

Ammex Gold Mining Corp.  
Form 10QSB  
February 20, 2007

**FORM 10-QSB**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended December 31, 2006

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 333-113296

**Ammex Gold Mining Corp.**

(Exact name of registrant as specified in its charter)

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Nevada

98-0409895

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification No.)

346 Waverley Street

K2P 0W5

Ottawa, Ontario, Canada

33---ddd33

(Address of principal executive office)

(Zip Code)

Registrant's telephone number, including  
area code:

(613)226-7883

Former name, former address and former fiscal year, if changed since last report.

Indicate by a check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by a check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock as of the latest practicable date:

44,454,840 shares of Common Stock, \$0.001 par value as of December 31, 2007

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### **PART I. FINANCIAL INFORMATION**

#### Item 1. Financial Statements

Consolidated Balance Sheets as of December 31, 2006 (unaudited) and June 30, 2006 (audited)

Consolidated Statement of Operations for the Three and Six Months Ended December 31, 2006 (unaudited)

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#### **AMMEX GOLD MINING CORP.**

(An Exploration Stage Mining Company)

#### **INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2006

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(Stated in US Dollars)

(Unaudited)

**AMMEX GOLD MINING CORP.**

(An Exploration Stage Mining Company)

**INTERIM CONSOLIDATED BALANCE SHEETS**

December 31, 2006 and June 30, 2006

(Stated in US Dollars)

(Unaudited)

	<b>December 31, 2006</b>	<b>June 30, 2006</b>
	(unaudited)	(audited)
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash	\$ 201,745	\$ -
Accounts Receivable	10,944	-
Prepaid Expenses	331,580	-
Current Assets of Discontinued Operations	- _____	_____ 334
	<u>544,269</u>	<u>334</u>
<b>Fixed Assets</b> Note 6	<u>25,355</u>	<u>-</u>
	<u>\$ 569,524</u>	<u>\$ 334</u>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
<b>Current Liabilities:</b>		
Accounts Payable and Accrued Liabilities	\$ _____ 288,274	\$ _____ 9,586
<b>Stockholders Equity:</b>		
Common stock, \$0.001 par value	42,454	102,083
Warrants	375,000	-

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Additional Paid-in capital Notes 3 and 5	3,998,376	164,697
Deficit accumulated during the exploration stage	(4,134,580)	(271,632)
Accumulated other comprehensive loss Note 8	<u>-</u>	<u>(4,400)</u>
	<u>281,250</u>	<u>(9,252)</u>
	<u>\$ 569,524</u>	<u>\$ 334</u>

**AMMEX GOLD MINING CORP.**

(An Exploration Stage Mining Company)

**INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS**

For the Three and Six months ended December 31, 2006 and 2005 and  
for the period from November 20, 2002 (Date of Inception) to December 31, 2006

(Stated in US Dollars)

(Unaudited)

	<b>Three month period ended December 31, 2006</b>		<b>Six month period ended December 31, 2006</b>		<b>Three month period ended December 31, 2005</b>		<b>Six month period ended December 31, 2005</b>		<b>November 20, 2002</b>	
									<b>(Date of Inception) to December 31, 2006</b>	
<b>Revenue</b>										
Interest Revenue	\$	34,221	\$	34,221	\$	-	\$	4	\$	34,221
<b>Expenses</b>										
Exploration Expenses		499,311		568,468		-		-		499,311
Geologists		143,065		210,083		-		-		143,065
Advertising and Promotion		34,969		51,915		-		-		51,915
Consulting Fees		27,093		87,315		11,500		29,700		251,801
Corporate Communication		28,704		59,612		-		-		58,006
Employment Compensation		18,904		37,654		-		-		157,654
Insurance		13,308		14,610		-		-		14,610
Mineral Property costs		216,000		2,645,543		-		-		2,780,957
Amortization		739		739		-		-		739
Office and Miscellaneous		45,947		67,728		1,126		2,650		90,832
Professional		55,315		130,020		4,870		8,917		204,125
Rent		11,489		18,746		-		-		18,746
Total operating expenses		1,094,844		3,892,433		17,496		41,267		4,271,761

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Loss for the period before Other Item	1,060,623	3,858,212	17,496	41,263	4,237,540
Other Item:					
Gain on forgiveness of debt	-	-	-	-	102,960
Net Loss for the period from continuing operations	1,060,623	3,858,212	17,496	41,263	4,134,580
Discontinued operations Schedule 1	-	-	-	-	( 4,400)
Net Loss for the period	1,060,623	3,858,212	17,496	41,263	4,138,980
Other comprehensive loss discontinued operations Schedule 1	-	-	41	2,159	4,400
Comprehensive loss for the period	\$ 1,060,623	\$ 3,858,212	\$ 17,537	\$ 43,422	\$ 4,134,580
Basic and diluted loss per share					
Weighted average number of shares outstanding					



**AMMEX GOLD MINING CORP.**

(An Exploration Stage Mining Company)

**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

for the three months ended December 31, 2006 and 2005 and  
for the period from November 20, 2002 (Date of Inception) to December 31, 2006

(Stated in US Dollars)

(Unaudited)

