



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **SECOND QUARTER ENDED SEPTEMBER 30, 2007**

The following Management's Discussion and Analysis ("MD&A") provides an analysis of the results of operations, financial condition and cash flows of Plexmar Resources Inc. (the "Company" or "Plexmar") for the nine-month periods ended September 30, 2007 and 2006. This MD&A should be read in conjunction with the unaudited consolidated financial statements and related notes for the nine-month periods ended September 30, 2007 and 2006 ("Interim Financial Statements") as well as the audited consolidated financial statements and related notes for the years ended December 31, 2006 and 2005 ("Annual Financial Statements"), which are prepared with generally accounting principles in Canada ("GAAP").

The Annual financial statements and many other data regarding the business of the company are available on SEDAR at the following Internet address: [www.sedar.com](http://www.sedar.com).

The consolidated financial statements and the accompanying notes for the nine-month period ended September 30, 2007 and 2006 are unaudited and have not been subject to a review engagement by the external auditors of the company. At present time, Plexmar believes that the cost related to a review engagement of its interim financial statements exceed the benefits inherent in such a review and, in the opinion of the management, all adjustments necessary to present fairly the results of these periods have been included. The adjustments made were of a normal recurring nature. Interim results may not be necessarily be indicative of results anticipated for the year.

All amounts included in this report are expressed in Canadian dollars unless otherwise stated.

#### **Forward looking statements**

This MD&A contains certain forward-looking statements and information relating to Plexmar Resources Inc. that are based on the beliefs of its management as well as assumptions made by and information currently available to Plexmar. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to Plexmar or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of the Company's exploration properties. Such statements reflect the current views of Plexmar with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Aside from factors identified in the annual MD&A, additional important factors, if any, are identified here.

#### **Description of Business/Overview of Performance**

Plexmar is a mining exploration company which owns a portfolio of mining properties assets in Peru and Ecuador through its subsidiaries. The Company is a reporting issuer in British Columbia, Alberta, Ontario and Quebec and trades on the Canadian Venture Exchange under the symbol PLE.

For now, the Company conducts its exploration independently and is open to contemplate joint venture with third parties whereby a third party would earn an interest in the Company's property by fulfilling terms as outlined in the agreement.

In the mining sector, generally, the commercially viable recoverability of minerals is dependent upon the existence of economically recoverable reserves, the ability of the company to obtain necessary funding to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposal of properties. The company has accumulated a significant deficit and to continue operations, it continues to need new capital.

Without such funding being available, the company may be unable to continue its operations, and the amounts realized for assets may be significantly less than the amounts reflected in the Interim Financial Statements or Annual Financial Statements. Exploration for mineral properties is inherently risky and the success of these strategies is subject to numerous risks. Management cannot guarantee that its strategy will find mineral deposits, or if discovered, that these deposits will be commercially viable. The stock market in general, and the market for mineral exploration companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or

disproportionate to the operating results or asset values of those companies. These broad market and industry factors may seriously impact the market price and trading volumes of Plexmar's shares, regardless of the actual operating performance.

The majority of the company's assets consist of interest or rights to properties with the potential to host mineral deposits. Gold and base metals (copper/zinc/silver/others) are the principal commodities sought on the projects in which the company is directly involved.

### **Activities on Mineral Projects**

Plexmar Resources Inc.'s objective is to make mineral deposit discoveries. Current efforts are focused on precious and base metals in Peru and Ecuador, although opportunities in other countries and other precious or base metal commodities could also be considered, which is compatible with management's history and expertise. Due to the nature of the Plexmar's business, most of our expenditures consist of exploration and assay costs, fees and salaries for professional personnel, land, legal and property payments, and travel to, from and within properties. The following section details property specific spending for the nine-month periods ended September 30, 2007 and 2006.

### **Bolsa del Diablo**

The Bolsa del Diablo project in Peru is the core asset of the Company. Management believes that this project has all the making of a new gold mining camp in northern Peru. The project covers an area of nearly 225 km<sup>2</sup> located near the border with Ecuador. The Company owns 100% of 24 concessions and has the right to acquire 100% of 2 more concessions through option agreements. All the concessions are located on two communities.

