

VANTEX RESOURCES LTD.

***MANAGEMENT'S DISCUSSION AND ANALYSIS
FINANCIAL YEAR ENDED OCTOBER 31, 2011***



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. for the financial year ended October 31, 2011, 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 this MD&A are in Canadian dollars. The independent external auditors, Brunet Roy Dubé, CA, were retained to express an opinion on the financial statements. Their audit report is attached to the annual financial report.

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 in the section containing documents filed by Vantex Resources Ltd. or on the Company's website 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 62,962,579 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. (“Vantex”) consist of acquiring, exploring, appraising, developing and, if applicable, 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.

YEAR 2010–2011 HIGHLIGHTS

The net loss for the financial year ended October 31, 2011, amounts to \$2,508,537, compared to a net loss of \$289,624 for 2009–2010.

During the fiscal year ended October 31, 2011, the Company conducted exploration work totalling \$1,566,980 (\$1,204,515 in 2009–2010), primarily on the Hurd property of the Galloway project.

At the special meeting of December 23, 2010, the shareholders ratified the ShareholderS Rights Plan adopted by the Board in October 2010, which shall remain in force for a period of three years.

In December 2010, the Company completed two private placements totalling \$1,640,000 by issuing 732 units that included 4,000 flow-through shares and 1,000 common shares at a unit price of \$0.25 and also by issuing 3,625,000 common shares at a price of \$0.20 and 1,812,500 warrants at an exercise price of \$0.25, valid for one year.

In January 2011, the Company completed the acquisition of the Hurd and Ogima North properties of the Galloway project, in return for issuing 511,900 common shares and payments totalling \$110,000.

In May 2011, the Company completed a private placement in the amount of \$193,400 after issuing 552,544 common shares at a unit price of \$0.35 and issuing 552,544 warrants at an exercise price of \$0.44, valid for one year.

In July 2011, the Company completed a private placement totalling \$260,000 by issuing 1,300,000 common shares at a unit price of \$0.20 and 1,300,000 warrants at an exercise price of \$0.25, valid for two years.

Cash inflow totalling \$1,676,512 following exercise of warrants.

INFORMATION ON MINING PROPERTIES

- GALLOWAY PROJECT

In spring 2009, as part of the Galloway project, the Company signed option agreements for the Hurd, Ogima North, Sandborn, Perron, Francoeur and Cadillac Rang III mining properties, all located in Dasserat Township, Abitibi (**see press release of March 9, 2009**).

With a total area of 2,285 hectares, this project, according to historical data, has excellent potential for the development of large-tonnage open-pit gold deposit.

In December 2009, Vantex acquired the **Renault Bay property** from Teck Resources by issuing 150,000 common shares and 150,000 warrants. The property consists of eleven (11) claims located in the northwestern extension of the Soaker Hill showing (see press release of December 8, 2009).

Having fulfilled all its obligations to the original owners of the various blocks composing the Galloway project, the Company holds, since February 2011, a 100% interest in the Sandborn, Cadillac Rang III, Francoeur and Perron properties, and a 90% interest in the Hurd and Ogima North properties. The original owners also retained a 2% NSR royalty (see press release of February 9, 2011). These interests were acquired in return for payments totaling \$282,500 and the issuance of 2,423,400 common shares from 2009 to 2011.

Galloway-Pitchvein showing

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 of nearly 1,200 metres (1.2 km) and intersected by drilling to a vertical depth of almost 1,000 metres and over a core length of nearly 396 metres.

Hole KOD86-01, drilled on the Perron block approximately 900 metres south-southwest of the Galloway shaft (internal report – Kerr Addison Mines), intersected this gold bearing structure over a core length of 395.8 metres 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 metres.

About 200 metres 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 metres, while hole KHD87-7 (GM 46760) returned a grade of 1.1 g/t Au over nearly 87 metres. Hole KHD-24 (GM 49129) returned 0.7 g/t Au over 133.5 metres and hole 93-H-5 (GM 53650), drilled approximately 120 metres in northeast of the Galloway shaft, yielded 1.03 g/t Au over 100.55 metres.

Several holes were drilled in the GP showing area in 2009 and 2010, none in 2011.

Soaker Hill showing

Located approximately one kilometre 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 sample bulk yielded 0.49% MoS₂, 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. No work was performed on the showing in 2011.

Renault Bay area

Located 1 to 2.5 km 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 m from 43.9 to 44.2 m and 12.44 g/t Au over 1.5 m from 132.3 to 133.8 m.