	<b>Three Months ended December 31, 2006</b>	<b>Six Months ended December 31, 2006</b>	<b>Three Months ended December 31, 2005</b>	<b>Six Months ended December 31, 2005</b>	<b>November 20, 2002 (Date of Inception to December 31, 2006</b>
Cash Flows from Operating Activities					
Net Loss for the period	\$ (1,060,623)	\$(3,858,212)	\$ (17,496)	\$ (41,263)	\$ (4,134,580)
Add (deduct) non-cash items:					
Depreciation	739	739	-	-	739
Shares issued for prepaid expenses	19,008	19,008	10,000	20,000	141,008
Shares issued for services	21,492	112,486	-	-	112,458
Management Fees	-	-	-	-	120,000
Mineral Properties	-	2,371,650	-	-	2,371,650
Gain on forgiveness of debt	-	-	-	-	(102,960)
Subscription receivable	-	(242,303)	-	-	(242,303)
Accounts receivable	231,359	231,359	-	-	231,359
Prepaid expenses	(53,935)	(185,576)	-	-	(185,576)
	140,067			(3,001)	288,274

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Accounts payable and accrued liabilities		278,688	(4,116)		
	(701,893)	(1,272,161)	\$ (11,612)	(24,264)	(1,399,901)
<b>Cash Flows from Financing Activities</b>					
Capital stock issued	-	1,500,000	-	-	1,524,780
Purchase of equipment	(26,094)	(26,094)	-	-	(26,094)
Advances from related parties	-	-	8,913	21,555	102,960
	(26,094)	1,473,906	8,913	21,555	1,601,646
Increase (decrease) in cash from continuing operations	(727,987)	201,745	(2,699)	(1,884)	201,745
Effect of foreign currency translation	-	-	( 81)	(2,159)	
Decrease in cash from discontinued operations	-	-	-	-	-
Increase (decrease) in cash during the period	(727,987)	201,745	(2,780)	(4,868)	-
Cash, beginning of the period	929,732	-	4,091	6,179	201,745
	\$ 201,745				
<b>Cash, end of the period</b>		\$201,745	\$ 1,311	\$ 1,311	\$ 201,745

**AMMEX GOLD MINING CORP.**

(An Exploration Stage Mining Company)

**INTERIM CONSOLIDATED STATEMENTS OF STOCKHOLDERS DEFICIENCY**

for the period November 20, 2002 (Date of Inception) to December 31, 2006

(Stated in US Dollars)

(Unaudited)

	<b>Common Shares</b>			<b>Deficit</b>		
	<b>Number</b>	<b>Amount</b>		<b>Accumulated</b>	<b>Accumulated</b>	<b>Total</b>
			<b>Additional</b>	<b>During the</b>	<b>Other</b>	<b>Stockholders</b>
			<b>Paid-in</b>	<b>Pre-exploration</b>	<b>Comprehensive</b>	<b>Deficiency</b>
			<b>Capital and</b>	<b>Stage</b>	<b>Loss</b>	
			<b>Warrants</b>			
Issued for services on November 23, 2002	57,600,000	\$	\$	\$	\$	\$
at \$0.0002 per share		57,600	(45,600)	-	-	12,000
Issued for cash	48,600,000	48,600	(28,350)	-	-	20,250
at \$0.0004 per share						
Foreign currency - translation adjustment	-	-	-	-	(374)	(374)
Net loss for the period ended June 30, 2003	=	=	=	<u>(47,677)</u>	=	<u>(47,677)</u>
Balance, June 30, 2003	106,200,000	106,200	(73,950)	(47,677)	(374)	(15,801)
Issued for cash	181,200	181	4,349	-	-	4,530
at \$0.025 per share						
Contributed services	-	-	40,000	-	-	40,000
Foreign currency translation adjustment	-	-	-	-	(229)	(229)
	=	=	=	<u>(80,605)</u>	=	<u>(80,605)</u>

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Net loss for the year  
ended June 30, 2004

Balance, June 30, 2004	106,381,200	106,381	(29,601)	(128,282)	(603)	(52,105)
Contributed services Note 4	-	-	30,000	-	-	30,000
Foreign currency translation adjustment	-	-	-	-	(1,705)	(1,705)
Net loss for the year ended June 30, 2005	=	=	=	<u>(83,763)</u>	=	<u>(83,763)</u>
Balance, June 30, 2005	106,381,200	106,381	399	(212,045)	(2,308)	(107,573)

/cont d

The number of shares issued and outstanding has been restated to give retroactive effect for four forward stock splits, on a six for one basis, a two for one basis, a two for one basis and a two for one basis effective April 29, 2003, March 1, 2006, May 3, 2006 and May 31, 2006, respectively. The par value and additional paid-in capital were adjusted in conformity with the number of shares then issued.

