

# **Alix Resources Corp.** **(Formerly NPN Investment Group Inc.).**

Management Discussion and Analysis  
For The Period Ended October 31, 2007

## **December 21, 2007**

The following discussion and analysis should be read in conjunction with the unaudited financial statements for the nine months ended October 31, 2007, and the year end audited financial statements for the years ended January 31, 2007 and 2006 and related notes included herein. All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars. Additional regulatory filings for the Company can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com). The Company's website can be found at [www.alixresources.com](http://www.alixresources.com)

## **Forward-Looking Statements**

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments.

## **Overview**

The Company was incorporated on April 26, 2004 under the Ontario Business Corporation Act. The Company was considered a capital pool company ("CPC") as defined by Policy 2.4 of the TSX Venture Exchange. As a CPC, the business of the Company was to identify and evaluate opportunities for the acquisition of assets or a business in order to complete a "Qualifying Transaction" in accordance with the requirements of the Policy.

On June 22, 2007, the Company completed its qualifying transaction. The qualifying transaction consisted of the acquisition of a 100 percent interest in certain mining claims and properties, and related agreements between Full Metal Minerals Ltd. and Hunter Exploration Group, and between Full Metal and Nunavut Tunngavik Inc., a private placement financing and certain changes to the board of directors of the Company. Details of the mining claims acquisition and private placement financing are disclosed in the notes to the financial statements.

As a junior mineral exploration company, the Company's core assets are the exploration rights to its mineral properties. The Company's current objective is to seek out and acquire prospective mineral exploration properties in North America with the view to exploring and developing the properties. Since completing its qualifying transaction, the Company has acquired three additional properties.

The Company currently has no producing properties, and consequently no operating income or cash flow. The Company is dependent on the equities markets to finance all of its activities and it is anticipated that it will continue to rely on this source of funding for its exploration expenditures and to meet its ongoing working capital requirements.

## Overall Performance

The Company incurred losses of \$156,128 and \$580,612 for the three and nine months ended October 31, 2007 respectively compared to losses of \$14,121 and \$73,612 for the same periods in the prior year.

Comparisons to the prior year are not necessarily meaningful as the Company underwent significant change in the nature and level of its operations.

In the second quarter of fiscal 2008, the Company completed its qualifying transaction, obtained funding through a private placement financing, changed certain of its board members, put a new management and advisory team in place and moved its head office from Ottawa to Vancouver. The Company also entered into an option agreement to earn a 50% interest in Andover Venture Inc.'s (AOX) Bristol Bay Native Corp land package in Southwestern Alaska.

In the third quarter of fiscal 2008, the Company acquired two additional properties. On August 13, 2007, the Company entered into an option agreement to earn a 100% interest in a lode gold prospect in Alaska known as the Divide Property for which on August 14, 2007, the Company entered into a Letter of Intent (LOI) with Millrock Resources Corp to joint venture the exploration. Under the terms of the LOI, Millrock could earn a 50% interest in the Divide property. In October 2007, the Company entered into an option agreement to earn a 100% interest in the silver-gold prospect known as the Chloride property in Arizona.

On October 25, 2007, the Company issued 2,664,715 units at a price of \$0.35 per unit for total proceeds of \$932,650. Each unit is comprised of one common share and one-half common share purchase warrant. Each full warrant will entitle the holder to purchase one common share at \$0.45 for a period of 24 months after the close with an acceleration of the exercise period should the Company's common shares close above \$0.75 per share for 20 consecutive days.

The Company's name change to Alix Resources Corp. and its continuation from the governing jurisdiction of Ontario to the governing jurisdiction of British Columbia became effective on December 5, 2007.

## Operating Activities

### Arcadia, Mac and Cache Claims

The Company entered into an agreement dated February 15, 2007 with Michael England under which the Company would acquire all the rights and obligations of Full Metal Minerals Ltd. (FMM) under certain agreements between Full Metal and Hunter Exploration Group and between Full Metal and Nunavut Tunngavik (NTI). Upon assignment of the agreements, Alix would hold a 100% interest in the rights to explore and develop the Arcadia, Mac and Cache claims located in Nunavut subject to a 1% NSR, advance royalties payments of \$25,000 per annum until 2010 and \$50,000 per annum thereafter, and annual fees and exploration expenditures.

In consideration for the acquisition, the Company is required to make cash payments and issue shares. Details of these cash and share commitments are disclosed in the notes to the financial statements.

