CANTEX MINE DEVELOPMENT CORP.

FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
SIX MONTH PERIOD ENDED JANUARY 31, 2019

The following Management Discussion and Analysis ("MD&A"), prepared as of March 26, 2019, of the results of operations and financial position of Cantex Mine Development Corp. (the "Company") for the six month period ended January 31, 2019 should be read together with the unaudited condensed consolidated interim financial statements for the six month period ended January 31, 2019 and related notes attached thereto, which are prepared in accordance with International Accounting Standards ("IAS") 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). 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. The Company has staked 1,075 claim blocks covering approximately 21,500 hectares in the Yukon, Canada. The Company also has a 100% interest in 4 groups of gold exploration claims comprised of 86 claims 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 and Share Consolidation

In June 2018, the Company announced a share consolidation on a 10:1 basis.

In July 2018, the Company closed a private placement and issued 11,666,667 flow through shares and non-flow through units (the "units"), both at $0.15 per share and unit for gross proceeds of $913,000 in flow-through proceeds and $837,000 in units proceeds. Each share and unit consists of one common share and one common share purchase warrant; each full warrant is exercisable at $0.20 for a period of 36 months. Finder's fees of $19,000 were paid in conjunction with the flow-through shares; 98,667 finder's warrants valued at $16,000 using the Black-Scholes option pricing model with an expected life of 3 years, volatility of 111%, a risk free rate of 1.98% and dividend rate of 0% were issued in conjunction with sale of the units. Share issuance costs of $18,497 were paid for the private placement and share consolidation.

In November and December, 2018, the Company issued 4,839,016 shares upon the issuance of the same number of warrants; total proceeds received was $969,281.

On March 6, 2019, the Company announced a private placement to raise gross proceeds of $10,000,000 through a combination of flow through shares and non-flow through shares ("the units"), each priced at $1.00, with the units comprised of one common share and one half of a warrant. On March 19, 2019, the Company announced that, due to increased interest in the private placement, it would be increasing the offering to $15,000,000. To date, the Company has closed two tranches of the private placement and issued 3,500,000 shares and 8,986,000 units, for gross proceeds of $12,486,000. Finders' fees of $145,600 have been paid and the Company has issued 130,000 finders' warrants, which have the same terms as those attached to the units.

Also subsequent to January 31, 2019, the Company issued 105,000 shares upon the exercising of the same number of warrants; total proceeds received was $21,000.

The reader is referred to the MD&A for the years ended July 31, 2018 and July 31, 2017 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:

Yukon Metals 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.

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 a 250 meter apparent width anomalous gold and key pathfinder elements as determined by the previous soil-talus sampling. 169 holes 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. Analysis by fire assay at ALS Chemex of the bedrock and mixed bedrock/talus samples detected gold values of up to 183 ppb. However, the highest values were found in the mixed bedrock/talus samples thereby suggesting that the source of the strongly gold mineralized bedrock has yet to be found.

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. Results of these samples have assisted in defining 8 areas in North Rackla and 5 areas in Mt Good that are anomalous in gold and pathfinder elements.

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. This is called the "Discovery Zone" of the Massive Sulphide area.

In 2015 a summer program was conducted at both North Rackla and Mt Good which consisted of a prospecting program focused on areas hosting soil-talus samples anomalous in gold. A total of 287 rock samples were collected. Results from these rock samples returned high metal contents. Gold ranges up to 11.40 g/t; silver as high as 49.00 oz/t; copper values up to 25.30%; zinc as high as 41.43% and lead up to 32.19%. In addition, an infill soil-talus sampling program resulted in the collection of 1,168 soil-talus samples. These soil-talus samples assisted in defining twelve anomalous zones within the North Rackla claim block and ten anomalous zones at the Mount Good claims area.

