CANTEX MINE DEVELOPMENT CORP.

FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JULY 31, 2014

The following Management Discussion and Analysis ("MD&A"), prepared as of November 26, 2014, of the results of operations and financial position of Cantex Mine Development Corp. (the "Company") for the year ended July 31, 2014 should be read together with the annual audited consolidated financial statements for the year ended July 31, 2014 and related notes attached thereto, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated.

Additional information related to the Company is available on www.cantex.ca or on SEDAR at www.sedar.com.

Description of Business

The Company's principal business activity is the exploration and development of mineral properties for commercial mineral deposits and it is considered to be at the exploration stage. The Company has not yet determined whether any of its properties contain ore reserves that are economically recoverable. The Company trades on the TSX Venture Exchange under the symbol CD.

The Company's primary project is located in the northwestern part of the Republic of Yemen where it owns exclusive exploration licenses over a 1,583 square kilometer ("km^2") area. Most recently, the Company has staked 10 claim blocks covering approximately 30,000 hectares in the Yukon, Canada. The Company also has a 100% interest in 6 groups of gold exploration claims comprised of 140 claims over 1,171 hectares in Nevada, USA.

Cautionary Note Regarding Forward Looking Statements

Certain statements in this report are forward-looking statements, which reflect our management's expectations regarding our future growth, results of operations, performance and business prospects and opportunities including statements related to the development of existing and future property interests, availability of financing and projected costs and expenses. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of the date of this report. These assumptions, which include management's current expectations, estimates and assumptions about current mineral property interests, the global economic environment, the market price and demand for gold and other minerals and our ability to manage our property interests and operating costs, may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions, (2) a decreased demand for or price of gold and other minerals, (3) delays in the start of projects with respect to our property interests, (4) inability to locate and acquire additional property interests, (5) the uncertainty of government regulation and politics in Yemen regarding mining and mineral exploration, (6) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, and (7) other factors beyond our control.

There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Performance Summary

The following is a summary of significant events and transactions:

Private Placements

There were no private placements completed during the fiscal year. Subsequent to year end, the Company closed a private placement for total proceeds of $1,260,000, through the issuance of 20,200,000 flow through shares and 5,000,000 share units.

The reader is referred to the MD&A for the years ended July 31, 2013 and July 31, 2012 for details of the private placements completed during those periods.

Mineral Properties

Details of the activities on the properties are provided in the following commentary:

Yemen

In December 2011, the Company entered into an agreement with WCP Resources Ltd ("WCP") wherein WCP can earn an interest in the Al Hariqah gold project by funding advanced exploration and mine development to commercial production. The staged earn-in agreement ("Agreement") allows WCP to earn up to a 70% interest in the project after funding a minimum of US$30,000,000 over a seven year period.

In February 2012, WCP completed its due diligence process with respect to the Al Hariqah gold project. No materially adverse issues were identified and WCP has formally notified the Company that it will proceed with its two year option period in accordance with the terms of the option agreement.

In February 2014, WCP exercised an option to commence the earn-in to the Project after which they may earn an initial 40% interest in the project by expending US$5,000,000 within two years. In May 2014, WCP reached its 40% interest and opted to remain at that interest level.

In September 2014, the Company, in conjunction with WCP Resources, decided to declare a state of force majeure in regards to the Al Hariqah project. Due to the current political climate, notice has been given to the Chairman of the Geological and Mineral Resource Board that the Company no longer felt that the project area was secure. Operations at the Al Hariqah site have since ceased.

Al Hariqah Gold Deposit

The Al Hariqah gold deposit is located some 130 km northwest of Sana'a. It was discovered during follow up of anomalous gold values found in heavy mineral concentrates. Mapping and soil geochemistry have shown that gold mineralization occurs for a distance of nearly 4 km in two close, parallel, north northwest trending zones. These zones are up to 50 meters wide.

In January 2012, the exploration license containing the Al Hariqah project was renewed under the new Yemeni mining code. The new license is valid for an initial four year period and can be renewed for two further four year periods. In addition, the license has been expanded from its original 71 km^2 to 956 km^2. The new area covers a trend of gold anomalies discovered by Cantex's regional exploration program which could reflect additional mineralization similar to that found at Al Hariqah.

