

***VANTEX RESOURCES LTD***  
***MANAGEMENT'S DISCUSSION AND ANALYSIS***  
***Nine months ended July 31, 2019***

## **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" or the "Company") for the nine months ended July 31, 2019 and is complementary to the unaudited interim financial statements. It should be read in conjunction with the annual financial statements for the year ended October 31, 2018 and the accompanying notes. 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 annual financial statements. Their audit report is attached to the annual financial statements.

The Company's interim financial statements were prepared in accordance with IFRS and IAS 1, *Presentation of Financial Statements*. These interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* and IAS 1, *Presentation of Financial Statements*. The principal accounting policies used in their preparation are summarized in Note 5 to the said interim financial statements as at July 31, 2019.

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 3,342,585 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 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 nine months ended July 31, 2019, amounted to \$114,807, compared to \$95,427 for 2018.

During the nine months ended July 31, 2019, the Company conducted exploration work totaling \$35,845 (2018 - \$10,233).

## **YEAR-END HIGHLIGHTS**

On May 18, 2018, the Company consolidated its issued and outstanding share capital on the basis of one (1) post-consolidation shares for each five (5) pre-consolidation common shares. No fractional shares will be issued under the consolidation, and any fraction will be rounded down to the nearest whole number.

The comprehensive loss for the fiscal year ended October 31, 2018, amounted to \$717,471, compared to \$380,972 for 2017.

During the fiscal year ended October 31, 2018, the Company conducted exploration work totaling \$15,212 (2017 - \$40,547).

In October 2018, the Company still holds the mining rights of the property Ogima Nord, Sandborn, Francoeur, Cadillac Rang III, Lac Fortune and Lac Bousquet, but the management has determined that an impairment loss of 100% should be recorded. \$790,687 was recorded as impairment loss in the statement of net loss and comprehensive loss.

## **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 length.

### **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, Hurd and Ogima North properties. These interests were acquired in return for payments totaling \$282,500 and the issuance of 484,680 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 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. According to final agreement on January 9, 2017, the Company agreed to a cash payment of \$50,000, the issuance of 50,000 shares at a value of \$50,000 and a royalty of 0.5% NSR on those claims. Also, the Company has subscribed for 1,428,571 shares by way of private placement from Vanstar at unit share price of \$0.07.

In October 2018, the Company still holds the mining rights of the property Ogima Nord, Sandborn, Francoeur and Cadillac Rang III, but the management has determined that an impairment loss of 100% should be recorded.

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.

#### 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 an 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 Quebec 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**

### Bloc Normar

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 49,100 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.

In October 2018, the Company still holds the mining rights of the property, but the management has determined that an impairment loss of 100% should be recorded.

### Bloc Black Fly

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 25,000 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 8 cells located in the Bousquet Township, in exchange for the issuance of 6,000 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 27 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.

In October 2018, the Company still holds the mining rights of the property, but the management has determined that an impairment loss of 100% should be recorded.

## **Cléricy Property**

In January 2015, the Company acquired 8 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 30,000 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.

### **Plume Property**

In February 2016, the Property was transferred to the Company against the amount of \$16,500 due by Vanstar Mining Resources Inc. It counts 13 mining claims located in the Opawica-Guercheville corridor.

In January 2017, the Company have not been renewed the mining right of these claims and a write-off is recognized.

### **2018-2019 exploration budget**

The Company's management is planning to periodically revise its exploration budget during 2019 according to the market trends, fluctuations in the price of gold, results of exploration work and the resulting potential for financing.

### **MANAGEMENT CHANGES**

On April 19, 2018, the Company announced the appointment of Anthony Jackson to the board of directors as the Company's CEO. Mr. Quinn Field-Dyte stepped down as the Company's CEO and was appointed as CFO of the Company in the place of Mr. Konstantin Lichtenwald.

On December 6, 2018, the Company announced the resignation of Ryan Venier from the Board of Directors.

### **OVERALL PERFORMANCE**

Comprehensive loss for the nine months ended July 31, 2019 was \$114,807, compared with \$95,427 for the nine months ended July 31, 2018. The increase in loss is mainly due to consulting expenses incurred during the current period.