In October 2016, a winter drilling program was commenced on the "Extension Zone" 1.7km along strike from the Discovery Zone in the Massive Sulphide area. The Company drilled eight holes before shutting the program down in December. All eight holes intersected mineralization, with selected results presented in the following table:

Core Hole #	Azimuth	Inclination	From (m)	To (m)	Length (m)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	Mn (%)
1	148°	-45°	13.7	17.5	3.8	15.7	0.04	0.48	2.90	3.63
			43.1	43.6	5.4	21.4	0.01	2.67	2.68	3.02
2	148°	-55°	18.0	20.2	2.2	59.9	0.35	0.31	0.96	3.23
			74.0	74.5	0.5	20.0	0.01	2.62	2.34	0.23
3	148°	-70°-	23.4	29.0	5.6	214.3	0.70	2.22	1.11	3.39
		Including	*24.8*	*25.15*	*0.35*	*242.0*	*0.22*	*29.66*	*2.49*	*2.80*
		and	*25.15*	*26.0*	*0.85*	*1040.0*	*3.60*	*0.78*	*1.00*	*2.96*
			53.9	54.1	0.2	31.0	0.04	3.20	8.65	4.03
4	129°	-55°	19.7	21.0	1.3	90.0	0.88	1.21	0.61	2.26
			73.8	74.2	0.4	10.6	0.01	1.23	4.71	2.65
5	129°	-70°	24.0	28.6	4.6	101.7	0.32	2.38	1.35	2.85

		Including	*26.6*	*27.6*	*1.0*	*402.0*	*1.28*	*8.91*	*4.20*	*2.50*
			57.0	59.0	2.0	40.0	0.04	4.41	2.72	3.18
6	129º	-80º	22.95	27	4.05	21.1	0.02	2.12	1.79	4.24
			33.0	38.7	5.7	136.9	0.37	2.80	0.83	3.05
		Including	*36.9*	*37.6*	*0.7*	*432.0*	*0.75*	*21.56*	*1.92*	*2.76*
			43.7	48.1	4.4	48.9	0.02	5.35	5.99	4.97
		Including	*44.8*	*45.8*	*1.0*	*90.6*	*0.02*	*10.20*	*9.42*	*4.50*
7	163º	-70º	25.0	28.5	3.5	119.4	0.18	7.60	2.23	3.17
		Including	*26.8*	*28.5*	*1.7*	*161.2*	*0.25*	*15.39*	*4.13*	*2.86*
			51.6	52.85	1.3	258.0	0.62	4.29	7.63	1.96
			109.4	110.2	0.8	13.2	0.01	2.21	5.39	1.29
			118.0	118.6	0.6	11.0	0.01	1.91	5.38	1.48
8	162º	-50º	51.0	53.5	2.5	131.4	0.73	0.74	0.66	2.45
			133.6	134.7	1.1	19.9	0.06	1.32	1.17	1.22
			151.0	151.8	0.8	6.5	0.01	0.26	7.16	0.32

During the middle of July, 2018 the Company commenced a ten-hole drill program on the North Rackla project. The program continued past the quarter end to early September. Nine holes were completed on the "Massive Sulphide" zone and one hole was commenced on the "Northern Gold" area but drilling was suspended before target depth was reached on this due to the onset of winter conditions. Subsequent to October 31, 2018, the results from the drilling at the Extension Zone were received and are presented in the following table.

