



## **CANTEX MINE DEVELOPMENT CORP.**

### **FORM 51-102F1 MANAGEMENT DISCUSSION AND ANALYSIS SIX MONTH PERIOD ENDED JANUARY 31, 2022**

The following Management Discussion and Analysis ("MD&A"), prepared as of March 3, 2022, of the results of operations and financial position of Cantex Mine Development Corp. (the "Company") for the six month period ended January 31, 2022 should be read together with the unaudited condensed consolidated interim financial statements for the six month period ended January 31, 2022 and related notes attached thereto, which are prepared in accordance with International Accounting Standards ("IAS") 24 – 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](http://www.cantex.ca) or on SEDAR at [www.sedar.com](http://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 in the Yukon where the Company has staked 1,075 claim blocks covering approximately 21,500 hectares. The Company also owns exclusive exploration licenses over a 1,583 square kilometer ("km<sup>2</sup>") area in the northwestern part of the Republic of Yemen. In Nevada, USA, the Company also has a 100% interest in 4 groups of gold exploration claims comprised of 86 claims.

#### **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***

In August 2020, the Company announced a private placement to raise \$5,000,000 in flow through proceeds. In a combination of flow through shares at \$1.70 per shares and charity flow through shares at \$1.90, the Company received proceeds of \$4,135,601 and issued 2,246,948 shares. The Company paid commissions of \$196,491 and other share issuance costs of \$40,738.

During the year ended July 31, 2021, the Company issued 5,765,834 shares upon the exercising of the same number of warrants; total proceeds received was \$1,153,166.

In October 2021, the Company received proceeds of \$4,200,000 from the issuance of 8,400,000 common shares, which were issued as units, comprising of one flow-through share and one-half non-flow through warrant. The Company paid commissions of \$203,400 and other share issuance costs of \$32,198 in conjunction with this deal. Proceeds from the private placement will be used for the North Rackla, Yukon project.

The reader is referred to the MD&A for the years ended July 31, 2021 and July 31, 2020 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*

In early 2011, the Company identified a 30,000 km<sup>2</sup> area of the Yukon, Canada that management felt was underexplored. 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<sup>2</sup> 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 addition, samples were also assessed for their base metal content.

Based upon the results of the regional heavy mineral sampling program, the Company staked eight claim blocks totaling 1,380 claims covering over 28,000 hectares in September of 2012. During the summer of 2013 an additional 1,275 hectares was staked, expanding the North Rackla claim block.

Also, during September 2012, a field program was completed which consisted of the collection of 1,386 heavy mineral samples were collected. The results of these samples outlined several areas 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 in 2013.

During the 2013 summer program at North Rackla 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 defined the "Discovery Sector" of the Massive Sulphide area.

During 2014 over 6,000 soil-talus samples were collected at North Rackla on infill lines to better define the previously detected anomalies.

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 defined 5 areas that are anomalous in gold and pathfinder elements.

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 Sector in the Massive Sulphide area. The Company drilled eight holes before shutting the program down in December. All eight holes intersected mineralization; however, this mineralization was oxidized due to the shallow depth of drilling. Selected results are 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° <i>Including</i> <i>and</i>	23.4	29.0	5.6	214.3	0.70	2.22	1.11	3.39
			24.8	25.15	0.35	242.0	0.22	29.66	2.49	2.80
			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° <i>Including</i>	24.0	28.6	4.6	101.7	0.32	2.38	1.35	2.85
			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	129°	-80°  <i>Including</i>  <i>Including</i>	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
			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
7	163°	-70° <i>Including</i>	44.8	45.8	1.0	90.6	0.02	10.20	9.42	4.50
			25.0	28.5	3.5	119.4	0.18	7.60	2.23	3.17
			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
8	162°	-50°	118.0	118.6	0.6	11.0	0.01	1.91	5.38	1.48
			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