**AMMEX GOLD MINING CORP.**

Continued

(An Exploration Stage Mining Company)

**INTERIM CONSOLIDATED STATEMENTS OF STOCKHOLDERS DEFICIENCY**

for the period November 20, 2002 (Date of Inception) to December 31, 2006

(Stated in US Dollars)

(Unaudited)

	<b>Common Shares</b>			<b>Deficit</b>	<b>Accumulated</b>	<b>Accumulated</b>	<b>Total</b>
	<b>Number</b>	<b>Amount</b>	<b>Additional</b>	<b>Accumulated</b>	<b>Other</b>	<b>Comprehensive</b>	<b>Stockholders</b>
			<b>Paid-in</b>	<b>During the</b>	<b>Loss</b>	<b>Loss</b>	<b>Deficiency</b>
			<b>Capital and</b>	<b>Pre-exploration</b>			
			<b>Warrants</b>	<b>Stage</b>			
Issued for services Notes 5 and 8	3,000,000	3,000	117,000	-	-	-	120,000
Shares returned to treasury Note 8	(7,297,360)	(7,298)	7,298	-	-	-	-
Contributed services Note 5	-	-	40,000	-	-	-	40,000
Foreign currency translation adjustment	-	-	-	-	(2,092)	(2,092)	(2,092)
Net income for the year ended June 30, 2006	=	=	=	<u>(59,587)</u>	=	=	<u>(59,587)</u>
Balance June	102,083,840	102,083	164,697	(271,632)	(4,400)	(4,400)	(9,252)

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30, 2006

Issued for services	145,000	145	236,755	-		236,900
- at \$1.63						
Issued for acquisition of subsidiary	1,455,000	1,455	2,370,195	-		2,371,650
- at \$1.63						
Issued for cash private placement	750,000	750	1,499,250	-		1,500,000
- at \$2.00						
Cancellation of shares	(62,054,000)	(62,054)	62,054	-		-
Net loss for the period	=	=	=	(2,802,325)	4,400	(2,797,925)
Balance, September 30, 2006	<u>42,379,840</u>	<u>42,379</u>	<u>4,332,951</u>	<u>(3,073,957)</u>	=	<u>1,301,373</u>
Issued for services	75,000	75	40,425	-		40,500
Net loss for the period	-	-	-	(1,060,623)	-	(1,060,623)
<b>Balance, December 31, 2006</b>	<u>42,454,840</u>	<u>\$ 42,454</u>	<u>\$ 4,373,376</u>	<u>\$ (4,134,580)</u>	-	<u>\$ 281,250</u>

The number of shares issued and outstanding has been restated to give retroactive effect for four forward stock splits, on a six for one basis, a two for one basis, a two for one basis and a two for one basis effective April 29, 2003, March 1, 2006, May 3, 2006 and May 31, 2006, respectively. The par value and additional paid-in capital were adjusted in conformity with the number of shares then issued.

**AMMEX GOLD MINING CORP.**

Schedule 1

(An Exploration Stage Mining Company)

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS  
FROM DISCONTINUED OPERATIONS OF OASIS WIRELESS INC.

for the three months ended December 31, 2006 and 2005 and  
for the period from November 20, 2002 (Date of Inception) to December 31, 2006

(Stated in US Dollars)

(Unaudited)

	Three months ended December 31		November 20, 2002 (Date of Inception) to December 31,
	<u>2006</u>	<u>2005</u>	<u>2006</u>
Revenue			
Contract income	\$ _____ -	\$ _____ -	\$ <u>1,027</u>
Expenses			
Amortization	-	-	1,250
Consulting fees	-	-	19,177
Office and miscellaneous	=	_____ -	<u>9,642</u>
	=	_____ -	<u>(30,069)</u>

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Loss before the following	-		(29,042)
Loss on disposal of equipment	-	-	(676)
Gain on forgiveness of debt	-	-	34,452
Write-off of receivables	<u>-</u>	<u>-</u>	<u>(334)</u>
Net loss for the period	-	-	4,400
Other comprehensive loss - foreign exchange	<u>-</u>	<u>-</u>	<u>(4,400)</u>
Comprehensive loss for the period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
			=



**AMMEX GOLD MINING CORP.**

(An Exploration Stage Mining Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2006

(Stated in US Dollars)

(Unaudited)

Note 1

Nature and Continuance of Operations

The accompanying interim financial statements of the Company are unaudited, include all adjustments which are, in the opinion of management, necessary to present fairly the financial position, results of operations and cash flows for the interim period presented in accordance with the accounting principles generally accepted in the United States of America. In the opinion of management, all adjustments considered necessary for a fair presentation of the results of operations and financial position have been included and all such adjustments are of a normal recurring nature. It is suggested that these financial statements be read in conjunction with the Company's June 30, 2006 financial statements.

Note 2

Principal Accounting Policies

The consolidated financial statements are prepared by management in accordance with generally accepted accounting principles of the United States of America. The principal accounting policies followed by the Company are as follows:

Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid investments with an original maturity of three months or less.

Fair Value of Financial Instruments

The following disclosure of the estimated fair value of financial instruments is made in accordance with the requirements of SFAS No. 107 Disclosures about Fair Value of Financial Instruments. The estimated fair value amounts have been determined by the Company, using available market information and appropriate valuation methodologies. The fair value of financial instruments classified as current assets including cash approximate carrying value due to the short-term maturity of the instruments.

Long Term Assets

Office Furniture and Equipment

Office furniture and Equipment are capitalized at cost. Amortization is recorded on a declining balance basis at a rate between 20% and 30% per annum. In the year of acquisition only one half year of amortization is taken.