A 28 hole reverse circulation drill program, totalling 4,053 meters, was completed on the northern 1,100 meters length of the deposit in 1999 and 2000. These holes show that the mineralization extends to at least 150 meters depth with several deep holes bottoming in mineralization. The drilling suggests potential for a gold resource within the drilled area of between 13 and 52 million tonnes of a grade between 1.0 and 1.8 g/t. This target is for the northern 1,000 metres of the 3,700 metre long Al Hariqah deposit where the majority of the drilling to date has been undertaken. For the purposes of the exploration target, the mineralized width ranges from 100 to 400 meters and the mineralized thickness for the target ranges from 50 to 100 metres. The specific gravity of the host rock (Proterozoic quartz mica schist) is assumed to average 2.6 t/m3. However the deposit is open along strike, across strike and at depth so there is potential to increase the tonnage available. The potential quantity and grade is conceptual in nature, there has been insufficient exploration to define a mineral resource and that it is uncertain if further exploration will result in the target being delineated as a mineral resource.

To better define the mineralization discovered in the previous round of drilling, a program of 45 holes using the Company's specialized core / percussion drill was conducted in late 2005 and 2006. These holes were located to test the extension of the mineralization defined by the previous drill program as well as to test the continuity of mineralization between holes. Results for these holes, as determined by fire assay at ALS Chemex, an ISO 9001:2000 accredited laboratory in Vancouver, were consistent with those of the previous drill program. The Company is most encouraged with the consistent results as they demonstrate the continuity of gold values within the Al Hariqah deposit. The gold grades recovered are typical of those found in open pit mines.

A third round of drilling was underway. Prior to the declaration of force majeure, two core drills had been testing the southern extension of the deposit. Most of the prior drilling to this has focused on the northern 1,000 meters of the deposit which has been traced by soil sampling, channel sampling, geological mapping and limited drilling an additional three kilometers to the south. Much of the current drilling is focused on the southern 3,000 meters of the deposit.

Since WCP optioned the project from Cantex in December 2011 44 holes for 6,378 meters have been drilled. Recent drilling has focused on testing the southern extension of the previously drilled mineralization to the south. These holes continue to intersect significant mineralization such as hole RDH063A which intersected 3.85 meters of 9.79 g/t Au from 70.76 meters and also 7.25 meters of 3.03 g/t Au from 80.55 meters. Hole RDH095A intersected multiple zones of mineralization including 15m of 3.67 g/t Au from 65m, 9m of 2.46 g/t Au from 87m, 20m of 1.48 g/t Au from 112m and 6m of 4.22 g/t Au from 143m. Multiple zones of mineralization were also intersected in hole RDH078A (14m of 3.15 g/t Au from 53m, 23m of 1.19 g/t Au from 95m and 6m of 7.38 g.t Au from 134m).

Significantly a series of channel samples approximately 400m north of the drilling conducted to date contained significant gold results. This demonstrates the potential for further strike extension of the deposit.

Results from the ongoing drilling program, together with extensive previous drilling, will provide a solid base for an updated geological model for the project and, if appropriate, WCP will look to prepare an initial Mineral Resource estimate in accordance with the JORC Code.

Al Masna Nickel, Copper, Cobalt Project

The Al Masna'a nickel, copper, cobalt project is located in the Saadah region some 205 km north-northwest of the capital city, Sana'a, and 25 km south of the border with Saudi Arabia.

Anomalous nickel and copper values have been found in heavy mineral concentrates in a number of samples collected in the region while variably anomalous results for cobalt and platinum occur in follow up drainage, soil and rock samples. Most of the anomalous values occur in an area underlain by layered gabbroic rocks. Soil surveying around a mineralized drill hole at Al Masna'a identified several anomalous zones of copper, nickel, cobalt, platinum, palladium and rhodium.

The evidence to date strongly suggests that the high nickel values discovered in the Al Masna drill hole are not an isolated occurrence and that there is good probability of discovering extensions to this mineralized zone, as well as new zones of nickel mineralization. The results of the sampling to date identify one or more zones of mineralization with a strike length of at least 4.5 km. The zone is open to the north.

Drilling is planned to test the IP, TEM and nickel soil geochemical anomalous zones in the Al Masna'a area with the objective of determining the grade and distribution of nickel and copper in the iron sulphide horizons. At present the Company can not be certain of the safety of its workers at the Al Masna'a project. This is due to infrequent disputes in the area. As such the area is currently under force majeure. When the situation stabilizes the Company intends to resume work on the project.

