

***VANTEX RESOURCES LTD***

***MANAGEMENT'S DISCUSSION AND ANALYSIS***  
***Financial Year ended October 31, 2016***

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

Management's discussion and analysis (MD&A) presents an analysis of the financial position and results of operations of Vantex Resources Ltd. ("Vantex, the "Company") for the year ended October 31, 2016, and is complementary to the financial statements. It should be read in conjunction with the annual financial statements, the accompanying notes and the quarterly interim reports. Monetary values in the financial statements are in Canadian dollars. Independent external auditors Brunet Roy Dubé, CPA, s.e.n.c.r.l. were retained to express an opinion on the financial statements. Their audit report is attached to the annual financial statements.

The Company's annual financial statements were prepared in accordance with IFRS and IAS 1, Presentation of Financial Statements. The principal accounting policies used in their preparation are summarized in Note 5 to the said financial statements as at October 31, 2016.

This MD&A also includes a review of exploration activities, providing a brief summary of the work carried out and the progress made on projects underway. This review must also be read in conjunction with the financial statements and accompanying notes.

Additional information is available on SEDAR at [www.sedar.com](http://www.sedar.com) in the section containing documents filed by Vantex Resources Ltd. or on the Company's website [www.vantexresources.com](http://www.vantexresources.com).

### **FORWARD-LOOKING INFORMATION**

This document contains forward-looking statements that reflect the Company's current expectations regarding future operations. To the extent that statements in this document contain information that is not historical, these statements are essentially forward looking. Forward-looking statements involve risk, uncertainty and other factors that could cause actual results that differ from the results anticipated or implied by such forward-looking statements.

Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, undue reliance should not be placed on these statements which only apply as of the date of this document. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by applicable securities legislation.

### **THE COMPANY**

The Company was incorporated in 1987 under the laws of British Columbia and was continued under the Canada Business Corporations Act in June 1998. In February 2004, the Company changed its corporate name from Vantex Oil, Gas and Minerals Ltd. to Vantex Resources Ltd.

The capital stock consists of an unlimited number of common shares without par value, of which 10,046,258 were issued and outstanding as at the date of this MD&A. The Company's shares are listed on the TSX Venture Exchange under the symbol VAX.

## NATURE OF ACTIVITIES

The activities of Vantex Resources Ltd. consist of acquiring, exploring, appraising, and, if applicable, developing mining mineral properties. In addition, in line with achieving its objectives, Vantex could be required to sign various agreements specific to the mining industry, such as purchase or option agreements for mining claims and joint venture agreements.

## PERIOD HIGHLIGHTS

The comprehensive loss for the fiscal year ended October 31, 2016, amounted to \$3,673,608, compared with comprehensive income amounted to \$20,257 for 2015.

During the fiscal year ended October 31, 2016, the Company conducted exploration work totaling \$63,715 (2015 – \$161,890).

During the fiscal year ended October 31, 2016, the Company acquired a 100% interest in 10 mining cells in the Cléricy Township located in Québec, in consideration of 1,500,000 common shares of the Company, for a value of \$15,000, and a 1% net smelter return (“NSR”) royalty to the vendor.

In April 2016, the Company signed an agreement on its Guillet, Ortona and Belleterre Extreme-Est properties with Caprock Ventures Corp. (“Caprock”) whereby Caprock has the option to acquire 100% of the properties by completing the following conditions:

- (1) Paying to the Company an aggregate amount of \$100,000, as follows:
  - \$25,000 upon signing;
  - \$4,000 per month for next 12 months;
  - \$27,000 on or before first anniversary date of the agreement;
- (2) Issuance of 500,000 shares for the sole benefit of the Company to be issued as follows:
  - Upon obtaining public listing within 12 months: 250,000;
  - Upon first anniversary date of public listing: 250,000;
- (3) Completion of \$50,000 exploration program on the properties on or before December 31, 2018.

This agreement was later amended to include a clause that entitles Caprock to 100% ownership of the properties if the aggregate amount of \$100,000 is paid immediately. Upon exercise of this condition by Caprock, the Company recorded a loss on disposal of mining properties of \$275,201 and a write-off of exploration expenses of \$3,774,653 on its Guillet and Ortona properties during the year ended October 31, 2016. The Company also recorded a loss on disposal of \$37,637 on its Belleterre Extrême-Est property during the year ended October 31, 2016.

