

***VANTEX RESOURCES LTD.***

***INTERIM MANAGEMENT'S DISCUSSION AND  
ANALYSIS***

***for the six months ended April 30, 2012***



## 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 six-month interim period ended April 30, 2012, 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 Company's interim financial statements for the period ended April 30, 2012, were prepared in accordance with IFRS. They have not been reviewed by the Company's independent external auditors. These interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*, IFRS 1 *First-time Adoption of International Financial Reporting Standards* and IAS 1 *Presentation of Financial Statements*. The main accounting policies used in their preparation are summarized in Note 4 to the interim financial statements. The date of transition from GAAP to IFRS is November 1, 2010.

The Company's financial statements were previously prepared in accordance with Canadian generally accepted accounting principles (GAAP). Canadian GAAP differ from IFRS in some areas. In preparing the January 31, 2012, and April 30, 2012, interim financial statements, Management has amended certain accounting and valuation methods previously applied in the Canadian GAAP financial statements to comply with IFRS. Comparative information for 2011 has been restated to reflect these changes. Information in the notes relevant to an understanding of the amended interim financial statements of the Company, which would otherwise have been included in the annual financial statements prepared under IFRS, are provided in Note 18 to the financial statements as at January 31, 2012. This note also presents the reconciliation of shareholders' equity and earnings under Canadian GAAP and IFRS, as well as a description of the effect of the transition from Canadian GAAP to IFRS on these items.

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 at [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 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.

## HIGHLIGHTS OF THE PERIOD

The net loss for the six months ended April 30, 2012, totaled \$347,636 compared with \$1,119,148 for the corresponding period of 2011.

During the six months ended April 30, 2012, the Company conducted exploration work totalling \$406,535 (\$596,084 for the six months ended April 30, 2011), primarily on the Hurd property of the Galloway project.

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 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 and Ortona properties 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.

## **INFORMATION ON MINING PROPERTIES**

### **- GALLOWAY PROJECT**

In 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 deposits.

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 has, 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). This interest was 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 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. 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 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 showings 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. 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.

#### 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 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 press releases of April 22 and May 20 and 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 significant 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 the showing's first resource estimate, 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 progressing well. Management is expecting developments in the coming weeks.

#### GP zone

SRK Consulting of Toronto was retained to conduct a resource assessment of the GP zone. In addition, Management received a report from the URSTM, of Rouyn-Noranda, regarding various metallurgical and mineralogical tests on ore.

The results of this work were sent to SRK to be integrated into the assessment under way. Channel sampling (117 samples totalling 130.85 m) was also carried out to complete the information on the GP area.

To conduct the assessment, SRK Consulting has also requested a more complete survey map to design the open pit and enable it to better assess the available resource.

#### *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 (1,492 m<sup>2</sup>) and carried out channel sampling (237 samples totalling 195.7 m) to better document the attitude of gold mineralization in the area.

### **2012 work:**

#### *GP zone*

At the request of firm SRK Consulting, of Toronto, the Company completed an aerial topographic survey, which will allow the firm to complete the NI 43-101 resource assessment for the GP zone of the Galloway project.

#### *Hendrick zone*

Hole VPE10-47 was completed in early May 2012 while VPE10-48 was completed in early June, for a total of 2,535 metres. The Company is expecting to receive all the assay results in the coming weeks. These two holes were drilled to check the geology within the Golden Triangle formed by the GP, Hendrick and Morris showings, and to confirm the dip of the Hendrick zone, at depth.

An airborne geophysical survey was also completed in June. This more accurate survey will enable the Company to better identify fault zones and structures on the Galloway project.

### **- 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 in 2002, 2003 and 2004, in return for issuing 1,025,000 common shares and paying \$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.

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

In fiscal year 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. Zone LE06-190, identified by hole LE06-190 and located approximately 400 metres north of the Lake Expanse showing, was stripped and sampled; 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. 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 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.

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. To date, Aurtois Inc. has fulfilled all the obligations related to monthly payments and issuance of shares stipulated in the agreement.

#### **- 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 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. Since the Company was not planning to conduct work on the other claims forming the property, it was written off on October 31, 2011.

### **- 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 paying \$50,000 and issuing 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 in 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.