From the middle of July to early September, 2018 the Company commenced a ten-hole drill program on the North Rackla project. 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. Deeper drilling on the Extension Zone of the Massive Sulphide returned exceptional results. These results 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
<i>Including</i>	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
<i>Including</i>	<i>123.35</i>	<i>129.00</i>	<i>3.24</i>	<i>207.5</i>	<i>0.06</i>	<i>7.43</i>	<i>40.24</i>	<i>1.76</i>
<i>and</i>	<i>131.00</i>	<i>131.80</i>	<i>0.46</i>	<i>322.0</i>	<i>0.02</i>	<i>15.60</i>	<i>47.38</i>	<i>0.28</i>
	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
<i>Including</i>	<i>184.40</i>	<i>186.40</i>	<i>0.85</i>	<i>158.0</i>	<i>0.04</i>	<i>6.93</i>	<i>37.65</i>	<i>2.26</i>
<i>and</i>	<i>190.40</i>	<i>192.40</i>	<i>0.85</i>	<i>475.5</i>	<i>0.03</i>	<i>24.49</i>	<i>13.73</i>	<i>3.80</i>
YKDD18-015	124.28	133.28	5.21	67.2	0.05	5.48	10.48	4.17
<i>Including</i>	<i>127.28</i>	<i>128.28</i>	<i>0.58</i>	<i>233.0</i>	<i>0.03</i>	<i>9.96</i>	<i>35.52</i>	<i>2.29</i>
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
<i>Including</i>	<i>107.27</i>	<i>109.27</i>	<i>1.03</i>	<i>272.0</i>	<i>0.14</i>	<i>22.94</i>	<i>31.29</i>	<i>1.17</i>
<i>and</i>	<i>111.27</i>	<i>112.77</i>	<i>0.78</i>	<i>210.0</i>	<i>0.07</i>	<i>14.37</i>	<i>29.15</i>	<i>2.20</i>

Based on the favourable results of 2018 the Company undertook an extensive drill program during 2019, with 139 holes totaling 38,174 metres drilled.

During the 2019 season an airborne magnetic survey was completed which shows a linear anomaly that correlates well with the mapped surface trace of the massive sulphide Main Zone and intercepts of the zone in drill core. Based on this geophysical interpretation, the massive sulphide Main Zone trend has potentially expanded by one kilometre, to 3.4 kilometres, of total strike length.

The survey also clearly defines a steeply dipping post-mineralization mafic dike swarm that cuts through the area running from Pads MZ7 to MZ13 (~300m of strike). This E-W trending mafic dike swarm intruded after the sulphides were emplaced and has digested and remobilized the zone in this segment, but the occurrence is localized.

As reported on September 5 and November 5, 2019, outside of the mafic dyke swarm heavy massive sulphides have been logged in two fans of five drill holes (all ten holes) from each of Pads, MZ3, MZ4, and MZ5. Highlights from this drilling are presented in the following table.

Drilling from pads MZ5 and MZ6 intersected heavy massive sulphides, the results of which are presented below.