## INFORMATION ON MINING PROPERTIES

### Note on the exploration work:

All drilling and stripping work on the projects since their acquisition by the Company has been done under the supervision of consulting geologist, Jeannot Théberge, and consulting geological engineer, Daniel Kelly, who are qualified persons under National Instrument 43-101. The widths of the various gold zones intersected by drilling are not true widths and are reported as core lengths.

## **Galloway project**

The Galloway project includes the following mining properties: Hurd, Ogima North, Sandborn, Perron, Francoeur, Cadillac Rang III, Renault Bay and Lac Fortune Ouest, all located in Dasserat Township, Abitibi. This project, according to historical data, has excellent potential for the development of large-tonnage open-pit gold deposits.

The Company holds a 100% interest in the Sandborn, Cadillac Rang III, Francoeur and Perron properties, and a 90% interest in the Hurd and Ogima North properties. These interests were acquired in return for payments totaling \$282,500 and the issuance of 2,423,400 common shares from 2009 to 2011. The original owners retained a 2% NSR royalty (see press release of February 9, 2011), except for the Perron property which royalty is \$1 per ounce of gold. In January 2013, Vantex bought back 20% of the 2% NSR royalty on the Hurd property, in return for a payment of \$50,000.

In December 2009, Vantex acquired the Renault Bay property from Teck Resources Inc. through the issuance of 150,000 common shares and 150,000 warrants. The property consists of ten claims located in the northwestern extension of the Soaker Hill showing (see press release of December 8, 2009).

An agreement was signed in November 2012 with Golden Share Mining Corporation allowing the Company to acquire a 100% interest in the Lac Fortune West property, consisting of 17 claims, in return for a payment of \$100,000 and the issuance of 1,000,000 common shares. The vendor retained a 1% NSR royalty on the property. Vantex must also pay \$5,000 a year as an advance on royalties to the previous owner of the property, in relation to the 1.5% NSR royalty it holds.

Adjacent to the east side of the Galloway project, the property covers an area of 390 hectares and is strategically located along the Cadillac Break, near the Francoeur mine (see press release of November 7, 2012).

In March 2016, the Company signed an amended option agreement with Vanstar Mining Resources ("Vanstar") concerning certain mining blocks of the Galloway project located in the Rouyn-Noranda area, Abitibi. Under this agreement, the Company grants Vanstar the option to acquire a 50% interest in the Perron, Renault Bay and part of the Hurd blocks over a period of five years in return of the following work commitments: \$100,000 for each of the first two years, \$300,000 for the third year, \$500,000 for the fourth year and \$1,000,000 for the fifth year. Vanstar will acquire a 2.5% interest for each tranche of \$100,000 invested. In the original agreement, Vanstar had to invest \$400,000 each year in works.

On September 13, 2016, the Company has entered into an agreement to terminate its existing option agreement with Vanstar Mining Resources Inc. pursuant to which Vanstar acquired the right to purchase up to a 50% interest in certain mining claims, specifically in the Perron, Renault Bay and Hurd blocks (PRH gold project), situated in Dasserat Township, Abitibi, and referred to as the Galloway property, located in the Rouyn-Noranda area of Quebec, Canada.

The Company is evaluating the possibility of finding a partner to develop the other blocks constituting the Galloway project. Steps were taken in this direction lately.

## Hurd property

### *Galloway-Pitchvein showing (GP)*

Historical data from most of the exploration work carried out by Kerr Addison Mines and Minnova (both subsidiaries of Noranda Mines at the time), as well as Silver Century (subsidiary of Agnico-Eagle at the time), show that this showing was traced over a strike length of nearly 1,200 meters and intersected by drilling to a vertical depth of almost 1,000 meters and over a core length of nearly 396 meters.

Hole KOD86-01, drilled on the Perron block approximately 900 meters south-southwest of the Galloway shaft (internal report – Kerr Addison Mines), intersected this gold bearing structure over a core length of 395.8 meters with an average grade of 0.75 g/t Au, including two zones respectively yielding 1.23 g/t Au and 1.34 g/t Au over 67.67 and 42.98 meters.

About 200 meters further west, hole KOD86-4 (internal report – Kerr Addison Mines) intersected this same structure with a grade of 1 g/t Au over 53.64 meters, while hole KHD87-7 (GM 46760) returned a grade of 1.1 g/t Au over nearly 87 meters.

Hole KHD-24 (GM 49129) returned 0.7 g/t Au over 133.5 meters and hole 93-H-5 (GM 53650), drilled approximately 120 meters northeast of the Galloway shaft, yielded 1.03 g/t Au over 100.55 meters.