### **- 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 the property. A budget of \$50,000 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 wrote off the property. 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 wrote off the property. 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 wrote off the property. 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 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 staked the 28 claims forming the Cookie Monster property. Subsequently, a joint-venture agreement was signed with Amseco Exploration Ltd. enabling it to obtain a 50% interest in the property in return for paying \$5,000 and issuing 400,000 common shares to Vantex.

Management is considering the possibility of conducting, with its partner, a drilling program of approximately 1,000 metres on this project to test some geophysical and structural targets. This project is located in the Fancamp deformation corridor, which hosts several gold showings (see Vantex website – [www.vantexresources.com](http://www.vantexresources.com)).

## 2012 exploration budget

<u>Project</u>	<u>Work</u>	<u>Budget</u>
Galloway	Drilling	\$2,000,000
Ana	Geology	\$50,000
Cookie Monster	Drilling	\$100,000

The Company's management is planning to periodically revise its exploration budgets during 2012 according to the results of the work carried out, fluctuations in the price of the gold, and the resulting potential for financing.

### OVERALL PERFORMANCE

The net loss for the six months ended April 30, 2012, amounted to \$347,636 compared with a net loss of \$1,119,148 for the six months ended April 30, 2011. This result for 2011 included a stock-based compensation expense of \$548,100, as well as an expense related to changes in fair value of listed shares held for trading in the amount of \$270,350 (gain of \$145,135 for 2012).

Exploration work totaling \$406,535 was carried out during the six months ended April 30, 2012, compared with \$596,084 for the corresponding semester of 2010–2011.

A private flow-through placement for \$482,000 was closed in December 2011.

### FINANCIAL POSITION

	April 30 <u>2012</u> \$	October 31 <u>2011</u> \$
Cash and cash equivalents	1,863,575	2,426,963
Cash reserved for exploration	141,742	59,120
Mining assets	8,568,887	8,428,305
Total assets	11,475,404	11,512,708
Capital stock	18,038,159	17,793,520
Working capital	2,601,335	2,791,734

The Company's capital stock consists of an unlimited number of common shares, of which 62,962,579 were outstanding as at April 30, 2012 (60,552,579 as at October 31, 2011).

**EXPLORATION EXPENSES**

	<u>2012</u>	<u>2011</u>
	\$	\$
Drilling	235,425	367,748
General exploration expenses	44,180	19,167
Reports and analyses	82,767	82,899
Line cutting and geophysics	--	57,267
Planning and supervision	<u>44,163</u>	<u>69,003</u>
	406,535	596,084

Exploration expenses by property:

	<u>2012</u>	<u>2011</u>
	\$	\$
Hurd	406,365	591,436
Guillet	<u>170</u>	<u>4,648</u>
	406,535	596,084

**OPERATING RESULTS**

The Company incurred a net loss of \$347,636 (\$0,006 per share) for the six months ended April 30, 2012, compared with a net loss of \$1,119,148 (\$0,024 per share) for the corresponding period of 2011.

Summary of quarterly results:

	<u>2012</u>	<u>2011</u>
	\$	\$
Net loss	(347,636)	(1,119,148)
Net loss per share	(0,006)	(0,024)
Stock-based compensation	8,400	548,100
Change in fair value of listed shares held for trading	145,135	(270,350)

Principal administrative expenses

Management fees	143,541	70,333
Fees for consulting and professional services	154,131	171,509

The increase in management fees reflects the hiring of a president in December 2011.

## SUMMARY OF QUARTERLY RESULTS

	2011–2012			2010–2011			2009–2010	
	<u>Q2</u>	<u>Q1</u>	<u>Q4</u>	<u>Q3</u>	<u>Q2</u>	<u>Q1</u>	<u>Q4</u>	<u>Q3</u>
	\$	\$	\$	\$	\$	\$	\$	\$
Net income							137,467	
Net loss	200,585	147,051	1,109,189	280,200	337,933	781,215	--	113,204
Net income per share	(0.003)	(0.002)	(0.02)	(0.01)	(0.01)	(0.02)	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 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.

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

## VARIATIONS IN CAPITAL STOCK ISSUED

	<u>Number</u>	<u>Amount</u>
		\$
Balance as at October 31, 2011	60,552,579	17,793,520
Private flow-through financing	<u>2,410,000</u>	<u>244,639</u>
Balance as at April 30, 2012	<u>62,962,579</u>	<u>18,038,159</u>

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. This financing is presented net of the fair value of warrants determined using the Black-Scholes valuation, amounting to \$37,355, of the premium of \$120,500 included in the issue price of the shares, and of issuance costs totaling \$79,506.