## Note 3

Business Combination

By a conditional sale purchase and sale contract dated July 25, 2006, the Company acquired 100% of Minera Jeronimo S.A. de C.V. ( Jeronimo ), a Mexican corporation, by the issuance of 1,455,000 restricted common shares at \$1.63 per share for a total consideration of \$2,371,650. Jeronimo has the option to acquire a 65% interest in six mining concessions located in NW Sonora, Mexico, subject to \$400,000 in exploration work commitments. The acquisition was accounted for by the purchase method, however, there were no identifiable assets acquired other than the rights to six mining concessions in Mexico.

## Note 4

Related Party Transactions Note 10

The Company incurred the following expenses in respect to directors of the Company:

	Three months ended December 31,		November 20, 2002 (Date of Inception) to December 31,
	<u>2006</u>	<u>2005</u>	<u>2006</u>
Consulting fees	\$	\$	\$
	-	11,500	175,339
Employment compensation	18,904	-	157,654
Mineral properties - geological fees	19,600	-	29,915
Rent	<u>11,489</u>	=	<u>18,476</u>
	\$	\$	\$

49,993

11,500

381,384

During the three months period ended December 31, 2006, a Company's director contributed consulting services having a fair value of \$Nil (2005: \$11,500).

Included in accounts payable at December 31, 2006 is \$37,654 (June 30, 2006: \$Nil) due to directors of the Company for unpaid fees.

By an agreement dated June 28, 2006, the Company agreed to issue 3,000,000 restricted common shares and agreed to pay an annual compensation of \$75,000 to an employee/director of the Company. The agreement commenced on June 30, 2006 and will continue until June 30, 2007 and shall automatically renew for successive twelve month periods. The fair value of these shares was estimated to be \$120,000. Should this employee resign within six months of this agreement, the Company will have the right to cancel 2,500,000 of the previously issued shares.

Note 5

Non-cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. The following transactions have been excluded from the statement of cash flows:

a)

During the six months ended December 31, 2006 the company acquired Minera Jeronimo S.A. de V.C. for 1,455,000 common shares at \$1.63 per share for consideration of \$2,371,650.

b)

During the three months ended December 31, 2006, the Company issued 75,000 common shares valued at \$40,500 for services. At December 31, 2006, \$21,492 has been charged to expenses and \$19,008 has been included in prepaid expenses.

Note 6

Fixed Assets

<b>Cost</b>			
<b>Opening Balance</b>	<b>Additions</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value at December 31, 2006</b>
\$ _____ -	\$ 26,094	\$ 739	\$ 25,355

Note 7

Share Capital

a)

On July 28, 2006, the Company entered into a private placement share subscription agreement for the issuance of 750,000 shares of restricted common stock at \$2.00 per share and 750,000 share purchase warrants. The warrants are exercisable into one common share for each warrant held at \$3.50 per warrant until January 31, 2007.

b)

During the six months ended December 31, 2006, the Company cancelled and returned to treasury 57,600,000 restricted common shares held by a former director of the Company and 4,454,000 common shares held by a shareholder of the Company, all for no consideration.

c)

During the three months ended December 31, 2006, the Company issued 75,000 common shares valued at \$40,500 pursuant to agreements for various parties to perform services for the Company. At December 31, 2006, \$19,008 is included in prepaid expenses.

Note 7

Share Capital (cont d)

d)

Subsequent to December 31, 2006, the Company issued 190,000 common shares for services.

Note 8

Mineral Properties

a)

Austin, Nevada

By a Letter of Intent dated July 12, 2006, the Company has the right to earn a 100% interest in 29 unpatented mining claims situated near Austin, Nevada in consideration for minimum advance royalty payments totalling \$145,141 over a six year period and \$35,000 every year thereafter as follows:

- 
- \$10,141 upon signing of agreement (paid);
- 
- \$10,000 by July 12, 2007;
- 
- \$15,000 by July 12, 2008;
- 
- \$20,000 by July 12, 2009;

-

\$25,000 by July 12, 2010;

-

\$30,000 by July 12, 2011;

-

\$35,000 by July 12, 2012 and on each anniversary date thereafter.

In addition, an annual work commitment of \$25,000 per year commencing from July 12, 2007 and costs to keep the property in good standing are required. In addition, the property vendor is entitled to a 2% net smelter return royalty ( NSR ) on any production up to a maximum of \$10,000,000. The Company will have the right to purchase 1% of the NSR for \$1,000,000.

The term of the contract is 25 years and renewable for another 25 years.

b)

Jeronimo, Mexico

The Company's subsidiary, Jeronimo has the option to acquire a 65% interest in six mining concessions located in NW Sonora, Mexico, subject to \$400,000 in exploration work commitments.

c)

Elko, Nevada

By an option agreement dated August 1, 2006, the Company has the right to earn an 80% interest in 24 unpatented mining claims situated in Elko County, Nevada in consideration for the payment of \$25,000 (paid) and incurring expenditures of \$4,000,000 within a three-year period as follows:

-

\$1,000,000 on or before August 1, 2007;



-

\$1,500,000 on or before August 1, 2008; and

-

\$1,500,000 on or before August 1, 2009.

Note 8

Mineral Properties (cont d)

These expenditures include minimum advance royalties of US\$30,000 per year due on October 20<sup>th</sup> of each year.