The hole drilled in 2011 at the end of the spring-summer program to test a NNE structure did not return any significant results. Since it did not intersect the targeted structure, hole VBR-11-01 could be extended in 2012.

Fayolle showing

The Fayolle showing is located approximately 1.4 kilometres 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 m from 92 to 96 m and 1.09 g/t Au and 0.14% Cu over 12 m from 143 to 145 m. Hole 95-H-18 returned 2.23 g/t Au over 4 m from 47.40 to 51.40 m, and KDH-87-7 cut a zone yielding 2.28 g/t Au over 6.10 metres and another grading 8.49 g/t Au over 4.57 metres (GM 46760).

No work was done in this area in 2011. A few geophysical targets could be drilled in 2012.

Sandborn - Ogima North – Cadillac – Francoeur blocks

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

In 2012, a drilling program is planned in the Ogima North area to test a few geophysical and stratigraphic anomalies.

Sandborn showing

The mineralization is associated with a shear zone well mineralized with chalcopyrite. A grab sample returned (RP-390, Page 36) 2.39% Cu, 1.47 g/t Au and 6.79 g/t Ag.

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.

The Company is planning a few drill holes in this area in 2012 to check previous work and also test a few stratigraphic showings.

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.

The Company is not planning any work in this area in 2012.

Côte-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 m (GM 44428 - hole CLD-86-1). Another hole located over 500 metres to the north intersected a gold value of 2.7 g/t over 3 metres, while several holes southeast of Lake Desvaux yielded values ranging from 1.4 to 3.9 g/t Au over widths ranging from 1.2 to 2.1 metres.

The Company is not planning any work in this area in 2012.

2009 work:

The primary goal of the drill program on the Galloway project in 2009 was to check historical data from Kerr Addison, Minnova and Silver Century in the area of the GP showing (Galloway-Pitchvein). Results obtained to date confirm the accuracy of the old data (see news releases of April 22 and 20 and May 28, 2009). A prospecting program was also carried out to detect new showings on the various properties of the Galloway project. Three new showings were discovered by prospecting (see August 12, 2009 press release) in the Ogima North area.

The Company also carried out a stripping and channel sampling program on the Soaker Hill showing, located about 1,000 metres north of Galloway-Pitchvein, to better define and understand the gold showing's mineralized structures. Results indicate the presence of gold in another structure located approximately 1.5 kilometres north of the showing.

2010 work:

GP zone

A 1,500-metre program of eight holes drilled on the Galloway-Pitchvein zone was completed in June 2010. The results of this first phase were disclosed in the July 7 and August 11, 2010 releases.

In summer and fall 2010, the Company continued work on the GP zone to establish a first NI 43-101 resource estimate (see press releases of November 30 and December 14, 2010). The results of this last drill program clearly show the great potential of the GP zone (see press releases of December 14, 2010, and March 22, 2011).

Following this work, SRK Consulting, of Toronto, was retained to prepare a first resource estimate for the showing, which is under way.

2011 work

Moriss zone

Following an exploration program conducted in 2010, the Company made a significant discovery in the western part of the property, about 600 metres from the GP showing (see October 8, 2010, press release). This new gold structure appears to contain several economic gold zones. A drilling program of almost 4,000 metres traced the new structure over more than 200 metres and to a depth of more than 150 metres (see press releases of November 12 and 19, 2010, and January 20, 2011).

In spring 2011, the Company undertook a 3,000-metre drilling program in this area. Results from holes VPE11-24 to VPE11-29 show continuity at depth in this area and the presence of gold in some places. Free gold was also observed in some holes.

Holes VPE11-30, VPE11-33 and VPE11-34 were drilled in the eastern extension of the Moriss zone toward the GP zone, while holes VPE11-31, VPE11-32 and VPE11-35 were drilled southwest of the Moriss zone to test an induced polarization (IP) anomaly (see press releases of April 28, May 25 and June 14, 2011).

Another 2,226-metre drilling program was completed in December 2011, targeting the Moriss zone and/or other gold showings identified in the area.

The application to the MRNF and the MDDEP to obtain the right to acquire approximately 150 hectares as a western extension of the Moriss zone is making its way through the proper channels.

GP zone

SRK Consulting of Toronto was retained to conduct a resource assessment of the GP zone. It will also prepare a first resource assessment of the Moriss zone. In addition, Management commissioned the URSTM, of Rouyn-Noranda, to conduct various metallurgical and mineralogical tests on ore from the GP area. The results of this work should be available in 2012. Channel sampling (117 samples totalling 130.85 m) was also carried out to complete the information on the GP area.

