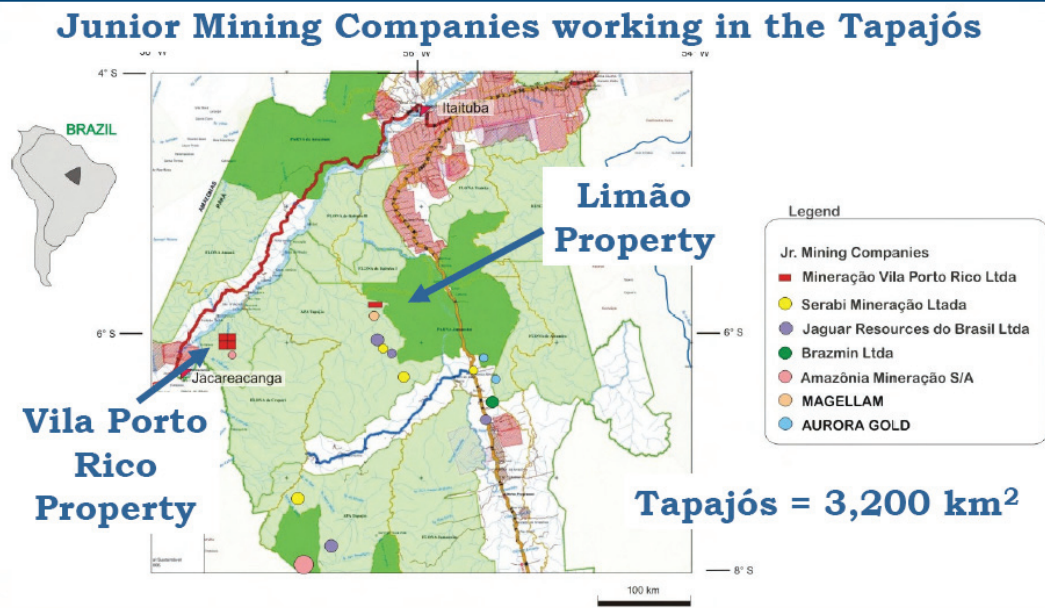
The Tapajós Gold District in Brazil's Pará State is a major, under-explored mineral province from which artisanal miners ("garimpeiros") are thought to have extracted up to 30 million ounces of gold from mostly alluvial and surface weathered bedrock deposits since the 1970s. The current high gold price has revived interest in the region by many gold exploration companies with an interest in Brazil. At present, Sertão (Troy Resources), Amazonia Mineração, Serabi Mining plc, Brazauro Resources Corp, Talon Metals Corp., Tiger Resources, and Altoro Gold Corp. are generally active in the district.

The Ouro Roxo Project also has a 1,600 metre by 200 metre wide pond containing tailings from historic high grade gold mines. Amerix completed an initial 37-hole drilling program in 2006 and identified large areas of multi-gram gold values in these tailings. These initial results indicate that the tailings and placer mining areas have the potential for large gold resources. Amerix is currently evaluating the remaining 17 square kilometres of tailings and placer material, located to the north of Ouro Roxo.

In addition to its activities at Ouro Roxo, Amerix will also conduct an exploration campaign at its Limão Property which will include mapping, sampling and diamond drilling in 2007. The goal of this exploration program is to expand the area of known mineralization along strike.

## PROPERTIES

**Figure 1: Properties**



Source: Company

Amerix has interests in the following properties in the Tapajós Gold District:

**Table 1: Properties**

	Property	Ownership	Size (hectares)	Details
1	Vila Porto Rico (Tapajos District)	100%	57,000	4 Projects, high Grade Gold Resource of 250,000 oz Gold
2	Limao (Tapajos District)	100%	11,812	Historic mining and 10 prior drill holes.

Source: eResearch

The properties are outlined in greater detail in Appendix I.

## CORPORATE PRIORITIES

Over the next 12 months, Amerix’s priorities include:

- Drill and expand the resource at Ouro Roxo to test the northern extension of the deposit in an effort to show that it is continuous from north to south;
- Explore and drill at the Carumbe, Nove Brasília and Inferno Verde projects (at Vila Porto Rico);
- Ensure that data from the Villa Porto Rico and Limão properties are put into a proper data base in order to define an appropriate geologic model;
- Resume aerial geophysical surveys by Q3/2007;
- Evaluate and initially drill the 20 square kilometers of gold tailings and placer material; and
- Provide an initial evaluation of geochemical values on the Vila Porto Rico property.