Yukon Gold Project

A new belt of gold mineralization has been discovered by ATAC Resources Ltd ("ATAC") in the Yukon, Canada. The gold mineralization appears geologically similar to Carlin style mineralization in Nevada, which is the second largest gold district in the world. The Company has access to heavy mineral technology developed by the CF Mineral laboratory that has, to date, detected four Carlin style heap leach gold deposits in Nevada that were undetected by analysis of arsenic in stream sediments. These four deposits are now active gold mines.

In February 2011, the Company staked two small claim blocks. One claim block is adjacent to the eastern extremity and on strike with the recent Carlin style mineralization discovered by ATAC while the second was staked over the source area of several arsenic anomalies as reported on the government stream sediment maps 15 km southeast of ATAC's Rau gold deposit.
In September 2012, the Company staked an additional eight claim blocks totaling 1,380 claims covering over 28,000 hectares. These claim blocks were staked based on the results of the previous year's regional heavy mineral sampling program. During the summer of 2013 an additional 1,275 hectares was staked adjacent to the North Rackla claim block.

In August 2011, a field program was completed which consisted of the collection of 2,315 heavy mineral samples testing an area of 30,000 km^2 underlain by un-staked geology favorable for hosting gold mineralization. Of these, 150 samples were anomalous in both parts per billion ("ppb") and micrograms of gold; 87 samples are anomalous in both ppb and micrograms of key pathfinder elements for Carlin-style gold mineralization. Forty eight samples are anomalous in both parts per million and micrograms in all key pathfinders indicative of detecting Carlin-style mineralization both in Nevada and the Yukon.

In September 2012, a field program was completed which consisted of claims staking and the collection of 1,386 heavy mineral samples which were collected both within the Company's claim areas and in un-staked areas.

In May 2013, analytical results from the 1,386 samples were received. Several areas have been defined that are anomalous in all of the key Carlin-style gold pathfinder elements. Within the North Rackla and Mt. Good claim blocks watersheds upstream from highly anomalous heavy mineral samples were the focus of a detailed follow up soil/talus geochemical sampling program. Over 11,000 and 6,000 samples were collected from the North Rackla and Mt. Good claim blocks respectively.

Within the North Rackla claim block there is an area with samples extending over a 250 meter apparent width and an as of yet undetermined strike length returned exceptionally anomalous results in gold and the key Carlin style pathfinder elements (arsenic, antimony and thallium). A second target is also ready for drill testing with strongly anomalous gold, arsenic and antimony results over an area exceeding 200m by 200m. In addition there are a further nine anomalous areas to be followed up. All of these are anomalous in gold and are anomalous in all of, or up to three of the key Carlin style pathfinder elements.

During 2014 over 6,000 soil-talus samples have been collected at North Rackla on infill lines to better define the previously detected anomalies. In addition a substantial rotary air blast drilling program was undertaken on the claim block, focused on defining the bedrock source of the 250 meter apparent width anomalous gold and key pathfinder elements as determined by the previous soil-talus sampling. At the time of writing 169 holes had reached bedrock and of these, 43 intersected bedrock that was determined to be anomalous in arsenic as measured with x-ray fluorescence in the field. These samples are now being processed to determine their gold content.

At the Mount Good claim block the results defined eight areas weakly to strongly anomalous in gold and one or more of the key Carlin pathfinder elements. One area was anomalous in gold and all key pathfinder elements, four areas were anomalous in gold, arsenic and antimony pathfinder elements and three areas were anomalous in gold and the pathfinder element arsenic.

Over 1300 soil-talus samples were collected during the 2014 summer field program at Mt Good. These were infill samples designed to better define the anomalies defined by the 2013 sampling.

Also during the 2013 summer program a zone of gossan which sub-outcrops for a distance of 600 metres with an apparent width of up to 20 metres was discovered. The gossan zone is open at both ends. Grab samples of sub-outcrop and down slope talus were assayed from along the 600 metre strike length and exhibited elevated metal contents of up to 2.52% copper, 43.60% lead, 7.11% zinc and 35.60 oz/t silver. Further work is planned for this discovery.