### *Soaker Hill showing*

Located approximately one kilometer north of the Galloway shaft, the Soaker Hill showing's mineralization is associated with zones of pyrite-bearing quartz-carbonate veins. The mineralization consists of sulphides, pyrite and chalcopyrite. According to historical data, several drill holes intersected gold values on this showing. The presence of visible gold was noted (GM 62744).

Surface work (GM 47673) identified a set of quartz veins with molybdenum, copper and gold mineralization. A small bulk sample yielded 0.49% MoS<sub>2</sub>, 0.36% Cu, 0.70 g/t Au and 5.83 g/t Ag (MB 86-14).

Three holes drilled in 2010 on this showing did not return significant results.

### *Fayolle showing*

The Fayolle showing is located approximately 1.4 kilometers north-northeast of the Galloway shaft.

The host rock is a syenite porphyry intrusion in rhyolite of the Black River Group. Since 1929, the showing has been explored intermittently and a large number of veins and shear zones have been identified by prospecting, trenches, exploration shafts and diamond drilling. Many gold and copper values have been reported in the past.

In addition, several holes drilled outside these mineralized zones returned values in excess of 1 g/t, such as hole 95-H-12 (Silver Century) which yielded 2.25 g/t Au over 4.0 meters from 92 to 96 meters, and 1.09 g/t Au and 0.14% Cu over 2 meters from 143 to 145 meters. Hole 95-H-18 returned 2.23 g/t Au over 4 meters from 47.40 to 51.40 meters, and KDH-87-7 cut a zone yielding 2.28 g/t Au over 6.10 meters and another grading 8.49 g/t Au over 4.57 meters (GM 46760).

### Renault Bay property

Located 1 to 2.5 kilometers north of the Galloway shaft, the Renault Bay area contains many gold showings. According to historical data, several drill holes intersected gold values in this area (GM 41568), including hole RB83-2, which cut grades of 4.32 g/t Au over 0.3 meters from 43.9 to 44.2 meters, and 12.44 g/t Au over 1.5 meters from 132.3 to 133.8 meters. The hole drilled in 2011 at the end of the spring-summer program to test a NNE structure did not return significant results.

Depending on available funds, the Company is planning a Max-Min geophysical survey. Historical data shows the presence of copper and zinc in the area.

### Sandborn, Ogima North, Cadillac, and Francoeur properties

These blocks form the eastern and southeastern parts of the Galloway project. Many gold, silver and copper showings occur there. A few holes were drilled in 2010 on Ogima North but none returned significant values.

#### *Sandborn showing*

The mineralization is associated with a shear zone well mineralized with chalcopyrite. A grab sample returned 2.39% Cu, 1.47 g/t Au and 6.79 g/t Ag (RP-390, Page 36). Grades of 2.39% Cu, 1.47 g/t Au, 6.79 g/t Ag (grab sample, PR-390, Page 36) and 1.12% Cu over 2.74 m (hole 82-2, GM 40427) were also noted in previous work.

#### *Payrock*

The mineralized zone is along a NE shear zone with which the three main veins of the deposit are associated. The mineralization is massive and disseminated, occurring in lenses and quartz-carbonate veins. In GM 53294, it was reported that a grab sample by Norex returned a grade of 24.7 g/t Au.

#### *Côté-Laporte*

A hole drilled immediately north of the Cadillac Break by Kerr-Addison in 1987 yielded a value of 1.78 g/t Au over 0.76 meters (GM 44428 - hole CLD-86-1).

Another hole located over 500 meters to the north intersected a gold value of 2.7 g/t over 3 meters, while several holes southeast of Desvaux Lake yielded values ranging from 1.4 to 3.9 g/t Au over widths from 1.2 to 2.1 meters.

### **2013-2014 exploration work – Hurd property**

#### Moriss zone

In January 2013, the application for extension of claims in the Ruisseau Clinchamp area was accepted by the Québec government. This new territory, with an area of about 110 hectares, is adjacent to the Moriss zone.

A 2,450-metre drilling program was completed in August. Six holes were drilled in the northeastern extension of the Moriss zone and six in the northwestern extension. Most of the holes intersected the targeted mineralized structures.

The Company also stripped a small area north of the Moriss showing. This work revealed a sheared, altered and mineralized structure corresponding to an induced polarization anomaly.