## INVESTMENT CONSIDERATIONS

### 1. Strengths

- **Attractive Mining Region:** the Tapajós Gold District of Brazil is regarded as an under-explored region with strong gold potential;
- **Local Expertise:** strong Brazilian expertise of management and staff; and
- **Good Infrastructure:** field camps are well built and access to the properties by river barge and by air is excellent.

### 2. Challenges

- **Funding:** continual dependence on private placement funding to conduct exploration activities;
- **Early-Stage Explorer:** despite operating in attractive mining camps, Amerix remains an early stage explorer and its management team must prove that they can add value; and
- **Lack of Investor Awareness:** Amerix, like many junior mining companies, needs to create increased investor awareness and improve the liquidity of its shares.
- **Management Depth:** currently operating with an interim president; need to expand management

## RISK FACTORS

- **Resource Risk:** As an early stage mineral exploration company, there is no guarantee that any viable resource will be found to be economic.
- **Commodity Price Risk:** Volatility of the commodities market could impact the price of precious metals being pursued by the Company.
- **Revenues:** The Company has no source of operating revenue, and significant additional expenditures will be required before any meaningful operating revenues will be generated, if any.
- **Capital Raising:** Significant ongoing capital will be required to conduct exploration and to develop the properties.
- **Stock Price Volatility:** The stock price will be heavily influenced by the results of exploration.
- **Future Production:** If mineral resources are developed, there is no guarantee that production will be profitable.
- **Regulatory Risk:** Government regulations could change, particularly environmental requirements.
- **Competition:** The resource industry is highly competitive, and the Company competes with many companies with greater financial resources, management resources and technical facilities than itself.
- **Uninsurable Risks:** The Company may become subject to liabilities for accidents, pollution and other hazards, against which it cannot insure, or may choose not to insure due to high insurance premiums. (The Company has general liability insurance for such risks.)

**COMMENT:** *Most of these risks are faced by small early stage exploration companies, but to varying degrees.*

## FINANCIAL REVIEW

**Revenues/Income:** Amerix is an exploratory, pre-production stage mining company and does not currently generate any mining revenues, cash flows or earnings and will continue to report net losses for the foreseeable future.

**Cash:** Cash balances as at April 30, 2007 was \$746,898. Following the recent \$3.81 million private placement financing of July 31, 2007, cash on hand is estimated at \$4 million.

**Burn Rate:** The Company's monthly burn rate (ie. non-discretionary expenses, including operating, general and administrative) over 2007 will be approximately \$35,000. Excluding capex, at current levels, the Company has 114 months of cash available to fund its operations.

**CAPEX:** Total capital expenditures for fiscal 2007 are estimated to be \$3 million and approximately \$5 million in fiscal 2008. The majority of these expenditures will be at Ouro Roxo. Including the remaining expected 2007 capex and half of next year's expected amount, cash resources are sufficient for about 15 months.

**Financing:** Amerix intends to finance its exploration program via equity raised through private placements. Amerix demonstrated its ability to access the capital markets through a recent private placement on July 31, 2007 for \$3.81 million. As indicated above, the Company has sufficient cash resources available to fund its currently planned and known operations for at least the next 12 months.

**Capital Structure:** The Company currently has 45.3 million common shares outstanding. At recent share prices, the Company's market capitalization is approximately \$9.1 million. Amerix is currently debt free.

**Warrants and Options:** As at June 29, 2007, convertible securities outstanding are as follows:

**Table 2: Options & Warrants**

<b>Exercise Price</b>	<b>Number</b>	<b>Expiry Date</b>	<b>Comments</b>	<b>Potential Equity</b>
<b>Options:</b>				
\$ 0.25	774,000	16-Dec-07	At-the-Money	\$ 193,500
\$ 0.44	1,000,000	15-Dec-08	Out-of-the-Money	\$ 440,000
\$ 0.32	50,000	27-Apr-09	Out-of-the-Money	\$ 16,000
\$ 0.30	100,000	27-Jun-09	Out-of-the-Money	\$ 30,000
\$ 0.35	700,000	8-Nov-09	Out-of-the-Money	\$ 245,000
\$ 0.44	500,000	24-May-10	Out-of-the-Money	\$ 220,000
\$ 0.93	650,000	30-Jun-11	Out-of-the-Money	\$ 604,500
\$ 0.27	525,000	18-Jan-12	Out-of-the-Money	\$ 141,750
\$ 0.29	200,000	28-Feb-12	Out-of-the-Money	\$ 58,000
Total	4,499,000			\$ 1,948,750
<b>Warrants:</b>				
\$ 0.40	3,000,000	4-Jan-08	Out-of-the-Money	\$ 1,200,000
Total	3,000,000			\$ 1,200,000

Source: Company and eResearch

**COMMENT:** None of the options and warrants that expire over our ensuing 12-month forecast period are “in-the-money” and, therefore, are not likely to be exercised. As a result, these dilutive securities are not considered in our calculation of the 12-month Target Price.