Nevada Gold Project

Cantex has a 100% interest in six mineral properties in Nevada.

Initially, sampling surveys were conducted over known gold mines in Nevada to assess their geochemical signatures. A distinctive suite of pathfinder elements was found to accompany many of the mines. Specifically, anomalous gold, bismuth, antimony, mercury and/or arsenic were found to be associated with significant gold mineralization. On that basis, a regional geochemical survey conducted over known gold mine trends was used to acquire the claims over the anomalous areas.

Once the lands were staked, the anomalies were followed up with geological mapping, soil sampling, rock sampling, trenching and geophysics. The geophysical surveys used Controlled Source Audio-frequency Magnetotelluric (CSAMT) techniques: a deep-looking geophysical technique that measures lateral and vertical resistivity contrasts which are important for evaluating the presence of geologic units which are favourable to host large tonnage gold deposits similar to those found elsewhere in Nevada.

In late 2010, an 11 hole, 2,449 meter reverse circulation drilling program was undertaken on the Leonard Creek property. Drilling on some holes intersected unusually deep overburden which was up to 320 meters thick. It is possible that the CSAMT geophysical anomalies may have been a result of the overburden rather than the underlying bedrock. As a consequence no significant gold mineralization was intersected. Therefore, in August 2012, the Company elected not to renew the 127 claims that comprised Leonard Creek property.

The remaining properties contain a further seven drill ready gold targets and one target which can be tested by surface trenching. The Company is currently seeking a partner to option these claims to fund the drill program.

Overall Performance

As at July 31, 2014, the Company has incurred cumulative losses of $53,049,448 (July 31, 2013 - $50,271,786) and has a working capital deficiency of $2,891,201 (July 31, 2013 - $114,169). Cash flow from operations during the year period ended July 31, 2014 was negative $2,805,570 (2013 – negative $1,686,821)

The key performance driver for the Company is the acquisition and development of prospective mineral properties. By acquiring and exploring projects of superior technical merit, the Company increases its chance of finding and developing an economic deposit.

At present, none of the Company's projects have reached the producing stage, therefore the Company is not anticipating profit or positive cash flow from operations. Until such time as the Company is able to realize profits from the production and sale of commodities from its mineral interests, Company will report an annual loss and will rely on its ability to obtain equity or debt financing to fund ongoing operations.

Selected Annual Information

The following table provides a brief summary of the Company's financial data for the three most recent fiscal years. For more detailed information, refer to the Financial Statements.

	Year Ended July 31, 2014	Year Ended July 31, 2013	Year Ended July 31, 2012
	$	$	$
Total revenues	-	-	-
Net loss	2,795,231	2,266,235	2,176,324
Basic and diluted loss per share	0.04	0.08	0.01
Total assets	1,231,922	3,687,417	2,304,136
Total liabilities	4,100,846	3,772,440	4,712,798

The Company has not paid any dividends on its common shares. The Company has no present intention of paying dividends on its common shares, as it anticipates that all available funds will be invested to finance the growth of its business.

See "Results of Operations" and the "Summary of Quarterly Results" for a discussion of the variations above.

Results of Operations

For the year ended July 31, 2014

The Company's principal source of income during the year ended July 31, 2014 was administration fees earned pursuant to the agreement with WCP Resources as operator of the Al Hariqah project in Yemen. Administration fees earned during the year totaled $132,864 (2013 - $95,404).

For the year ended July 31, 2014, the Company incurred a loss of $2,795,231 (2013 - $2,266,235). The loss increased from the previous year due to an increase in exploration expenditures on the Yukon project.

Some of the significant expenses for the year ended July 31, 2014 are as follows:

Exploration expenses totaled $2,758,416 (2013 - $2,084,459) of which $376,056 (2013 - $250,626) were incurred in Yemen, $53,324 (2013 - $3,106) in Nevada and $2,511,422 (2013 - $1,830,727) in the Yukon. Yemen expenditures have remained consistent with the prior year. Additional licence costs were incurred for the Nevada project during the year, which increased the costs as compared to the prior year. Expenditures in the Yukon increased due a more extensive exploration program during the current period, as well as increased lab processing costs that were incurred during the year. Refer to the Schedule of Exploration Expenses in Note 5 in the consolidated financial statements for additional detail.