Exploration work totaling \$35,845 was carried out during the nine months ended July 31, 2019, compared with \$10,233 for 2018.

### **FINANCIAL POSITION**

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|  | July 31,<br>2019 | October 31,<br>2018 |
|--|------------------|---------------------|
|  | \$               | \$                  |

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|                                   |            |            |
|-----------------------------------|------------|------------|
| Cash and cash equivalents         | 5,043      | 1,637      |
| Exploration and evaluation assets | 5,481,620  | 5,445,775  |
| Total assets                      | 5,499,157  | 5,612,234  |
| Share capital                     | 19,766,710 | 19,766,710 |
| Working capital deficit           | (271,729)  | (121,077)  |

## EXPLORATION EXPENSES

|                                     | July 31,<br>2019 | July 31,<br>2018 |
|-------------------------------------|------------------|------------------|
|                                     | \$               | \$               |
| Planning and supervision            | 3,035            | -                |
| Geochemical and geophysical surveys | 20,950           | 10,233           |
| General exploration expenses        | 11,860           | -                |
|                                     | 35,845           | 10,233           |

Exploration expenses by property:

|         | July 31, 2019 | July 31, 2018 | July 31, 2017 |
|---------|---------------|---------------|---------------|
|         | \$            | \$            | \$            |
| Hurd    | 12,329        | 10,233        | 32,709        |
| Perron  | 11,636        | -             | -             |
| Plume   | 744           | -             | -             |
| Cléricy | 11,136        | -             | 10,238        |
|         | 35,845        | 10,233        | 42,947        |

## RESULTS OF OPERATIONS

The Company's net loss for the three months ended July 31, 2019 was \$22,827 (\$0.007 per share), compared with \$36,267 (\$0.011 per share) for 2018.

|                      | 2019     | 2018     | 2017      |
|----------------------|----------|----------|-----------|
|                      | \$       | \$       | \$        |
| Net result           | (22,827) | (36,267) | (109,302) |
| Net result per share | (0.007)  | (0.011)  | (0.033)   |
| Comprehensive loss   | (22,827) | (44,719) | (29,868)  |

Principal administrative expenses:

|  | 2019  | 2018   | 2017   |
|--|-------|--------|--------|
|  | \$    | \$     | \$     |
| Insurance                                    | 9,102 | -      | 1,842  |
| Communications and advertising               | -     | -      | 1,160  |
| Consulting and professional fees             | 749   | 29,213 | 81,851 |
| Traveling expenses and entertainment         | 1,455 | -      | 3,435  |
| Listing fees and rights                      | -     | 2,283  | 5,200  |
| Rent and office expenses                     | 6,602 | 15,682 | 18,934 |
| Registration and information to shareholders | 4,913 | 4,626  | 3,939  |

**SUMMARY OF QUARTERLY RESULTS**

|                                    | 2018-2019 |          |          |           |
|------------------------------------|-----------|----------|----------|-----------|
|                                    | Q3        | Q2       | Q1       | Q4        |
|                                    | \$        | \$       | \$       | \$        |
| Net result before income tax       | (22,827)  | (56,506) | (35,474) | (634,091) |
| Result per share before income tax | (0.01)    | (0.02)   | (0.01)   | (0.18)    |

|                                    | 2017-2018 |          |          |          |
|------------------------------------|-----------|----------|----------|----------|
|                                    | Q3        | Q2       | Q1       | Q4       |
|                                    | \$        | \$       | \$       | \$       |
| Net result before income tax       | (36,267)  | (27,835) | (19,278) | (90,698) |
| Result per share before income tax | (0.01)    | (0.01)   | (0.01)   | (0.03)   |

**Fiscal 2019**

During the third quarter of 2019, the Company recorded a net loss of \$22,827 compared to a net loss of \$56,506 in the second quarter of 2019. The change is mainly due to the decrease in consulting and professional fees incurred during the third quarter of 2019.

During the second quarter of 2019, the Company recorded a net loss of \$56,506 compared to a net loss of \$35,474 in the first quarter of 2019. The change is mainly due to the increase in consulting and professional fees incurred during the second quarter of 2019.

