

ALPHAMIN RESOURCES CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS  
OF OPERATIONS

Form 51-102F1

For the three and nine month periods ended September 30, 2009 and 2008

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## **INTRODUCTION**

This Management's discussion and analysis of financial position and results of operations of Alphamin Resources Corp. ("Alphamin," the "Company") should be read in conjunction with the unaudited consolidated financial statements of the Company and the notes thereto for the three and nine month periods ended September 30, 2009. In this discussion and analysis, unless the context otherwise dictates, a reference to the Company refers to Alphamin Resources Corp. and its subsidiaries. Additional information about Alphamin Resources Corp. is available on SEDAR at [www.sedar.com](http://www.sedar.com).

This discussion and analysis contains forward-looking statements. Please refer to the cautionary language on page 16.

## **DATE OF REPORT**

This MD&A is prepared as of November 27, 2009. All amounts in the financial statements and this MD&A are expressed in Canadian dollars unless otherwise indicated.

## **OVERVIEW**

Alphamin's predecessor, La Plata Gold Corporation, was incorporated in the province of British Columbia on August 12, 1981 and is in the business of location, acquisition, exploration and, if warranted, development of mineral resource properties. On October 27, 2008 La Plata Gold Corporation changed its name to Alphamin Resources Corp. without share consolidation.

The Company's exploration efforts are focused on the exploration and development of properties in Argentina and Mexico. The Company is in the process of exploring its resource properties and has not yet determined whether the properties contain minerals or mineral reserves that are economically recoverable.

These unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. All monetary amounts are in Canadian dollars unless otherwise noted.

The general business strategy of the Company is to acquire mineral properties either directly or through the acquisition of operating entities. The continued operations of the Company and the recoverability of mineral property costs and any related deferred costs is dependent upon the existence of economically recoverable mineral reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production from the properties or proceeds from the disposition thereof. The amounts shown as mineral properties represent costs to date and do not necessarily represent present or future values. The Company has incurred recurring operating losses since inception, has not generated any operating revenues to date. The Company requires additional funds to meet its obligations and maintain its operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in this regard are to raise equity financing through private or public equity investment in order to support existing operations and expand our business. There is no assurance that such additional funds will be available to the Company when required or on terms acceptable to the Company. The September 30, 2009 unaudited consolidated financial statements do not include any adjustments that might result from this uncertainty.

## SELECTED ANNUAL INFORMATION

The following information has been extracted from the Company's annual financial statements for each of the three most recently completed financial years:

	As at and for the financial year ended Dec 31		
	2008	2007	2006
(i) Net sales or total revenue (\$000s)	\$Nil	\$Nil	\$Nil
(ii) Net loss:			
(i) in total	\$ (635,465)	\$ (734,352)	\$ (429,661)
(ii) per share	(\$0.03)	(\$0.04)	(\$0.02)
(iii) Total assets	\$ 1,535,246	\$ 1,197,599	\$ 1,613,685
(iv) Total long-term financial liabilities	\$Nil	\$Nil	\$Nil
(v) Cash dividends declared per share	n/a	n/a	n/a

## SUMMARY OF QUARTERLY RESULTS

The following tables summarize information derived from the Company's consolidated financial statements for each of the eight most recently completed quarters:

Quarter Ended:								
	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
Year:	2009	2009	2009	2008	2008	2008	2008	2007
	\$	\$	\$	\$	\$	\$	\$	\$
(i) Net sales or total revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(ii) Net income or (loss):								
(i) in total	(85,844)	(69,777)	(80,689)	(208,557)	(146,999)	(157,477)	(122,432)	(302,804)
(ii) per share <sup>1</sup>	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)	(0.02)

(1) Diluted loss per share amounts have not been presented as all instruments would be anti-dilutive.

Net loss has remained relatively consistent over the past eight quarters. Net loss is higher in Q4 2008 and 2007 due to the recording of write-offs of mineral properties.

## RESULTS OF OPERATIONS

Three months ended September 30, 2009:

Our general and administrative expenses consist primarily of personnel costs, legal costs, shareholder/investor relations costs, stock based compensation costs, accounting costs and other professional and administrative costs. For the three months ended September 30, 2009 the Company incurred a net loss of \$85,844 (2008 – net loss of \$146,999) or \$(0.00) per share (2008 - \$(0.01)). This amount includes professional fees – accounting \$12,121 (2008 - \$20,740) and legal \$4,202 (2008 - \$5,000). Stock-based compensation expense was \$5,002 (2008 - \$0) a increase of \$5,002.