## WARRANTS

	Weighted average exercise price <u>2012</u>	April 30 <u>2012</u>	October 31 <u>2011</u>
Outstanding at beginning	\$0.27	3,815,044	12,691,667
Issued	0.25	1,205,000	3,665,044
Exercised		--	10,621,500)
Expired	<u>0.24</u>	<u>(1,962,500)</u>	<u>(1,920,167)</u>
Outstanding at end	\$0.28	3,057,544	3,815,044

Warrants outstanding:

<u>Number</u>	<u>Exercise price</u>	<u>Expiry</u>
552,544	\$0.44	May 2012
1,205,000	\$0.25	December 2012
<u>1,300,000</u>	\$0.25	July 2013
<u>3,057,544</u>		

## STOCK OPTIONS

The shareholders of the Company approved a Stock Option Plan under which the Board of Directors may grant stock options allowing its directors, officers, employees and consultants to acquire common shares of the Company. The conditions and exercise price of each stock option are determined by the Board of Directors. Stock options are exercisable at any time. The number of stock options that can be granted is 7,400,000.

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

	Weighted average exercise price <u>2012</u>	April 30 <u>2012</u>	October 31 <u>2011</u>
Outstanding at beginning	0.22	6,998,333	3,588,333
Cancelled	0.24	(1,058,333)	(400,000)
Granted	0.13	150,000	5,065,000
Exercised		<u>--</u>	<u>(1,255,000)</u>
Outstanding and exercisable at end	0.21	6,090,000	6,998,333

Stock options outstanding:

<u>Number</u>	<u>Exercise price</u>	<u>Expiry</u>
200,000	\$0.11	March 2015
975,000	\$0.11	April 2015
200,000	\$0.13	July 2015
100,000	\$0.15	August 2012
525,000	\$0.17	September 2015
2,900,000	\$0.25	November 2015
250,000	\$0.30	May 2016
100,000	\$0.23	June 2016
90,000	\$0.50	June 2013
600,000	\$0.22	June 2016
<u>150,000</u>	\$0.13	November 2013
<u>6,090,000</u>		

The weighted average remaining term is 40 months.

#### **Stock options granted to brokers:**

As part of the private placement completed in July 2010, 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. As at April 30, 2012, 905,000 options were still outstanding.

In December 2011, the Company completed a private placement for \$482,000. The brokers received a commission of \$38,560 and 144,600 options valid for a period of 18 months. Each option entitles the holder to acquire one common share at a price of \$0.20 accompanied by one-half warrant. Each whole warrant is exercisable until June 2013 at a price of \$0.25 per share.

The weighted average remaining term of the 1,049,600 stock options granted to brokers outstanding and exercisable as at April 30, 2012, is five months.

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

As at April 30, 2012, working capital amounted to \$2,601,335, including cash reserved for exploration in the amount of \$141,742. Management considers that this cash position will allow the Company to cover administrative expenses and continue its exploration programs.

#### **CONTRACTUAL OBLIGATIONS AND COMMITMENTS**

##### **a) Royalties**

Royalties will be payable in the event of commercial production of some mining properties. These royalties range from 1.00% to 3.00% as at April 30, 2012.

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

b) Lease agreements

1. The Company has signed a lease for an annual amount of \$17,592 for office space. This lease, signed with a company controlled by an officer of the Company, is valid for a period of three years beginning January 1, 2010. As at April 30, 2012, the balance of this commitment was \$11,728.
2. In April 2011, the Company made a commitment to make monthly payments totaling \$1,288 for a period of 48 months for the rental of two vehicles. The monthly payments include interest at a rate of 3.9%. As at April 30, 2012, the balance of these commitments was \$45,100.

c) Service agreements

1. 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.
2. 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.

**RELATED PARTY TRANSACTIONS**

The following transactions occurred during the six months ended April 30, 2012, and 2011, in the normal course of business. They were recorded at the amount of consideration paid:

	<u>2012</u>	<u>2011</u>
	\$	\$
Administration costs:		
Consulting and management fees paid to companies controlled by officers	168,591	103,433
Salary paid to an officer	45,000	--
Exploration expenses:		
Company controlled by an officer	38,796	58,606
Stock-based compensation	--	401,150
Accounts payable to related parties:		
Companies controlled by officers	5,978	5,383

## **SUBSEQUENT EVENTS**

Stock options:

In May 2012, the Company granted 1,550,000 stock options at an exercise price of \$0.10, valid for five years, to directors and consultants.