This agreement is subject to a 3% NSR upon commencement of commercial production. The Company has the right to purchase each 1% of the NSR for \$1,000,000.

Note 9

Commitments

By a lease agreement dated July 6, 2006, with a company having a director in common with a director of the Company, the Company agreed to lease office premises for three years commencing August 1, 2006 for the following consideration:

2007	\$
	21,725
2008	25,831
2009	28,157
2010	<u>2,362</u>
	\$
	<u>78,075</u>

By letter agreements dated July 10, 2006, the Company engaged three consultants to provide investor relations services to the Company in consideration for a total of \$5,000 per month for three months and 150,000 common shares. As at December 31, 2006, there was no consideration paid.



## Note 10

Discontinued Operations

By a special resolution of the shareholders of the Company dated December 19, 2006, the Company has dissolved its wholly owned subsidiary Oasis. The only asset of Oasis as at June 30, 2006, was amount receivable totaling \$334 this asset was written-off in the period ended September 30, 2006. Also on the books of Oasis was accumulated deficit totaling \$4,734 and accumulated other comprehensive loss of \$4,400.

The consolidated balance sheet includes the following amounts related to the discontinued operations of the subsidiary:

<u>Balance Sheet</u>	December 31, <u>2006</u>	June 30, <u>2006</u>
Amounts receivable	\$	\$
	=	<u>334</u>
Total assets	\$	\$
	=	<u>334</u>
Accumulated deficit	\$	\$
	-	4,734
Other comprehensive losses	=	<u>(4,400)</u>
	\$	\$
	=	<u>334</u>

## Note 10

Discontinued Operations (cont d)

Cash flows from discontinued operations are as follows:

	December 31,		November 20, 2002 (Date of Inception) to December 31, 2006
	<u>2006</u>	<u>2005</u>	
Cash flows used in operating activities			
Loss from discontinued operations	\$	\$	\$
	-	-	-
Write-off of accounts receivable	-	-	-
Amortization	-	-	1,250
Loss on disposal of equipment	-	-	676
Gain a forgiveness of debt	-	-	(34,452)
Changes in non-cash working capital			
items related to operations:			
Accounts payable	-	-	-
Due to related party	=	=	=
Cash provided by operating activities	=	=	<u>(32,526)</u>
Cash flows from (used in) investing			
activities			
Purchase of equipment	-	-	(3,188)
Proceeds from disposal of equipment	=	=	<u>1,262</u>

	=	=	<u>(1,926)</u>
Cash flows from financing activity due to related party	=	=	<u>34,452</u>
Foreign currency translation adjustment	=	=	=
Increase (decrease) in cash from discontinued operations prior to disposal	\$	\$	\$
	=	=	=

## **RISK FACTORS**

There have been no material changes in our risk factors from those disclosed in our Annual Report on Form 10-KSB for the period ended June 30, 2006.

### **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation**

THE FOLLOWING DISCUSSION OF THE RESULTS OF OUR OPERATIONS AND FINANCIAL CONDITION SHOULD

BE READ IN CONJUNCTION WITH OUR FINANCIAL STATEMENTS AND THE NOTES THERETO INCLUDED ELSEWHERE IN THIS REPORT.

#### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Certain statements in this quarterly report on Form 10-QSB contain or may contain forward-looking statements that are subject to known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements were based on various factors and were derived utilizing numerous assumptions and other factors that could cause our actual results to differ materially from those in the forward-looking statements. These factors include, but are not limited to, economic, political and market conditions and fluctuations, government and industry regulation, interest rate risk, U.S. and global competition, and other factors. Most of these factors are difficult to predict accurately and are generally beyond our control. You should consider the areas of risk described in connection with any forward-looking statements that may be made herein. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. Readers should carefully review this quarterly report in its entirety, including but not limited to our financial statements and the notes thereto. Except for our ongoing obligations to disclose material information under the Federal securities laws, we undertake no obligation to release publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events. For any forward-looking statements contained in any document, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

### **Background**

Ammex Gold Mining Corp. ("Ammex" the company the corporation "we" or "us") is an exploration stage mining company with no ore reserves or mining operations. Our activities to date have been, and our current activities are, limited to searching for material from which we may be able to extract precious minerals and designing a process for profitable extraction. There is no assurance that commercially viable mineral deposits exist on any property we own or may acquire. Any further exploration will be required before a final evaluation as to the economic and legal feasibility of our plans can be made.

We were incorporated on November 20, 2002 under the laws of the state of Nevada as Reese Corp. On August 18, 2006, we amended our certificate of incorporation with the state of Nevada to change our name to Ammex Gold Mining Corp. We believe that the name change more accurately reflects our new corporate direction as a precious metals mining exploration company. Our chief executive officer is Christopher Crupi, a former Vice President of PricewaterhouseCoopers. Mr. Crupi oversees the administrative and operational activities. In addition to his duties at AmMex Gold Mining Corp., Mr. Crupi is also President and CFO of Paramount Gold Mining Corp., a publicly traded mining exploration company with property interests in South America and Mexico.