Nine months ended September 30, 2009:

Our general and administrative expenses consist primarily of personnel costs, legal costs, shareholder/investor relations costs, stock based compensation costs, accounting costs and other professional and administrative costs. For the nine months ended September 30, 2009 the Company incurred a net loss of \$236,310 (2008 – net loss of \$426,908) or \$(0.01) per share (2008 - \$(0.02)). This amount includes professional fees – accounting \$24,933 (2008 - \$26,710) and legal \$15,580 (2008 - \$39,466). Stock-based compensation expense was \$20,007 (2008 - \$154,872) a decrease of \$134,872.

### Exploration Activities

	Balance December 31 2008 \$	Additions 2009 \$	Write-off 2009 \$	Balance September 30 2009 \$
Argentina:				
Carmelitas 12, 15 and 23	-	-	-	-
Mexico:				
El Violin II	1,384,855	83,163	-	1,468,018
La Purisima (Sub-Bloc P4 and Sub-Bloc P1)	-	-	-	-
Aurora II & III	-	-	-	-
	<u>1,384,855</u>	<u>83,163</u>	<u>-</u>	<u>1,468,018</u>

### Exploration Activities

#### *Mexico:*

#### *Guerrero – Mochitlan area:*

Application to reduce El Violin 2 was accepted by the Department of Mines in Mexico. The reduced property, called Violin 2, is now 6,928 hectares in area. Alphamin's Mexican subsidiary, Exploraciones La Plata S.A. de C.V. also acquired by staking two new claims "La Huerta" and "La Pastoria", totaling 2,678 hectares in area contiguous with the southern part of Violin 2. The Company's holdings in the area now consist of 4 contiguous claims totaling approximately 11,283 hectares. The properties are situated mainly in the municipality of Mochitlan, with parts, to the northeast and southeast, lying in the municipality of Quechultenango. There is an excellent network of roads and trails crossing the properties, providing good access.

In March 2001 the Company signed an agreement with Minera del Norte S.A. to explore and develop the El Violin 2 claim. Under the terms of the agreement, Minera Perla del Pacifico S.A., a wholly owned subsidiary of Alphamin, has paid \$100,000 (U.S.) to Minera del Norte S.A. de C.V. for the exclusive right to explore and develop El Violin 2. Minera del Norte retains a 3-per-cent net smelter royalty (NSR). The agreement is for the life of the claim and requires that Minera Perla del Pacifico comply with all legal

## **Exploration Activities**

### *Mexico- Guerrero – Mochitlan area (continued)*

requirements, negotiate access agreements with surface titleholders and provide regular reports on activities. There is no requirement for a minimum work program. No further payments are required and Minera Perla del Pacifico may withdraw from the property at any time, subject to 30 days notice of withdrawal to Minera del Norte. Minera del Norte agreed to the reduction of El Violin 2. Exploration rights that were originally granted by Minera del Norte, owners of the Violin 2 concession, to Minera Perla del Pacifico S.A. de C.V. were assigned to Alphamin's wholly owned subsidiary Exploraciones La Plata S.A. de C.V. during the period. In addition, a transaction completing the sale of the property to Exploraciones La Plata from the owners - Minera del Norte S.A. de C.V. was closed, giving Alphamin, through Exploraciones La Plata 100% control of Violin 2 subject to the 3% NSR in favor of Minera del Norte. Subsequently Minera Del Norte has had its name changed to Minerales Monclova S.A. de C.V.

Work on El Violin 2 was initiated in late May 2005 and completed in mid-September 2005. The work consisted of geochemical stream sediment sampling as well as rock sampling of mineralized showings located on the claim block. The final report on this work, conducted by independent contractors managed by Minera Camargo S.A. de C.V., was received in August 2005. The results of this program located significant lead-zinc-silver anomalies that may be attributable to volcanogenic massive sulphide deposits. In addition, copper-gold anomalies were also found on the property and are believed to represent an "iron-oxide copper-gold" type end member of porphyry mineralization. A program of further exploration consisting of airborne geophysical surveys followed by ground follow-up of anomalies and drill testing of these targets was recommended. During the third quarter of 2007, a detailed geochemical soil sampling program was initiated on Violin 2 and Lupita claims, with over 11,000 soil samples taken. The object of the work was to determine the extent of the surface geochemical expression of copper-gold mineralization as well as zinc-lead-copper-silver mineralization in order to prioritize areas for more detailed evaluation, including drill testing. Results of the analyses of soil samples from selected areas indicate that a strong copper-gold anomaly occurs in the northwestern part of the property. The anomaly is defined by an area where gold in soils exceeds 25 parts per billion (ppb), with values up to 1,410 ppb, covering 125 hectares (1,200 by 1,500 metres). Coincident with part of the gold anomaly is an area of anomalous copper. The copper anomaly is defined by an area 42 hectares in size (860 by 800 metres) where copper values in soils exceed 210 parts per million (ppm), with values up to 3,810 ppm. Silver, lead and zinc anomalies are located peripheral to or within the edge of the copper anomaly. The copper-gold anomaly is a new untested discovery in the area.