In October 2013, four holes were drilled, for a total of 414 meters. Two of the holes, drilled approximately 100 meters to the west in the extension of the main zone, intersected the targeted gold zone, while the other two holes drilled on the main zone also intersected the Moriss zone. Three of these holes returned significant gold values (see press release of November 20, 2013). The Company's management continues to consider these results encouraging. They show potential for continuity in all directions.

The Moriss zone may be associated with free gold, which could cause a "nugget effect" in assays, thus explaining why the gold values obtained in the intersected zones were generally less significant than in the past. Testing is planned to verify this hypothesis, in cooperation with the URSTM of Rouyn-Noranda.

A thorough review of the drilling on the Moriss zone is under way to determine possible associations between the various minerals in the different ore zones. Depending on available funds, the Company is planning a complete data compilation and interpretation of the zone.

### Hurd zone

The Company also began testing, in cooperation with URSTM of Rouyn-Noranda, to check the gold-bearing material intersected in the Hurd zone. These tests will help determine whether economic gold recovery would be possible from this material by heap leaching.

The first bottle roll tests show possible recovery ranging from 46% to 92%, depending on the grain-size used. Column tests will be necessary to provide a better assessment of the project.

Positive results would allow the Company to consider the possibility of finding a partner to operate it profitably in the medium term.

### **2015 exploration work – Hurd, GP and Moriss properties**

During the summer and fall of 2015, the Company completed various geochemical surveys in the areas Moriss, GP and Hurd. Several anomalous areas of gold, molybdenum, copper and zinc were identified in these sectors, mainly in the north of the Moriss and GP zones whereas the geochemical anomalies in the Hurd area are located in the south.

A technical report was also completed in-house by Gilles Laverdière, geologist and CEO of Vantex.

### **Lac Bousquet property**

#### Normar block

An agreement was reached in November 2014 with Atlanta Gold Inc., whereas the Company acquired a 60% interest in the Normar property, comprised of 27 claims located in the Bousquet Township, in Abitibi, in exchange for the issuance of 2,455,000 common shares. The seller retained a 1% NSR royalty.

#### *2015 exploration work on Normar block – Bousquet project*

The Company completed some stripping, grooving and sampling on the Paquin area particularly in the central portion.

This work allowed to check and confirm the presence of numerous gold veins and veinlets within a large altered and mineralized zone.

At about 1 kilometer west of the Paquin area, the company also conducted various sampling on many rocks discovered during forestry work by Tembec Inc.

However, no significant gold zone was traced by this last sampling despite the presence of many altered and mineralized veins.

A magnetic ground survey and a comprehensive geological compilation were made during this period. The geophysical survey (mag) and geophysical compilation confirmed the presence of several magnetic anomalies associated with iron formations.

### Black Fly bloc

An agreement was reached in November 2014 with Atlanta Gold Inc., whereas the Company acquired a 100% interest in a group of 13 cells located in the Bousquet Township, in exchange for the issuance of 1,250,000 common shares. The seller retained a 1% NSR royalty.

An agreement was reached in November 2014 with Globex Mining Enterprises Inc., whereas the Company acquired a 100% interest in eight cells located in the Bousquet Township, in exchange for the issuance of 300,000 common shares. The seller retained a 0.5% gross metal royalty ("GMR").

An agreement was reached in January 2015 with Hecla Quebec Inc. whereas the Company sold to Hecla its royalty from the Heva property, following the sale in 2008 of its 75% interest in Heva to Aurizon Mines Ltd. In exchange for it, Vantex acquired a 100% interest in a group of twenty-seven mining claims located in the Bousquet Township and has also received a \$75,000 cash payment.

The Company considers the possibility of finding a partner to continue the development of this project.

### **Guillet Township properties**

Solumines Inc., under the management of Donald Théberge, independent geologist and Qualified Person under National Instrument 43-101, was commissioned to write 43-101 geological report on the three properties in Guillet Township. The Company received the report in July 2014 (see July 8, 2014, press release).

The Guillet property, whose 40 mining claims were converted in 27 cells in 2014, is located in Guillet Township in the Témiscamingue region. These claims were acquired during 2002, 2003 and 2004, in return for the issuance of 1,025,000 common shares and payment of \$2,000.

Major exploration work has been conducted on the property since May 2003; the results of the various programs were announced in press releases that can be viewed on [www.sedar.com](http://www.sedar.com) in the section containing documents filed by Vantex.

Most of the holes drilled until 2006 on the Lake Expanse showing specifically targeted the first 50 meters of vertical depth to evaluate the possibility of an open pit operation.

Eight gold zones have been outlined on the Lake Expanse showing. The majority of these are associated with quartz veins in silicified chlorite schist.

