

## ACREX VENTURES LTD.

### MANAGEMENT DISCUSSION AND ANALYSIS DATED NOVEMBER 22, 2004 AMENDED and RESTATED DECEMBER 17, 2004

To be read in conjunction with the unaudited financial statements, prepared to September 30, 2004 of Acrex Ventures Ltd. ("Company").

#### 1. Overall Performance

##### Michaud, Ontario property

In July, the Company initiated - and carried out - a small diamond drilling programme which consisted of 3 holes and the deepening of a previously drilled hole. The expenditures on the programme brought the Company's total expenditures on the Michaud property to in excess of \$1,000,000 - as a result of which the Company earned its 50% joint venture interest in the property - excluding the portion of the property containing the Southwest Zone. Assaying of the holes was completed and assay results were announced. The results are considered very encouraging by Management and the decision has been made to continue work on the property, subject to the availability of financing.

In the period since the completion of the drill programme the Company has been in negotiations with Moneta Porcupine Mines Inc. to settle a formal joint venture agreement with it.

The Company obtained an updated geological report from Mr. Hank Meixner, P.Geo. dated April 8, 2004 which contains recommendations for additional work - including drilling - on the Michaud property. It is Management's hope to initiate that work during the forthcoming winter season.

##### Financing

Primarily to fund additional work on the Michaud property, the Company has entered into an Agency Agreement with Canaccord Capital Corporation to do a best efforts Unit private placement to raise gross proceeds of \$2,200,000. Each Unit will consist of 1 share of the Company and one-half of a 12-month warrant. One full warrant will entitle the holder to purchase an additional non flow-through share at \$0.25 per share. Units sold on a non flow-through basis will be sold at \$0.22 per Unit, and Units sold on a flow-through basis will be \$0.25 per Unit. Up to 5,000,000 Units may be sold as flow-through Units. If the offering is fully sold and no flow-through Units are sold a total of 10,000,000 Units will be issued.

The Company has not issued any shares or other securities during the period since the beginning of the quarter - i.e. since July 1, 2004. Share purchase warrants entitling the holders to purchase 1,064,000 shares - which had not been exercised - expired October 29, 2004.

The Company's monthly expenses which averaged, during the quarter, approximately \$30,500 per month - an increase of approximately 50% over the expenses incurred in the same quarter of calendar 2003 - but which are marginally less than the average monthly expenses incurred during the whole of 2004. The decline in the Company's working capital from the June 30, 2004 figure of \$464,424 is as a result of the expenses incurred during the quarter and the Michaud property exploration expenses which were booked during the quarter.

3. **Summary of Quarterly Results**

The following information is provided for each of the 8 most recently completed quarters of the Company:

	Sept. 30/04	June 30/04	March 31/04	Dec. 31/03	Sept. 30/03	June 30/03	March 31/03	Dec. 31/02
(a) Net sales or total revenues	\$0.00	\$0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
(b) Loss before extraordinary items								
- total	91,395	109,455	100,895	216,904	61,790	93,502	103,111	77,793
- per share undiluted	0.01	0.02	0.01	0.02	0.01	0.01	0.01	0.01
- per share diluted*								
(c) Net loss								
- total	76,612	111,473	104,887	231,887	31,704	94,483	95,205	74,215
- per share undiluted	0.01	0.01	0.01	0.02	0.00	0.01	0.01	0.01
- per share diluted								

\*As the effect of this dilution is to reduce the reported loss per share, fully diluted loss per share information has not been shown.

The differences in the figures between the various quarters is due only to the amount of activity by the Company in each quarter – primarily in raising funding or supervising exploration work on its property

#### 4. **Liquidity**

At the close of business September 30, 2004 the Company had net working capital of \$255,854. This represents sufficient funding for the Company to conduct some additional exploration work on the Michaud, Ontario property – but nothing of significance. If the Company decides to proceed with a major exploration programme on the property as has been recommended by Mr. Meixner, additional funding will be required. Some of this can be anticipated to come from the exercise of outstanding share purchase warrants and share purchase options – although the amounts that might be received from such exercises is not determinable at this time. Management anticipates the Company will receive funding pursuant to the financing described in Section 1. However, there is no assurance as the amount of funding that will be received from such potential sources. In the meantime the Company has no financial commitments other than to pay its monthly general and administrative expenses.

#### 5. **Transactions with Related Parties**

There have been no transactions with related parties in the past fiscal year – except that:

- (a) the Company pays \$9,000 per month to a company which is wholly owned by Mr. Malcolm Powell – in payment for Mr. Powell's management of the Company; and \$839 per month for the rental of computer and other equipment;
- (b) Frank Lang is paid a monthly director's fee of \$2,500;
- (c) Carl Jonsson is a principal in the law firm which acts as the Company's Solicitors – and accordingly receives a benefit from the fees paid to the law firm for legal services rendered;

#### 6. **Other MD & A Requirements**

- (a) Additional information relating to the Company – including the Company's most recent Annual Information Form dated April 26, 2004 and the Company's Management Discussion and Analysis dated May 31, 2004 and July 31, 2004 – have been filed on SEDAR and are available at [www.sedar.com](http://www.sedar.com). Information about the Company may also be seen on its website at [www.acrexventures.com](http://www.acrexventures.com).
- (b) As the Company has not had any revenue from operations in its last two financial years the following additional information is provided:

## (A) Breakdown of exploration costs:

	2004 \$	2003 \$
Assays	26,847	5,554
Consulting	64,897	53,888
Core facility	2,200	3,850
Drilling	270,846	98,538
Field vehicles	2,750	6,906
Lodging	-	5,987
Surveying and linecutting	495	30,814
Travel	-	3,654
Other	-	5,198
Support	69,349	-
Totals:	437,384	\$214,389

## (B) General and administration expenses.

Breakdown of general and administration expenses for the 3 quarters ended September 30, 2004 and for the full 2003 fiscal year:

	2004 \$	2003 \$
Accounting	23,068	36,798
Business investigation costs	-	5,699
Consulting	9,000	44,290
Filing fees	16,650	14,718
Insurance	-	2,188
Investor relations	11,504	25,933
Legal	34,219	64,311
Management fees	103,500	86,000
Office and general	35,709	31,998
Promotion and travel	23,363	29,780
Rent	9,750	14,400
Stock-based compensation – deemed	-	112,000
Transfer agent fees	5,343	7,192
Advertising	35,782	-
Totals:	\$301,745	\$475,307

## (c) Outstanding share data:

(i) The Company has 13,167,616 common shares issued. The shares are all voting shares and rank equally with each other.

(ii) The Company has share purchase options outstanding entitling the purchase of:

- 740,000 shares of the Company exercisable at \$0.30 per share before June 3, 2007.
- 565,000 shares of the Company exercisable at \$0.28 per share before November 4, 2008.

(iii) The Company has share purchase warrants outstanding entitling the purchase of 2,431,800 shares until April 30, 2005 at \$0.28 per share.