**Financial Statements:** Abridged financial statements are provided below:

**Table 3: Selected Financial Information**

All figures in CS	9 Months ending April 30:		Year ending July 31:			
	2006	2007	2005A	2006A	2007E	2008E
<b>Statement of Income/(Loss):</b>						
Operating Income			0	0	0	0
Non-Operating Income (FX Gain (Loss))	(293)	23,909	0	0	25,000	25,000
General & Administrative Expense	(271,093)	(319,430)	(287,005)	(451,023)	(425,896)	(400,000)
Amortization	(2,274)	(2,287)	(4,252)	(3,458)	(3,049)	(4,000)
Stock-based Compensation	(84,156)	(453,759)	(292,332)	(247,402)	(604,997)	(700,000)
Loss on disposal of property	(453,218)	0	0	(330,360)	0	0
Write off of note receivable				(122,410)		
Income Taxes (Recovery)			0	0	0	0
Net Income/(Loss)	(811,034)	(751,567)	(583,589)	(1,154,653)	(1,008,941)	(1,079,000)
Total Shares Outstanding	44,774,973	45,274,973	36,324,973	44,774,973	45,575,973	59,000,000
Weighted Average Shares Outstanding	37,452,315	45,244,379	35,803,151	39,323,494	45,300,000	52,000,000
Earnings (Loss) Per Share	(\$0.02)	(\$0.02)	(\$0.02)	(\$0.03)	(\$0.02)	(\$0.02)
<b>Statement of Cash Flow:</b>						
Net Income (Loss)	(811,034)	(751,567)	(583,589)	(1,154,653)	(1,008,941)	(1,079,000)
All Non-Cash Items	<u>539,648</u>	<u>456,935</u>	<u>308,834</u>	<u>703,630</u>	<u>608,045</u>	<u>704,000</u>
Cash Flow from Operations	(271,386)	(294,632)	(274,755)	(451,023)	(400,896)	(375,000)
Capital Expenditures/Purchase of Mining Interests	(1,079,880)	(2,531,621)	(2,489,232)	(1,787,181)	(3,100,000)	(5,000,000)
Other Investing Items	0	<u>(4,552)</u>	<u>1,550,113</u>	<u>1,000,000</u>	<u>(29,054)</u>	<u>(200,000)</u>
Free Cash Flow	(1,351,266)	(2,830,805)	(1,213,874)	(1,238,204)	(3,529,950)	(5,575,000)
Working Capital Changes	(36,127)	223,898	156,516	151,758	(140,000)	(400,000)
Equity Financing	3,746,176	200,000	88,330	3,600,473	4,500,000	4,500,000
Debt Financing	0	0	0	0	0	0
Change in Cash	2,358,783	(2,406,907)	(969,028)	2,514,027	830,050	(1,475,000)
Cash, Beginning of the Period	640,667	3,154,694	1,609,695	640,667	3,154,694	3,984,744
Cash, End of the Period	2,999,450	746,898	640,667	3,154,694	3,984,744	2,509,744
	As at April 30:		As at July 31:			
	2006	2007	2005A	2006A	2007E	2008E
<b>Balance Sheet:</b>						
Cash	2,999,450	746,898	640,667	3,154,694	3,984,744	2,509,744
Other Current Assets	1,412,837	10,542	132,484	512,151	10,542	10,542
Mineral Properties	5,481,243	8,837,058	6,354,581	6,308,559	9,405,510	14,401,510
Capital Assets	<u>8,590</u>	<u>11,084</u>	<u>10,863</u>	<u>10,248</u>	<u>11,084</u>	<u>12,000</u>
Total Assets	<u>9,902,120</u>	<u>9,605,582</u>	<u>7,138,595</u>	<u>9,985,652</u>	<u>13,411,880</u>	<u>16,933,796</u>
Current Liabilities	74,437	76,783	205,210	359,045	294,214	395,130
Future Tax Liability	0	0	0	0	0	0
Total Liabilities	74,437	76,783	205,210	359,045	294,214	395,130
Shareholders' Equity	<u>9,827,683</u>	<u>9,528,799</u>	<u>6,933,385</u>	<u>9,626,607</u>	<u>13,117,666</u>	<u>16,538,666</u>
Total Liabilities & Equity	<u>9,902,120</u>	<u>9,605,582</u>	<u>7,138,595</u>	<u>9,985,652</u>	<u>13,411,880</u>	<u>16,933,796</u>
Book Value (S.E.) Per Share	\$0.22	\$0.21	\$0.19	\$0.21	\$0.29	\$0.28