Hendrick zone

The Company also extended hole VPE10-15 in the Hendrick zone and drilled another hole (VPE11-36) in the same area. The latter intersected 0.56 g/t Au over 558.70 metres, including 144 metres at 1.01 g/t Au and 1.23 g/t Ag.

Hurd area

The Company stripped two areas (1492 m²) and carried out channel sampling (237 samples totalling 195.7 m) to better document the attitude of gold mineralization in the area.

- Guillet and Ortona properties

The Guillet property, consisting of 40 claims, is located in Guillet Township near the town of Belleterre 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 a 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 in the section containing documents filed by Vantex.

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

Most of the holes drilled until 2006 on the Lake Expanse showing specifically targeted the first 50 first metres of vertical depth to evaluate the possibility of an open pit operation. In fiscal 2006–2007, the work consisted of two drilling programs totalling 6,483 metres and the expansion by stripping of the Lake Expanse zone. The holes, primarily drilled outside the Lake Expanse zone, identified four new gold structures and a new zinc showing. Stripping and sampling were carried out on Zone LE06-190, identified by hole LE06-190 and located approximately 400 metres north of the Lake Expanse showing; the results showed the presence of a new gold-bearing mineralized structure.

An additional claim was also acquired by staking on the eastern edge of the Guillet property. Channel sampling on the claim in 2007 revealed high gold values (see press release of November 5, 2007). During the same period, the Company expanded the stripped area in the northern extension of the Lake Expanse showing. A geophysical survey was also conducted in the eastern part of the Guillet property.

The stripping and drilling program (about 6,500 metres) was completed in mid-August 2008. A few holes were also drilled on the Jourdan and 190 showings to test their potential for lateral extensions and continuity at depth. The best assay results from this work were announced in the press release of August 19, 2008.

The Ortona property consists of 17 claims and is located near the Guillet property. It was acquired in 2007 in return for issuing 130,000 common shares.

In January 2012, an option agreement was signed with Aurtois Exploration Inc. under the terms of which it can acquire a 75% interest in the Guillet property's 16 original claims and a 75% interest in the Ortona property 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. Aurtois can acquire the remaining 25% interest from Vantex in return for \$2,000,000 and a 1% NSR royalty within five years on the two properties in question.

- Santa Anna property

At the special meeting held in December 2010, Vantex shareholders approved the agreement with Animiki Resources Inc. under the terms of which the Company was to sell its Santa Anna property in return for 3,750,000 common shares at a price of \$0.20 per share. Vantex was then supposed to distribute 90% of the shares received from Animiki to its own shareholders, as a dividend.

The sale of the property to Animiki Resources Inc. was compromised by the loss of the property's two main claims on which most of the previous work had been carried out. Vantex representatives and some previous owners are attempting to re-acquire these two claims. We are awaiting the MRNF's decision to determine what will happen to the property. As at October 31, 2011, the property was written off.

- Heva property

The Heva property is located about 20 kilometres east of the town of Rouyn-Noranda, in the Abitibi region. It consists of two adjacent lots in Joannès Township and covers an area of 80 hectares. It was wholly acquired in October 2004 in return for payment of \$50,000 and issuance of 800,000 common shares of the Company to the vendors. The original vendors are entitled to a 1% NSR royalty in the event of production.

In June 2005, a partnership agreement was signed with public company Stellar Pacific Ventures Inc., entitling the latter to acquire a 50% interest in the property by issuing 500,000 common shares to Vantex and investing a total of \$500,000 in exploration work over the next two years. After carrying out about \$300,000 of exploration work and issuing 250,000 common shares to Vantex, Stellar finally earned a 25% interest in the Heva property.

On January 28, 2008, the management of the Company signed an agreement yielding its 75% interest to Aurizon Mines Ltd. in return for a total of \$600,000 in cash payments and a 1.5% NSR royalty. Two payments totaling \$600,000 were received in February 2008 and January 2009.

Moreover, upon completion of a positive feasibility study on the Joannès project (including the Heva deposit), Aurizon will pay Vantex an advance royalty of \$500,000 and issue common shares with an aggregate value of \$200,000. Upon commencement of commercial production of the Heva deposit, Aurizon will pay Vantex a second advance royalty of \$500,000 and issue common shares with an aggregate value of \$250,000 (see February 20, 2008, press release). Aurizon Mines Ltd. can buy back 50% of the royalty from Vantex for \$500,000

If Aurizon decides to abandon the project, Vantex has the option to buy it back for \$1.00.