The acquisition of these mining claims, properties and related agreements was the basis of the Company's qualifying transaction. The Company incurred \$131,643 in professional and filing fees to complete the qualifying transaction. The Company also granted 125,000 options to purchase shares with an exercise price of \$0.10 per share, exercisable for five years, to Mike England as consideration for identifying and assisting in the completion of the qualifying transaction. The options are valued at \$10,797. The costs directly associated with the qualifying transaction have been capitalized.

On July 31, 2007, the Company entered into an agreement with Bolero Resources Corp (BRU), formerly United Bolero Development Corp., whereby BRU was granted the option to acquire a 50% interest in the Arcadia claims. In consideration for the option, BRU is required to issue 75,000 common shares to Alix (issued for a value of \$34,500), make a cash payment of \$15,000 to Alix (paid), complete cumulative

exploration expenditures of \$600,000 over a period of two years and assume the obligation to finance 50% of Alix' obligations under the underlying Arcadia agreements.

#### Arcadia Claims

The Arcadia Bay project represents an Archean lode-gold deposit located on the Arctic Ocean in Canada's Nunavut territory, west of Bathurst Inlet and 140 kilometres west of Miramar Mining's Hope Bay greenstone belt. The Arcadia claims cover an area of 1,280 hectares.

The area of the Arcadia property has been the focus of considerable exploration activity since the initial discovery of auriferous quartz veins in the early 1960's. Work by various companies was done in three main periods: primarily prospecting work from 1963 to 1966, trenching and diamond drilling from 1974 to 1981, and primarily diamond drilling from 1984 to 1989. The holdings of three companies, encompassing most of the present property, were combined in 1973 to allow coherent exploration of the previously partitioned North Central vein. Historic resource estimates of 640,650 tonnes averaging 7.2 g/t gold (containing about 148,000 oz. gold) in the North Central Vein and 139,524 tonnes averaging 8.6 g/t gold (or 38,600 contained oz. gold) in the Fred Vein have been reported. Highlights of historic drilling include drill intercepts up to 29.0 g/t Au over 5.6m and 12.0 g/t Au over 23.1m in the GHX zone, and channels up to 30.9 g/t Au over 1.2m in the Pick Zone. None of the reserve calculations have been reviewed by a Qualified Person (as defined in NI 43-101) and they are not compliant with NI 43-101. The Company is not qualified to comment on the validity of these numbers. In 1989, the Coronation Gulf Joint Venture completed the last significant program prior to the acquisition of the property by FMM.

Alix Resources had intended to begin the exploration of the Arcadia claims by December 31, 2007 however, delays in obtaining the required permits (which were initially believed to be in place) hindered its ability to do so. The Company has hired Apex Geoscience Ltd. to manage the work program on Arcadia, permits are being obtained and drilling is expected to begin in March 2008.

#### Mac and Cache Claims

The 13,600 hectare property known as the Mac and Cache properties (of which the 2,479 hectare Mac Claim and 120 hectare Cache claim are a part) is located in the tundra barren lands of the Western Churchill Province of the Canadian Shield, 150 km southeast of Rankin Inlet, Nunavut. The nearest community is Whale Cove, located on Hudson Bay, 110 km east of the property. Access to the property is by float or fixed wing aircraft.

FMM and its former project partner conducted an exploration program on the property in 2004 with the objective to increase the geological understanding of the Mac and Cache claims in anticipation of conducting drilling on the property, and to identify new mineral occurrences. Assay results ranged from trace to 58.1 g/t gold, with a median grade of 28 ppb gold, and a mean grade of 1,210 ppb gold. Reconnaissance prospecting in the vicinity of Kaminak Lake identified three new mineralized occurrences, including the NWMI showing, which returned grab samples assaying 58.1 g/t gold and 9.1 g/t hold from quartz veins within a topographic low. At the FBB showing, a composite sample of a 25m long frost-heaved boulder train of quartz averaged 3.8 g/t gold. The WOMI, showing grab samples from multiple quartz veins, returned anomalous gold values including 3.4, 2.8 and 2.4 g/t gold. FMM staked an additional 15 claims for 11,000 hectares, covering prospective areas of the Greenstone Belt. No work has been performed on these properties since 2004. Alix will review the data available before proceeding with any work program on these properties.

As at October 31, 2007, the Company had incurred acquisition costs of \$263,940, which include qualifying transaction costs and recoveries from BRU, and \$4,614 in deferred development costs.