Outside drilling has identified four new gold structures and a new zinc index. The area LE06- 190, located about 400 meters north of the Lake Expanse, was the object of stripping and channel sampling and the results demonstrated the presence of a new gold mineralized structure.

The Ortona property, whose 17 mining claims were converted in 15 cells in 2014, is located near the Guillet property. It was acquired in 2007 in return for the issuance of 130,000 common shares.

In January 2012, an option agreement was signed with Aurtois Exploration Inc., whereby it could acquire a 75% interest in the Guillet and Ortona properties in return for paying \$120,000 in monthly instalments of \$10,000, issuing 4,500,000 common shares, and delivering a pre-feasibility study within five years of signing the agreement.

In February 2014, a new agreement was reached with Aurtois Exploration Inc., whereby the parties agreed to cancel the January 2012 option agreement on the acquisition of a 75% interest in the Guillet and Ortona properties. The 445,000 common shares of Aurtois held by Vantex have been canceled and the Company now holds a 100% interest in the properties.

During the year ended October 31, 2016, the Company recorded a loss on disposal of mining properties of \$275,201 and a write-off of exploration expenses of \$3,774,653 on its Guillet and Ortona properties due to the acquisition of a 100% interest by Caprock Ventures Corp. for an amount of \$100,000.

### **Belleterre Extrême-Est property**

The February 2014 agreement also provides for the acquisition by the Company of the Belleterre Extrême-Est property, consisting of 19 mining titles in the northeastern extension of the Guillet property, in return for payment of \$10,000 and the issuance of 1,000,000 common shares.

During the year ended October 31, 2016, the Company recorded loss on disposal of \$37,637 on its Belleterre Extrême-Est property due to the acquisition of a 100% interest of the Guillet and Ortona properties by Caprock Ventures Corp.

### **Cléricy property**

In January 2015, the Company acquired eight cells in the Cléricy Township by map staking. The Company is looking to join a partner in order to develop this project.

In February 2016, the Company acquired ten contiguous lots in Cléricy project in consideration of 1,500,000 common shares for a value of \$15,000 to consolidate its position in this highly favorable geological sector due to its proximity to the Destor-Porcupine fault and the presence of numerous gold occurrences in this sector.

### **2017-2018 exploration budget**

The Company's management is planning to periodically revise its exploration budget during 2017 according to the market trends, fluctuations in the price of gold, results of exploration work and the resulting potential for financing.

## OVERALL PERFORMANCE

Comprehensive loss for the fiscal year ended October 31, 2016 was \$3,673,608, compared with comprehensive income of \$20,257 for the fiscal year ended October 31, 2015. The result of the 2015 fiscal year includes a gain on disposal of royalty for \$76,500 held by the Company on the Heva property.

Exploration work totaling \$63,715 was carried out during the fiscal year ended October 31, 2016, compared with \$161,890 for 2015.

Loss on disposal of exploration and evaluation assets totaling \$275,201 was recorded during the fiscal year ended October 31, 2016, compared with \$Nil for the corresponding year of 2015.

Loss on exploration and evaluation asset write-off totaling \$3,774,653 was recorded during the fiscal year ended October 31, 2016, compared with \$2,383 for the corresponding year of 2015.

In May 2016, a private placement for gross proceeds of \$225,000 was completed.

In July 2016, a private placement for gross proceeds of \$250,000 was completed.

## FINANCIAL POSITION

	October 31, 2016	October 31, 2015	October 31, 2014
	\$	\$	\$
Cash and cash equivalents	59,995	45,979	76,113
Exploration and evaluation assets	6,097,423	10,152,062	10,002,134
Total assets	6,289,993	10,426,094	10,363,595
Share capital	19,216,710	18,845,818	18,622,984
Working capital (deficit)	(78,909)	76,378	130,091

## EXPLORATION EXPENSES

	October 31, 2016	October 31, 2015	October 31, 2014
	\$	\$	\$
Drilling and stripping	22,555	28,352	6,781
Reports and analyses	14,906	41,927	47,610
Planning and supervision	6,250	23,286	54,589
Geochemical and geophysical surveys	14,927	60,768	-
General exploration expenses	5,077	7,557	67,109
	63,715	161,890	176,089

Exploration expenses by property:

	October 31, 2016	October 31, 2015	October 31, 2014
	\$	\$	\$
Guillet	18,990	-	7,000
Ortona	691	-	-
Hurd	33,434	68,353	169,089
Perron	727	-	-
Lac Bousquet – Normar	2,475	39,889	-
Lac Bousquet – Black Fly	-	53,648	-
Francoeur	393	-	-
Lac Fortune	635	-	-
Cléricy	6,150	-	-
Plume	220	-	-
	63,715	161,890	176,089

**RESULTS OF OPERATIONS**

The Company's net loss for the year ended October 31, 2016 was \$3,718,568 ((\$0.043) per share), compared with an income of \$63,752 (\$0.001 per share) for the year ended October 31, 2015.

