



# VIOR

## **Management's Discussion & Analysis For the Three-Month and Six-Month Periods Ended December 31, 2016 and 2015**

Any statement or reference to dollar amounts herein shall mean lawful money of Canada unless otherwise indicated.

### **Scope of management's financial analysis**

The following analysis should be read in conjunction with the unaudited condensed interim financial statements of Société d'Exploration Minière Vior Inc. (the "Company" or "Vior") and the accompanying notes for the three-month and six-month periods ended December 31, 2016 and 2015. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB"). The reader should also refer to the annual Management's Discussion and Analysis of financial position as at June 30, 2016, and results of operations, including the section describing the risks and uncertainties.

The information contained herein is dated as of February 28, 2017, date of the approval by the Board of the Management's Discussion and Analysis and the Financial Statements.

### **Forward-looking statements**

This document contains forward-looking information and statements, which constitute "forward-looking information" under Canadian securities law and which may be material regarding, among other things, the Company's beliefs, plans, objectives, estimates, intentions and expectations. Forward-looking information and statements are typically identified by words such as "anticipate", "believe", "expect", "estimate", "forecast", "goal", "intend", "plan", "will", "may", "should", "could" and similar expressions. Specific forward-looking information in this document includes, but not limited to, statements with respect to the Company's future operating and financial results, its exploration activities, its capital expenditure plans and the ability to execute on its future operating, investing and financing strategies.

These forward-looking information and statements, by their nature, necessarily involve risks and uncertainties that could cause actual results to differ materially from those contemplated by these forward-looking statements. We consider the assumptions on which these forward-looking statements are based to be reasonable, but caution the reader that these assumptions regarding future events, many of which are beyond our control, may ultimately prove to be incorrect since they are subject to risks and uncertainties that affect the Company. We disclaim any obligation to update any such factors or to publicly announce any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments, unless required to do so by a governmental authority or by applicable law.

### **Nature of activities**

The Company, which is governed by the *Quebec Business Corporations Act*, specializes in the acquisition and exploration of mining properties. It has not yet determined whether its mining properties contain ore reserves that are economically recoverable. Whether mining property costs can be recovered depends on the existence of

economically recoverable reserves, the Company's ability to obtain the financing necessary to continue exploring and developing the properties and enter into commercial production, or proceeds from the disposal of properties. The Company will have to raise additional funds periodically to continue operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

The Company is engaged in the exploration and development of quality mining properties in accessible, high-potential regions using advanced exploration techniques. Its mission is to identify and generate quality exploration projects, to develop them on its own or in partnership in order to enhance the value of its assets.

## **Exploration activities**

### **Summary of activities**

The following technical data have been verified by Marc L'Heureux, geologist and qualified person as defined by *National Instrument 43-101 – Standards of Disclosure for Mineral Projects*.

The Company's exploration expenses for the three-month period ended December 31, 2016, totalled \$11,390 (\$25,394 in 2015). The Company's cumulative exploration costs incurred during the six-month period closed on December 31, 2016 totalled \$20,840 (\$98,040 in 2015). During the current quarter, the Company was mostly active on the Big Island Lake property and consolidated its land positions on foothills and Big Island Lake properties. The level of spending was lower this current quarter compared to the comparative quarter of the previous year, as the Company focused most of its efforts on supervising work performed by its partner Iluka Exploration (Canada) Ltd ("Iluka") on the Foothills project.

### **Properties**

As at December 31, 2016, the Company held a portfolio of six mining properties in Quebec, covering more than 51,552 hectares (five properties totalling 37,167 hectares in 2015).

#### **Foothills property**

The Foothills property is 49% owned by the Company and consists of 714 map-designated claims divided into 4 claim blocks covering more than 41,248 hectares. It is located near Saint-Urbain, a historic iron-titanium mining camp located about 100 kilometres east of Quebec City.

During the quarter ended December 31, 2016, Iluka incurred a total of \$128,434 in exploration work, which mainly consisted of mapping, rock, soil and till sampling, as well as sample processing in laboratory and report writing of the 2016 field program.

The Foothills project covers the Saint-Urbain and Lac Malbaie anorthositic complexes, where a kilometre-scale train of rutile-rich ilmenite blocks and fragments was delineated by Vior in surficial glacial sediments during the 2014 and 2015 field programs. Ilmenite blocks which contain visually significant amounts of rutile yielded assay values for titanium dioxide (TiO<sub>2</sub>) ranging from 42.1% to 57.6%, with an average value of 52.5%. Glacial dispersal patterns in the area suggest the source of these blocks is proximal, located within a few kilometres' distance, either in the Saint-Urbain or Lac Malbaie anorthositic complexes or along the contact zones with gneissic country rocks.

During the quarter, the ground work were essentially concentrated in the claim blocks situated west of the main claim block, known as the Grand-Duc area. The field work aimed at characterizing the geology of the Lac Malbaie anorthositic intrusion as well as a follow-up on a newly discovered rutile-rich ilmenite block train. For that purpose, systematic sampling lines were completed to characterize the glacial signal of the rutile-rich blocks with the goal of finding their source.

During the quarter ended December 31, 2016, the Company also consolidated its land position on the Foothills property, expanding it from 617 to 714 map-designated claims. The new claims added to the project carry strong potential for rutile-rich mineralization. The processing of the samples was completed in January 2017 and the follow-up exploration program is being designed. It will include a high-resolution magnetic survey, as well as prospection and a tighter sampling follow-up of the Grand-Duc sector.