The ground geophysical program was halted in early 2007 in the community that covers the northern part of the concessions because a written permission was deemed required before a diamond drilling program could be initiated. Since that time, the Company has partly halted the exploration program and has affected its available manpower to work with the social team. The Company is seeking to obtain permits from those two communities.

The local gold production from artisan miners has decreased in the past quarter and they are now seeking help and assistance from the Company. The Company has told the communities that it will continue to help the artisan miners by providing technical help, safety materials and by teaching them the proper way to handle and to dispose of toxic materials, as long as they award the Company permission to pursue its exploration program. In return, the Company will invest a percentage of its exploration budget in local initiatives that will benefit the whole population.

The management is confident that a permit will be obtained in a timely manner so that the IP program can be completed and the first drilling program can be carried out in the northern community. However, limited exploration work is continuing, in the neighboring community that is also part of the Bolsa del Diablo project. In that community, the Company expects to obtain the permission to carry out its exploration program before the end of the first quarter of 2008. The Company expects that by the mid- 2008, a large portion of the informal miners in the region will have signed formal contracts with the mining rights owners. This will regulate surface mining so that all parties can mutually work together to develop the mining potential of the whole region.

For the past two and a half years, the Company established good working relationships with the local communities and the local miners present on its concessions. Company's mine technicians are helping the local miners locate the veins extensions and teach them how to mine in a safe and environmentally friendly way.

Field work in the third quarter of 2007, consisted of social work, reconnaissance, prospecting work and sampling on the Bolsa del Diablo project in the neighboring community adjacent to the Angolos concession.

During the past two years, geologists have uncovered an area measuring approximately 6 km<sup>2</sup> on which a number of artisan miners are pulling gold on a daily basis from trenches or pits. In one pit, Company's geologists got the highest grade sample to date on the property; 635 g/t Au and 24.8 g/t Ag from a vertical channel taken from a vein.

The airborne survey detected a large magnetic and potassic anomaly measuring 2.5km x 2.8km coincident with a mapped intrusive body. Preliminary results from the IP program indicate that high resistivity is consistent with silicification associated with the veins. At 100 meters of depth, the resistivity decreases and the chargeability increases. This may represent an increase in sulphide mineral content that would be consistent with a gold bearing alteration system which is the target the Company is exploring for. A PIMA sampling program over the zone will be completed as soon as possible.

The alteration zone is characterized by low to intense silica and clay hydrothermal alteration. All the volcanic rocks in the area of interest show pervasive argillic alteration and have developed very intense stockwork structures. Gold mineralization occurs partly as fracture fillings in the stockwork and also as dissemination throughout the rock. Limonitization is pervasive throughout the rock. This intense stockwork was observed in numerous places on the property. There are over 100 pits, some going as deep as 40 metres, and numerous trenches located throughout the property.

Plexmar continue to consolidate its position in the Bolsa del Diablo camp, especially in the neighbouring community where the same pervasive alteration has been observed and where artisan miners have been extracting gold from narrow high grade veins from tunnels and ramps going as deep as 100 metres vertical in some areas. On July 24, 2007, the company signed a final agreement for the acquisition of all mining rights in Hans X, XX, XXX properties, Eldorado del norte 1 property and Virgen de Carmen de Patataz property in consideration of cash payments amounting to US\$3,600,000. An amount of US\$448,500 is already paid and other payments are as follows:

In the remaining of 2007:	US\$100,000
In 2008:	US\$623,000
In 2009:	US\$648,000
In 2010:	US\$1,045,000
In 2011:	US\$515,000

Plexmar's subsidiary holds rights to 6 concessions, has option agreements on 5 and 18 other concessions acquired by staking are currently held in trust by the Company's lawyer until they can be legally transferred to the Company's subsidiary. These 31 concessions make up the Bolsa del Diablo project.