Hole	From (m)	To (m)	Estimated True Width (m)	Silver (ppm)	Copper (%)	Lead (%)	Zinc (%)	Manganese (%)
YKDD18-012	100.87	113.87	9.19	150.6	0.05	8.09	18.04	3.67
Including	*102.87*	*107.87*	3.54	*277.8*	*0.04*	*14.01*	*35.36*	*3.07*
	134.74	141.74	4.95	22.0	0.01	1.23	8.27	0.44
YKDD18-013	77.18	79.28	1.20	14.7	0.00	0.98	3.06	0.82
	121.45	133.82	7.10	158.0	0.09	6.04	23.12	1.58
Including	*123.35*	*129.00*	3.24	*207.5*	*0.06*	*7.43*	*40.24*	*1.76*
and	*131.00*	*131.80*	0.46	*322.0*	*0.02*	*15.60*	*47.38*	*0.28*
	155.10	157.12	1.16	19.5	0.00	1.02	3.14	0.37
YKDD18-014	177.40	179.40	0.85	46.5	0.22	0.18	0.49	2.00
	183.40	205.40	9.30	122.6	0.01	7.33	10.97	4.70
Including	*184.40*	*186.40*	0.85	*158.0*	*0.04*	*6.93*	*37.65*	*2.26*
and	*190.40*	*192.40*	0.85	*475.5*	*0.03*	*24.49*	*13.73*	*3.80*
YKDD18-015	124.28	133.28	5.21	67.2	0.05	5.48	10.48	4.17
Including	*127.28*	*128.28*	0.58	*233.0*	*0.03*	*9.96*	*35.52*	*2.29*
YKDD18-016	99.77	104.27	2.33	45.6	0.02	16.92	1.74	4.52
	106.27	114.90	4.46	142.1	0.09	11.44*	18.36	2.95
Including	*107.27*	*109.27*	1.03	*272.0*	*0.14*	*22.94*	*31.29*	*1.17*
and	*111.27*	*112.77*	0.78	*210.0*	*0.07*	*14.37*	*29.15*	*2.20*

The Company is impressed with the grade and widths intersected and looks forward to the next round of drilling on the project. A 16,000 metre core drilling program is proposed to test a 800 metre strike length of the Extension Zone down to depth of 400 metres. Additional drilling is also planned to test a zone of anomalous soil and rock samples parallel to the Massive Sulphide zone as well as at the recently discovered gold mineralization at the north end of the claim block. The budget for this program is $10 million.

Yemen

In December 2011, the Company entered into an agreement with WCP Resources Ltd ("WCP") wherein WCP could 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") allowed 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 and formally notified the Company that it would be proceeding 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. As of May 2014, WCP issued notice that it felt it had reached its 40% interest; the Company does not agree with this statement. In October, 2014, WCP gave additional notice that they would no longer be funding the project. Allocation of ownership of the project has not yet been finalized.

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.

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 cannot 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.

Nevada Gold Project

Cantex now has a 100% interest in four 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. In August 2018, upon review of the claims information, the Company elected to let 54 claims lapse; as such, to date, the Company now has 86 remaining claims, in four areas.

The technical information and results reported in this section have been reviewed by Cantex President & CEO, Chad Ulansky P.Geol. Mr. Ulansky is a Qualified Person under National Instrument 43-101 and is responsible for the technical content herein.

Overall Performance

As at January 31, 2019, the Company has incurred cumulative losses of $60,955,473 (July 31, 2018 – $59,545,792) and has a working capital deficiency of $4,294,667 (July 31, 2018 – $4,212,752). Cash flow from operations during the six month period ended January 31, 2019 was negative $1,874,009 (2018 – negative $116,251).

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, 2018	Year Ended July 31, 2017	Year Ended July 31, 2016
Total revenues	$ -	$ -	$ -
Net loss	730,017	2,306,755	1,021,252
Basic and diluted loss per share	0.05	0.02	0.01
Total assets	1,831,568	107,605	715,348
Total liabilities	6,035,754	5,294,755	4,738,445

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 six month period ended January 31, 2019

For the six month ended January 31, 2019, the Company incurred a loss of $1,451,634 (2018 – $215,391). The increased loss from the previous year is due to the Company Yukon drilling program which ran from July to September 2018.

Some of the significant expenses for the six month period ended January 31, 2019 are as follows:

Exploration expenses totaled $1,000,330 (2018 – $189,486) of which $877,438 (2018 – $69,605) were incurred in the Yukon, $101,004 (2018 – $87,847) were incurred in Yemen, and $21,888 (2018 – $32,034) in Nevada. Expenditures were significantly higher for the Yukon in the current year due the summer drilling program that was operational; no such program was run in summer 2017. There has been no change to Yemen operations; however, expenditures are higher in the current year, which was due to additional storage fees invoiced during the period. Nevada costs have decreased due to the decline in the number of claims the Company was renewing; in the prior period, the Company renewed 140 claims and in the current period, only 86 were renewed. Refer to the Schedule of Exploration Expenses in Note 4 in the condensed consolidated interim financial statements for additional detail.