## **Properties**

El Tiliche Mining Concessions, Sonora, Mexico

On July 25, 2006 the corporation acquired 100% of Minera Jeronimo S.A. de C.V. The key asset in Minera Jeronimo is the El Tiliche project, located in NW Sonora, Mexico, approximately 50 kilometers NE of the Penoles-Newmont Herradura Gold Mine, within the gold belt that stretches from southern California to central Sonora. The Mesquite mine and the Picacho mine are among other large gold producers in this belt. Minera Jeronimo controls a very strategically located and large 14,300 hectares of mineral rights in 6 contiguous mining concessions. El Tiliche has been advanced over the past 2 years with a number of exploration programs and now boasts at least 6 drill-ready targets. Numerous surface samples have yielded over 5 grams gold per ton and over 100 grams silver per ton, which compares very well with early results at other producing mines in this belt.



The El Tiliche concessions are located at the intersection of a series of NE-SW high angle structures that pass through the Herradura gold deposit, and NW trending transform faults that makeup part of the Sonora-Mojave Megashear. Gold and silver mineralization associated with low angle faulting, as well as with higher angle structures, has been recognized in a number of areas within the concession block. Numerous small mine workings and prospects were mapped and sampled during a recently completed detailed reconnaissance of the property.

Intrusive and volcanic rocks of Jurassic age outcrop over a wide area in numerous low hills that are separated by areas of thin alluvial cover, and mineralized zones often project under this alluvial cover. During the recently completed detailed reconnaissance of the area, 584 rock chip samples were collected and sent to ALS Chemex Laboratories for analysis.

While the results of the recently completed program are still being studied, at least 8 areas have been identified for drill testing. A 4,000-plus meter drill program commenced in the fall of 2006. Results are currently being analyzed.

The corporation acquired Minera Jeronimo by issuing 1,455,000 restricted common shares, and must maintain the concessions in good standing. Minera Jeronimo can earn a 65% interest in the El Tiliche project by spending US\$400,000 on exploration during the next 12 months.

#### Bailey Hills (Carlin Trend), Nevada, USA

On July 31, 2006 we entered into an option agreement to earn an 80% interest from Consolidated Global Minerals Ltd. in the Bailey Hills property located along the Carlin Trend within the Great Basin of Nevada. The Bailey Hills project covers approximately 4.5 square miles (approx. 3,000 acres) and consists of 150 mining claims within the southernmost part of the Carlin Trend, along a prospective northwest structural zone which hosts numerous world-class gold deposits.

The structural and lithologic setting at Bailey Hills, both on a regional and property scale, is a direct analog to that at the 1.5 million ounce gold Rain / Emigrant deposits (Newmont), located 43 miles north-northwest of the Bailey Hills project. Underlying the Bailey Hills property are the same units which host gold at Rain, and proximal intrusions are noted at both. Recognition of these intrusive bodies at Bailey Hills was previously hampered by post-mineralization volcanic cover rocks, but geophysical surveys have identified intrusive rocks and numerous high angle faults underlying the claim area.

A substantial database of geological, geochemical and geophysical data has been obtained for the project from previous operators. Results from surface exploration, geophysics and initial drilling compare well with the lithology,

geochemistry and structure of several known mines on the Carlin Trend. A CSAMT (resistivity) geophysical survey has just been completed for the corporation and is currently being interpreted.

Drill targets will be selected based on the compilation and evaluation of this data. A first phase drill program of approximately 15 deep drill holes is being planned and permitted for the Bailey Hills property and is expected to commence in late 2006.

A controlled source audio-magnetotelluric (CSAMT) survey was completed during the fall of 2006 over a portion of the Bailey Hills property. Objective of the survey was to detail horsts and horst boundaries prior to drill testing. The horst complex had previously been defined by gravity surveys and drilling completed in 1997 by Newmont Mining Corp. The target model is based upon the Rain mine analogy, where gold mineralization is contained in breccia at the Devils Gate Limestone (Ddg) Webb (Mw) contact. However, the gold on the contact is confined to a limited portion immediately adjacent to feeder structures. Mineralization is generally found only within 60 to 100m of the feeder. Thus, it is imperative the drill targeting be directed at the Ddg / Mw contact proximal to the feeder structure.

The CSAMT survey delineated the horst in sufficient detail as to permit drill testing for a Rain type target. A total of fifteen (15) holes are proposed with thirteen (13) to test the Devils Gate - Webb contact proximal to feeder structures and two intended to test a sub-parallel structure bounding an interpreted Eocene intrusion. Further details regarding the CSAMT survey can be found on our website: [www.ammexgoldmining.com](http://www.ammexgoldmining.com).

The Company completed the first drill hole at drill site (P7) at their Bailey Hills project and intersected the Devils Gate formation at a depth of 980 feet, which is very close to that predicted by the CSAMT study, ending at a total depth of 1260 feet. Drilling is ongoing and is currently at a depth of 970 feet at hole #2, drill site (P1). A 10,000 foot RC drill program commenced in December 2006 to test the targeted zones.

Under the terms of the option agreement, we can earn a 80% interest in the property from Consolidated Global Minerals Ltd. with an upfront cash payment of US\$25,000; and expenditures of US\$4,000,000 within a three-year period, payable as follows: US\$1,000,000 in year one, US\$1,500,000 in year two and US\$1,500,000 in year three. The upfront cash payment has been made. We have also advanced \$200,000 towards our first year work commitment and set aside another \$277,000 for this purpose.