#### **Bristol Bay Properties**

On July 25, 2007, the Company entered into an agreement with Andover Ventures Inc. to acquire an option to earn a 50% interest in Andover's Bristol Bay Native Corp (BBNC) land package in the Bristol Bay Region in Southwestern Alaska. Pursuant to the option agreement, the Company is required to issue shares and incur exploration expenditures. Details of these commitments are disclosed in the notes to

the financial statements. The Bristol Bay option agreement is non arms-length but has been approved by the independent board members of both companies. The agreement has received regulatory approval.

The BBNC land package is comprised of seven properties: KUY, Fog Lake, Kemuk, Chilikat East, Chilikat West, Koksetna, and Samuelson. Each of the properties is discussed below.

#### The KUY Property

The KUY prospect is an epithermal gold-silver-copper target, located in Southwestern Alaska on the south side of Iliamna Lake. Andover holds the right to earn a 100% interest in the prospect through an option-lease agreement with BBNC and three 160-acre State of Alaska mining claims along the south margin of the property. During last year's work program Andover discovered values as high as 25.37 OPT gold and 177 OPT silver. Andover had previously collected twelve composite grab samples at the KUY property, over one-meter intervals along a 15 to 30cm (6- to 12-inch) wide quartz vein. Cutting tertiary volcanic rocks on the property reported strikingly high gold results. Grades ranging from 6.52 ppm (6.5 grams/tonne or 0.19 ounces/ton) to 869 ppm (869 grams/tonne or 27.4 ounces/ton) gold (Au) were reported (see November 13, 2006 news release). An IP program on the property was initiated in 2006 and two additional lines were surveyed earlier this summer. IP results correlate well with mapped geology and both chargeability and conductivity anomalies were identified.

In August 2007, drilling commenced on the KUY property. A 5 hole drill program has been completed and the Company is now awaiting results from Alaska Assay Labs. The goal of the drill program was to drill-test geophysical anomalies detected in the IP and resistivity surveys conducted last fall and earlier this summer and testing at depth for the auriferous quartz vein sampled at surface last fall. Dr. David Hedderly-Smith is the qualified person for this project as defined by National Instrument 43-101.

#### The Fog Lake Property

The Fog Lake prospect is a gold-copper target which covers approximately 2330 hectares and is located northeast of the KUY property. Exploration work in the early 1970's identified a 700-meter long multi-element soil geochemical anomaly at this site. Of the 130 soil samples in the anomalous zone, 49 contained between 100 and 18,800 ppb gold and 65 contained between 70 and 3,200 ppm copper. The zone is also anomalous in zinc, lead and silver.

#### The Kemuk Property

The 1,490 hectare Kemuk prospect, held by BBNC through a combination of Native selections and 40-acre State of Alaska mining claims, is centered on a large, strong magnetic anomaly that was identified and drilled in the 1950's by Humble Oil Company in an exploration program targeted to discover iron ore. Magnetite in gabbroic rocks was discovered in what is suggested by airborne magnetic surveys to be a large intrusive body. Re-logging and sampling of the historical drill core identified zones of anomalous platinum, with core lengths up to 51 feet with platinum ranging between 30 ppb and 105 ppb. All drilling took place in a very small area of this buried intrusion. Additional re-sampling of the core during the past winter has identified additional zones anomalous in PGM values.

#### The Chilikat East and Chilikat West Properties

The Chilikat prospect is comprised of two non-contiguous blocks of state mining claims covering 2,330 hectare (5,760 acres) each. The claims cover coincident magnetic and radiometric geophysical anomalies, and gold and copper stream sediment anomalies. The target is located within the northeast-trending Mulchatna fault system, at the intersection with a northwest-trending structure along which are located a series of volcanogenic, vein-hosted, and porphyry deposits.

#### The Koksetna Property

In the fall of 2006, Andover located 16 160-acre claims on the Koksetna prospect, a mineralized zone discovered by The Anaconda Company in the early 1980s, immediately southeast of the eastern Chilikat claims.

### The Samuelsen Property

The Samuelsen prospect is a 2,330 hectare (5,760 acre) block of claims staked on anomalous heavy mineral pan concentrate stream sediment geochemical anomalies. Visible gold grains were present in panned concentrate samples.

As at October 31, 2007, the Company has incurred 96,311 in acquisition costs and \$400,000 in deferred development costs.