### **Cascajal Project**

The Cascajal package of properties, located in Northern Peru, in the La Libertad department is composed of 6 properties covering 2,500 hectares. The Company owns 5 properties and has currently one purchase agreement on one property. Since 2005, the Company did not carry out any exploration work on the Cascajal project. A local mining Peruvian Company has optioned the property that Plexmar dropped in 2004 and apparently had a successful drilling program. We have approached this Company to discuss their interest in our package of land surrounding them. Due to renewed interest in the area from other entities, we will keep the mining titles for another year.

The Malin plant, which was purchased in 2004 is located 5 kilometres from Cascajal. It is a 150 TPD flotation plant that has been on standby since 1990. In 2007, the Company will evaluate the possibility of a commercial start up to custom mill gold and silver ores coming from nearby small producers or for ores coming from the Bolsa del Diablo project. No exploration work was carried out on the Cascajal project this quarter and since the beginning of the year.

### **Marilia**

The Marilia group of properties are located in the department of Cajamarca in northern Peru. They cover a total of 1,600 hectares and are situated about 15 km west of the town of Cajabamba. Geographically, Marilia is located in the centre of a gold belt bordered to the north by the Yanacocha mine (Newmont) and to the south by the Pierina mine (Barrick). More precisely, the property is about 3 km north of the Shahuindo property of Sulliden Exploration and 25 km north of Barrick Gold Alto Chicama deposit. Sulliden announced recently excellent drilling results (1,98 g/t Au over 45m and 3,27 g/t Au over 30m). Shahuindo contains gold resources of approximately 825,000 ounces of gold and 15 million ounces of silver.

The Marilia property possesses several similar characteristics with Alto Chicama and Shahuindo. We note the presence of:

- the porous Chimu sedimentary unit, which contains a large part of the gold in the Alto Chicama deposit;
- granodioritic and dacitic intrusives, which control the gold mineralization;
- hydrothermal alteration in the northeast et southwest, which indicates a significant potential for gold mineralization;
- pyrite, arsenopyrite, chalcopyrite, galena and an anthracite coal horizon in which there is often free gold as found in the Alto Chicama deposit;
- several breccias;
- geochemical anomalies in gold and arsenic;
- surface gold values of up to 2,9 g/t Au.

The Company has only done reconnaissance work on those properties and is waiting for the legal battle regarding the ownership of the nearby Shahuindo deposit to be resolved before resuming the sampling and mapping program. No exploration work was carried out on the Cascajal project this quarter and since the beginning of the year.

### **Ecuador**

In November 2006, the Company signed a final agreement with the owner of the Escondida project in Ecuador to acquire 100% of the mining rights to these properties.

The Escondida project represents one of the largest land positions in the Cordillera del Condor near Aurelian Resources' Fruta del Norte gold discovery. The project covers 84,110 hectares (841.1 km<sup>2</sup>) and borders Aurelian's large land package on the western flank and north of Corriente Resources Mirador deposits. Fruta del Norte is believed to be the most significant gold discovery made by a junior miner in over a decade. The terms of the agreement are described as:

Plexmar acquired a 100% interest in the properties in return for cash payments totaling US\$2.0M over a 24-month period following the signature of the final contract and the issuance of 6,000,000 shares. Payments totalling US\$1.35 million have already been made. 6M shares had to be issued to the owner, 4M were issued in May 2007 after the approval of the transaction by the TSX Venture Exchange and another 2M were issued in November 2007.

Under this agreement, Plexmar was required to assign a 60% interest in the properties to a new company. On September 14, 2007, the Corporation and its subsidiary entered into an Option and Joint Venture Agreement ("Option Agreement") with Escondoro Resources Ltd. ("Escondoro"), a company managed by the president of the Corporation, and its wholly-owned subsidiary SadcoEcuador S.A. ("Sadco") whereby Sadco was granted the sole and exclusive option (the "Option") to acquire up to an undivided 60% interest in properties held by Plexmar S.A. (the Escondida properties), which is subject to the performance of the following terms and conditions:

