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 20th 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

Balance Sheet	September 30, 2007 $	September 30, 2006 $
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

	Year ended September 30,		
	2007 $	2006 $	2005 $
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)
Net earnings (loss)	(3,507,057)	86,264	182,284
Basic and diluted earnings (loss), per share	(0.06)	0.01	0.01
Cash flows			
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)	(1)	(0.02)
June 30, 2007	63.6	(159.6)	(2)	-
March 31, 2007	43.1	(195.8)	(3)	(0.01)
December 31, 2006	28.4	(2,212.5)	(4)	(0.05)
September 30, 2006	40.8	296.5	(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) and on the Company's web site (www.maximusventures.com).