Pad	Dip	Hole	From (m)	To (m)	Length (m)	True Width (m)	Silver (g/t)	Lead+Zinc (%)	Lead (%)	Zinc (%)	Copper (%)	Mn (%)	Comment
MZ5	-88	YKDD19-046	104.5	136.5	32.0	11.2	134.41	24.94	8.47	16.47	0.13	2.59	Fresh Sulphide
		<i>Including</i>	122.5	134.5	12.0	4.2	231.75	52.61	14.50	38.11	0.06	1.42	
MZ4	-45	YKDD19-059	No significant intervals										Oxidized
	-62	YKDD19-062	64.0	69.0	5.0	3.41	17.2	2.29	1.10	1.19	0.06	4.13	Fresh Sulphide
			104.0	104.5	0.5	0.34	73.4	16.91	5.21	11.70	0.03	0.38	
	-70	YKDD19-064	76.0	77.0	1.0	0.67	13.9	4.08	3.59	0.49	0.02	1.06	Fresh Sulphide
			80.8	87.1	6.3	4.22	40.8	4.75	1.88	2.87	0.09	4.44	
	-80	YKDD19-067	96.8	105.0	8.2	4.34	9.7	2.76	1.83	0.93	0.01	3.91	Fresh Sulphide
			120.0	122.4	2.4	1.27	302.0	14.24	13.25	0.99	0.87	2.37	
			188.3	197.8	9.5	5.03	62.9	12.75	6.22	6.53	0.01	1.67	
		<i>Including</i>	194.1	197.8	3.7	1.96	136.1	28.54	14.44	14.10	0.02	2.88	
	-89	YKDD19-068	166.0	167.0	1.0	0.23	40.2	6.49	3.12	3.37	0.02	2.49	Fresh Sulphide
			168.9	191.1	22.2	5.00	85.2	8.53	6.84	1.69	0.04	2.78	
		<i>Including</i>	171.4	174.1	2.7	0.61	267.0	30.78	29.69	1.09	0.08	1.86	
MZ3	-45	YKDD19-044	90.2	91.2	1.0	0.78	11.4	2.53	2.10	0.43	0.01	2.78	Oxidized
	-62	YKDD19-047	117.5	123.5	6.0	4.46	32.6	2.79	0.96	1.83	0.28	3.13	Oxidized
	-70	YKDD19-050	129.0	130.0	1.0	0.64	37.3	8.83	8.49	0.34	0.03	1.43	Fresh Sulphide
			140.0	141.5	1.5	0.96	94.2	0.50	0.30	0.20	0.19	2.43	
			157.3	160.3	3.0	1.93	99.5	14.34	9.81	4.53	0.08	2.68	
	-80	YKDD19-052	171.5	172.5	1.0	0.56	102.0	0.35	0.08	0.27	1.39	2.59	Fresh Sulphide
	-89	YKDD19-055	268.0	269.0	1.0	0.37	52.6	1.16	0.53	0.63	0.26	2.27	Fresh Sulphide
			319.0	320.0	1.0	0.37	51.2	8.10	4.91	3.19	0.03	1.55	
			321.1	322.2	1.1	0.41	15.1	5.84	5.37	0.47	0.01	0.64	
			346.9	348.9	2.0	0.75	30.7	13.90	6.79	7.11	0.03	3.55	

By late 2019 massive sulphides had been logged in drill core as far as 1,800m ENE of Pad 6, bringing the known mineralized trend up to 1,675m of strike (excluding the 300m dike swarm). Drilling from pads MZ32, MZ33 and MZ34 located 1,000 metres along strike from MZ6 has intersected similar massive sulphides. Highlights of drilling from these pads are presented below:

Pad	Dip	Hole	From (m)	To (m)	Length (m)	True (m)	Silver (g/t)	Lead + Zinc (%)	Lead (%)	Zinc (%)	Copper (%)	Mn (%)	
MZ 34	-45	YKDD19-153	144.1	146.45	2.35	2.09	1.64	2.28	0.07	2.21	0.01	0.31	
			171	171.5	0.5	0.45	3.16	3.25	0.87	2.38	0.01	0.73	
			186.5	188.7	2.2	1.96	23.92	5.85	4.11	1.74	0.07	0.78	
			210.9	214.1	3.2	2.85	166.47	4.37	0.71	3.66	1.98	2.69	
			227.15	227.95	0.8	0.71	1.12	3.44	0.08	3.36	0.01	0.38	
			229.15	230	0.85	0.76	1.73	2.69	0.02	2.67	0	0.26	
			233.4	234.4	1	0.89	60.4	12.59	4.94	7.65	0.32	1.43	
			237.15	238	0.85	0.76	0.59	3.01	0.01	3	0.01	0.2	
			240.1	241.6	1.5	1.34	0.61	1.41	0.04	1.37	0	0.36	
			300.25	303	2.75	2.45	5.24	4.86	1.05	3.81	0.01	0.18	
	-62	YKDD19-156	189.6	191	1.4	1.06	1.8	1.25	0.1	1.15	0.01	0.25	
			233.45	234.05	0.6	0.45	3.75	3.34	0.1	3.24	0.01	0.3	
			270.65	287.5	16.85	12.72	44.7	10.67	3.2	7.47	0.08	4.1	
			Including	272.8	283.5	10.7	8.08	62.58	15.83	4.9	10.93	0.06	5.02
			333.85	334.5	0.65	0.49	1.43	2.53	0.3	2.23	0.01	0.33	
			339.75	340.35	0.60	0.45	13.50	2.68	0.91	1.77	0.13	2.10	
MZ33	-45	YKDD19-144	148.6	149.5	0.9	0.79	21.1	7.22	2.39	4.83	0.08	1.74	
			152	155	3	2.65	7.82	2.42	0.38	2.04	0.02	3.82	
			172.3	176.2	3.9	3.44	129	1.8	0.42	1.38	1.35	3.43	
			185.6	186.3	0.7	0.62	3.83	1.55	0.37	1.18	0	0.87	
			228.85	233	4.15	3.66	10.14	13.12	0.68	12.44	0.04	4.5	
		-62	YKDD19-146	186.6	188.3	1.7	1.18	12.71	10.4	1.57	8.83	0.02	2.05
				218.8	220.2	1.4	0.97	0.8	1.34	0.08	1.26	0	0.64
				222.6	240.75	18.15	12.61	95.62	33.82	13.21	20.61	0.07	2.23
				351	352.55	1.55	1.08	137.1	26.12	21.32	4.8	0.35	1.65
				392.2	392.7	0.5	0.35	7.17	3.23	0.23	3	0.03	1.12
				412.25	413.6	1.35	0.94	53.79	4.75	2.73	2.02	0.53	4.64
				452.25	453	0.75	0.52	1.11	1.45	0.14	1.31	0	0.22
				113.9	114.6	0.7	0.59	3.61	1.26	0.1	1.16	0.04	1.11
					-70	YKDD19-149	149.3	149.9	0.6	0.34	3.87	1.7	0.03
223.25	224.8	1.55	0.89				13.69	9.01	1.23	7.78	0.02	0.16	
232.2	233	0.8	0.46				4.07	1.46	0.22	1.24	0	0.24	
235.7	240.1	4.4	2.52				12.08	8.71	0.29	8.42	0.02	0.34	
284.65	287.8	3.15	1.81				10.1	3.62	0.4	3.22	0.28	2.19	