### **Divide Property**

On August 13, 2007, the Company entered into an option agreement with a private group of individuals, including a director of NPN, to acquire a 100% interest in a lode gold prospect in Alaska known as the "Divide" property. As consideration for the option the Company must issue cash and shares. The details of the consideration are outlined in the notes to the financial statements. The Company's interest will be subject to a NSR of up to 5% on precious metals and 3% on base metals. The Company will have the right to buy down the NSR by 1% on payment of US \$1,000,000. The option agreement is non arms-length but has been approved by the independent board members of both companies. The agreement has received regulatory approval.

On August 14, 2007, the Company entered into a letter of intent (LOI) with Millrock Resources Corp. to joint venture the exploration of the Company's recently acquired Divide property. Under the terms of the LOI, Millrock can earn a 50% interest in the Company's rights to the Divide property by paying one half of the Company's obligations under the Divide option agreement and one half of the costs to explore the property. Millrock is the exploration operator for the project. Payments made by Millrock are disclosed in the notes to the financial statements.

The Divide property is located in the prolific Cape Nome mining district about 27 miles (45 Km) north of Nome, Alaska. Access to the property is via the Nome-Taylor highway which crosses over the eastern boundary of the 3,520 acre claim block.

Divide is hosted in structurally deformed, retrograde greenschist facies metasediments (turbidites and related deep water sediments) of late Proterozoic to Paleozoic age. NovaGold's 1 Moz Rock Creek lode deposit located about 20 miles (33 km) SSW of Divide is hosted in the same package of rocks. The placer deposits of the +4.5 million ounce Nome camp are spatially associated with these rocks as well.

An aggressive exploration program is planned for the property and detailed geologic mapping and structural analysis will also be employed to better define the potential areas of gold mineralization.

By early September 2007, five holes totalling 1,841 feet (561.1 metres) have been drilled to test an exceptional soil anomaly that has been found to exist on the Divide claims. The anomaly measures over 8,000 feet (2,600m) long and 2,000 feet (660 m) wide. The strongest portions of the anomaly, which exceed 200 parts per billion gold over a broad area, had not been previously drill tested.

The 5 hold drill program was supervised by Gregory Beischer, the qualified person as defined by NI 43-101 for this project. Mineralized intervals were sampled and placed in sealed bags and delivered to Alaska Assay Lab in Fairbanks, Alaska for analysis. Each sample was screened for metallics, and a two assay ton aliquot was used for a fire assay atomic absorption finish. Because of gold loss problems previously encountered at this property and other nearby properties, the core was not split. All core was carefully logged and photographed with depth markers showing and visible. All unsampled drill core and coarse rejects from the core samples have been retained as a geological record. A sample quality control/quality assurance program was implemented, and results of the program were determined to be acceptable.

The following table provides a listing of all mineralized intersections using a cutoff grade of 0.62 g/t from the drill program.

Hole ID	From (m)	To (m)	Length (m)	Gold g/t
DIV-07-01	-	-	-	-
DIV-07-02	7.16	8.08	0.91	3.0
	41.00	41.61	0.61	2.0
	52.21	53.13	0.91	3.0
	67.91	68.73	0.82	2.7
DIV-07-03	47.85	56.85	8.99	1.5
DIV-07-04	7.16	7.77	0.61	4.0
	40.63	42.43	1.80	1.2
	80.31	81.08	0.76	4.6
	93.42	96.47	3.05	10.0
DIV-07-05	2.13	10.36	8.23	5.8
	13.87	14.17	0.30	1.1
	81.84	82.97	1.13	1.0

These intercepts are thought to be close to true thickness, as the holes were drilled nearly perpendicular to the strike and dip of the mineralized vein sets.

Encouraging intersections of gold mineralization were realized in three of the five short holes drilled. The drill sample results demonstrate that gold can occur in satisfactory concentration over significant thickness at the property. An aggressive drill program is planned for 2008 to test for continuity between these drill intersections, and to depth.

As at October 31, 2007, the Company had incurred \$22,890 in acquisition costs net of recoveries from Millrock and \$57,442 in deferred development costs.

### **Chloride Property**

In October 2007, the Company entered into an option agreement to acquire a 100% interest in the silver-gold prospect known as the Chloride property located in Arizona from Like Minded Exploration Partnership. As consideration for the option, the Company must issue cash and shares. The details of the consideration are outlined in the notes to the financial statements. Additionally the terms include an NSR of 2% with a provision for the Company to buy back 0.5% for US \$1,000,000. The transaction is subject to regulatory approval.