During the first quarter of 2019, the Company recorded a net loss of \$35,474 compared to a net loss of \$634,091 in the fourth quarter of 2018. The significant decrease is mainly due to impairment loss on evaluation and exploration assets recorded during the fourth quarter of 2018.

**Fiscal 2018**

During the fourth quarter of 2018, the Company recorded a net loss of \$634,091 compared to a net loss of \$36,267 in the third quarter of 2018. The significant increase is mainly due to impairment loss on evaluation and exploration assets recorded during the fourth quarter of 2018.

During the third quarter of 2018, the Company recorded a net loss of \$36,267 compared to a net loss of \$27,835 in the second quarter of 2018. The change is mainly due to the increase in consulting and professional fees incurred during the third quarter of 2018. The Company also recognized a gain on disposal of FVTOCI investment during the period.

During the second quarter of 2018, the Company recorded a net loss of \$27,835 compared to a net loss of \$19,278 in the first quarter of 2018. The change is mainly due to the increase in management fees and listing fees and rights incurred during the second quarter of 2018. The Company also recognized a gain on disposal of FVTOCI investment during the period.

During the first quarter of 2018, the Company recorded a net loss of \$19,278 compared to a net loss of \$90,698 in the fourth quarter of 2017. The change is mainly due to the decrease in rent and office expense during the first quarter of 2018. The net loss in the fourth quarter of 2017 was due to write-offs of exploration and evaluation of assets and reclassification adjustment due to disposal of FVTOCI investments. The Company also recognized a gain on disposal of FVTOCI investment during the period.

### **Fiscal 2017**

During the fourth quarter of 2017, the Company recorded a net loss of \$90,698 compared to a net loss of \$109,302 in the third quarter of 2017. The change is mainly due to the decrease in consulting and professional fees during the fourth quarter of 2017. The Company also recognized a gain on disposal of FVTOCI investment during the period.

### **VARIATIONS IN CAPITAL STOCK ISSUED**

|  | July 31, 2019 |            | October 31, 2018 |            |
|--|---------------|------------|------------------|------------|
|  | Number        | Amount     | Number           | Amount     |
|  |               | \$         |                  | \$         |
| Balance at the beginning and end of the period | 3,342,585     | 19,766,710 | 3,342,585        | 19,766,710 |

In February 2017, the Company consolidated its issued and outstanding share capital based on one post consolidation share for each 10 pre-consolidation common shares.

In May 2018, the Company consolidated its issued and outstanding share capital based on one post consolidation share for each 5 pre-consolidation common shares.

The Company has 3,342,585 common shares issued and outstanding as at July 31, 2019 and as at the date of this MD&A.

### **WARRANTS ISSUED TO SHAREHOLDERS**

|  | July 31, 2019 |        |                                 | October 31, 2018 |           |                                 |
|--|---------------|--------|---------------------------------|------------------|-----------|---------------------------------|
|  | Number        | Amount | Weighted average exercise price | Number           | Amount    | Weighted average exercise price |
|  |               | \$     | \$                              |                  | \$        | \$                              |
| Outstanding at the beginning of the period | -             | -      | -                               | 100,000          | 119,108   | 2.50                            |
| Expired                                    | -             | -      | -                               | (100,000)        | (119,108) | 2.50                            |
| Outstanding at the end of the period       | -             | -      | -                               | -                | -         | -                               |

There were no outstanding warrants as of July 31, 2019 and as at the date of this MD&A.

#### **WARRANTS ISSUED TO BROKERS**

There were no outstanding warrants issued to brokers as of July 31, 2019 and as at the date of this MD&A.

#### **STOCK OPTIONS**

The Company has no stock options outstanding at July 31, 2019 and as at the date of this MD&A.

#### **CASH POSITION AND FINANCING**

As at July 31, 2019, the Company has working capital deficit amounted to \$271,729 compared to \$121,077 working capital deficit as at October 31, 2018. Additional funding for the Company will be required to finance exploration or development, maintain its operations and meet its obligations.

During the nine months ended July 31, 2019, net cash used in operating activities was \$102,025 compared to \$20,441 cash used in operating activities for the nine months ended July 31, 2018.