In May 2012, the Company canceled a total of 1,500,000 stock options previously granted to directors and officers, at exercise prices ranging from \$0.17 to \$0.25.

## **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:

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.

Cash and cash equivalents and cash reserved for exploration 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 April 30, 2012, the Company had no off-balance sheet arrangements.

## **ACCOUNTING POLICIES**

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

There are significant differences in recognition, measurement and disclosure in IFRS. 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 interim financial statements for the three months ended January 31, 2012, were the first financial statements of the Company prepared in accordance with International Financial Reporting Standards (IFRS). The date of transition from GAAP to IFRS was November 1, 2010. The January 31, 2012, and April 30, 2012, interim financial statements were prepared in accordance with IAS 34 *Interim Financial Reporting* and IFRS 1 *First-time Adoption of International Financial Reporting Standards*.

Information relevant to an understanding of the Company's interim financial statements is provided in Note 18 to the financial statements as at April 30, 2012. The note also presents the reconciliation of shareholders' equity and earnings under Canadian GAAP and IFRS, as well as a description of the effect of the transition from Canadian GAAP to IFRS on these items.

Upon transition, IFRS 1 dictates certain mandatory exceptions and certain optional exemptions from full retrospective application. The Company has not adopted any optional exemptions. The following exception was adopted by the Company:

Mandatory exception:

#### Estimates

The Company's estimates according to IFRS, on the date of transition to IFRS, are consistent with estimates made for the same date under the accounting standards applicable before the changeover, after adjustments to reflect any differences in accounting policies.

Presentation differences:

Some differences in presentation between the accounting standards in force before the changeover and IFRS do not affect reported income or total equity, particularly with regard to share issuance expenses and interest from cash.

Exploration and evaluation assets:

The items "Mining properties" and "Deferred exploration expenditures" were grouped together for presentation under "Exploration and evaluation assets".

Cash reserved for exploration:

Under GAAP, cash reserved for exploration was presented as a long-term asset. Under IFRS, this item is now included in current assets when the funds are expected to be used in the fiscal year in question.

- The sections below identify significant differences between the Company's previous accounting policies under Canadian GAAP and its current accounting policies under IFRS:

Share issuance expenses:

Under Canadian GAAP, costs relating to share issuance were recorded as an increase in deficit in the fiscal year in which they are incurred. Under IFRS, issuance costs must instead be applied against the issued capital stock. This change in policy had the effect of reducing the deficit and capital stock by \$384,633 as at November 1, 2010, by \$771,154 as at April 30, 2011 and by \$792,806 as at October 31, 2011.

Flow-through shares:

Under Canadian GAAP, flow-through shares were recorded in capital stock at their issue price and a deferred tax liability was recognized on the date the expenses were renounced. According to current accounting policies, the difference between the listed value of shares and the issue price is recorded as deferred gain. When eligible expenditures are made, the deferred gain is reversed into earnings and a deferred tax expense is recorded.

Effects of this new measure:

The premium of \$120,500 on the price of flow-through shares issued in December 2011 has reduced the capital stock and a corresponding liability was recorded as a deferred gain. This deferred income and the deferred tax liability related to this financing will be recognized in 2012, when the eligible expenses have been incurred.

Cash flows:

No adjustment was made to the cash flows statement, except for the reclassification to current assets of cash reserved for exploration. The components of cash and cash equivalents under GAAP are similar to those presented under IFRS.

## **RISKS AND UNCERTAINTIES**

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

- Financial risk

Mineral exploration and development have a high degree of risk and only a small number of the properties explored ultimately become producing mines. The Company has never made a profit and there is no guarantee that its mineral properties will generate a profit, be mined profitably or generate a return on investment in the future.

Eventually, the Company will require additional funds. It will then issue more shares, which may dilute the interests of existing shareholders. The Company has limited financial resources and has no assurance of obtaining additional financing to carry out its planned activities, undertake further exploration, or have access to the substantial capital usually required for commercial production of a property.

- 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

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.

## **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 April 30, 2012, 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.

La Prairie, June 27, 2012

(s) Guy Morissette  
Guy Morissette  
Chief Executive Officer

(s) Denis Tremblay  
Denis Tremblay  
Chief Financial Officer