**COMMENT:** Amerix is an exploratory, pre-production stage mining company, currently does not generate any mining revenues, and will continue to report net losses for the foreseeable future. Losses as at 9M/2007 are \$751,567 or (\$0.02) per share. We project losses of (\$0.02) per share for F2007 and F2008. Negative free cash flow resulting from capital expenditures (mostly at Ouro Roxo) of \$3.1 million and \$5 million in F2007 and F2008 respectively is to be financed by private placements of equity of approximately \$4.5 million in both F2007 and F2008. We project a book value per share of \$0.29 and \$0.28 in F2007 and F2008 respectively.

Source: eResearch

## VALUATION

Junior mineral exploration companies create value through the skill and competence of management in evaluating, acquiring, exploring and developing properties.

To ascertain the intrinsic value of Amerix, eResearch is valuing the Company with other exploration companies that are actively involved in precious metals mining in the Tapajós region of northern Brazil. In addition, we are also using a Share Value Per Attributable Resource analysis, based on the recent NI 43-101 mineral resource estimate at Ouro Roxo.

### (1) Peer Comparison:

The peer companies of Amerix are as follows:

**Serabi Mining plc** (SRB: AIM) is a UK-based gold mining company focused on the Tapajós geological region of northern Brazil. The company commenced operating in Brazil in 1999, with the objective to acquire, evaluate and mine gold deposits previously unknown or technically too difficult for the garimpeiros to exploit. Serabi acquired the Palito Gold Mine in 2001 and underground mining and gold production commenced in late 2003 with commercial production achieved in October 2006. With recent upgrades to the mill increasing capacity to 550 tonnes per day, Serabi is targeting an annualized production rate of between 60,000 and 70,000 ounces gold equivalent during 2008.

**Talon Metals Corp.** (TLO: TSX) (formerly BrazMin Corp.) is engaged in the exploration and development of base and precious metal projects in the Americas. In February 2007, the Company finalized the acquisition of 13.15M shares (approx. 17%) of Brazauro Resources Corp., an exploration and development company in Brazil. Talon conducted surface exploration and diamond drill programs on the São Jorge and Água Branca Projects in the Tapajós Gold District. In addition, the Company continues to hold an interest in the Tocantinzinho Project via its share position in Brazauro.

**Brazauro Resources Corp.** (BZO: TSX-V) is an exploration company with three gold properties in the Tapajós Gold District of Pará State in Brazil. Brazauro made a major gold discovery in 2004 at its 100%-controlled Tocantinzinho property. Drilling since that time has expanded the discovery significantly, with 46 completed core holes defining the gold mineralization. In addition, Brazauro acquired the Crepori gold prospect in the Tapajós district and continues to explore for other promising properties in the greater Tapajós region, including the recent Circulo application, with the goal of discovering and outlining economically viable gold deposits.

**Table 4: Corporate Comparison**

		Amerix Precious Metals Corporation APM: TSX-V April-07	Talon Metals Corp. TLO: TSX-V March-07	Brazauro Resources Corporation BZO: TSX-V April-07	Serabi Mining plc SRB (AIM): LSE (2) December-06
<b>Corporate:</b>					
Share Price	1	C\$ 0.20	C\$ 1.21	C\$ 0.71	C\$ 0.84
Shares O/S		45,275,973	27,054,222	76,362,621	111,100,000
Market Cap		C\$ 9,055,195	C\$ 32,735,609	C\$ 54,217,461	C\$ 93,332,888
<b>Mineral Properties:</b>					
Book Value (Cost)		C\$ 8,837,058	C\$ 7,932,046	C\$ 23,943,024	C\$ 23,535,928
Market Value		C\$ 8,286,671	C\$ 11,484,202	C\$ 44,814,218	C\$ 75,148,134
Difference		-C\$ 550,387	C\$ 3,552,156	C\$ 20,871,194	C\$ 51,612,206
Property Ratio		0.94	1.45	1.87	3.19
Average Ratio (Peers)		2.17			
Adjusted Book Value (Cost)	3	C\$ 13,837,058			
Adjusted Property Ratio		0.60			
Selected Ratio		1.30			
Common Equity (Per Statements)		C\$ 9,528,799			
Adjusted Common Equity (Selected Ratio)	3	C\$ 18,679,916			
Equity Per Share (Per Statements)		C\$ 0.21			
Adjusted Equity Per Share (Selected Ratio)	3	C\$ 0.41			

Note 1: Share price for Amerix as at August 21, 2007; peer companies prices are average of last 20 trading days.