General and administrative expenses totaled $209,092 (2013 - $228,207). Some of these significant expenses consisted of:

- Office and administrative costs of $98,081 (2013 - $86,293) increased due to additional time spent by senior management associated with corporate matters, as well as attendance at the PDAC conference during the period.

- Accounting, legal and audit fees of $69,029 (2013 - $103,058) decreased due to the increased audit services required for the Company's transition to IFRS for the 2012 fiscal year (billed in the 2013 year end).

- Transfer agent and filing fees of $41,981 (2013 - $38,856) increased due to an increase in the number of new releases.

Stock based compensation expense of $11,400 (2013 – $59,629) represents an adjustment to the value of stock options due to a re-pricing of options done in January 2014; the 2013 expense represents the value of stock options granted during the period. No stock options were granted during the current year.

Administration fees earned during the year totaled $132,864 (2013 – $95,404). This amount has remained increased from the prior year due to increased expenditures on the Yemen project, and is based on 7.5% of total expenses incurred by the Company.

Net cash used in operating activities during the year ended July 31, 2014 was $2,805,570 compared to $1,686,821 during the 2013 fiscal year. Please refer to the condensed consolidated statements of cash flows in the financial statements for a breakdown of the operating activities.

Net cash provided by investing activities during the year ended July 31, 2013 was $18,817 compared to $7,976 during the 2013 fiscal year. The cash provided is from interest earned on bank balances. The increase in interest earned is due to higher bank balances during the year.

Net cash provided by financing activities during the year ended July 31, 2014 was $nil compared to $3,132,250 during the 2013 fiscal year. A private placement was performed prior to the end of the 2013 fiscal year; a private placement was announced in July 2014, but none of the proceeds were received prior to the end of the 2014 year end. In August 2014, the Company closed the first tranche of the private placement, for total proceeds of $750,000. In October 2014, the Company closed the second and final tranche of the private placement, for total proceeds of $510,000.

Summary of Quarterly Results

(in accordance with IFRS)	Three Months Ended July 31, 2014	Three Months Ended April 30, 2014	Three Months Ended January 31, 2014	Three Months Ended October 31, 2013
	$	$	$	$
Total assets	1,231,992	1,906,543	2,528,900	2,679,593
Working capital deficiency	(2,891,201)	(1,660,082)	(1,414,550)	(966,182)
Shareholders' deficiency	(2,868,854)	(1,635,794)	(1,388,219)	(938,733)
Revenues	-	-	-	-
Net loss	1,244,460	247,575	449,486	853,710
Loss per share	0.02	0.00	0.01	0.00

(in accordance with IFRS)	Three Months Ended July 31, 2013	Three Months Ended April 30, 2013	Three Months Ended January 31, 2013	Three Months Ended October 31, 2012
	$	$	$	$
Total assets	3,687,417	747,261	785,226	1,203,474
Working capital deficiency	(114,169)	(4,046,691)	(3,870,538)	(3,533,213)
Shareholders' deficiency	(85,023)	(4,015,892)	(3,840,556)	(3,500,820)
Revenues	-	-	-	-
Net loss	599,376	234,965	339,736	1,092,158
Loss per share	0.00	0.00	0.00	0.00

Total assets for the year ended July 31, 2013 increased due to the receipt of proceeds from the private placement financing completed in July 2013 of $3,000,000. The subsequent decrease in total assets for each of the subsequent three quarters stem from the Company spending the funds that had been raised with the private placement. Accordingly, there was an increase in net loss due to increased exploration expenditures on the Yukon project in the three month periods ended October 31, 2013 and July 31, 2014; weather did not permit much activity in the Yukon for the three months ended April 30 and January 31, 2014, which resulted in smaller net losses. There was also an increase in the administrative fees earned on the Al Hariqah project during these periods. Total assets for the three months ended October 31, 2012, January 31, 2013 and April 30, 2013 decreased as proceeds from the private placement that was completed in July 2012 were expended on Yukon exploration expenditures. Accordingly, the net loss for the three months ended October 31, 2012 and July 31, 2013 include a significant increase in exploration expenditures. The improvement in the working capital deficiency as at July 31, 2013 relates to the debt settlement totaling $1,557,995 for 14,080,518 shares. With the exception of the items noted above, other fluctuations in operating results for the four quarters ending July 31, 2014 reflect the timing of various normal business transactions.