The Company completed a ground geophysical program on Violin 2 during the second quarter of 2008. The geophysical surveys consisted of 24.5 kilometres of induced polarization surveys (IP) and magnetic surveys over the Coaxtlahuacan copper-gold soil anomaly. Pacific Geophysical Ltd performed the work. The IP surveys detected a near surface chargeability high that coincides with anomalous levels of gold in soils (greater than 125 ppb). The chargeability high also coincides with a magnetic low immediately adjacent to a magnetic high in an area that has now been determined to be underlain by an altered quartz monzonite porphyry. The IP anomaly continues from line to line over a length of 1.42 kilometres in a northwest direction. A second, more deeply buried chargeability anomaly was detected by the IP survey at the south-eastern end of the survey grid. Additional work will be required to better define this anomaly.

A probable interpretation for the geophysical and geochemical anomalies is that disseminated copper-gold sulphide mineralization has developed within a Late Cretaceous to Early Tertiary quartz monzonite porphyry and in adjacent limestones of the Morelos formation. A similar type of mineralization is currently being mined by Goldcorp at their Los Filos mine located approximately 68 kilometres northwest of the Coaxtlahuacan anomaly.

In addition to the copper-gold anomaly, areas of anomalous silver, lead and zinc occur in the southeast and central part of the property and may in part reflect volcanogenic base metal deposits in these areas. In

## Exploration Activities

### *Mexico - Guerrero – Mochitlan area (continued)*

particular, results indicate anomalously high silver, lead and zinc occur over an area approximately 500 by 900 metres. High values in soils for silver are 36.4 ppm, for lead: 1,424 ppm and for zinc: 3,250 ppm. Anomalously high silver, lead and zinc occur over an area approximately 1,300 by 500 metres around the El Chague prospect. High values in soils for silver are 3.6 ppm; for lead: 2,686 ppm, for zinc: 1,865 ppm and for copper: 1,240 ppm. Bedrock exposures in the anomalous zone consist of a deformed succession of Mesozoic metasediments and felsic pyroclastics – a succession that is consistent with formations known to host VMS deposits.

During the second quarter of 2008 the Company received final results for all of the 11,000 soil samples collected on the Violin 2 Project area. The results are consistent with the earlier reported results and clearly outline areas on the property that are anomalous in gold, silver, copper and lead and zinc. A program of follow up prospecting and sampling of the anomalous areas was initiated in late September and completed in October. Rock samples collected during this program have been submitted to Pioneer Laboratories for analysis and assay.

In the northern part of the property the **Coaxtlahuacan Norte (or Lupita) grid** has a 52 hectare copper anomaly, as defined by a 210 ppm Cu contour, with values in soils up to 4,673 ppm copper. The anomaly is the result of copper mineralization within a quartz-biotite-feldspar porphyry stock that outcrops in the area and therefore is a bulk-mineable porphyry copper-gold target. Grab samples of surface mineralization consisting of copper and iron oxides have assayed up to 2.8% copper, 54.8 grams/tonne silver and 0.31 gm/t gold.

Results for the **Coaxtlahuacan grid** indicate gold in soil ranges up to 2,160 ppb, 19.6 ppm silver and 3,810 ppm copper in an area underlain by an altered quartz monzonite porphyry. The anomalous area as defined by the 210 ppm copper contour is 49 ha in area and is open to the south. Zones anomalous in gold, as defined by areas within the 120 ppb gold contour, coincide in part with the copper anomaly and are also situated immediately to the north of the copper anomaly in what appears to be a fault bounded block of the intrusive. Anomalous gold zones within the copper anomaly total 18 hectares in area; the gold zone to the north totals 30 hectares in area. Ground magnetic surveys demonstrate that the copper zone is situated in a magnetically high zone that is surrounded by magnetic lows, which coincide, in part, with the gold zone. A distinct induced polarization (IP) chargeability anomaly is associated with the gold zone and another larger IP chargeability anomaly is situated at depth underlying the south east part of the grid. This anomaly is open to the east and south and is interpreted to be caused by disseminated sulphides associated with an underlying intrusive. A series of four drill holes have been recommended as an initial test of the chargeability anomalies. Grab samples from surface exposures and road cuts in the copper anomalous zone have assayed up to 1.37% copper, 5.56 g/t gold and 13.5 g/t silver. These results further highlight the significance of this area that has strong similarities to Goldcorp's Los Filos – El Bermejil gold mine 68 kilometres to the northwest.