Note 2: Serabi Mining plc financials quoted in US\$ and translated at C\$1.0601=US\$1; Share price is quoted in UK £ and translated at C\$2.1002=£1

Note 3: Amerix Mineral Properties and Shareholders' Equity are adjusted for estimated capex of \$5,000,000 over the next 12 months.

Source: eResearch

## Analysis

In the Peer Comparison table above, the Property Ratio measures the premium the market currently places on a company's mineral values. All else being equal, a higher premium indicates that the market is anticipating greater future value from the assets in the ground, while a lower premium may represent an undervalued asset.

eResearch has calculated the value of Amerix's Mineral Property 12 months forward by adding in the anticipated capital expenditures for the forecast period to the existing mineral property value. Then we apply to the Adjusted Book Value of the Mineral Property, the selected Mineral Property Ratio, as determined by analyzing and comparing the relative merits of the peer companies with the subject company. Since Serabi is in production, it represents the top end. Better actual comparables are Talon and Brazauro and we have taken their average and averaged it with Amerix's ratio to derive a Selected Ratio of 1.30x. This provides an intrinsic value for Amerix of \$0.41 per share.

## (2) Share Value Per Attributable Resource

**Table 5: Matrix of Values Per Attributable Resource Ounce**

Amerix Precious Metals Corporation - Inferred Resources					
Per Attributable	US\$40	US\$60	US\$80	US\$100	US\$120
Gold Resource Ounce					
Market Cap (C\$ @C\$1=US\$0.9433)					
Using 250,000 Resource Ounces	\$10,601,081	\$15,901,622	\$21,202,163	\$26,502,703	\$31,803,244
Value Per Fully Diluted Share					
Using 45,275,973 Shares	\$0.23	\$0.35	\$0.47	\$0.59	\$0.70

Source: eResearch

The Share Value Per Attributable Resource analysis outlined above provides an intrinsic value calculation for Amerix shares based on the estimated value of the Inferred Resource at Ouro Roxo. This is derived using "in the ground" prices of gold ranging from US\$40/oz to US\$120/oz for the inferred resources.

By taking the mid-point, we arrive at an intrinsic value of \$0.47 per share using this method.

**COMMENT:** *As noted, Amerix's goal is to expand the existing inferred resource at Ouro Roxo and we await the results of further drilling.*

### Investment Conclusion

- The Peer Analysis method provides an estimated intrinsic value per share of \$0.41.
- The Share Per Attributable Resource at Ouro Roxo provides an estimated intrinsic value per share of \$0.47. Since a resource estimate is not available for the Limão property, we take the current book value of \$540,000, or \$0.01 per share. Therefore, the total intrinsic value for the Company's Mineral Properties is \$0.48 per share.
- In terms of our Target Price, we are taking the simple average of the two methodologies and arrive at an estimated intrinsic value of \$0.45 per share.

## OUTLOOK

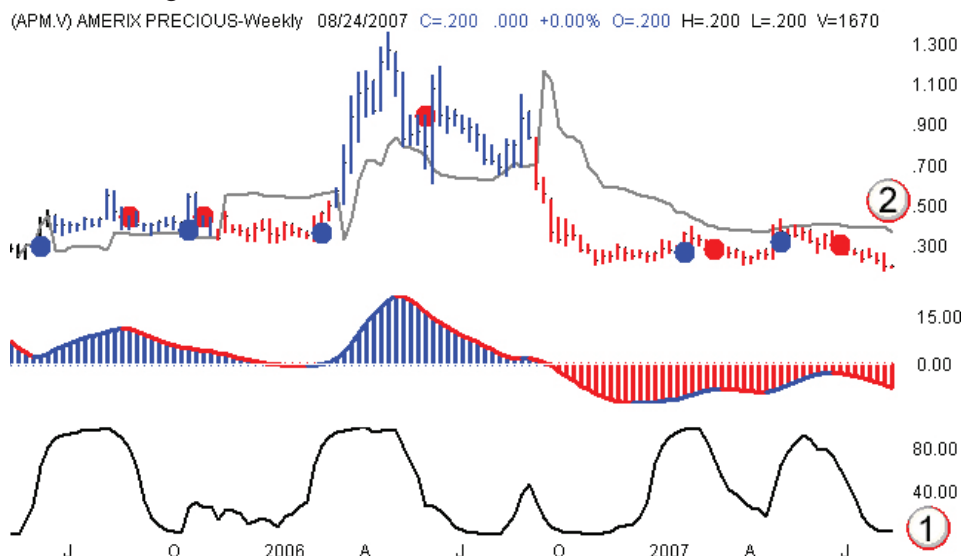
Overall, Amerix's prospects for achieving its short-term exploration objectives are good given current cash resources (recent private placement of \$3.81 million). Amerix should gain increasing investor attention provided it can achieve successful exploration and development activities to expand the existing resource at Ouro Roxo. Coupled with our continuing bullish outlook for gold, we believe that the Company's shares will respond positively. Considering these factors and using the intrinsic value derived above, we have derived a 12-month Target Price for the shares of \$0.45, which represents a 125% premium over the current share price.