Results for the three months ended October 31, 2012 include a significant increase of exploration expenditures on the Yukon project incurred in correlation with the private placement equity financing completed in July 2012. The subsequent decrease in total assets is the result of the spending of these funds on the Yukon project.

Liquidity and Capital Resources

The Company has financed its operations to date primarily through the issuance of common shares and advances from related parties. The Company continues to seek capital through various means including joint venture partnerships and the issuance of equity and/or debt.

As at July 31, 2014, the Company had cash of $735,055 (July 31, 2013 - $3,539,808) and a working capital deficit of $2,891,201 (July 31, 2013 - $114,169). Excluding amounts due to related parties, which have no fixed terms of repayment, the Company has sufficient funds to meet its working capital requirements through the remainder of the fiscal year. Current market conditions may impact the Company’s ability to raise further capital and fund ongoing operations.

The Company has no capital expenditure commitments but is committed to minimum future lease payments for office premises through to May 2016 and to drill equipment through April 2015 as follows:

Fiscal year ending July 31, 2015	$88,872
Fiscal year ending July 31, 2016	$8,227

The consolidated financial statements have been prepared on a going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. The ability of the Company to continue operations is dependent upon the existence of economically recoverable reserves, successful development of the Company's mineral properties, receive continued financial support, complete equity financings, and generate profitable operations in the future. As shown in the consolidated financial statements, the Company has suffered recurring losses, has negative working capital and has a significant deficit from operations. Management plans to obtain additional financing through future private placements for common shares or from the issuance of common shares on the exercise of outstanding options. These conditions may raise significant doubt regarding the Company's ability to continue as a going concern. The consolidated financial statements do not give effect to any adjustment should the Company be unable to continue as a going concern and therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts differing from those reflected in the consolidated financial statements. There can be no assurance that sufficient working capital can be generated from operations and external financing to meet the Company's liabilities and commitments as they become due. Failure to generate sufficient working capital from operations or obtain external financing will cause the Company to curtail operations and the Company's ability to continue as a going concern will be impaired. It is not possible to predict whether economically recoverable reserves exist, the Company's financing efforts will be successful, or the Company will attain profitable level of operations.

In July 2012, the Company completed a private placement for gross proceeds of $1,761,000 through the issuance of 26,720,000 flow through common shares and 8,500,000 non-flow through common shares at a price of $0.05 per share. The use of proceeds for the flow through shares was to conduct a further sampling program in the Yukon. The non-flow through funds were to be used for administrative working capital. All proceeds were expended in accordance with their original intent.

In July 2013, the Company completed a private placement for gross proceeds of $3,000,000 through the issuance of 21,418,182 flow through common shares and 5,854,545 non-flow through common shares at a price of $0.11 per share. Each non-flow through common share had a share purchase warrant exercisable for a term of five years at $0.15 per share. A value of $172,000 was attributed to the warrants, using a risk free rate of 1.1% and expected life of five years and a volatility of 40%. The use of proceeds for the flow through shares was to conduct a further sampling program in the Yukon. The non-flow through funds were to be used for administrative working capital. All proceeds are being expended in accordance with their original intent.

In June 2013, the Company settled $10,767 in debt to a third party for 215,334 shares. In July 2013, the Company settled $1,547,228 in related party debt for 14,066,162 shares.

In August 2014, the Company completed the first tranche of a private placement for gross proceeds of $750,000 through the issuance of 15,000,000 flow through common shares at a price of $0.05 per share. In October 2014, the Company completed the second and final tranche of the private placement for gross proceeds of $260,000 through the issuance of 5,200,000 flow-through shares at $0.05 per share and $250,000 through the issuance of 5,000,000 non-flow through units at $0.05 per unit. Each unit is comprised of one common share and one-half of a warrant, each whole warrant exercisable at $0.10 for a term of two years. The proceeds for the flow through shares are to be used on the Yukon project.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet transactions.