			291	292.1	1.1	0.63	8.68	3.86	0.07	3.79	0.01	3.85
			335.3	337.6	2.3	1.32	5.34	2.54	0.25	2.29	0.01	2.4
			342	345.05	3.05	1.75	7.58	4.51	0.23	4.28	0.04	3.86
			375.95	377.4	1.45	0.83	5.93	2.55	0.27	2.28	0.03	2.09
			484.85	485.45	0.6	0.34	47	11.53	7	4.53	0.03	3.6
			490.8	493.4	2.6	1.49	91.32	9.03	3.29	5.74	0.37	3.44
	-80	YKDD19-155	351.8	352.35	0.55	0.28	10.3	0.19	0.06	0.13	1.21	2.38
			<b>353.15</b>	<b>364.8</b>	<b>11.65</b>	<b>5.83</b>	<b>38.14</b>	<b>11.41</b>	<b>3.37</b>	<b>8.04</b>	<b>0.22</b>	<b>2.68</b>
			<b>355.9</b>	<b>362.7</b>	<b>6.8</b>	<b>3.4</b>	<b>57.67</b>	<b>16.4</b>	<b>5.43</b>	<b>10.97</b>	<b>0.28</b>	<b>2.25</b>
		<i>Including</i>	420.7	421.75	1.05	0.53	5.72	3.35	1.11	2.24	0	0.41
MZ 32	-45	YKDD19-098	120.6	125.3	4.7	3.99	22.28	3.01	0.53	2.48	0.15	3.76
			134	141.2	7.2	6.11	13.39	5.24	1.58	3.66	0.03	4.55
			146.2	148.6	2.4	2.04	156.99	12.46	9.08	3.38	1.73	2.04
			150.2	152	1.8	1.53	6.5	3.03	0.05	2.98	0.01	1.22
			176.9	178.3	1.4	1.19	15.26	6.06	0.42	5.64	0.01	0.52
			183.7	184.3	0.6	0.51	1.96	1.73	0.25	1.48	0	0.37
			302	304.5	2.5	2.12	2.45	1.37	0.17	1.2	0.04	1.45
			307.8	308.6	0.8	0.68	2.94	1.78	0.33	1.45	0	0.25
			146.8	147.8	1	0.64	7.31	4.68	0.38	4.3	0.1	2.01
	-62	YKDD19-107	179.6	180.6	1	0.64	3.51	1.94	0.1	1.84	0.07	3.07
			181.1	182.5	1.4	0.9	22.46	15.92	0.76	15.16	0.1	3.07
			266.8	267.4	0.6	0.39	0.74	1.63	0.01	1.62	0	0.27
			408.9	413.4	4.5	2.89	8.88	8.44	0.27	8.17	0.02	0.3
			171	173	2	1.06	5.1	2.71	0.25	2.46	0.03	0.5
	-70	YKDD19-112	220.7	222.5	1.8	0.95	2.11	5.32	0.01	5.31	0.01	4.57
			224.9	226	1.1	0.58	9.03	2.32	0.78	1.54	0.04	1.65
			248.5	252.3	3.8	2.05	7.58	5.84	0.03	5.81	0.01	1.13
			253.3	254.4	1.1	0.58	4.52	4.29	0.01	4.28	0.01	0.39
			326	326.6	0.6	0.32	10.95	2	0.91	1.09	0.07	0.95
			467.4	468.4	1	0.54	2.08	1.16	0.16	1	0.01	0.53
			487.8	488.8	1	0.54	11.05	1.49	0.15	1.34	0.07	2.02
			493.6	494.2	0.6	0.33	318	1.62	0.36	1.26	1.55	1.86
			506	506.6	0.6	0.33	52.2	17.83	17.1	0.73	0.08	2.42
			104	105.5	1.5	0.56	5.01	2.76	0.34	2.42	0.01	0.09
	-80	YKDD19-117	308.1	318	9.9	3.71	5.59	2.36	0.04	2.32	0.08	3.08
			316	317	1	0.37	4.27	11.79	0.04	11.75	0.05	2.73
		<i>Including</i>	324	325	1	0.37	1.29	2.02	0.04	1.98	0.01	4.61
			348	350	2	0.75	3.26	1.83	0	1.83	0	2.32