## TECHNICALLY SPEAKING

*By Stephen Whiteside - Publisher - TheUpTrend.com*

### Amerix Precious Metals Corporation

Amerix has been in a long-term down-trend since hitting a high of \$1.36 in early 2006. For the last 10 months, this stock has been trading in a fairly narrow range, which looks like very constructive base building, similar to what occurred in 2005.



Our cycle indicator (1) indicates that this current short-term down-move is more than likely over, and a new up-move may start in the next couple of weeks. Based on current price levels, a long-term buy signal would be given if this stock has a weekly close above \$0.35 (2).

## APPENDIX 1: PROJECT SUMMARY

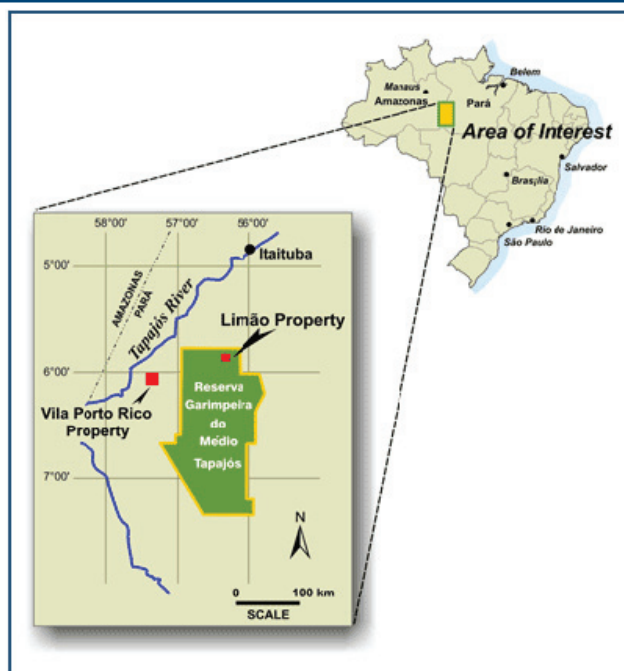
(Source: Company records)

### 1. Vila Porto Rico

The Vila Porto Rico properties are located in the municipality of Jacareacanga in the State of Pará, immediately east of the Tapajós River, a major north-flowing tributary of the Amazon. Manaus, the nearest principal centre and capital of the adjacent State of Amazonas, is located to the northwest in the heart of the Amazonian territory, at the confluence of the Amazon (Solimões) and Negro Rivers. Manaus has a population of approximately 1.4 million, and enjoyed an extraordinary boom in the latter part of the last century due to the rubber industry.

Prior exploration in the Vila Porto Rico concessions by Rio Tinto Mineral Development (RTMD) in 1995 and 1996 centered on the Ouro Roxo-Nova Brasília-Cantagalo Shear Zone, and included geological mapping, geochemical soil surveys, and limited geophysical surveys, including Induced Polarization (IP) and magnetometer surveys, auger drilling for geochemical samples, and 4,840 meters of core drilling in 26 drill holes. The cut line grid established by RTMD involved a north-south baseline of 6.4 km with east-west section lines varying from 1.5 to 3 km in length.

Figure 2: Location Map



Source: Amerix Precious Metals Corporation

Commencing in 2004, Amerix renegotiated the exploration concessions titles and purchase agreement, reviewed the available project technical data and is proceeding with exploration of the concessions at large by geochemical soil surveys and geology of selected mineralized areas and an initial core drilling program involving 4,081 meters of NQ core drilling in 29 holes in the Ouro Roxo North and South areas to add further definition to the identified mineralization in those areas.

Core drilling to date has identified several centres of gold mineralization associated with the Ouro Roxo-Cantagalo Shear Zone. Gold mineralization is interpreted initially to occur in association with quartz injections and accompanying pyrite from an epithermal source. The mineralization

appears to occur irregularly along shears and fractures within the central mylonitic zone of the main shear structure.