Office and administrative costs of $45,143 (2018 – $35,682) have increased from the prior year due to a change in the cost-sharing arrangement for office space and staff. Professional fees of $11,110 (2018 – recovery of $1,357) have increased from the prior year due to the timing of audit fees and related accruals. The Company also incurred higher legal fees for general matters during the period. Transfer Agent and filing fees of $21,842 (2018 – $9,181) have increased due to a higher number of news releases and filings during the year.

Net cash used in operating activities during the six month period ended January 31, 2019 was $1,874,009 compared to $116,251 during the six month period ended January 31, 2018. Please refer to the condensed consolidated interim statements of cash flows in the financial statements for a breakdown of the operating activities.

Net cash provided by investing activities during the six month period ended January 31, 2019 was $10,074 compared to $205 during the six month period ended January 31, 2018. The cash provided is from interest earned on bank balances, which were considerably higher during the current period.

Net cash provided by financing activities during the six month period ended January 31, 2019 was $968,803 compared to $112,000 during the six month period ended January 31, 2018. The cash provided in the current period is from warrants being exercised; cash provided in the prior period was an advance from a related party.

Summary of Quarterly Results

(in accordance with IFRS)	Three Months Ended January 31, 2019	Three Months Ended October 31, 2018	Three Months Ended July 31, 2018	Three Months Ended April 30, 2018
	$	$	$	$
Total assets	914,998	893,160	1,831,568	145,622
Working capital deficiency	(4,294,667)	(4,955,774)	(4,212,752)	(5,517,444)
Shareholders' deficiency	(4,286,017)	(4,947,125)	(4,204,186)	(5,508,997)
Revenues	-	-	-	-
Net loss	709,173	742,461	408,170	106,456
Loss per share	0.03	0.03	0.03	0.00

(in accordance with IFRS)	Three Months Ended January 31, 2018	Three Months Ended October 31, 2017	Three Months Ended July 31, 2017	Three Months Ended April 30, 2017
	$	$	$	$
Total assets	101,304	102,187	107,605	141,931
Working capital deficiency	(5,410,631)	(5,312,605)	(5,195,367)	(5,032,314)
Shareholders' deficiency	(5,402,541)	(5,304,120)	(5,187,150)	(5,016,763)
Revenues	-	-	-	-
Net loss	98,421	116,970	170,387	261,042
Loss per share	0.00	0.00	0.00	0.00

Total assets has fluctuated depending on the timing of share proceeds being received (from private placements and warrants being exercised), and then spent. Funds raised by private placements were spent on the Yukon project. Cash advances received from a related party were generally spent on the Yemen project. Funds received from the exercising of warrants have generally been used to pay down the Company's debt. The significant increase in total assets as of July 31, 2018 stems from a $1,750,000 private placement which closed just before the July 31, 2018 quarter end; the flow-through funds raised were spent during the period ended October 31, 2018. During the January 31, 2019 quarter end, the Company received proceeds from the exercising of warrants; part of this was used during the quarter to repay debt, but some was retained for future purposes, resulting in higher assets.

The fluctuations in the net loss for the quarter ends is due to timing and extent of project costs. Net loss was comparatively higher for the periods ended October 31, 2018 and July 31, 2018 due to an active Yukon program. The net loss for the period ended January 31, 2019 are higher due to lab processing expenses, higher filing fees and preparations for the upcoming expanded Yukon program expected to occur in summer 2019.

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 January 31, 2019, the Company had cash of $878,791 (July 31, 2018 – $1,773,923) and a working capital deficit of $4,294,667 (July 31, 2018 – $4,212,752). Current market conditions may impact the Company's ability to raise further capital and fund ongoing operations.

The condensed consolidated interim 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 exploration of the Company's mineral properties, receive continued financial support, complete equity financings, and generate profitable operations in the future. As shown in the condensed consolidated interim 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 condensed consolidated interim 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 June 2018, the Company consolidated shares on a 10:1 basis.