Ox Creek Property, Callaghan district, Nevada, USA

On July 17, 2006 we signed a Letter of Intent to acquire a 100% interest in 29 claims, located 13 miles northeast of Austin, Nevada (Callaghan Property). The property consists of 29 claims covering approximately 560 acres, where surface samples have shown gold grades of up to 31 grams per tonne over a width of 3 feet. Geologically, it is located within and adjacent to the Callaghan Mountain structural window through the Roberts Mountains Thrust, in an area of strong hydrothermal alteration and highly anomalous geochemistry. These are associated with high angle faulting as well as the low angle thrust zones.

Available data from prior exploration in the area confirms in detail the presence of highly anomalous concentrations of gold, arsenic, antimony, mercury, zinc and silver in soils, rock chips and drill cuttings, with associated decalcification of silty limestones and locally intense silicification. There have been narrow drill intercepts and surface rock samples with gold contents up to 0.10 ounces per ton. Lithologic units very favorable to mineralization are thinly overlain by thrust plates of less favorable host rocks.

An exploration target is located on the southern extension of the poorly defined Cottonwood Spring resource of 50,000 - 75,000 ounces of gold, apparently controlled by faulting and favorable lithologies. Our technical personnel are currently compiling a large amount of data produced by earlier exploration groups to better define additional structural, geochemical and lithological exploration targets. We are currently conducting work planning on this property.

Under the terms of the agreement, the Company has the right to earn a 100% interest in 29 unpatented mining claims situated near Austin, Nevada in consideration for minimum advance royalty payments totalling \$145,141 over a six year period and \$35,000 every year thereafter, an annual work commitment of \$25,000 per year commencing from July 12, 2007 and costs to keep the property in good standing. In addition, the property vendor is entitled to a 2% NSR on any production up to a maximum of \$10,000,000. The Company will have the right to purchase 1% of the NSR for \$1,000,000.

The term of the contract is 25 years and renewable for another 25 years.

## **Regulation and Licensing**

Our exploration activities will be subject to various laws and regulations governing prospecting, taxes, labor standards, occupational safety and health, waste disposal, protection and reclamation of the environment, protection of endangered and protected species, toxic substances and other matters. We may in the future be subject to clean up liability under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 and other federal and state rules that establish cleanup liability for the release of hazardous substances. Further amendments to current laws and regulations governing operations and activities of companies involved in mineral exploration are actively considered from time to time and could have a material adverse impact on us. We may also be subject to

environmental and employment regulations at the state level. We do not expect to incur a material expense in complying with state requirements, unless or until we advance to the development or production stage.

We will be required to obtain necessary permits or exemptions for exploration work to commence. Once we commence exploratory activities, we may experience material adverse economic effects as a result of complying with applicable laws relating to the protection of the environment. If and when we are able to commence exploration or production, such issues will become more complex and costly to deal with.

Environmental and other laws and regulations change periodically. We cannot determine the impact of future changes in such laws and regulations on our operations or future financial position. We believe the Company is currently in substantial compliance with all applicable environmental laws and regulations. If we are not in compliance with any such law or regulation, we may be subject to fines, clean-up orders, restrictions on operations, or other penalties.

## **Competition**

The business of mineral exploration is highly competitive and tends to be dominated by a limited number of major mining companies. Although we do not compete directly against any particular firms for sales or market share, many of the human and physical resources we may require - such as engineering professionals, geologists, skilled equipment operators, and managers, as well as extractive and metallurgical processes and equipment -- are also sought by companies with substantially greater financial means than we possess, which places us at a competitive disadvantage in obtaining such resources. Accordingly, we cannot be certain that we will be able to obtain the human and physical resources we may need from time to time or to obtain them at an affordable cost.

## **Market Description**

### **Gold and Silver**

We are a precious metals exploration and development company. The gold markets have been strong since 2001, where gold has increased from of \$624 per ounce and silver has increased from \$4.58 per ounce to its current \$668. Management believes that both the gold for the foreseeable future. Management believes that for so long as gold remains above \$300 per ounce, the properties under exploration remain commercially viable if geological results

prove positive.

#### Employees

As of December 31, 2006 besides its 3 executive officers, the Company employed 5 full-time employees. We believe that our relationship with our employees is positive.

### **Comparison of Operating Results for the Three and Six Months December 31, 2006 to the Three and Six Months Ended December 31, 2006.**

#### Revenues and Expenses

The Company has \$34,221 in interest revenue for the three and six month period ended December 31, 2006 representing interest on surplus cash balances.

Exploration expenses for the three and six month periods ended December 31, 2006 are approximately \$499,000 and \$568,468 respectively and represent drilling and other expenses on the El Tiliche and Bailey Hills projects.

Geologists fees and expenses for the periods also relate to the El Tiliche and Bailey Hills projects.

#### Liquidity and Capital Resources

As at December 31, 2006 the Company had cash on hand of \$201,745 sufficient to fund ongoing operations for some time. The Company has started initiatives to raise funds by way of private placement financing by mid 2007.

#### Assets and Liabilities

Fixed assets are primarily comprised of office equipment. Prepaid expenses in the amount of \$306,580 are for services to be rendered including drilling contractors and professional services.