To the east of the Coaxtlahuacan grid on the **Mezcaltepec grid** is a strong silver-lead-zinc anomaly with zones of anomalous copper that form a southerly trending arcuate zone 7.5 kilometres long and up to 1.4 kilometres wide. Lead in soils ranges up to 32,600 ppm; zinc to 3,600 ppm; silver to 60.2 ppm and copper to 621 ppm. The anomalies are now believed to reflect epithermal silver-lead-zinc-barite veins within the underlying metasediments and metavolcanics. Assays of selected character grab samples of mineralization from La Fortuna mine dump ranged from 40.1 to 2,042 grams/tonne silver, 1.97% to 20.9% lead, and 0.32 to 18.76% zinc. At La Estrella workings, assays of selected dump samples ranged from 396 to 468 grams/tonne silver, 10.93% to 13.76% lead and 0.01% to 0.12% zinc. There is a strong northwesterly structural control to the mineralization at both La Fortuna and La Estrella. At the Gaudalupe mine workings, chip samples ranging in width from 0.5 to 1.5 metres ranged from 72.5 to 329 grams/tonne silver, 1.92% to 13.68% lead and 0.29% to 1.56% zinc. At the San Andreas prospect, channel samples across 0.5 and 1.0 metres returned assays of 354 and 676 grams/tonne silver, 16.72% and 15.76% lead and 5.2% and 0.07% zinc respectively.

## Exploration Activities

### *Mexico - Guerrero – Mochitlan area (continued)*

To the south of the Mezcaltepec grid, on the **San Isidro grid**, a broad silver-lead-copper-zinc and gold anomaly occurs. The anomalous zone is 3.0 by 2.4 kilometres in size with silver values ranging up to 51.3 ppm; lead up to 21,860 ppm; copper up to 2,109 ppm and zinc up to 20,070 ppm. The polymetallic soil anomalies on San Isidro are underlain by limestones of the Cretaceous Morelos formation and the same belt of metasediments and metavolcanics as underlie the Mezcaltepec grid. It is speculated that the anomalies may be caused by underlying massive sulphide mineralization in the metasediments or by chimney and manto mineralization in the limestones. Follow-up prospecting and rock sampling in the soil anomaly has located sulphide gossans, channel sample of which have assayed from 8.2 to 86.5 grams/tonne silver, 0.1% to 1.08% lead and 0.29% to 8.15% zinc over intervals of 0.3 to 0.5 metres.

At the southern end of the property on the **Piedra Iman grid**, soil sampling has defined polymetallic anomalies in a 2 by 2 kilometre area. Copper in soils ranges up to 1,667 ppm, lead to 2,686 ppm, zinc up to 1,981 ppm and silver up to 27.7 ppm. The area is underlain by metasediments and felsic volcanics and mineralization is associated with exposures of enigmatic hematite matrix breccias.

In early April 2009, the Company undertook a brief program to follow-up some of the soil anomalies and mineral occurrences identified during the previous sampling programs in order to better understand the mineralization models and make appropriate plans to test exploration targets. This work was successful in prioritizing targets and future exploration plans. Massive sulphide (zinc-lead-silver) mineralization of the El Carrizal occurrence was reconfirmed to dip onto the Company's ground on the Mezcaltepec grid. A program of ground electromagnetic surveys is recommended to define the extent of the sulphide zone, but the zone is essentially ready for initial drill testing. Follow-up work on and to the north of the Coaxtlahuacan Norte grid made a new discovery of a quartz-feldspar-biotite porphyry stock that has zones of intense and pervasive quartz-sericite-pyrite alteration associated with copper mineralization. Further work including an extension of the soil grid to cover the porphyry, induced polarization geophysical surveys and geological mapping is recommended prior to drilling this target. An investigation of very strong silver-lead-zinc anomalies on the Mezcaltepec grid in areas underlain by Morelos formation limestones indicates that there is potential for locating chimney and manto or carbonate replacement deposits there. In addition, an examination of the a series of oxide lead-zinc-silver occurrences, also hosted in limestone on the La Huerta claim indicate there is also similar potential in this area. A program of detailed rock sampling, geological mapping and geophysics is recommended for this area prior to drill testing.

It is the Company's intention to continue follow-up work in the anomalous zones with prospecting and mapping crews. Where warranted, additional infill sampling will be conducted and sampling to close off anomalies extending outside of the sampled areas will be undertaken. Additional ground and/or airborne geophysical testing of selected geochemical anomalies will also be undertaken in 2009/2010 in order to develop further drill targets in addition to those already defined on the Coaxtlahuacan grid.