In 2019 the Company commenced geological mapping of the Massive Sulphide area to assist in defining the controls of mineralization.

Work in 2020 at North Rackla commenced with follow up work on the 48 areas from which anomalous base and/or precious metal results had been returned from soil-talus sampling. This follow up work included in-fill soil talus sampling, prospecting and rock sampling. Several rock samples collected from areas anomalous in gold returned strong results as detailed in the Company's news release dated September 14, 2020.

The main focus of the 2020 program was drill testing the Main Zone of the Massive Sulphide Project, extending the previously discovered mineralization along strike and to depth. Drilling from pad MZ34 has yielded the deepest mineralization to date, where a -84 degree hole intersected 58.2 metres (23.67 metres true width) of 8.15% combined lead and zinc with 24 g/t silver. Within this there were several higher grade zones including a 4.62 metre (true width) zone which contained 19.24% lead-zinc with 67 g/t silver. This intercept is 700 metres below surface, showing the continuity of the mineralization to depth. Drilling from MZ51 extended the strike of the drill-confirmed Main Zone to over 2 kilometres, with 4.5 metres of massive to disseminated sulphides intersected between 68.0 and 78.2 metres depth.

Prospecting in 2020 discovered a train of massive sulphide boulders 500 metres southeast of the Main Zone. Initial sampling of six boulders averaged 281 g/t silver, 18.93% lead and 32.29% zinc. An initial drill hole was oriented at an azimuth of 225 degrees and inclination of -45 degrees and intersected strong silver-lead-zinc massive sulphides and vein mineralization between 68.95 and 80.30 metres which included 4.05 metres which assayed 130g/t silver, 7.25% lead and 32.14% zinc. This new discovery is called the GZ Zone. In addition, mineralization measuring 6.35 metres wide was cut while road building.

Prospecting during the 2020 season has also located several other significantly mineralized occurrences within the North Rackla claim block. These include six samples from anomaly G14 were collected along a 60 metre length and contained gold values between 0.84 and 24.40 g/t gold and also had moderately elevated values of silver, copper, lead and zinc.

Five samples collected over a 170 metre distance of anomaly B39. These 5 samples averaged 3,411 g/t silver and 2.73% copper.

Drilling of the Main Zone and GZ Zone continued in 2021. Drilling at the Main Zone has focused on extending the mineralization towards the northeast and also filling in between the Central Sector and Discovery Sector. Results from the first 14 holes were released on November 2, 2021. These results continue to demonstrate the continuity of the high-grade mineralization with highlights including hole YKDD21-186 intersecting 4.8m of 6.06% lead, 9.48% zinc and 43.37g/t silver and hole YKDD21-189 intersecting 13.7m of 4.38% lead, 6.41% zinc and 26.43g/t silver.