- Ana property

The Ana property, acquired by staking in January 2005, consists of 17 adjacent cells totalling 887 hectares and is located on the northern edge of Opinaca Reservoir, in the James Bay area. This property is particularly interesting because it is adjacent to Virginia Gold Mines' former Éléonore property, site of the "Roberto" gold discovery.

Depending on budget availability, the Company could conduct a geological survey on this property. A budget of \$25,000 would be allocated.

- Opi property

The Opi property, located in the southern portion of Opinaca Reservoir, was acquired by map designation. It consists of 41 cells. A first geological survey was conducted on the property during fall 2006 and the Company carried out a geophysical survey on the eastern portion of the property during winter 2007.

Since the Company has not done any work on this property in the past few years and is not planning any in the near future, it was written off during the fiscal year. However, Vantex still holds the claims.

- Mitsumi property

The Mitsumi property (NTS sheet 33C01), acquired by staking, is located south of Opinaca Reservoir, more specifically in the folded extension of the Anatacau-Pivert geological trend. It originally consisted of 44 cells and covered an area of approximately 2,300 hectares. In 2009, the Company abandoned 24 cells and kept 20 in the part of the property considered most interesting.

Some gold deposits and significant gold showings occur in this geological unit, including the Lac à l'Eau Claire deposit (Eastmain Resources: 900,000 ounces of gold - press release of March 3, 2005).

Since the Company has not done any work on this property in the past few years and is not planning any in the near future, it was written off during the fiscal year. However, Vantex still holds the claims.

- Manic property

The Manic property, which consists of 16 cells located in the Radisson area, north of the LG2 reservoir, covers uranium anomalies. Since the Company has not done any work on this property in the past few years and is not planning any in the near future, it was written off during the fiscal year. However, Vantex still holds the claims.

- Payne property

The Company is not planning any work on the property in 2012 and is looking for a partner interested in developing this project. The two main showings that make up the property (Amaruk and Avingaluk showings) were abandoned during the year. Only the 1998 showing, consisting of five cells, remains. This property had previously been written off. However, the Company still holds the claims.

- Cookie Monster property

In August 2011, the Company acquired the 28 claims of the Cookie Monster property by staking. Subsequently, a joint-venture agreement was signed with Amseco Exploration Ltd. allowing it to obtain a 50% interest in the property in return for a payment of \$5,000 and the issuance of 400,000 common shares to Vantex.

2012 exploration budget

<u>Project</u>	<u>Work</u>	<u>Budget</u>
Galloway	Drilling	\$2,000,000
Ana	Geology	\$50,000

The Company's management is planning to periodically revise its exploration budgets during 2012 according to the results of the work carried out, market trends, fluctuations in the price of the gold, and the resulting potential for financing. The Company is currently considering various financing options; allocation to the various projects will be based on amounts raised.

OVERALL PERFORMANCE

The net loss for the fiscal year ended October 31, 2011, amounts to \$2,508,537, compared to a net loss of \$289,624 for the fiscal year ended October 31, 2010. These results include expenses for stock-based compensation totalling \$701,470 for the fiscal year ending October 31, 2011, and \$259,150 for 2009–2010. An expense of \$936,903 resulting from the write-off of mining properties is included in the net loss for 2010–2011, as is an unrealized loss on investments in the amount of \$460,250 (gain of \$396,811 in 2010).

Exploration work totalling \$1,566,980 was carried out during the fiscal year ended October 31, 2011, compared to \$1,204,515 in 2009–2010.

Closing of private placements totaling \$2,093,400 during the fiscal year.

Cash inflow totalling \$1,676,512 following exercise of warrants.

FINANCIAL POSITION

	October 31 <u>2011</u> \$	October 31 <u>2010</u> \$	October 31 <u>2009</u> \$
Cash and cash equivalents	2,426,963	367,672	319,822
Mining assets	8,428,305	7,613,772	6,243,223
Total assets	11,512,708	9,447,954	7,165,724
Capital stock	18,586,326	14,053,860	12,166,498
Working capital	2,404,564	260,242	402,148

The Company's capital stock consists of an unlimited number of common shares, of which 60,552,579 were issued as at October 31, 2011 (37,331,385 as at October 31, 2010).