1. the payment by Escondoro to Plexmar of an aggregate amount equal to the expenditures previously incurred by Plexmar on the Escondida properties amounting to \$1,384,822;
2. the issuance by Escondoro on the listing date of 3,000,000 common shares to Plexmar;
3. the undertaking by the Corporation to bear and pay all payments due by Plexmar or its subsidiary to Minera DMG S.A. ("DMG") in regard of the acquisition of the mining rights of the Escondida properties as follows:

	US\$
November 7, 2007	200,000
February 7, 2008	200,000
May 7, 2008	200,000
November 7, 2008	250,000

4. Sadco will incur work expenditures aggregating US\$3,000,000 with respect to the exploration and development of the properties in accordance with the following schedule:
  - (i) US\$750,000 on or before one year after the first date that the common shares of the Corporation will be listed on the TSX Venture Exchange Inc. (the "listing date");
  - (ii) US\$1,000,000 on or before two years after the listing date;
  - (iii) US\$1,250,000 on or before three years after the listing date.
5. as long as Plexmar or Plexmar Ecuador S.A. is a shareholder of the Corporation, undertaking by the Corporation to propose to its shareholders two Directors designated by Plexmar.

Upon Sadco having acquired a 60% interest in the properties, a joint venture will automatically be formed with Plexmar S.A. holding a 40% interest. Terms of the joint venture will include:

- Sadco will act as operator of the joint venture and will have the right (but not the obligation) to remain operator for so long as its participating interest is 50% or more; and
- a management committee will be formed for the direction and control of the affairs of the joint venture, with the operator having a preponderant vote on any matter to be determined by this committee.

A 2.5% NSR was awarded to the owner with a right of first refusal assigned jointly to Plexmar and the Escondoro.

Escondoro filed its preliminary prospectus in October and the closing of the IPO should take place before the end of 2007.

In the third quarter of 2007, the stream sediment sampling program started on the central block of concessions in the first quarter was completed and more stream sediments were taken in the southern block of properties near the Peruvian border

The Company's management believes that the current administration led by President Correa will support and protect foreign investment, especially in mining exploration and production. The minister Energy and Mines recently stated that the mining code will be revised in the in 2008 to include public consultations as part of the production permitting process and a royalty payment schedule will be put in place and follow the ones in place in countries such as Peru and Chile. This is viewed as a positive step by the financial and mining communities worldwide and a sure sign that the government in power will be pro-development and pro-mining.

### **Going concern**

For the nine-month period ended September 30, 2007, the company recorded a loss of \$1,906,395. In addition to ongoing working capital requirements, the company must secure sufficient funding to meet its existing commitments for exploration and development programs and general and administration costs.

Management is periodically seeking additional forms of financing through the issuance of new equity instruments, the exercise of existing warrants for the purchase of common shares and the exercise of stock options to continue its activities as a going concern, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. Without new funding being available, the company may be unable to continue its operations, and amounts realized for assets may be less than amounts reflected in these financial statements.

Although management has taken steps to verify title to mining properties in which the company 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-compliant with regulatory requirements.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern. The application of generally accepted accounting principles on a going concern basis may be inappropriate, since there is a doubt as to the validity of the going concern assumption.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported amounts of revenues and expenses and the classification of balance sheet items were the going concern assumption inappropriate, and these adjustments could be material. Management did not take these adjustments into account as it believes in the validity of the going concern assumption.

### **Critical Accounting Policies and Estimates**

There have been no significant changes in Plexmar's accounting policies and estimates since December 31, 2006. Please refer to the corresponding section in the company's annual MD&A for a complete description of our critical accounting policies and estimates.

### **New Accounting Standards**

On January 1st, 2007 the Company adopted the new following CICA accounting standards: section 1530 Comprehensive Income, section 3855 Financial Instruments - Recognition and Measurement, section 3865 Hedges and 3251 Equity.

The adoption of these new accounting standards had no material impact on the financial statements of the Company.