### *Guerrero –Coyuca de Catalan area:*

The Company applied for 96,293 hectares in one concession, in the municipality of Coyuca de Catalan, Guerrero. Subsequent to this, in October 2006, the Company applied for and was granted a further 2 concessions adjoining the first concession, bringing the total area of the three concessions to 98,408 hectares. The concessions were staked on the basis of markedly anomalous metal values in stream sediment samples taken by the Servicio Geologico Mexicano (SGM). The area of the concessions is underlain by mainly andesitic volcanic rocks, interbedded limestone and some shale, sandstone and conglomerate of the Middle Jurassic to Late Cretaceous age Zihuatanejo Subterranean of the Guerrero Terrane. Rocks of the Guerrero Terrane are prospective for several types of base metal deposits, including volcanogenic massive sulfides (VMS), sedimentary exhalative deposits (SEDEX) and the more recently recognized iron-oxide-copper gold deposits (IOCG's) and related iron skarns. The older rocks are covered by Tertiary andesites on the western part of the Property. The three concessions contain

## **Exploration Activities**

### *Mexico - Guerrero – Mochitlan area (continued)*

numerous copper-gold showings. The Company intends to initiate a program of stream sediment sampling and prospecting on the ground followed by airborne geophysical surveys. During the third quarter of 2007, a program of stream sediment sampling was initiated on the property. No further work has been conducted on these concessions, pending title confirmation.

### *Argentina*

#### *La Rioja - Sierra de las Minas and Chepes:*

The results of previous work done on the properties indicate that the properties have potential for high-grade vein-type gold deposits. As no work was done on the Company's gold prospects located in the Sierra de las Minas and Chepes area, La Rioja Province, Argentina during the year ended December 31, 2007, management determined that the mineral properties were impaired and the capitalized costs of \$24,800 were written off.

The Company, during the second quarter of 2008, applied for 10,000 hectares in the Chepes area, La Rioja Province surrounding the Company's Carmelitas claims. A review of company data suggests that there maybe potential for low-grade, large-tonnage bulk mineable gold deposits on this property. The Company plans to investigate this further in 2009.

#### *Neuquen:*

The Company has 3 concessions totalling 14,465 hectares in area in Neuquen province. These concessions were acquired to cover potential lead-zinc-silver sedimentary-exhalative type deposits that maybe hosted there. Stream sediment sampling was initiated during the second quarter of 2007, but the program was halted as a result of inclement weather. The Company plans to resume the stream sediment sampling and prospecting program in 2009 when more favourable conditions prevail.

## **LIQUIDITY AND CAPITAL RESOURCES**

Recent developments in capital markets have restricted access to debt and equity financing for many companies. The Company's exploration properties are in the exploration stage, have not commenced commercial production and consequently the Company has no history of earnings or cash flow from its operations. As a result, the Company is reviewing its 2009/2010 exploration and capital spending requirements in light of the current and anticipated, global economic environment.

The Company currently finances its activities primarily by the private placement of securities. There is no assurance that equity funding will be accessible to the Company at the times and in the amounts required to fund the Company's activities. There are many conditions beyond the Company's control which have a direct bearing on the level of investor interest in the purchase of Company securities. The Company may also attempt to generate additional working capital through the operation, development, sale or possible joint venture development of its properties, however, there is no assurance that any such activity will generate funds that will be available for operations. Debt financing has not been used to fund the Company's property acquisitions and exploration activities and the Company has no current plans to use debt financing. The Company does not have "standby" credit facilities, or off-balance sheet arrangements and it does not use hedges or other financial derivatives. The Company has no agreements or understandings with any person as to additional financing.

At September 30, 2009 the Company had cash of \$10,397 (December 31, 2008 - \$114,220, September 30, 2008 - \$292,221), working capital deficiency of \$305,974 (December 31, 2008 – working capital deficiency \$93,458; September 30, 2008 – working capital of \$78,065) and an accumulated deficit of \$10,309,294 (December 31, 2008 - \$10,072,984; September 30, 2008 - \$9,864,427). Cash flow from operations for the three and nine month periods ended September 30, 2009 was down in comparison

## **LIQUIDITY AND CAPITAL RESOURCES (Continued)**

with the same period in 2008 as a result of decreased expenditures on operations, project development, corporate costs and other operating activities. The movement in working capital in 2008 resulted from a private placement of 5,000,000 shares at \$0.15 per share for net proceeds of \$750,000 offset by the planned expenditures and investments on exploration, project development, corporate costs and other operating activities. The Company has no long-term debt or capital commitments and current liabilities at September 30, 2009 were \$329,067 (December 31, 2008 - \$243,849; September 30, 2008 - \$257,727).