The first 2021 drill results for the GZ Zone were released on February 6, 2022 which included an intercept in hole YKDD21-209 of 3.7m of 47.5% zinc, 12.5% lead and 336g/t silver within a broad 16.05m interval of 19.2% zinc, 4.7% lead and 101g/t silver. Further down the hole a 9.1m of 12.8% zinc, 5.0% lead and 53g/t silver was intersected.

Limited drilling was also undertaken at Anomaly G66, where surface rock sampling returned samples averaging 10.45% copper and 32 g/t silver. Two holes were completed when the onset of winter conditions prevented further work at this location.

### Yemen

In December 2011, the Company entered into an agreement with Piedmont Lithium Limited ("Piedmont, formerly known as WCP Resources Ltd.) wherein Piedmont 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 Piedmont 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, Piedmont 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, Piedmont 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, Piedmont issued notice that it felt it had reached its 40% interest; the Company does not agree with this statement. In October, 2014, Piedmont gave additional notice that they would no longer be funding the project. Allocation of ownership of the project has not yet been finalized. In May 2021, the Company received notice from Piedmont that it had assigned its interest in Al Hariqah to Lantern Resources Pty Ltd, an affiliate and subsidiary of Piedmont.



In September 2014, the Company, in conjunction with Piedmont, 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<sup>2</sup> to 956 km<sup>2</sup>. 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/m<sup>3</sup>. 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 Piedmont 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.

As announced on December 16, 2020 Cantex commenced a drill program on its Nevada properties. Drilling of 14 reverse circulation holes at the Bruner property resulted in the discovery of a Nevada-style gold-arsenic-antimony system. The most significant intercept was 39.62m of 0.35g/t gold from surface in hole 733DH21013.

Drilling at the Weepah South property determined that the source of the conductive geophysical anomaly was graphite interbedded in the Paleozoic carbonate rocks. No further work is planned at Weepah South.

Analytical results are pending for the five drill holes completed at the Baxter Springs property. Preparatory work has been completed at the Carico Lake property and three holes totaling 1,100 metres are planned.

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, 2022, the Company has incurred cumulative losses of \$82,955,084 (July 31, 2021 – \$78,939,972) and has working capital of \$1,117,081 (July 31, 2021 – \$1,338,692). Cash flow from operations during the six month period ended January 31, 2022 was negative \$4,607,710 (2021 – negative \$5,010,754).

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, 2021	Year Ended July 31, 2020	Year Ended July 31, 2019
Total revenues	\$ -	\$ -	\$ -
Net loss	7,218,457	3,026,028	9,492,687
Basic and diluted loss per share	0.14	0.06	0.28
Total assets	3,251,092	6,730,541	13,214,205
Total liabilities	1,506,814	1,580,324	6,851,889

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, 2022

For the six month period ended January 31, 2022, the Company incurred a loss of \$4,015,112 (2021 - \$5,123,320). The decreased loss from the previous year is due to the size of the drilling programs in each period, as well as due to recovery of flow through premium.

Some of the significant expenses for the six month period ended January 31, 2022 are as follows:

Exploration expenses totaled \$3,987,973 (2021 - \$5,137,324) of which \$3,821,221 (2021 - \$4,453,569) were incurred in the Yukon, \$109,722 (2021 - \$133,653) were incurred in Yemen, and \$57,030 (2021 - \$550,102) in Nevada. Expenditures were higher for the Yukon in the prior year due to the 2020 summer/fall drilling program ending at a later date. The size of the drill program has been similar from 2020 to 2021. There has been no change to Yemen operations, resulting in similar expenses. Nevada costs were higher in the previous year due to a drilling program that commenced in December 2020 for the four properties the Company has; as at January 31, 2021, the Company had completed a substantial portion of this program. 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 \$62,579 (2021 - \$89,310) have decreased from the prior year. During the six month period ended January 31, 2021, the Company incurred consulting fees from a former director, as well as Part XII.6 tax incurred on the August 2019 flow through funds; these costs were not incurred during the current period. Professional fees of \$14,780 have remained consistent with those in the prior period (2021 - \$13,811). Transfer Agent and filing fees of \$23,671 (2021 - \$19,272) have increased due to the size and timing of the news releases issued in both periods.