EXPLORATION EXPENSES	<u>2011</u>	<u>2010</u>	<u>2009</u>
	\$	\$	\$
Drilling	1,125,007	966,664	557,108
Geology, stripping, sampling	31,623	25,281	81,292
General exploration expenses	40,160	34,525	48,701
Reports and analyses	161,994	101,070	137,073
Line cutting and geophysics	57,267	--	--
Planning and supervision	<u>150,929</u>	<u>76,975</u>	<u>93,118</u>
	1,566,980	1 204,515	917,292
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Exploration expenses by property:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
	\$	\$	\$
Hurd	1,562,284	1,087,783	714,493
Guillet	4,696	51,618	24,970
Santa Anna		11,001	150,715
Ogima North		50,191	19,746
Renault Bay		3,922	--
Others	--	--	7,368
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	1,566,980	1,204,515	917,292
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OPERATING RESULTS

The Company incurred a net loss of \$2,508,537 (\$0.048 per share) for the fiscal year ended October 31, 2011, compared to a net loss of \$289,624 (\$0.013 per share) for the corresponding period of 2010.

Summary of annual results:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
	\$	\$	\$
Gain on sale of mining assets	32,229	38,214	303,199
Unrealized gain (loss) on investments	(460,250)	396,811	133,200
Write-off of mining assets	936,903	15,481	105,634
Stock-based compensation	701,470	259,150	85,550
Net loss	(2,508,537)	(289,624)	(255,416)
Net loss per share	(0,048)	(0,013)	(0,003)

Principal administrative expenses

Consulting and professional services	273,331	165,918	74,130
Management fees	204,880	121,900	110,000
Registration and information to shareholders	44,662	45,381	26,302
Communications and advertising	49,454	34,657	34,108

The increase in management fees reflects the hiring of a vice president.

The increase in fees for consulting and professional services in 2011 represents:

- revision of the Company's website; and
- specific mandates for business development services and investor relations.

SUMMARY OF QUARTERLY RESULTS

	<u>2010–2011</u>				<u>2009–2010</u>			
	<u>Q4</u>	<u>Q3</u>	<u>Q2</u>	<u>Q1</u>	<u>Q4</u>	<u>Q3</u>	<u>Q2</u>	<u>Q1</u>
	\$	\$	\$	\$	\$	\$	\$	\$
Net income					137,467			
Net loss	1,109,189	280,200	337,933	781,215	--	113,204	189,295	124,592
Net income per share	(0.02)	(0.01)	(0.01)	(0.02)	0.01	(0.01)	(0.01)	(0.01)

The income for the fourth quarter of 2009–2010 includes an unrealized gain on investments in the amount of \$354,405.

The net loss for the first and third quarters of 2010–2011 includes an expense for stock-based compensation of \$530,400 and \$153,370, respectively.

The net loss for the fourth quarter of 2010–2011 includes an expense of \$936,903 resulting from the write-off of mining assets.

The net loss for the second and fourth quarters of 2010–2011 includes an expense related to the variation in the fair value of investments of \$179,900 and \$175,950, respectively.

HIGHLIGHTS OF THE FOURTH QUARTER

The net loss for the quarter ended October 31, 2011 amounts to \$1,109,189 (net income of \$137,467 for the corresponding quarter of 2009–2010). This loss includes an expense of \$936,903 resulting from the write-off of mining assets and an expense related to variation in the fair value of investments of \$175,950 (gain of \$354,405 for 2009–2010).

During the fourth quarter, the Company wrote off the Santa Anna, Manic, Opi and Mitsumi mining properties.

Exploration work totalled \$418,773 for the quarter (primarily for drilling on the Hurd property) compared to \$961,934 for the corresponding quarter in 2009–2010.

The Company staked 28 claims forming the Cookie Monster property. Subsequently, a participation agreement was signed with Amseco Exploration Ltd. allowing it to obtain a 50% interest in the property in return for a payment of \$5,000 and the issuance of 400,000 common shares to Vantex.