The Ouro Roxo North (Buriti) zone is associated with a sheared to locally brecciated structure, made up of fragments of encasing rock in a matrix of quartz, calcite, pyrite, chalcopyrite, and sericite, which has accommodated hydrothermal mineralization. The mineralized zones vary for 0.20 to 50.0 meters in thickness and are associated with a mylonitic foliation trending north-south and dip 30° east. The highest gold grades are associated with the brecciated zones and where sulphide concentration is more evident. Breccia zones with sulphide content are also identified which do not contain high gold values. However, generally the sulphide containing breccia zones are indicative of elevated gold content.

The Ouro Roxo South (Pimenteiras) zone indicates that it is also controlled by the shear structure, containing encasing rock fragments in a matrix of quartz, calcite, pyrite, chalcopyrite, and sericite with hydrothermal mineralization. When the breccia cuts the diorite, martite and potassium feldspar are also present. The breccia structure trends north-south and dips 30° east. Interesting gold values also occur outside the breccia zones, but are always associated with fractures and the presence of sulphides.

Numerous smaller veins, to 2 cm thickness, are associated with the main structure and have the same mineralogy and trend as the main vein structure. The encasing rock contains disseminated sulphides, as well as fractures filled by sulphides.

In the garimpeiro operations, the majority of production is from the lateritic and saprolitic material within and especially near-by the footwall contact of the central mylonitic (sheared) zone with an underlying diorite or gabbro. The garimpeiro production and processing operations are elementary, with minimal mechanization and unsophisticated processing. Essentially, material is passed through a relatively short, 2.5 to 3 meter sluice with minimal or no riffles and gold containment is obtained from special gold blankets, from which the concentrate is amalgamated with mercury and retorted to produce a locally saleable product.

## **2. Limão Property**

In 1997, Amerix Precious Metals Corporation, formally the New Bullet Group Inc., entered into an agreement to form a Brazilian company which will acquire title to certain Garimpeiro Mining Licenses covering 11,812 hectares in the vicinity of the Limão gold working in the Tapajós area, Pará State, Brazil. These Mining Licenses are currently being converted into Prospecting Permits.

The claims cover geological formations with demonstrated economic potential, located in the Tapajós Mineral Province. The Limão project is accessible by single-engined light aircraft from Itaituba, located on the Transamazonia highway.

The project area is underlain by granites of the Lower Proterozoic Maloquinha granite suite, with a central belt of gneisses and mafic to ultramafic bodies.

The area was investigated in 1987 and 1990 by Mineração Pompèia Ltd., who carried out geological mapping, geochemical and geophysical surveys, and diamond drilling. In 1995, Barrick do Brazil Ltda. entered into an agreement with the prior owners of the property and through a local Brazilian services company, Geoexplore, carried out geochemical, radiometric and IP surveys. Their recommendations for drilling were not followed through by Barrick.

Pompèia's drilling program included two holes with spectacularly high intersections, 47.89 g/t Au over 13.05 m, and 18.74 g/t Au over 6.85 m drilled widths below the Limão pit.

The area presents ample evidences of mineralization in the form of the garimpeiro workings, and Pompèia's borehole intersections may represent a well defined, possibly structurally controlled mineralized zone. The geological model requires refining by detailed surface investigations such as trenching, auger drilling and dewatering and mapping of the Limão pit, to ensure that future drilling for deeper targets, is well directed.

## **APPENDIX 2: MANAGEMENT AND DIRECTORS**

*(Source: Company Records)*

### **John Andrews - Chairman of the Board**

Mr. Andrews has more than 36 years experience in managing mining operations in the precious metals industry in the United States, Canada, Mexico, Botswana, and South Africa, and in the base metals and coal industries in Columbia, Chile, Australia, Canada and the United States. He is a graduate of the Royal School Mines, London and a registered professional engineer in the Province of Ontario. Most recently, Mr. Andrews was President and Chief Executive Officer of Beartooth Platinum and he remains a director of Beartooth. Mr. Andrews served as President and Chief Operating Officer of Stillwater Mining Company from 1994 to 1999. Prior to Stillwater Mining, Mr. Andrews held various positions at Phelps Dodge Corporation, Exxon Coal & Minerals Company, and Union Corporation Group.

### **Dr. Lawrence Snee - President**

Dr. Snee brings more than 30 years of experience as an exploration geologist, research geologist, and university professor, and is retired from the U.S. Geological Survey. He has conducted research on mineral deposits throughout the world, managed teams of geologists, investigated high-sulfidation epithermal systems in the Tapajós gold province in Brazil, and authored or co-authored more than 300 articles on mineral deposits and associated geology throughout the world. Dr. Snee is the owner of Global Gem and Geology LLC, and holds an emeritus research position with the U.S.G.S. where he continues his involvement with field and laboratory studies. Dr. Snee earned a PhD. and MSc. from The Ohio State University in Geology and Geochemistry, and a B.Sc. degree in Geology, Chemistry, and Biology from Florida State University.