In July 2018, the Company closed a private placement and issued 6,086,668 flow-through shares and 5,579,999 non-flow through units, both at $0.15 per share and unit; a full warrant for the purchase of a non-flow through shares was attached to each share and unit. Each full warrant is exercisable at $0.20 for a period of 36 months. The Company received $913,000 from flow-through proceeds and $837,000 in units proceeds.

In November and December 2018, 4,839,016 warrants were exercised for proceeds of $969,281.

Subsequent to January 31, 2019, the Company has closed the first two tranches of a private placement and issued 3,500,000 flow through shares and 8,986,000 non-flow through units, both at $1.00 per share and unit; a half warrant for the purchase of a common shares was attached to each unit. Each full warrant is exercisable at $1.50 for a period of 36 months, subject to an acceleration any time following four months from closing where the stock closes at or above $2.50 for 20 consecutive trading days.

Also subsequent to period end, the Company received gross proceeds of $21,000 upon the exercising of 105,000 warrants.

Off-Balance Sheet Arrangements

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

Related Party Transactions

During the three and six month periods ended January 31, 2019 and 2018, 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 recoveries) consist of the following amounts:

	Three month periods ended January 31,		Six month periods ended January 31,	
	2019	2018	**2019**	2018
Laboratory and mineralogical costs	**$ 48,929**	$ 11,309	**$ 63,834**	$ 59,334
Geological consulting fees	**79,656**	17,218	**144,382**	19,093
Shared field expenditures	**46,150**	7,590	**217,019**	37,351
Shared office and administrative costs	**19,123**	15,370	**38,810**	25,963
	$ 193,858	$ 51,487	**$ 464,045**	$ 141,741

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

	Three month periods ended January 31,		Six month periods ended January 31,	
	2019	2018	**2019**	2018
C.F. Mineral Research Ltd.	**$ 48,929**	$ 11,309	**$ 67,215**	$ 59,334
Element 29 Ventures Ltd.	**64,858**	19,137	**156,255**	15,915
Kel-Ex Development Ltd.	**70,896**	16,858	**225,685**	58,362
Metalex Ventures Ltd.	**9,175**	4,183	**14,890**	8,130
	$ 193,858	$ 51,487	**$ 464,045**	$ 141,741

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

The liabilities of the Company include the following amounts due to related parties; all balances are due on demand, unsecured and non-interest bearing:

	January 31, 2019	July 31, 2018
C.F. Mineral Research Ltd.	**$ 1,206,945**	$ 1,138,254
Element 29 Ventures Ltd.	**29,019**	59,879
Kel-Ex Development Ltd.	**3,862,746**	4,520,327
Metalex Ventures Ltd.	**2,543**	6,695
	$ 5,101,253	$ 5,725,155

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, in the amount of $3,649,000 (July 31, 2018 - $3,649,000). 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, reclamation bonds and trade and other payables and amounts due to related parties approximate their fair value at October 31, 2018 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.

As at January 31, 2019, the Company is exposed to currency risk relating to funds held in U.S. dollars, Euros and Yemen rials with a value of approximately $60,735 (July 31, 2018 – $49,300). The impact of a 5% change in the U.S. dollar, Euro and Yemen rials exchange rate to the Canadian dollar would not affect the decisions of the Company's operations plans.

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 of mineral property recoveries due from joint venture partners, a third party receivable 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. To date, the Company's only third party receivable has been collected in full.

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 condensed consolidated interim 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 condensed consolidated interim financial statements have been prepared in accordance with IFRS effective as of July 31, 2018.

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 14 *Regulatory Deferral Accounts*
- IFRS 15 *Revenue from Contracts with Customers*
- IFRS 16 *Leases*
- IFRIC 21 *Levies*
- IFRIC 23 *Uncertainly Over Income Tax Treatments*

Outstanding Share Data

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

As at March 26, 2019, the Company has outstanding 42,154,252 common shares, 1,112,667 stock options with a weighted average exercise price of $0.85 per share and 11,592,168 warrants with a weighted average exercise price of $0.72.