VARIATIONS IN CAPITAL STOCK ISSUED

	<u>2011</u>		<u>2010</u>	
	<u>Number</u>	<u>Amount</u> \$	<u>Number</u>	<u>Amount</u> \$
Balance, beginning of year	37,331,385	14,053,860	86,699,309	12,166,498
Consolidation (6 for 1)	--	--	(72,249,424)	--
Acquisition of properties	511,900	219,500	661,500	90,187
Private financing	4,909,544	910,384	6,440,000	519,995
Private flow-through financing	4,228,000	904,900	15,760,000	1,274,980
Warrants exercised	11,176,750	2,219,632	--	--
Stock options exercised	<u>2,395,000</u>	<u>278,050</u>	<u>20,000</u>	<u>2,200</u>
Balance, end of year	60,552,579	18,586,326	37,331,385	14,053,860
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Private financing and private flow-through financing are presented net of the fair value of warrants (determined using the Black-Scholes valuation) amounting to \$278,116 (\$425,025 in 2010).

WARRANTS

	Weighted average exercise price <u>2011</u> \$	October 31 <u>2011</u>	October 31 <u>2010</u>
Outstanding at beginning	0.17	12,691,667	17,474,546
Consolidation (6 for 1)			<u>(14,562,122)</u>
			2,912,424
Issued	0.28	3,665,044	12,125,000
Exercised	0.15	(10,621,500)	--
Expired	<u>0.28</u>	<u>(1,920,167)</u>	<u>(2 345,757)</u>
Outstanding at end	0.27	3,815,044	12,691,667
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Warrants outstanding:

<u>Number</u>	<u>Exercise price</u>	<u>Expiry</u>
150,000	\$0.16	December 2011
1,812,500	\$0.25	December 2011
552,544	\$0.44	May 2012
<u>1,300,000</u>	\$0.25	July 2013
3,815,044		

STOCK OPTIONS

	Weighted average exercise price <u>2011</u> \$	October 31 <u>2011</u>	October 31 <u>2010</u>
Outstanding at beginning	0.14	3,588,333	5,510,000
Granted			600,000
Consolidation (6 for 1)			<u>(5,091,667)</u>
			1,018,333
Cancelled	0.25	(400,000)	(1,185,000)
Granted	0.25	5,065,000	3,775,000
Exercised	<u>0.13</u>	<u>(1,255,000)</u>	<u>(20,000)</u>
Outstanding at end	<u>0.22</u>	<u>6,998,333</u>	<u>3,588,333</u>

Stock options outstanding:

<u>Number</u>	<u>Exercise price</u>	<u>Expiry</u>
33,333	\$0.84	December 2011
300,000	\$0.11	March 2015
1,075,000	\$0.11	April 2015
200,000	\$0.13	July 2015
100,000	\$0.15	August 2012
625,000	\$0.17	September 2015
3,400,000	\$0.25	November 2015
150,000	\$0.30	April 2012
250,000	\$0.30	May 2016
100,000	\$0.23	June 2016
90,000	\$0.50	June 2013
<u>675,000</u>	\$0.22	June 2016
6,998,333		

Under the Company's Plan, the number of stock options that can be granted to directors, officers, employees and consultants was increased from 7,400,000 to 10,300,000 common shares in June 2011.

In November 2010, the Company granted 3,400,000 stock options at a price of \$0.25, valid for five years, to its directors and officers.

In November 2010, the Company granted 400,000 stock options at a price of \$0.25 to a consultant. These options were canceled during the fiscal year following termination of the service agreement.

In April and June 2011, the Company granted 340,000 stock options to consultants at exercise prices ranging from \$0.23 to \$0.50.

In May 2011, the Company granted 250,000 stock options to a director at an exercise price of \$0.30, valid for five years.

In June 2011, the Company granted 675,000 stock options at a price of \$0.22 valid for five years to some directors, officers and consultants.

As part of the private placement completed in July 2010, a total of 2,045,000 options exercisable for a period of twenty-four months were granted to brokers. Each option entitles the holder to acquire one common share at a price of \$0.10. During the fiscal year, 1,140,000 options were exercised for a cash consideration of \$114,000. As at October 31, 2011, 905,000 options were still outstanding.

CASH POSITION AND FINANCING

As at October 31, 2011, working capital amounted to \$2,404,564. Moreover, in December 2011, the Company completed a flow-through private placement in the amount of \$482,000.

Management considers that this cash position will allow the Company to cover administrative expenses and continue its exploration programs.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

As at October 31, 2011, there were no contractual obligations or commitments except for the items mentioned in Note 19 of the annual financial statements.

RELATED PARTY TRANSACTIONS

The following transactions occurred during the fiscal years ended October 31, 2011, and 2010, in the normal course of business. They were recorded at the amount of consideration paid.