Summary of results:

	October 31, 2016	October 31, 2015	October 31, 2014
	\$	\$	\$
Net result	(3,718,568)	63,752	(326,440)
Net result per share	(0.043)	0.001	(0.005)
Comprehensive income (loss)	(3,673,608)	20,257	(379,315)
Share-based compensation	-	5,920	-
Gain on sale of exploration assets	-	-	3,287
Gain on disposal of royalty	-	76,500	-

Principal administrative expenses:

	October 31, 2016	October 31, 2015	October 31, 2014
	\$	\$	\$
Consulting and professional services	625,267	119,889	107,954
Management fees	6,224	45,667	26,500
Salaries and fringe benefits	6,490	30,890	41,435
Registration and information to shareholders	18,004	23,630	24,386

## SUMMARY OF QUARTERLY RESULTS

	2015-2016			
	Q4	Q3	Q2	Q1
	\$	\$	\$	\$
Net result before income tax	(204,405)	(4,440,727)	(70,749)	(96,187)
Result per share before income tax	(0.002)	(0.049)	(0.001)	(0.001)

  

	2014-2015			
	Q4	Q3	Q2	Q1
	\$	\$	\$	\$
Net result before income tax	(61,755)	(59,805)	(89,591)	9,900
Result per share before income tax	(0.001)	(0.001)	(0.001)	0.001

## VARIATIONS IN CAPITAL STOCK ISSUED

	October 31, 2016		October 31, 2015	
	Number	Amount	Number	Amount
		\$		\$
Balance, beginning	80,212,579	18,845,818	72,547,579	18,622,984
Lac Bousquet mining property	-	-	4,005,000	120,150
Cléricy mining property	1,500,000	15,000	-	-
Flow-through private placement	-	-	3,620,000	100,900
Private placement	16,250,000	355,892	40,000	1,784
Balance, end	<u>97,962,579</u>	<u>19,216,710</u>	<u>80,212,579</u>	<u>18,845,818</u>

The amount of the private financings is net of the fair value of warrants, the premium included in the issue price of the flow-through shares and issuance costs.

In November 2014, a total of 4,005,000 common shares at a unit price of \$0.03 were issued in connection with the acquisition of the Lac Bousquet property.

In November and December 2014, the Company completed three private placements for a total of \$183,000 through the issuance of 3,620,000 flow-through shares and 40,000 common shares at a unit price of \$0.05 and the issuance of 2,030,000 warrants at an exercise price of \$0.07, valid for one year.

In February 2016, the Company acquired a 100% interest in 10 mining cells in the Cléricy Township located in Québec in consideration of 1,500,000 common shares at a price of \$0.01 per share for gross proceeds of \$15,000.

In May 2016, the Company closed its non-brokered private placement and issued 11,250,000 shares at a price of \$0.02 per share for gross proceeds of \$225,000.

In July 2016, the Company closed its non-brokered private placement of 5,000,000 units at a price of \$0.05 per unit for gross proceeds of \$250,000. Each unit comprised of one common share and one transferable warrant, with each warrant exercisable into one common share for a period of 24 months at an exercise price of \$0.05. The securities issued under the private placement are subject to a four-month hold period upon issue of shares. Shares were issued in August 2016.

The amount of the placement is presented net of the fair value of the warrants amounting to \$119,108.

## WARRANTS ISSUED TO SHAREHOLDERS

In connection with the November and December 2014 financings, the Company issued 2,030,000 warrants at an exercise price of \$0.07.

In connection with the July 2016 financings, the Company issued 5,000,000 warrants at an exercise price of \$0.05.