The Chloride property consists of 109 federal lode claims over roughly 2100 acres and is located approximately 80 miles southeast of Las Vegas, Nevada, and approximately 20 miles north of Kingman, Arizona, just off US Highway 93. In 1863, bonanza silver and gold bearing quartz veins were discovered near the present town of Chloride, Arizona, which is approximately 1 mile from the Chloride property. The Mineral Park porphyry copper- molybdenum deposit now being operated by Mercator Minerals Ltd. is located approximately 3 miles southeast of the Chloride property.

The Chloride claim block covers several historic mines and prospects on the southwest side of the Walapai district where shallow pediment overlaps the area of known prospects. Previous sampling and geological surveying have identified a mineralized, structural corridor up to an estimated 1.3 kilometers wide and at least 5 kilometers long which trends northwesterly across the property. Limited

reconnaissance chip and grab samples of old prospect pits, dumps and mineralized veins along this corridor have returned highly anomalous values for gold, silver, copper, lead and zinc (up to 88.8 g/t gold and 817.4 g/t silver). The Company believes that significant potential still exists in the district for undiscovered precious and base metals bearing veins, particularly in the shallow pediment covered areas of the Chloride property.

A soil sampling program has begun. The program is intended to aid in identifying potential targets for a winter drill program set for early 2008. Geologic mapping is also planned to begin shortly. A track mounted core drill belonging to Altar Geologic Services has been secured for future drilling.

Marvin Mitchell, P. Eng., is the qualified person for this project as defined by National Instrument 43-101.

As at October 31, 2007, the Company has incurred \$5,016 in deferred development costs.

### **Other Properties**

The Company continues to seek out prospective mineral exploration properties in North America with the view to exploring and developing the properties. The costs incurred in reviewing and assessing prospective properties is capitalized on the books until the Company decides that the property is not feasible.

### **Results of Operations**

The results of operations reflect the overhead costs incurred for mineral property acquisitions and exploration expenses incurred by the Company to maintain good standing with the various regulatory authorities and to provide an administrative infrastructure to manage the acquisition, exploration, and financing activities of the Company. General and administrative costs can be expected to increase or decrease in relation to the changes in activity required as property acquisitions and exploration continues. As at October 31, 2007, the Company had not recorded any significant revenues from its mineral exploration and development projects.

### **Revenues**

Due to the Company's status as an exploration and development stage mineral resource company, and a lack of commercial production from its properties, the Company currently does not have significant revenues from its operations.

### **Expenses**

Expenses before interest for the three months ended October 31, 2007 were \$156,128 compared to \$17,017 for the same period in 2006. The expenses have increased as a result of the level of activity. During the third quarter of fiscal 2008, the Company reviewed a number of prospective mineral property acquisition opportunities, entered into option agreements for two properties and a joint venture agreement for one of those properties, completed a private placement financing, and engaged in investor communication and promotion activities.

Expenses before interest for the nine months ended October 31, 2007 were \$582,870 compared to \$80,904. The increase in expenses is related to the significant changes in the nature and level of activity experienced by the Company. In particular, the Company completed its qualifying transaction by acquiring the rights to a mineral property package, completed two financings, changed certain of its board members, put a dedicated management and advisory team in place, moved the head office from Ottawa to Vancouver, and entered into option agreements on 3 new properties and a joint venture agreement for one of those properties. Expenses also increased by \$290,424 as a result of the issuance of stock options.

## Summary of Quarterly Results

The following table sets out selected consolidated quarterly information for the last eight quarters of 2007 and 2006.

<b>Three Months Ended</b>	<b>October 31, 2007</b>	<b>July 31, 2007</b>	<b>April 30, 2007</b>	<b>January 31, 2007</b>
	\$	\$	\$	\$
Interest income	Nil	444	1,814	2,099
Loss	156,128	396,008	28,476	16,241
Loss per Common Share	(0.01)	(0.04)	(0.00)	(0.00)
Net Loss	156,128	396,008	28,476	16,241
Net Loss per Common Share	0.01	0.04	0.00	0.00
<b>Three Months Ended</b>	<b>October 31, 2006</b>	<b>July 31, 2006</b>	<b>April 30, 2006</b>	<b>January 31, 2006</b>
	\$	\$	\$	\$
Interest income	2,896	2,376	2,020	2,089
Loss	14,121	25,747	33,743	47,063
Loss per Common Share	(0.00)	(0.00)	(0.01)	(0.00)
Net Loss	14,121	25,747	33,743	47,063
Net Loss per Common Share	0.00	0.00	0.01	0.00

## Liquidity and Capital Resources

The Company's cash position was \$683,652 at October 31, 2007 compared to \$275,851 at January 31, 2007. The increase in cash is a result of two private placement financings completed in the second and third quarters of fiscal 2008. The Company expects that additional cash may be available through the exercise of options and warrants.