	<u>2011</u> \$	<u>2010</u> \$
Fees paid to officers:		
Management	204,880	121,900
Consulting	59,508	3,070
Exploration expenses:		
Company controlled by an officer of Vantex	113,592	60,000
Accounts payable to related parties:		
Companies controlled by officers of Vantex	45,779	147,476
Vanstar Mining Resources Inc., public company of which 16.6% of common shares are held by Vantex	--	36,800
Directors	16,360	--

SUBSEQUENT EVENTS

In November 2011, the Company granted 450,000 stock options at an exercise price of \$0.12, valid for five years, to directors and 150,000 options at an exercise price of \$0.13, valid for two years, to a consultant.

In December 2011, the Company granted a total of 1,500,000 stock options at an exercise price of \$0.10, valid for five years, to two directors.

In December 2011, the Company completed a private placement for \$482,000 by issuing 2,410,000 flow-through shares at a price of \$0.20 and issuing 1,205,000 warrants at an exercise price of \$0.25, valid for one year.

In December 2011, the Company signed a two-year service agreement with a consulting firm for accounting and administrative services. The agreement provides for a monthly remuneration of \$6,500.

In January 2012, an option agreement was signed with Aurtois Exploration Inc. under the terms of which it can acquire an interest of 75% in the Ortona property and of 75% in a portion of the Guillet property representing a bloc of 16 claims in return for issuing 4,500,000 common shares, paying \$120,000 in monthly instalments of \$10,000, and delivering a pre-feasibility study within five years of signing the agreement. Aurtois can acquire the remaining 25% interest from Vantex in return for \$2,000,000 and a 1% NSR royalty within five years on the two properties in question.

The Company signed a six-month service agreement with a consulting firm to act as strategic and financial advisors, starting in January 2012. The consideration payable consists of a monthly fee of \$10,000.

FINANCIAL INSTRUMENTS

With the exception of investments held for trading, 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. Part of the cash balance is kept in a savings account bearing interest at rates that vary with the base rate.

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

In accordance with CICA Handbook provisions regarding recognition and measurement of financial instruments, the Company has implemented the following classifications:

Cash and cash equivalents, the short-term investment and investments held for trading are classified as financial assets held for trading and are measured at fair value. Changes in fair value are recorded in income.

Taxes receivable are classified as loans and receivables.

Accounts payable and accrued liabilities are classified as other financial liabilities and are measured at amortized cost using the effective interest method.

OFF-BALANCE SHEET ARRANGEMENTS

As at October 31, 2011, the Company had no off-balance sheet arrangements.

ACCOUNTING POLICIES

For a description of the Company's principal accounting policies, see Note 4 of the financial statements.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS):

The Accounting Standards Board of Canada has confirmed that Canadian generally accepted accounting principles for publicly accountable enterprises will be replaced by IFRS for fiscal years beginning on or after January 1, 2011. The Company will therefore cease to prepare its financial statements in accordance with Canadian generally accepted accounting principles as set out in Part V of the Accounting Handbook of the Canadian Institute of Chartered Accountants (CICA) for periods beginning November 1, 2011, when the changeover to IFRS will be required for the Company.

The first interim financial statements presented in accordance with IFRS will be for the three-month period ended January 31, 2012.

There are significant differences in recognition, measurement and disclosure requirements in IFRS.

IFRS CONVERGENCE:

The Company is using a three-step action plan for the transition to IFRS:

STEP 1: DIAGNOSTIC

The initial diagnostic phase was completed in 2010 in order to understand, identify and assess the overall effort required to produce financial information under IFRS.

STEP 2: DESIGN AND PLANNING

STEP 2.1: ACCOUNTING POLICIES

The following list identifies key areas where changes in accounting policies should have an impact on the Company's financial statements. It should not be considered an exhaustive list of the changes resulting from the transition to IFRS. It is intended to highlight the areas considered most important. The Company is already planning to apply certain changes, in particular with respect to accounting for flow-through shares issued by the Company and issuance costs. Moreover, it has chosen to maintain its policy of recording fixed assets at their acquisition costs.

Regulatory bodies that promulgate Canadian GAAP and IFRS have significant ongoing projects that could affect the ultimate differences between Canadian GAAP and IFRS and their impact on the Company's financial statements in future years.

The standards listed below are those existing based on current Canadian GAAP and IFRS.