	October 31, 2016			October 31, 2015		
	Number	Amount \$	Weighted average exercise price \$	Number	Amount \$	Weighted average exercise price \$
Outstanding at the beginning of the year	2,030,000	11,943	0.07	1,690,000	42,036	0.08
Issued	5,000,000	119,108	0.05	2,030,000	11,943	0.07
Expired	<u>(1,630,000)</u>	<u>(9,783)</u>	0.07	<u>(1,690,000)</u>	<u>(42,036)</u>	0.08
Outstanding at the end of the year	<u>5,400,000</u>	<u>121,268</u>	0.05	<u>2,030,000</u>	<u>11,943</u>	0.07

Warrants outstanding:

Number	Exercise price	Expiry
400,000	\$0.07	December 2016
5,000,000	\$0.05	August 2016
<u>540,000</u>	<u>\$0.05</u>	

## STOCK OPTIONS

	October 31, 2016			October 31, 2015		
	Number of options	Amount \$	Weighted average exercise price \$	Number of options	Amount \$	Weighted average exercise price \$
Balance at the beginning of the year	4,500,000	358,770	0.15	4,525,000	458,550	0.18
Cancelled	(1,450,000)	(27,100)	0.06	-	-	-
Expired	(2,200,000)	(315,450)	0.25	(1,625,000)	(105,700)	0.12
Issued	-	-	-	1,600,000	5,920	0.05
Balance at the end of the year	<u>850,000</u>	<u>16,220</u>	0.06	<u>4,500,000</u>	<u>358,770</u>	0.15

Stock options outstanding:

Number	Exercise price \$	Expiry
150,000	0.10	May 2017
100,000	0.08	September 2018
600,000	0.05	May 2020
<u>850,000</u>	<u>0.62</u>	

The maximum number of shares issuable upon the exercise of stock options by directors, officers, employees and consultants is 8,000,000.

## CASH POSITION AND FINANCING

As at October 31, 2016, working capital deficit amounted to \$78,909. Additional funding for the Company will be required to finance exploration or development, maintain its operations and meet its obligations.

## HIGHLIGHTS OF THE FOURTH QUARTER

The Company's net loss for the three months ended October 31, 2016 was \$204,405, compared with \$61,755 for the corresponding quarter of 2015.

During the three months ended October 31, 2016, the Company recorded a loss on disposal of mining property of \$275,201 and a write-off of exploration expenses of \$3,774,653 on its Guillet and Ortona properties due to the acquisition of a 100% interest by Caprock Ventures Corp.

During the same period, the Company recorded loss on disposal of \$37,637 on its Belleterre Extrême-Est property due to the acquisition of a 100% interest by Caprock Ventures Corp.

## CONTRACTUAL OBLIGATIONS AND COMMITMENTS

### a) Royalties

Royalties will be payable in the event of commercial production of some mining properties. These royalties range from 0.50% to 2.00% as of October 31, 2016. Moreover, Vantex must pay \$5,000 a year as an advance on royalties to the previous owner of the Lac Fortune property.

In the event of a positive feasibility study on the Perron property, the Company will pay the vendor an amount of \$100,000. Moreover, in the event that the property is put into production, the Company will pay \$500,000 to the vendor at the beginning of construction of the proposed mine and then pay \$1 for each ounce of gold produced annually.

### b) Rent

In July 2016, the Company entered into a lease agreement and will pay a monthly rent of \$5,000 starting in July 2016 for 12 months. The total rent commitment, excluding operating costs, is \$40,000.

## RELATED PARTY TRANSACTIONS

The following transactions occurred during the financial years ended October 31, 2016 and 2015, in the normal course of business. They were recorded at the amount of consideration paid:

	2016	2015
	\$	\$
Exploration expenses:		
Salary – Management	-	16,667
Fees and rent paid to a director	8,046	-
Operating expenses:		
Salary – Directors	-	28,333
Management and consulting fees paid to directors	6,637	62,617
Share-based compensation to directors and management	-	5,365
Accounting and administration fees paid to an officer	7,082	-
	<u>21,765</u>	<u>112,982</u>

## OFF BALANCE SHEET ARRANGEMENTS

As of October 31, 2016, the Company had no off balance sheet arrangements.

## **ACCOUNTING POLICIES**

For a description of the Company's principal accounting policies, see Note 5 to the annual financial statements as at October 31, 2016.

## **FINANCIAL INSTRUMENTS**

With the exception of available-for-sale investments, which are measured at market value, the fair market value of the Company's financial assets and liabilities is close to the book value, since they expire in the short term.

The balance of the bank current account, accounts receivable and accounts payable do not bear interest.

Financial assets and financial liabilities are initially recognized at fair value and subsequent measurement depends on their classification as described below.