During the nine months ended July 31, 2019, accounts receivable decreased by \$18,317 (2018 - increased by \$4,482), prepaid expenses and deposits increased by \$6,267 (2018 - decreased by \$45,546) and accounts payable and accrued liabilities increased by \$1,724 (2018 - \$47,110).

During the nine months ended July 31, 2019, cash provided by investment activities was \$105,431 compared to \$78,860 cash provided for the nine months ended July 31, 2018. The investment activity during the nine months ended July 31, 2019 was proceeds on disposal of FVTOCI investment of \$141,276 (2018 - \$89,093) offset by exploration expenses of \$35,845 (2018 - \$10,233).

There was no financing activity during the nine months ended July 31, 2019 and 2018.

During the three months ended July 31, 2019, net cash used in operating activities was \$92,838 compared to \$288 cash used in operating activities for the three months ended July 31, 2018.

During the three months ended July 31, 2019, accounts receivable decreased by \$24,865 (2018 - increased by \$1,538), prepaid expenses and deposits increased by \$4,694 (2018 - decreased by \$16,350) and accounts payable and accrued liabilities decreased by \$90,188 (2018 - increased by \$36,764).

During the nine months ended July 31, 2019, cash used in investment activities was \$744 compared to \$46,852 cash provided for the three months ended July 31, 2018. The investment activity during the three months ended July 31, 2019 was proceeds on disposal of FVTOCI investment of \$Nil (2018 - \$47,085) offset by exploration expenses of \$744 (2018 - \$233).

There was no financing activity during the three months ended July 31, 2019 and 2018.

#### **HIGHLIGHTS OF THE SECOND QUARTER**

The Company's net loss for the three months ended July 31, 2019 was \$22,827 compared with \$36,267 for the corresponding quarter of 2018.

## 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 July 31, 2019.

### b) Perron Mining Property

In the event of a positive feasibility study on the Perron Property, Vantex will pay \$100,000 to the vendor.

In the event of a production launch of the Perron Property, Vantex will pay \$500,000 to the vendor at the beginning of the construction work of the future mine and thereafter \$1 for each ounce of gold produced annually.

## CONTINGENCIES

The Company is partially financed through the issuance of flow-through shares, and according to tax rules regarding this type of financing, the Company is engaged to realize mining exploration work. These tax rules also set deadlines for carrying out the exploration work no later than the first of the following dates:

- Two years following the flow-through placements; and
- One year after the Company has renounced the tax deductions relating to the exploration work.

The Company's operations are governed by governmental laws and regulations regarding environmental protection. Environmental consequences are hardly identifiable. According to management, the Company is in conformity with the laws and regulations. Restoration costs will be accounted in net income of the year following a reasonable estimate of monetary impacts.

## RELATED PARTY TRANSACTIONS

The following transactions occurred during the nine months ended July 31, 2019 and 2018, in the normal course of business. They were recorded at the amount of consideration paid:

|                    | 2019   | 2018   |
|--------------------|--------|--------|
|                    | \$     | \$     |
| Operating expense: |        |        |
| Consulting fees    | 63,000 | 12,333 |
|                    | 63,000 | 12,333 |

During the year ended October 31, 2017, the Company contracted a loan payable to a shareholder of \$150,000 at 15% interests, which has been reimbursed. An interest amount of \$6,500 is payable as at July 31, 2019 and October 31, 2018.

The accounts payable include \$187,250 (October 31, 2018 - \$173,250) owing to a company owned by a director and \$47,718 (October 31, 2018 - \$23,003) owing to current directors.

All of the above transactions have been in the normal course of operations and have been recorded at their exchange amounts which are the amounts agreed upon by the transacting parties. The amounts due to and due from related parties are unsecured and non-interest bearing.

## **OFF-BALANCE SHEET ARRANGEMENTS**

As of July 31, 2019, 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 interim financial statements as at July 31, 2019.

## **SUBSEQUENT EVENT**

No subsequent event.

## **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 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 company.

### 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 July 31, 2019, 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.

*Anthony Jackson (s)*

*Quinn Field-Dyde (s)*

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Anthony Jackson,  
Chief Executive Officer

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Quinn Field-Dyde,  
Chief Financial Officer

September 27, 2019