Net cash used in operating activities during the six month period ended January 31, 2022 was \$4,607,710 compared to \$5,010,754, during the six month period ended January 31, 2021. Please refer to the condensed consolidated interim statements of cash flows in the financial statements for a breakdown of the operating activities.

Net cash used in investing activities during the six month period ended January 31, 2022 was \$124,125 compared to \$124,127 during the six month period ended January 31, 2021.

Net cash provided by financing activities during the six month period ended January 31, 2022 was \$3,964,402 compared to \$4,041,685 during the six month period ended January 31, 2021. The cash provided was from private placements done during the periods, as well as warrants being exercised.

## Summary of Quarterly Results

(in accordance with IFRS)	Three Months Ended January 31, 2022	Three Months Ended October 31, 2021	Three Months Ended July 31, 2021	Three Months Ended April 30, 2021
	\$	\$	\$	\$
Total assets	2,160,185	5,004,110	3,251,092	4,040,192
Working capital surplus	1,117,081	2,391,284	1,338,692	2,785,427
Shareholders' equity	1,400,568	2,734,797	1,744,278	3,251,822
Revenues	-	-	-	-
Net income (loss)	(1,486,510)	(2,691,294)	(1,258,377)	(836,760)
Income (loss) per share	(0.03)	(0.05)	(0.02)	(0.02)

(in accordance with IFRS)	Three Months Ended January 31, 2021	Three Months Ended October 31, 2020	Three Months Ended July 31, 2020	Three Months Ended April 30, 2020
	\$	\$	\$	\$
Total assets	5,046,370	7,786,343	6,730,541	7,328,237
Working capital deficiency	3,538,044	5,580,483	4,550,883	6,339,971
Shareholders' deficiency	4,068,582	6,156,259	5,150,217	6,664,331
Revenues	-	-	-	-
Net income (loss)	(2,147,677)	(2,975,643)	8,226,986	(1,004,069)
Loss per share	(0.04)	(0.06)	0.17	(0.02)

Total assets has fluctuated depending on the timing of share proceeds being received (from private placements and warrants being exercised), and then spent. Flow through funds raised by private placements were spent on the Yukon project. Other funds raised by private placements were used either for program expenditures or general operations. Funds received from the exercising of warrants have generally been used towards non-flow through eligible expenditures, such as the Yemen and Nevada projects, as well as for general working capital.

The Company raised \$4M in flow through funds in August 2020, which was used on the Yukon project. There was a flow-through premium recovery associated with this, which was included in Other income for the three month period ended July 31, 2020. The Company raised \$4M in flow through funds in October 2021, for funds to be used on the Yukon project. There was a flow-through premium associated with this; based on flow-through funds spent to January 31, 2022, a remaining flow-through premium liability was accrued and the recovery of the flow-through premium was included in Other income for the six month period ended January 31, 2022.

The fluctuations in the net loss for the quarter ends is due to timing and extent of project costs. The losses for the three month periods ended April 30 and July 31, 2020 include the start-up costs for the 2020 Yukon drill which ran until December, 2020, resulting in increased exploration expenditures. The three month period ended July 31, 2020 includes a \$9M recovery of flow through premium, resulting in income for that period. The losses for the three month periods ended October 31, 2020 and January 31, 2021 include costs for the 2020 Yukon drilling program, as well as costs for the winter Nevada program. The smaller loss for the three month period ended April 30, 2021 reflects the fact that there was not an active Yukon project and that the bulk of the Nevada project had been completed earlier in the year. The three month period ended July 31, 2021 includes the planning and start-up costs for the 2021 drilling program which ran until November 2021. The higher costs in the three month period ended October 31, 2021 reflect the Yukon drill activity that occurred throughout this entire period. The smaller net loss for the three month period ended January 31, 2022 reflects that the Company was actively exploring for only part of the period.