Related Party Transactions

During the years ended July 31, 2014 and 2013, the Company had related party transactions with the following companies related by way of common directors or shareholders:

- C.F. Mineral Research Ltd. ("CF Minerals") – a private company owned by Cantex Chairman, Charles Fipke. CF Minerals provides heavy mineral geochemistry services to the Company.
- Kel-Ex Development Ltd. ("Kel-Ex") - a private company owned by Cantex Chairman, Charles Fipke. Kel-Ex provides administration, payroll and office services to the Company.
- Element 29 Ventures Ltd. ("Element 29") - a private company owned by Cantex CEO, Chad Ulansky. Element 29 provides geological consulting services to the Company.
- Metalex Ventures Ltd. ("Metalex") - a publicly listed company with common directors and management. Metalex shares office space with Cantex and thus have certain shared expenditures which get re-billed on a cost-recovery basis.
- Northern Uranium Corp. ("Northern") - a publicly listed company with common directors and management. Northern shares office space with Cantex and thus have certain shared expenditures which get re-billed on a cost-recovery basis.

The Company's related party expenses, net of expenses recovered, consist of the following amounts:

	Years ended July 31,	
	2014	2013
	$	$
Laboratory and mineralogical costs	**614,819**	576,153
Geological consulting fees	**145,730**	226,095
Shared field expenditures	**187,689**	120,894
Shared office and administrative costs	**72,962**	63,875
	1,021,200	987,017

The Company's related party expenses (recoveries) relate to the following related parties:

	Years ended July 31,	
	2014	2013
	$	$
C.F. Mineral Research Ltd.	**614,819**	576,153
Kel-Ex Development Ltd.	**329,322**	203,729
Element 29 Ventures Ltd.	**62,381**	174,373
Metalex Ventures Ltd.	**21,850**	32,762
Northern Uranium Corp.	**(7,172)**	-
	1,021,200	987,017

The above noted transactions represent amounts incurred or accrued, but not necessarily paid, during the periods indicated. The increase in geological consulting fees is related to the Yukon exploration program in 2014. Shared field expenditures represent a combination of claims staking fees, vehicle rental and travel/field expenditures paid directly by Chad Ulansky on behalf of the Company and later re-billed.

The liabilities of the Company include the following amounts due to (from) related parties:

	July 31, 2014	July 31, 2013
	$	$
C.F. Mineral Research Ltd.	**815,339**	560,865
Kel-Ex Development Ltd.	**(2,887)**	2,812,754
Element 29 Ventures Ltd.	**3,007,791**	98,806
Metalex Ventures Ltd.	**11,451**	25,042
Northern Uranium Corp.	**(7,531)**	-
	3,824,163	3,497,467

These amounts due to related parties have no fixed terms of repayment; however, the Company aims to keep related party accounts current when funds are available and after third-party debts have been extinguished. The exception is the balance due to Kel-Ex Development Ltd. for past cash advances received to fund working capital and exploration activities, $2,656,960 (July 31, 2013 - $2,657,010). Given the current financial state of the Company, this debt will eventually have to be settled with shares or proceeds from a future private placement financing.

Risks and Uncertainties

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. The market prices for silver, gold and other metals can be volatile and there is no assurance that a profitable market will exist for a production decision to be made or for the ultimate sale of the metals even if commercial quantities of precious and other metals are discovered.

The Company currently carries out exploration on mineral concessions that it holds directly from governments. Although the Company makes all reasonable effort to ensure secure title, there is no guarantee that title to properties in which the Company has will not be challenged or impugned. These properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. There is also no guarantee that any of the prospecting license or exploration permits granted in connection with the properties will be renewed upon their normal expiry. Notwithstanding the foregoing, the Company has not experienced any difficulties with renewals to date.

Additional future funds may be required to maintain and advance exploration properties. Historically, the only sources of such funds have been the sale of equity capital and limited debt. Given the current volatile state of financial markets, there are no assurances that sources of financing will be available on acceptable terms, or at all. To date, the Company has relied on advances from a related party to fund its operations and expects continued support. The Company's equity financings are sourced in Canadian Dollars but, for the most part, the Company incurs its expenditures in local currencies or in US dollars. At this time, there are no currency hedges in place.

The Company operates in the Middle Eastern country of Yemen that has a varied political past and, at times, conflicts with neighboring countries and civil war. Changing political situations may affect the manner in which the Company operates.

Financial Instruments

The carrying values of cash, trade and other receivables, and trade and other payables and amounts due to related parties approximate their fair value at July 31, 2014 due to their short-term nature. No reclassifications or de-recognition of financial instruments occurred in the period.