At October 31, 2007, the Company had working capital of 907,066 compared to \$288,758 at January 31, 2007. For the nine months ended October 31, 2007 the Company obtained \$1,343,850 from two private placement financings and the exercise of options and warrants, and utilized \$233,195 for operating activities and \$702,854 for mineral property acquisition and development expenditures.

The Company has no long-term debt and there were no material credit facilities in place as at October 31, 2007.

Any commitments to pay cash or issue shares pursuant to mineral property option agreements are disclosed in the notes to the financial statements.

While the Company believes it has adequate working capital to fund its planned exploration and development activities over the short term, it shall endeavour to raise additional capital as and when required to meet its obligations.

## **Related Party Transactions**

During the period February 1, 2007 to October 31, 2007, the Company entered into the following transaction with related parties:

- a) Paid or accrued management fees of \$27,500 (2006 - \$Nil) to Mike England (President), consulting fees of \$23,084 (2006 - \$Nil) to David Lajack (Director), and shareholder communications and promotion fees of \$5,000 (2006 - \$Nil) to Falcon Corporation, a company controlled by Pierre Vella-Zarb (Director).
- b) Paid or accrued administration costs of \$14,000 (2006 - \$Nil) to John Masters (Corporate Secretary) and accounting fees of \$12,000 (2006 - \$Nil) to Olga Nikitovic (CFO).
- c) Paid rent of \$1,500 (2006 - \$2,700) to Hypernet Inc. a company controlled by Paul Barbeau (former Director) and paid rent of \$5,000 (2006 - Nil) to Bolero Resources Corp. a company in which Olga Nikitovic (CFO) is also an officer.
- d) Paid commission of \$29,232 and compensation warrants valued at \$4,040 to West Oak Capital Partners Inc. a company controlled by the spouse of Olga Nikitovic (CFO).

Cash payments and share issuances pursuant to property agreements with non arms-length parties are disclosed in Note 4 of the financial statements.

Pursuant to the October private placement, Andover Ventures Inc, a company with three common officers and/or directors, subscribed for a total of 571,429 units for gross proceeds of \$200,000. The payment was received subsequent to October 31, 2007.

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.

## **Off Balance Sheet Arrangements**

The Company is not a party to any off balance sheet arrangements or transactions.

## **Critical Accounting Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's estimates.

## **Financial Instruments**

The Company's financial instruments consist of cash, receivables and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of those rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

## **Proposed Transactions**

The Company does not have any transactions under consideration.

## **Contingencies**

There are no contingent liabilities.

## **Subsequent Events**

There are no significant subsequent events other than those disclosed in the notes to the financial statements.

## **Disclosure Controls**

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining the Company's disclosure controls and procedures. The Company's policy requires all staff to keep the Chief Executive Officer and Chief Financial Officer fully apprised of all material information affecting the Company so that the information could be evaluated to determine the appropriateness and timing for public release. Access to such material information is facilitated by the small size of the Company's staff.

The Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of the Company's disclosure controls and procedures as of October 31, 2007, have concluded that the Company's disclosure controls and procedures are currently adequate and effective to ensure that material information relating to the Company are known to them.

## **Management's Responsibility for Financial Statements**

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgements and have been properly reflected in the financial statements.

Management maintains a system of internal controls to provide reasonable assurances that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

## **Other MD&A Requirements**

As at December 21, 2007, the Company has 17,209,715 shares outstanding, or 22,773,192 shares on a fully diluted basis. If the Company were to issue 4,453,477 shares upon the conversion of all of its outstanding warrants and 1,110,000 shares upon the conversion of all of its outstanding stock options, it would raise \$1,392,303.

**ALIX RESOURCES CORP.**

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**CORPORATE DATA**

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**December 21, 2007**

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**DIRECTORS AND OFFICERS**

Michael England	President & CEO, Director
David Lajack	Director
David Hedderly-Smith	Director
Pierre Vella-Zarb	Director
John G. Oness	Director
Olga Nikitovic	CFO
John Masters	Corporate Secretary

**CAPITALIZATION**

Authorized:	Unlimited
Issued:	17,209,715
Escrow:	2,070,000

**SOLICITOR**

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**LISTINGS**

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Trading Symbol: AIX