## 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, 2022, the Company had cash of \$1,350,533 (July 31, 2021 – \$2,117,966) and a working capital surplus of \$1,117,081 (July 31, 2021 – \$1,338,692). 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. 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 and warrants. 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 condensed consolidated interim 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 August, 2020, the Company announced and closed a private placement and issued 2,246,948 flow through shares at a price of \$1.70 per flow through share and \$1.90 per charity flow through share. Total proceeds received was \$4,135,601.

During the year ended July 31, 2021, 5,765,834 warrants were exercised for proceeds of \$1,153,166.

In October, 2021, the Company announced and closed a private placement and issued 8,400,000 flow through shares at a price of \$0.50 per unit, each unit comprised of one flow-through share and one-half warrant. Total proceeds received was \$4,200,000.

## Off-Balance Sheet Arrangements

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

## Related Party Transactions

During the six month periods ended January 31, 2022 and 2021, the Company had related party transactions with the following individuals and 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, as well as charging storage fees for project samples and supplies.
- 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, as well as providing exploration services such as equipment rentals.
- Element 29 Ventures Ltd. ("Element 29") - a private company owned by Cantex CEO, Chad Ulansky. Element 29 provides geological consulting services and equipment rentals to the Company.
- FourIrons Consulting ("FourIrons") - a private company owned by Cantex CFO, Jennifer Irons. FourIrons provides financial 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.

- Thomas Obradovich (“Obradovich”) - a director of the Company; Mr Obradovich resigned from the board effective May 18, 2021.

The Company’s related party expenses (net of recoveries) consist of the following amounts:

	Three month periods ended		Six month periods ended	
	January 31,		January 31,	
	2022	2021	2022	2021
Laboratory and mineralogical costs, including storage fees	\$ 145,038	\$ 166,797	\$ 226,020	\$ 236,038
Geological consulting fees	61,031	84,817	162,837	225,216
Consulting fees	11,375	13,075	24,325	36,700
Shared field expenditures	258,768	372,889	1,107,188	1,333,309
Shared office and administrative costs	8,332	8,049	15,749	17,791
	<b>\$ 484,544</b>	<b>\$ 645,627</b>	<b>\$ 1,536,119</b>	<b>\$ 1,849,054</b>

The Company’s related party expenses relate to the following related parties:

	Three month periods ended		Six month periods ended	
	January 31,		January 31,	
	2021	2020	2021	2020
C.F. Mineral Research Ltd.	\$ 145,038	\$ 166,797	\$ 226,020	\$ 236,038
Element 29 Ventures Ltd.	136,782	200,022	473,699	633,535
FourIrons Consulting	11,375	13,075	24,325	26,700
Kel-Ex Development Ltd.	180,951	257,025	791,703	925,687
Metalex Ventures Ltd.	10,398	8,708	20,372	17,094
Thomas Obradovich	-	-	-	10,000
	<b>\$ 484,544</b>	<b>\$ 645,627</b>	<b>\$ 1,536,119</b>	<b>\$ 1,849,054</b>

The above noted transactions represent amounts incurred or accrued, but not necessarily paid, during the periods indicated. The decrease in geological consulting fees and shared field expenditures is relates 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,	July 31,
	2022	2021
C.F. Mineral Research Ltd.	\$ 43,515	\$ 124,549
Element 29 Ventures Ltd.	11,273	168,925
FourIrons Consulting	3,229	2,966
Kel-Ex Development Ltd.	9,609	304,107
Metalex Ventures Ltd.	2,766	3,620
	<b>\$ 70,392</b>	<b>\$ 604,167</b>

## **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.

During 2020, there was a global outbreak of COVID-19 ("Coronavirus"), which has had a significant impact on businesses through the restrictions put in place by the federal and territorial governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the Coronavirus outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause supply chain disruptions, and staff shortages, all of which may negatively impact the Company's business and financial condition.

## **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 January 31, 2022 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, 2022, the Company is exposed to currency risk relating to funds held in U.S. dollars, Euros and Yemen rials with a value of approximately \$98,094 (July 31, 2021 - \$88,648). 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 a related 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 receivables have 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 13 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, 2021.

## **Outstanding Share Data**

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

As at March 3, 2022, the Company has outstanding 64,626,868 common shares, 1,846,000 stock options with a weighted average exercise price of \$2.40 per share and 9,991,500 warrants with a weighted average exercise price of \$1.14.