## Consolidated Statements of earnings

<i>Unaudited</i>	Quarters ended			
	September 30 2007	June 30 2007	March 31 2007	December 31 2006
Revenues	\$934	\$532	\$1,306	\$-
Net loss	\$701,985	\$701,532	\$502,882	\$809,697
Basic and diluted loss per share	\$0.01	\$0.01	\$0.01	\$0.01
	September 30 2006	June 30 2006	March 31 2006	December 31 2005
Revenues	\$ 103	\$ -	\$70,885	\$2,091
Net loss	\$531,506	\$283,987	\$440,381	\$360,143
Basic and diluted loss per share	\$0.01	\$0.01	\$0.01	\$0.01

### *Comparison of the three and nine-month periods ended September 30, 2007 and 2006*

Professional and maintenance fees decreased by \$315,000 to \$ 15,000 for the three-month period ended September 30, 2007 compared to the three-month period ended September 30, 2006. This decrease is due mainly to the fact that in 2006 the company paid \$156,000 of financing fees related to the private placement closed in August 2006 and by a decrease of other professional fees for \$159,000 resulting mainly from an administrative reorganisation of the Company completed in June 2007. Prior to that reorganisation the company was sharing offices and paying professional fees for all its accounting and administrative works. Since the end of June 2007 the company operates on a stand alone basis with a new administrative team and moved into a new office. Since the beginning of 2007, professional and maintenance fees decreased by \$292,000 compared to the same period in 2006 for the same reasons as the three-month period ended September 30, 2007.

Management fees increased by \$32,000 for the three-month period ended September 30, 2007 compared to the three-month period ended September 30, 2006. This increase is explained by the administrative reorganisation described earlier as all the fees for the administrative staff are now presented in management fees. Since the beginning of the year management fees are comparable from 2007 to 2006.

Stock-based compensation costs increased by \$191,000 for the three-month period ended September 30, 2007 compared to the three-month period ended September 30, 2006 and \$646,000 for the nine-month period ended September 30, 2007 compared to the nine-month period ended September 30, 2006. These increases are explained by the amortization on a straight-line basis over their vesting period of the fair value of options granted in 2006 and 2007.

General and administrative expenses increased by \$75,000 for the three-month period (\$79,000 for the first nine-month period) ended September 30, 2007 compared to the corresponding period ended September 30, 2006. This increase is explained by the administrative reorganisation described in prior paragraphs as the company now paid its own rent and office expenses, by more tradeshow attendance and by higher administrative expenses in the Peruvian subsidiary. Since the beginning of 2007, general and administrative expenses increased by \$79,000 related to higher printing and communication expenses, information to shareholders (more press release), more conferences attendance and higher office supplies.

Travelling expenses decreased by \$7,000 for the three-month period ended September 30, 2007 compared to the three-month period ended September 30, 2006 and increased by \$72,000 for the nine-month ended September 30, 2007 compared to the nine-month period ended September 30, 2006. This increase is explained by more travelling to Peru and Ecuador related to the company's projects in these countries.

The exchange loss is \$194,000 (\$65,000 since the beginning of the year) for the three-month ended September 30, 2007 compared to a loss of \$4,000 for the three-month period ended September 30, 2006 (\$13,000 for the nine-month ended September 30, 2006). This variation is explained by the increase of the value of the Canadian dollar compared to the US dollar and the Nuevo Sol in Peru.

Consolidated loss for the for the three-month period ended September 30, 2007 was \$702,000 or \$0.01 per basic and diluted shared (\$1,906,000 or \$0.01 since the beginning of the year) compared to a loss of \$532,000 or \$0.01 for the three-month period ended September 30, 2006 (\$1,256,000 or \$0.01 for the nine-month ended September 30, 2006).

Our quarterly losses increased in the last quarters mainly as a result of higher stock compensation costs following the grant of options in 2006 and by the fact that the company is more active in exploration since mid-2006.

## Financial position

<i>Unaudited</i>	<b>As at September 30,2007</b>	<b>As at December 31, 2007</b>
Cash	\$108,056	\$3,716,197
Working capital	\$992,164	\$3,184,503
Mining properties	\$8,358,733	\$5,244,586
Total assets	\$10,709,209	\$9,638,200
Share capital	\$25,871,640	\$23,705,702
Shareholder's equity	\$10,134,271	\$9,107,506

Total consolidated assets were \$10.7 million as of September 30, 2007, an increase of \$1.1 million since December 31, 2006 explained mainly by an increase in mining properties for \$3.2 million combined with a decrease in working capital of \$2.2million.