### **Cash Flow**

*Operating activities:* The Company generated cash of \$19,392 (used cash in 2008 - \$115,518) and used cash of \$20,660 (2008 - \$208,371) through the three and nine month periods ended September 30, 2009 and 2008 respectively.

*Investing Activities:* During the three and nine months ended September 30, 2009 investing activities consisted of expenditures on resource properties of \$22,903 (2008 - \$302,835) and \$83,163 (2008 - 353,258) respectively.

*Financing Activities:* The Company intends to finance its activities by raising capital through the equity markets. On April 30, 2008 the Company closed a non-brokered private placement of 5,000,000 Units at a price of \$0.15 per unit for gross proceeds of \$750,000. Each unit was comprised of one common share and one non-transferable share purchase warrant, each warrant entitling the holder to purchase one additional common share of the Company at a price of \$0.20 per share for a period of two years from the closing date of the private placement

### **Investor relations**

The Company retained no investor relations firms during the three and nine month periods ended September 30, 2009 and the year ended December 31, 2008.

### **Dividends**

The Company has neither declared nor paid any dividends on its Common stock. The Company intends to retain its earnings to finance growth and expand its operations and does not anticipate paying any dividends on its Common shares in the foreseeable future.

### **Asset-Backed Commercial Paper**

The Company has no asset-backed commercial paper.

## **FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities and loans payable for which the carrying value is considered to be a reasonable approximation of their fair value due to the short-term nature of these instruments. Management is of the opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Cash is designated as held-for-trading and therefore carried at fair value, with the unrealized gain or loss recorded on the statement of operations.

## **FINANCIAL INSTRUMENTS (continued)**

The Company's financial instruments are exposed to a number of financial and market risks, including credit, liquidity and foreign exchange risks. The Company may, or may not, establish from time to time active policies to manage these risks. The Company does not currently have in place any active hedging or derivative trading policies to manage these risks since the Company's management does not believe that the current size, scale and pattern of its operations would warrant such hedging activities.

The Company places its cash with high credit quality financial institutions. The Company did not have funds deposited in banks beyond the insured limits at September 30, 2009, December 31, 2008 and September 30, 2008.

## **SHARE CAPITAL**

At November 27, 2009, the Company had:

- Authorized share capital of an unlimited number of common shares without par value.
- 24,869,571 common shares were issued and outstanding as at November 27, 2009 (December 31, 2008 and September 30, 2008 - 24,289,905). If the holders were to acquire all 7,000,000 shares issuable upon conversion of all warrants and the exercise of all incentive stock options outstanding, the Company would receive an additional \$1,500,000.
- 5,000,000 warrants outstanding with conversion price of \$0.20 (expire April 30, 2010).
- 2,000,000 stock options outstanding under the Company's incentive stock option plan. The stock options are exercisable at of \$0.25 per share, with expiry dates ranging from December 22, 2011 to March 19, 2014.

## **OUTLOOK**

The information below is in addition to the disclosure concerning specific operations included in the Review of Operations section of this MD&A.

### **General Economic Conditions**

Current problems in credit markets and deteriorating global economic conditions have lead to a significant weakening of exchange traded commodity prices in recent months, including precious and base metal prices. Volatility in these markets has also been unusually high. It is difficult in these conditions to forecast metal prices and demand trends for products that we would produce if we had current mining operations. Credit market conditions have also increased the cost of obtaining capital and limited the availability of funds. Accordingly, management is reviewing the effects of the current conditions on our business.

It is anticipated that for the foreseeable future, the Company will rely on the equities markets to meet its financing need. The Company will also consider entering into joint venture arrangements to advance its projects.

### **Capital and Exploration Expenditures**

We are reviewing our capital and exploration spending in light of current market conditions. As a result of our review, the Company may curtail a portion of its capital and exploration expenditures during 2009/2010.

## **Capital and Exploration Expenditures (continued)**

We are currently concentrating our exploration activities in Mexico and Argentina and examining data relating to the potential acquisition or joint venturing of additional mineral properties in either the exploration or development stage in both Mexico and Argentina.

## **OFF-BALANCE SHEET ARRANGEMENTS**

During the three and nine month periods ended September 30, 2009 and the year ended December 31, 2008, the Company was not a party to any off-balance-sheet arrangements that have, or are reasonably likely to have, a material current or future effect on the results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources of the Company.

## **CONTRACTUAL OBLIGATIONS**

As at September 30, 2009 there were no significant changes in the Company's contractual obligations and commercial commitments from those disclosed in the MD&A for the year ended December 31, 2008.

## **MARKET RISK DISCLOSURES**

The Company has not entered into derivative contracts either to hedge existing risks or for speculative purposes.