Regarding recognition and measurement of financial instruments, the Company made the following classifications:

- Investments in shares of listed companies are classified as available-for-sale financial assets and are measured at fair value. Gains and losses are recognized in other comprehensive income.
- Cash and cash equivalents, term deposit and receivables are classified as loans and receivables. After initial recognition, they are measured at amortized cost less provision for impairment. Discounting is omitted where the effect is not significant.
- Accounts payable and accrued liabilities are classified as other financial liabilities and are subsequently measured at amortized cost using the effective interest method. Financial liabilities are considered as current liabilities if they are repayable within twelve months following the end of the period.

## **SUBSEQUENT EVENT**

In January 2017, the Company repurchased a 50% interest in the Galloway property located in the Rouyn-Noranda region, in the province of Quebec, from Vanstar Mining Resources Inc. ("Vanstar"). The consideration payable by the Company consists of a cash payment of \$50,000 and the issuance of 2,500,000 common shares of the Company. The Company has also subscribed, by way of private placement, for 1,428,571 common shares of Vanstar at a price of \$0.07 per common share.

On January 5, 2017, the Company announced the arrangement of a \$150,000 loan financing with a third party. The loan bears an interest rate of 15% per year, is payable within 12 months and is secured against the Galloway property.

On January 13, 2017, the Company announced the consolidation of its issued and outstanding share capital on the basis of one post-consolidation share for each ten pre-consolidation common shares. No fractional shares will be issued under the consolidation, and any fraction will be rounded to the nearest whole number. As a result, the outstanding common shares of the Company will be reduced to approximately 10,046,258 from 100,462,579 common shares.

On January 16, 2017, the Company announced a non-brokered private placement on a post-consolidated basis for up to 6,666,667 common shares at a price of \$0.075 per share to raise total proceeds of \$500,000. Shares issued pursuant to this private placement are subject to a four-month hold period from the closing date in accordance with applicable securities laws and, if required, the policies of the exchange. Finders' fees or commissions may be payable by the company in connection with this private placement.

## **RISKS AND UNCERTAINTIES**

The following statements involve a number of risks which, according to Management, could materially affect the Company's activities.

### Financing risk

The Company's properties are at the exploration stage. It has no history of earnings or return on investment and, in the future, there is no assurance that it will generate income or operate profitably.

Eventually, the Company will require additional funds to finance exploration or development work, continue its operations and meet its obligations. The sources of future funds are either the issuance of additional capital stock or the borrowing of funds. There is no assurance that such financing will be available to the Company.

### Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk arising from cash and cash equivalents, the term deposit and other receivables. The Company manages credit risk by investing cash and cash equivalent and cash reserved for exploration with major Canadian financial institutions.

### Risks related to property title

Although the Company has obtained title opinions with respect to some of its properties and has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of its properties will not be challenged or impugned. Third parties may have valid claims underlying portions of the Company's interests.

### Market price risk

The Company is exposed to market risk with respect to metal prices. It is also exposed to fluctuations in market price with regard to its investments in public companies.

### Risk related to government regulations

The Company's activities must comply with a variety of legislation governing exploration and development, environmental protection and the overall approval of mining operations. The Company is of the opinion that it is in compliance with the material aspects of such legislation. Any changes in legislation could have an adverse effect on its activities.

### Risk related to taxation

There can be no assurance that Canadian or Quebec taxation authorities will agree that the Company's expenditures qualify as Canadian Exploration Expenses.

### Risks related to mineral exploration

Mineral exploration involves a high degree of risk. Few properties explored are put into production. The proposed exploration program is an exploratory search for ore and these operations may require permits from various government authorities.

There can be no assurance that the Company will obtain all the permits and licenses that may be required for exploration and development of its projects.

### **MANAGEMENT'S RESPONSIBILITY**

As an emerging company, the Company's management is composed of a limited number of key people, creating a situation where the division of labor is limited and must be compensated by more effective supervision by the CEO and CFO. Management will continue to closely monitor all the Company's financial activities and will continue its oversight in key areas.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations in the certification of disclosure in the annual and interim filings.

The Company's management is responsible for the financial statements as of October 31, 2016, and other information in this report. They were prepared in accordance with IFRS and were approved by the Board of Directors. These financial statements include certain amounts based on the use of estimates and judgments. Management has established these amounts in a reasonable manner, in order to ensure that the financial statements are presented fairly in all material respects.

*Quinn Field-Dyte (s)*

*Konstantin Lichtenwald (s)*

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Quinn Field-Dyte,  
Chief Executive Officer

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Konstantin Lichtenwald,  
Chief Financial Officer

February 6, 2017