Mining properties varied as follows:

### Detailed analysis of deferred exploration costs and expenses

	<b>September 30 2007</b>
	<b>\$</b>
Balance at the beginning	5 244 586
Cost incurred during the year	
Acquisition of properties, claims & permits	3 539 077
Drilling	339
Geophysics	-
Sampling and analysis	40 821
Geologist and other salaries	727 199
Community relations	128 222
Fuel and maintenance of vehicules	23 703
Maintenance of facilities	4 101
Exploration equipment and maps	35 506
 Mining properties under option (a)	 <u>(1 384 822)</u>
Balance at the end	 <u>8 358 733</u>

Share capital increased by \$2.2 million since the beginning of 2007 as results of the issuance of 4 million shares totalling \$1.68 million for the acquisition of mining properties in Ecuador (Escondida project), 1,897,047 shares totalling \$318,000 following the exercise of warrants and 829,166 shares totalling \$168,000 following the exercise of stock options.

Management is periodically seeking additional forms of financing through the issuance of new equity instruments, the exercise of existing warrants for the purchase of common shares and the exercise of stock options to continue its activities as a going concern, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. Without new funding being available, the company may be unable to continue its operations, and amounts realized for assets may be less than amounts reflected in these financial statements.

With its current working capital position and assuming the completion of the initial public offering of Escondoro Resources Ltd, the company has adequate resources to meet anticipated expenditures until the end of the first quarter of 2008.

## Cash flows

<i>Unaudited</i>	<b>For the three-month period ended September 30</b>		<b>For the nine-month period ended September 30</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Operating activities	\$26,000	(\$621,000)	(\$943,000)	(\$1,212,000)
Financing activities	115,000	\$4,105,000	\$401,000	\$7,163,000

Investing activities	(\$1,001,000)	(\$725,000)	(\$3,066,000)	(1,056,000)
Net change in cash	(\$860,000)	\$2,759,000	(\$3,608,000)	\$4,895,000

### *Operating activities*

Cash used in operating activities decreased by \$594,000 from \$621,000 for the three-month period ended September 30, 2006. This decrease is explained by a decrease in the change in non-cash working capital items of \$621,000. Since the beginning of the year, cash used in operating activities decreased by \$269,000 from \$1,212,000 for the nine-month period ended September 30, 2006. This decrease is explained by an increase in the change in non-cash working capital items of \$287,000.

### *Financing activities*

Cash flow from financing activities decreased by \$3,990,000 to \$115,000 for the three month ended September 30, 2007. Less warrants and options were exercised in three-month period ended September 30, 2007 compared to the three-month period ended September 30, 2006 and a private placement of \$2,056,000 was also completed in this period in 2006. Since the beginning of the year, cash flow from financing activities decreased by \$6,762,000 from \$7,163,000 for the nine-month period ended September 30, 2006 to \$401,000. In the first nine months of 2006, the company completed two private placement for a gross amount of \$3,003,000 and more warrants and options were exercised which explain the decrease in 2007.

### *Investing activities*

Cash flow used in investing activities increased by \$259,000 (\$1,992,000 since the beginning of the year) from \$725,000 for the three-month period ended September 30, 2006. This increase is mainly attributable to more investments in mining properties (acquisition and explorations costs) for \$167,000 in the three-month period ended September 30, 2007 (\$1,620,000 for the nine-month period ended September 30, 2007).

### **Contractual obligations**

During the nine-month period ended September 30, 2007 the company entered into a lease agreement. The balance of commitment under this lease amounts to \$255,098 \$ and minimum rental amounts for the next fiscal years are as follows: \$6,117 for the remaining of 2007, \$24,465 for 2008 to 2011 and \$25,922 for 2012. The lease expires in May 2017.

Apart of this leases, there has been no significant change in contractual obligations facing Plexmar, as described in the Company's 2006 consolidated financial statements.