## **CHANGES IN ACCOUNTING POLICIES**

Effective January 1, 2008, the Company adopted the following new standards issued by the CICA. These accounting policies were adopted on a prospective basis without restatement of prior period financial statements. The new standards and accounting policy changes are as follows:

- (i) Effective January 1, 2009, the Company adopted Section 3064, *Goodwill and Intangible Assets*, which replaces Section 3062, and establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA restricted the application of EIC 27, *Revenues and Expenditures in the Pre-operating Period* ("EIC 27"). The Company is evaluating the impact of the adoption of this new section on its consolidated financial statements.
- (ii) In January 2009, the CICA issued Handbook Sections 1582, Business Combinations, ("Section 1582"), 1601, Consolidated Financial Statements, ("Section 1601") and 1602, Non-controlling Interests, ("Section 1602") which replaces CICA Handbook Sections 1581, Business Combinations, and 1600, Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards ("IFRS"). Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Early adoption of this section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011. Early adoption of this section is permitted. If the Company chooses to early adopt any one of these sections, the other two sections must also be adopted at the same time. The Company is evaluating the impact of the adoption of these new sections on its financial statements.

## **CHANGES IN ACCOUNTING POLICIES (continued)**

- (iii) In February 2008, the CICA announced that Canadian generally accepted accounting principles (“GAAP”) for publicly accountable enterprises will be replaced by IFRS for fiscal years beginning on or after January 1, 2011. The conversion from Canadian GAAP to IFRS will be

applicable to the Company’s reporting for the first quarter of 2011 for which the current and comparative information will be prepared under IFRS. The Company expects the transition to IFRS to impact accounting policies, financial reporting, IT systems and processes as well as certain business activities. The Company is currently in the process of finalizing an IFRS changeover plan. This process involves assessing the impact of the transition to IFRS and planning to ensure that the appropriate resources are available for a timely conversion.

## **CRITICAL ACCOUNTING ESTIMATES**

The preparation of the consolidated financial statements in conformity with Canadian GAAP requires the Company to establish accounting policies and to make estimates that affect both the amount and the timing of the recording of assets, liabilities, revenues and expenses. Some of these estimates require judgments about matters that are inherently uncertain. The Company’s accounting policies are described in note 2 to its annual consolidated financial statements.

### **Mineral Exploration Property Costs, Capital Assets (Property Plant and Equipment)**

Mineral exploration property costs represent the most significant assets of the Company. All direct costs, net of preproduction revenue relative to the acquisition of mineral rights and concessions, exploration for and development of the Company’s exploration properties are capitalized. Costs associated with resource properties and/or property, plant and equipment also include acquired interests in production, development and exploration stage properties representing the fair value at the time they were acquired. All sales and option proceeds received are first credited against the costs of the related property, with any excess credited to earnings. Exploration activities conducted jointly with others are reflected at the Company’s proportionate interest in such activities. The values of the mineral resource properties are primarily driven by the nature and amount of the mineral interests believed to be contained or potentially contained, in properties to which they relate. The Company reviews and evaluates its capitalized resource property costs and property plant and equipment costs for impairment annually or when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Impairment is considered to exist if the total estimated future undiscounted cash flows are less than the carrying amount of the assets. An impairment loss is measured and recorded based on discounted estimated future cash flows. Future cash flows are estimated based on expected future production, commodity prices, operating costs and capital costs.

Depreciation and depletion is determined based on property, plant and equipment carrying values. Depreciation is based on the estimated useful lives of the assets and is computed using the straight-line method. Equipment is recorded at cost. Once commercial production has commenced, the net deferred costs of the applicable property are charged to operations. Depletion is calculated using the unit-of-production method based on estimated proven and probable recoverable reserves. Mineral resources or reserves are an estimate of the quantity of economically recoverable ore and/or mineralization and will change from time to time as a result of additional geological information, actual grade or recoveries different from original estimates or commodity price changes.

The net costs related to abandoned properties or where mineral rights expire is charged to operations.

Costs related to site restoration programs are accrued over the life of the project.

## **Mineral Exploration Property Costs, Capital Assets (Property Plant and Equipment) (continued)**

As at September 30, 2009, December 31, 2008 and September 30, 2008 the Company's mineral exploration properties did not have proven reserves.