### **Critical Accounting Policies**

Financial Reporting Release No. 60, which was released by the Securities and Exchange Commission (the "SEC"), encourages all companies to include a discussion of critical accounting policies or methods used in the preparation of financial statements. The Company's consolidated financial statements include a summary of the significant accounting policies and methods used in the preparation of the consolidated financial statements. Management believes the following critical accounting policies affect the significant judgments and estimates used in the preparation of the financial statements.

#### **Pre-exploration Stage Company**

The Company complies with Financial Accounting Standard Board Statement No. 7 and The Securities and Exchange Commission Exchange Act Guide 7 for its characterization of the Company as pre-exploration stage.

#### **Capitalization of Mineral Claim Costs**

Cost of acquisition, exploration, carrying and retaining unproven properties are expensed as incurred until such time as reserves are proven. Costs incurred in proving and developing a property ready for production are capitalized and amortized over the life of the mineral deposit or over a shorter period if the property is shown to have an impairment in value. Expenditures for mining equipment are capitalized and depreciated over their useful life.

#### **Foreign Currency Translation**

The Company's former subsidiary, Oasis, translated amounts from its functional currency, Canadian dollars, to the reporting currency, United States dollars, in accordance with the Statement of Financial Accounting Standards ( SFAS ) No. 52, Foreign Currency Translation . At cash balance sheet date, recorded balances that are denominated in a currency other than US dollars are adjusted to reflect the current exchange rate which may give rise to a foreign currency translation adjustment accounted for as a separate component of stockholders' deficiency and included in comprehensive loss.

Monetary assets and liabilities are translated into the reporting currency at the exchange rate in effect at the end of the year. Non-monetary assets and liabilities are translated at the exchange rate prevailing when the assets were acquired or the liabilities assumed. Revenues and expenses are translated at the rate approximating the rate of exchange on the transaction date. All exchange gains and losses are included in the determination of net income (loss) for the year.

#### Income Taxes

The Company uses the asset and liability method of accounting for income taxes pursuant to SFAS No. 109

Accounting for Income Taxes . Under the assets and liability method of SFAS 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statements carrying amounts of existing assets and liabilities and loss carryforwards and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

#### Basic Loss Per Share

The Company reports basic loss per share in accordance with SFAS No. 128, Earnings Per Share . Basic loss per share is computed using the weighted average number of shares outstanding during the year.

#### Fair Value of Financial Instruments

The carrying values of the Company's financial instruments, consisting of amounts receivable, accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of such instruments. Due to related parties also approximates its fair value. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

#### Comprehensive Loss

The Company has adopted SFAS No. 130 Reporting Comprehensive Income . Comprehensive loss is comprised of net loss and foreign currency translation adjustments.

## New Accounting Standards

In December 2004, the Financial Accounting Standards Board ( FASB ) issued Statement of Financial Accounting Standards ( SFAS ) No. 123R, Share Based Payment , that addresses the accounting transactions in which a company exchanges its equity instruments for goods or services. SFAS No. 123R requires that such transactions be accounted for using a fair value based method. Adoption of SFAS No. 123R is effective for fiscal periods beginning after December 15, 2005.

### **Item 3. Controls and Procedures.**

As of the end of the period covered by this Report, the Company's chief executive officer and its principal financial officer (the Certifying Officers ), evaluated the effectiveness of the Company's "disclosure controls and procedures," as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934. Based on that evaluation, the Certifying Officers concluded that, as of the date of their evaluation, the Company's disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's periodic filings under the Securities Exchange Act of 1934 is accumulated and communicated to management, including these officers, to allow timely decisions regarding required disclosure.

The Certifying Officer has also indicated that there were no significant changes in our internal controls or other factors that could significantly affect such controls subsequent to the date of their evaluation and there were no corrective actions with regard to significant deficiencies and material weaknesses.

Our management, including the Certifying Officer, does not expect that our disclosure controls or our internal controls will prevent all errors and fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. In addition, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Because of these inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.



**PART II. OTHER INFORMATION**

**Item 1.**

**Legal Proceedings.**

None.

**Item 2. Unregistered Sales of Equity Securities,**

None

**Item 3.**

**Defaults upon senior securities.**

None.

**Item 4. Submission of matters to a vote of security holders.**

There were no matters submitted during the quarter ended December 31, 2006 to a vote of the Company's securities holders.

**Item 5. Other Information**

Not applicable

**Item 6. Exhibits and Report on Form 8-K**

There were no reports filed on Form 8-K during the quarter ended December 31, 2006.

Exhibit No. Description

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31.1 Section 302 Certification of the Principal Executive Officer \*

31.2 Section 302 Certification of the Principal Financial Officer \*

32.1 Section 906 Certification of Principal Executive Officer \*

32.2 Section 906 Certification of Principal Financial and Accounting Officer \*

\* Filed herewith



SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Ammex Gold Mining Corp.

Date: February 16, 2007

By: /s/ Christopher Crupi

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Christopher Crupi,

CEO and Director

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Christopher Crupi

Date: February 16, 2007

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Christopher Crupi

CEO/ Director

By: /s/ Charles William Reed

Date: February 16, 2007

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Charles William Reed

Director