### **Related Party Transactions**

In connection with the approval of related party transactions, the Company's policy requires that the terms of all such transactions be comparable to terms available in arm's length transactions.

The Company carried out the following transactions with companies controlled by an officer and directors:

	September 30, 2007 (9 months)	September 30, 2006 (9 months)
Management fees	\$123,476	\$118,333
Professional fees	\$110,000	\$195,650
Office rent	\$9,900	\$ 13,200

### **Financial Instruments and Off Balance Sheet Arrangements**

The Company has not entered into any specialized financial agreements to minimize its investment, currency or commodity risks. There are no off-balance sheet arrangements. The principal financial instruments used by the Company are short term deposits or debt obligations which are used to enhance the returns on the Company's cash position. The Company considers these instruments to be very low risk in nature. The fair value of these instruments approximates their carrying costs, unless otherwise stated.

## **Outstanding Share Data**

As at November 26, 2007, the Company has 135,210,322 common shares outstanding, 10,546,169 stock options outstanding and 5,958,357 warrants outstanding.

## **Risk and Uncertainties**

Except for historical information contained in this management's discussion and analysis, disclosure statements contained herein are forward-looking, which statements are subject to risks and uncertainties, which could cause actual results to differ materially from those in such forward-looking statements. The Company is a mineral exploration and development company and is exposed to a number of risks and uncertainties that are common to other companies in the same business; some of these risks have been discussed elsewhere in this report.

The Company's financial success is subject to general market conditions which affect mining and exploration companies. The value of the Company's mineral resources and future operating profit and loss is affected by fluctuations in gold prices, over which the Company has no control, although it may choose to hedge some of its future production. The cost of exploration and future capital and operating costs are affected by foreign exchange rates for the U.S. dollar and Peruvian sol. The Company can mitigate the effects of these rate fluctuations, to some extent, through forward purchases. The Company's ability to hedge future foreign exchange rates is affected by its creditworthiness. Because of its limited operating record and history of losses, it may not be able to hedge future risk to the extent it feels is warranted. The Company also competes with other mining companies which are larger and have more economic resources to acquire prospective exploration properties or producing mines.

The Company also faces certain risks and uncertainties specific to its circumstances. The Company's ability to obtain financing to explore for mineral deposits and to continue and complete the development of those properties it has classified as assets is not assured; nor is there assurance that the expenditure of funds will result in the discover of an economic mineral deposit. The Company has not completed a feasibility study on any of its deposits to determine if they host a mineral resource that can be economically developed and profitably mined. While the Company has used its best efforts to ensure title to all its properties and secured access to surface rights, these titles or rights may be disputed.

## **Outlook**

The Company expects to focus the majority of its exploration activities in Peru and Ecuador and will continue to seek opportunities to form joint ventures in order to reduce shareholder risk. As a mineral exploration company, the future liquidity of Plexmar will be affected principally by the level of exploration expenditures and by its ability to raise capital through the equity markets. In management's view, the Company's cash position is sufficient to fund short-term planned exploration expenditures and meet ongoing obligations as they become due.

## **Disclosure Control and Procedures**

Management is responsible for establishing and maintaining a system of controls and procedures over the public disclosure of financial and non-financial information regarding the Company. Management is also responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the integrity and reliability of the Company's financial information and the preparation of its financial statements in accordance with Canadian generally accepted accounting principles. Management maintains appropriate information systems, procedures and controls to ensure integrity of the financial statements and maintains appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete and reliable. The company has a Disclosure Policy and Disclosure Committee in place to mitigate risks associated with the disclosure of inaccurate and incomplete information.

As required by Multilateral Instrument 52-109, an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures and internal control over financial reporting will be conducted before the end of the this year. The new Chief Financial Officer joined the Company in the second quarter of 2007 and will review and implement all internal disclosure controls and procedures required before the end of this year.

November 26, 2007

*(Signed) Guy Bédard*  
**Guy Bédard**  
CEO and President

*(Signed) Pierre Labbé*  
**Pierre Labbé CA**  
Vice-president and chief financial officer