### **Harry Burgess - Director**

Mr. Burgess is a mining engineer and Vice President with Micon International Limited, mineral industry consultants since 1988. His prior operating experience includes senior positions in the copper industry of Zambia and gold mining in South Africa. Mr. Burgess has more than 36 years of worldwide mining experience, including particular expertise in the evaluation and monitoring of mining projects for operating companies and financial institutions.

### **Frank Davis - Director**

Mr. Davis is a partner with Fraser Milner Casgrain LLP, one of Canada's leading business law firms. He practices principally in the areas of corporate finance, mining, and mergers and acquisitions. Mr. Davis represents various public and private companies and investment banking firms and has more than 23 years experience working with companies in the natural resource area.

**Jeff Lightfoot - Director**

Mr. Lightfoot is a corporate and securities attorney with Maitland and Company, Vancouver, British Columbia, Canada. He has more than 16 years experience working with companies in the natural resource area. He has a B.B.A. from Wilfrid Laurier University in Waterloo, Ontario, and a LL.B. from Osgoode Hall Law School in Toronto, Ontario. He has served on the board of directors of several public companies listed on the TSX-Venture Exchange.

**Dr. Charles (Chuck) Thorman (PhD), Technical Advisor**

Dr. Thorman has more than 45 years of experience as an exploration geologist, research geologist and university professor. He serves as a Geologist Emeritus in the US Geological Survey and has consulted extensively with the Brazilian Geological Survey (CPRM), Brazilian mining companies and Brazilian university professors.

## ANALYST CERTIFICATION

Each Research Analyst who was involved in the preparation of this Research Report hereby certifies that: (1) the views, opinions, and recommendations expressed in this Research Report reflect accurately the Research Analyst's personal views concerning any and all securities and issuers that are discussed herein and are the subject matter of this Research Report; and (2) the fees, earnings, or compensation, in any form, payable to the Research Analyst, is not and will not, directly or indirectly, be related to the specific views, opinions, and recommendations expressed by the Research Analyst in this Research Report.

### eResearch analysts on this report:

**Stephen Mussart, B.A. (Econ.), MBA:** Stephen Mussart has over 10 years of experience in corporate finance and commercial banking with major financial institutions such as the Bank of Montreal, Societe Generale (Canada), and CIBC World Markets. His experience includes managing a portfolio of commercial accounts, and providing risk assessment and financial analysis on a portfolio of large multi-national corporations with an emphasis on mining, oil & gas, and telecommunications. He is presently the mines and metals analyst in the Credit Department of Sumitomo Mitsui Banking Corporation of Canada.

**Bob Weir, B.Sc., B. Comm, CFA.** Bob Weir has 40 years of investment research and analytical experience in both the equity and fixed-income sectors, and in the commercial real estate industry. He was at Dominion Bond Rating Service (DBRS) from 1994 to 2001, latterly as Executive Vice-President responsible for conducting the day-to-day management affairs of the company. He joined eResearch in 2004.

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<b>Strong Buy:</b>	Expected total return within the next 12 months is at least 40%.
<b>Buy:</b>	Expected total return within the next 12 months is between 10% and 40%.
<b>Speculative Buy:</b>	Expected total return within the next 12 months is substantial, but Risk is High (see below).
<b>Hold:</b>	Expected total return within the next 12 months is between 0% and 10%.
<b>Sell:</b>	Expected total return within the next 12 months is negative.

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## eResearch Risk Rating System

A company may have some, but not necessarily all, of the following characteristics of a specific risk rating to qualify for that rating:

<b>High Risk:</b>	<i>Financial</i> - Little or no revenue and earnings, limited financial history, weak balance sheet, negative free cash flows, poor working capital solvency, no dividends. <i>Operational</i> - Weak competitive market position, early stage of development, unproven operating plan, high cost structure, industry consolidating, business model/technology unproven or out-of-date.
<b>Medium Risk:</b>	<i>Financial</i> - Several years of revenue and positive earnings, balance sheet in line with industry average, positive free cash flow, adequate working capital solvency, may or may not pay a dividend. <i>Operational</i> - Competitive market position and cost structure, industry stable, business model/technology is well established and consistent with current state of industry
<b>Low Risk:</b>	<i>Financial</i> - Strong revenue growth and earnings over several years, stronger than average balance sheet, strong positive free cash flows, above average working capital solvency, company may pay (and stock may yield) substantial dividends or company may actively buy back stock. <i>Operational</i> - Dominant player in its market, below average cost structure, company may be a consolidator, company may have a leading market/technology position.

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