### **Stock Option and Warrant Valuation**

The determination of the fair value of incentive stock options and warrants issued requires management to estimate future stock volatility, expected life, and a risk-free rate of return. The Company uses the fair-value method of accounting for stock-based compensation related to incentive stock options and warrants granted, modified or settled. Under this method, compensation cost attributed to options granted is measured at the fair value at the grant date and expensed over the vesting period with the corresponding increase charged to contributed surplus. In determining the fair value, the Company makes estimates of the expected volatility of the stock as well as an estimated discount rate. Changes to these estimates could result in the fair value of the stock-based compensation being less than or greater than the amount recorded. During the three and nine month periods ended September 30, 2009, the Company recorded stock-based compensation costs of \$5,002 and \$20,007 (year ended December 31, 2008 - \$154,872; three and nine months ended September 30, 2008 - \$0 and \$154,872) respectively, in accordance with the vesting provisions of the 2009 and 2006 grant of stock options.

### **Income and Mining Taxes**

The Company uses the liability method of accounting for income taxes. Under the liability method, future income tax assets and liabilities are computed based on the differences between the carrying amounts of the assets and liabilities on the balance sheet and their corresponding tax values, using the enacted or substantively enacted, as applicable, income tax rates at each balance sheet date. Future income tax assets also result from unused tax losses carried forward and other deductions. Future income tax assets are recognized to the extent that realization of such assets is considered more likely than not. The Company evaluates the carrying values of its future tax assets periodically by assessing its valuation allowance and by adjusting the amount of such valuation allowance in the period, if necessary.

## **NEW ACCOUNTING PRONOUNCEMENTS**

- (i) Effective January 1, 2009, the Company adopted Section 3064, Goodwill and Intangible Assets, which replaces Section 3062, and establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA restricted the application of EIC 27, Revenues and Expenditures in the Pre-operating Period ("EIC 27"). The Company is evaluating the impact of the adoption of this new section on its consolidated financial statements.
- (ii) In January 2009, the CICA issued Handbook Sections 1582, Business Combinations, ("Section 1582"), 1601, Consolidated Financial Statements, ("Section 1601") and 1602, Non-controlling Interests, ("Section 1602") which replaces CICA Handbook Sections 1581, Business Combinations, and 1600, Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards ("IFRS"). Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Early adoption of this section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011. Early adoption of this section is permitted. If the Company chooses to early adopt any one of these sections, the other two sections must also be

## **NEW ACCOUNTING PRONOUNCEMENTS (continued)**

adopted at the same time. The Company is evaluating the impact of the adoption of these new sections on its consolidated financial statements.

## **INTERNATIONAL FINANCIAL REPORTING STANDARDS (the “IFRS”)**

In February 2008, the Canadian Accounting Standards Board (the “AcSB”) and the Canadian Securities Administrators (CSA) confirmed that Canadian publically accountable enterprises will be required to adopt International Financial Reporting Standards (IFRS), replacing Canada’s current generally accepted accounting principles for financial periods beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. The Company is presently considering the effect the transition to IFRS from Canadian GAAP will have on its current accounting policies, restatement of comparative periods, organizational and internal controls and any required changes to business processes. The Company intends to update its critical accounting policies and procedures to incorporate the changes required by converting to IFRS. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

## **RISKS AND UNCERTAINTIES**

The Company is subject to all of the risks inherent to an exploration stage business enterprise, such as limited capital, mineralized material, lack of manpower and possible cost overruns associated with our exploration programs. The Company’s financial success will be dependent upon the extent to which it can discover mineralization or acquire properties and the economic viability of developing its properties. The development of mineral resources involves many risks which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Developing mineral deposits is subject to various risks and is dependent on a number of criteria, including the deposit size, grade, proximity to infrastructure, as well as commodity prices. If we do not establish reserves, the Company may be required to curtail or suspend our operations. We have only completed the initial stages of exploration of our properties.

The Company competes with many companies possessing greater financial resources and technical facilities than itself.

The market price of precious and base metals are volatile and are affected by numerous factors beyond the Company’s control. These factors include International economic and political trends, expectations of inflation, global and regional demand, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities, increased production due to improved mining and production methods and economic events.

All the Company’s operating cash flow must be derived from external financing. Actual funding may vary from what is planned due to a number of factors including the progress of exploration and development of its current properties. Should changes in equity market conditions prevent the Company from obtaining additional financing, the Company will need to review its exploration properties and prioritize project expenditures based on funding availability.

## **RELATED-PARTY TRANSACTIONS**

During the nine month period ended September 30, 2009, the Company incurred management fees of \$41,155 (September 30, 2008 - \$44,578) with directors.

## **MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

In connection with Exemption Orders issued in November 2007 and revised in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificate under National Instrument ("NI 52-109") (Certification of Disclosure in Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

## **FORWARD-LOOKING STATEMENTS**

This management discussion and analysis ("MD&A") contains certain forward-looking statements and information relating to the Company that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company 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 and 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 the Company 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.

## **APPROVAL**

The Board of Directors of Alphamin Resources Corp. has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.