Initial adoption (IFRS 1)

IFRS 1 provides guidance on the general approach to be taken when first adopting IFRS. The underlying principle of IFRS 1 is retrospective application of all IFRS in effect as of the date of initial adoption. IFRS 1 acknowledges that full retrospective application may not be practical or appropriate in all situations and prescribes:

- Optional exemptions from specific aspects of certain IFRS in the preparation of the opening balance sheet; and
- Mandatory exemptions to retrospective application of some IFRS.

Additionally, to ensure financial statements contain high-quality information that is transparent to users, IFRS 1 contains disclosure requirements to highlight changes made to financial statement items due to the transition to IFRS.

Impairment of assets (IAS 36)

IFRS requires the use of a one-step impairment test (impairment testing is performed using discounted cash flows) rather than the two-step test under Canadian GAAP (using undiscounted cash flow as a trigger to identify potential impairment loss). IFRS requires reversal of impairment losses (excluding goodwill) where previous adverse circumstances have changed; this is prohibited under Canadian GAAP.

Impairment testing should be performed at the asset level for long-lived assets and intangible assets. Where the recoverable amount cannot be estimated for individual assets, it should be estimated as part of a Cash Generating Unit (“CGU”)

The Company believes that changes in this policy should not have an impact on the financial statements at the changeover date. Nevertheless, in subsequent years, this policy could generate more impairment than Canadian GAAP would, since it uses a one-step test.

Share-based payments (IFRS 2)

Per IFRS, the forfeiture rate with respect to share options needs to be estimated by the Company at the grant date instead of recognizing the entire compensation expense and only recording actual forfeitures as they occur. For graded-vesting features, IFRS requires each instalment to be treated as a separate share option grant, because each instalment has a different vesting period and hence the fair value of each instalment will differ.

Mineral property interests, exploration and evaluation costs (IFRS 6)

Under IFRS, the Company is required to develop an accounting policy to specifically and consistently identify which expenditures on exploration and evaluation activities will be recorded as assets. Unlike IFRS, Canadian GAAP indicate that exploration costs may initially be capitalized if the Company considers that such costs have the characteristics of property, plant and equipment. Exploration and evaluation assets shall be classified as either tangible or intangible according to the nature of the assets acquired.

The Company believes that changes to this policy should not have a material impact on the financial statements at the changeover date and in subsequent years.

Financial instruments (IAS 39)

Canadian GAAP differ from IFRS with respect to the types of assets that may be classified in each category of financial assets. Financial instruments may be designated on initial recognition as measured at fair value through profit or loss only if certain criteria are met. Like IFRS, financial instruments may be designated on initial recognition as held for trading (and measured at fair value through profit and loss) only if certain criteria are met. However, these criteria are less restrictive than under IFRS.

The Company believes that changes to this policy should not have a material impact on the financial statements.

STEP 2.2: PREPARATION OF FINANCIAL STATEMENTS

An IFRS financial statement model will be prepared, taking into account that reconciliations and the opening statement of financial position at transition must be included in the first interim financial report.

STEP 2.3: INFORMATION SYSTEMS

The accounting process is simple since the Company is at the exploration stage. It should be able to operate its accounting systems under IFRS since no major challenges are expected. The Company has identified the historical data that must be regenerated to comply with the choices made under IFRS 1.

STEP 2.4: INTERNAL CONTROLS:

Management will review existing internal control processes and procedures to address significant changes to existing accounting policies and practices.

STEP 2.5: IMPACT ON THE BUSINESS:

The business processes of the Company are simple and no major challenges are expected with regard to operating under IFRS. It has no foreign currency transactions, no debt and no capital obligations.

STEP 3: IMPLEMENTATION

In this step, the Company will apply the changes developed in Step 2, including changes to accounting processes and policies. Management will prepare the structure of the first quarterly financial statements as at January 31, 2012, with the opening balance as at November 1, 2010, and the comparables as at January 31, 2011, with the disclosure notes required.

RISKS AND UNCERTAINTIES

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

- Financial 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.

- 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 risk

The Company is exposed to market risk with respect to metal prices.

- 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.

- Conflict of interest

Certain directors of the Company are also directors, officers or shareholders of other companies that are engaged in the same industry. Such associations can lead to conflicts of interest. Directors are required by law to act honestly in the best interests of the Company.

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 at October 31, 2011, and other information in this report. They were prepared in accordance with Canadian generally accepted accounting principles 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.

La Prairie, February 24, 2012

(s) Guy Morissette
Guy Morissette
Chief Executive Officer

(s) Denis Tremblay
Denis Tremblay
Chief Financial Officer