The Company's financial instruments are exposed to certain financial risks, including currency, credit, liquidity and price risk.

Currency risk - The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Yemen and as such, a portion of its expenses are incurred in the local currency and US dollars. A significant change in the currency exchange rates could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

At July 31, 2014, the Company is exposed to currency risk relating to funds held in U.S. dollars and Yemen rials with a value of approximately $248,394 (July 31, 2013: $388,444). The impact of a 5% change in the U.S. dollar and Yemen rials exchange rate to the Canadian dollar would not materially affect the operations of the Company.

Credit risk - Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The majority of the Company's cash is held through a large Canadian financial institution with a high investment grade rating.

The Company has no financial assets that are past due or impaired due to credit risk defaults. The Company's receivables consist mainly of mineral property recoveries due from joint venture partners and GST receivable due from the Federal Government of Canada. The Company is subject to the risk that its joint venture partners will default on amounts owing for their portion of exploration expenditures. The Company's maximum credit risk at July 31, 2014 is $420,868 (all of this balance was subsequently received; July 31, 2013 – $63,320). Any such amounts defaulted would dilute that partners' interest in the exploration joint venture and would require the Company to pick up the proportionate share of future exploration expenditures.

Liquidity risk - Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity risk through the management of its capital structure and financial leverage as outlined in Note 10 to the consolidated financial statements.

Trade and other payables are generally due within 30 days. No significant amounts are past due. Amounts due to related parties have no fixed terms of repayment, are unsecured and are non-interest bearing.

Price risk - The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Capital Management

The Company includes cash and equity, comprising of issued common shares, reserves and deficit, in the definition of capital.

The Company's objectives when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company expects its current capital resources will not be sufficient to complete its exploration and development plans and operations through its current operating period and will be required to raise additional funds through future equity issuances or secure other financing. To date, the Company has relied on advances from related parties to fund its operations and expects continued financial support through the next twelve months. The Company is currently not subject to externally imposed capital requirements. The Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in secure deposits in large Canadian financial institutions.

The Company's primary objective with respect to capital management is to ensure adequate liquid capital resources are in place to fund the exploration and development of its mineral properties while maintaining its ongoing operations. To secure additional capital to pursue these plans, the Company may attempt to raise funds through the issuance of debt and or equity.

Recent Accounting Pronouncements

The IASB issued a number of new and revised International Accounting Standards, IFRS amendments and related interpretations which are effective for the Company's financial year beginning on or after August 1, 2011. For the purpose of preparing and presenting the financial information for the relevant periods, the Company has consistently adopted all these new standards for the relevant reporting periods.

These consolidated financial statements have been prepared in accordance with IFRS effective as of July 31, 2014.

Effective August 1, 2013, the Company adopted new and revised International Financial Reporting Standards that were issued by IASB. The application of these new and revised standards and interpretations has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

New and revised standards:

- IFRS 10 *Consolidated Financial Statements*

- IFRS 11 *Joint Arrangements*
- IFRS 12 *Disclosure of Interests in Other Entities*
- IFRS 13 *Fair Value Measurement*
- IAS 19R *Employee benefits*
- IAS 27 Separate Financial Statements
- IAS 28 *Investments in Associates and Joint Ventures*

Amended standards and interpretations:

- IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to IFRS 7 *Disclosures — Offsetting Financial Assets and Financial Liabilities*

The following accounting standards have been issued but are not yet effective. The Company has not early adopted these new and amended standards. The Company continues to evaluate the new standards but currently no material impact is expected as a result of the adoptions of these new and amended standards:

- IFRS 9 *Financial Instruments: Recognition and Measurement*
- IFRS 14 *Regulatory Deferral Accounts*
- IFRS 15 *Revenue from Contracts with Customers*
- IFRIC 21 *Levies*

Outstanding Share Data

The authorized share capital of the Company is an unlimited number of common shares without par value.

In June 2013, the Company consolidated its common shares on a 15:1 basis; all shares are shown post-consolidation.

As at November 26, 2014, the Company had outstanding 83,488,780 common shares and 936,000 stock options with a weighted average exercise price of $0.77 per share. There are 566,667 outstanding warrants with an exercise price of $1.50 and 5,854,545 warrants with an exercise price of $0.15.