In the industry, most of rutile and ilmenite is processed into non-toxic titanium dioxide pigment for use in the manufacture of paints, plastics, paper, textiles, cosmetics and ceramics. Rutile is also used to produce titanium metal for use in the aerospace industry, surgical implants, and for motor vehicles and desalination plants.

### **Big Island Lake property**

The Big Island Lake property is 100% owned by the Company and consists of 90 contiguous claims covering a surface area of 4,935 hectares. It is located about 25 kilometres north of the village of Havre-Saint-Pierre, in the North Shore region of Quebec. These claims, which form the Big Island Lake property, are located in an area with strong potential for titanium mineralization, characterized by the presence of rutile. During the quarter, the Company has also consolidated its land position at Big Island Lake, going from 80 to 90 map-designated claims.

The Big Island Lake showing lies as an east-west oriented rutile-rich massive ilmenite horizon outcropping sporadically over a strike length of at least 280 meters. A first field visit in August 2016 confirmed the presence of rutile associated to ilmenite and three selected rock sampling returned titanium (TiO<sub>2</sub>) between 44.2% and 48.4%.

During the quarter ending December 31, 2016, a second field visit was done during which four rock channels totaling 45.1 meters were sampled over the mineralized horizon in order to better document the distribution of the rutile within the Big Island Lake massive ilmenite showing. The weighted average titanium and iron values for each channel are presented in the table below:

	From (m)	To (m)	Length (m)	TiO <sub>2</sub> (%)	Fe <sub>2</sub> O <sub>3</sub> (%)
Channel 1	1.4	9.4	8.0	39.2	51.0
Channel 2*	0	9.0	8.6	36.8	53.7
Channel 3	0	5.0	5.0	33.3	49.5
	10.8	18.5	7.7	41.6	51.3
Channel 4a	0	8.3	8.3	35.1	49.8
Channel 4b	0	2.2	2.2	45.2	49.2

\*a section of 0.4 meter could not be sampled on the outcrop

Rutile mineralization is present in every channel over a thickness varying from 1 to 6 meters with concentration ranging from traces to locally 15%. Rutile is systematically associated to massive ilmenite and disseminated rutile crystals can also be observed in anorthosite blocks and fragments trapped within the rutile-rich massive ilmenite mineralization.

Generally the presence of rutile in the ilmenite increases the TiO<sub>2</sub> content beyond 40% whereas the massive ilmenite without rutile shows a TiO<sub>2</sub> content varying from 30% to 39%. Historically, rock samples collected on other massive ilmenite showings on the project returned some TiO<sub>2</sub> values over 40% which could suggest the presence of rutile. A geological reconnaissance including a systematic sampling of titaniferous showings is planned for summer 2017 on the project.

### **Lac Nice property**

The Lac Nice property is comprised of 4 map-designated claims located 25 kilometers north-east of the village of St-Urbain, in the Charlevoix region of Quebec. It hosts of a gold and platinoid showing known as Lullwitz-Kaeppli.

According to the Ministry's historic files the Lullwitz-Kaeppli showing appears as a series of at least 10 elongated veins and dykes mineralized in gold, platinoids and other metals. The width varies from 30 centimeters to 4.5 meters and can be followed up over a distance of 30 meters. The mineralized bodies are laid out parallel to each other and crosscut impure quartzite and quartz diorite. They are composed of quartz, hornblende and tourmaline in variable proportions and the disseminated mineralization contains gold and iridium to which small amounts of cesium, zirconium and gallium are associated. Selected samples returned results as follow: 27.44 g/t Au and 10.63 g/t Ir, 21.27 g/t Au and 8.92 g/t Ir (source: GM 11551).

Reconnaissance and sampling work are planned to be undertaken in summer 2017.

## Other properties

No exploration work was conducted on the Vezza-Noyard, Ligneris and Domergue properties during the current quarter.

## Outlook

The Company has a sound financial position and management continues to ensure and monitor the progress of ongoing projects, while maintaining its prudent approach to preserve the treasury during this period where financial market conditions for the mineral exploration industry remain fragile.

The Company is currently seeking partners to finance future exploration work on its portfolio of projects, and is also evaluating several other external opportunities to enhance the value of its assets. This is an ongoing process and discussions were undertaken and continue with potential partners.

## Selected financial information

	Results for the Three-Month Period Ended December 31,		Results for the Six-Month Period Ended December 31,	
	2016 \$	2015 \$	2016 \$	2015 \$
Revenues	44,757	2,182	237,914	5,346
Share of net loss of an associate	-	(30,734)	-	(30,734)
Expenses	206,360	113,337	365,748	197,762
Deferred tax	(57,115)	(24,864)	95,908	(24,864)
Net earnings (net loss)	(218,718)	39,115	(31,926)	(42,146)
Basic and Diluted net earnings (net loss) per share	(0.007)	0.002	(0.001)	(0.002)

## Results of operations

Revenues for the three-month period ended December 31, 2016 totalled \$44,757 compared to \$2,182 for the same period of the previous year. For the six-month period ended December 31, 2016, revenues totalled \$237,914 compared to \$5,346 for the same period in 2015. Since February 2016, the Company has been receiving management fees for the Foothills project. Following the settlement of a dispute with Aurvista Gold Corp., the Company received \$120,000 in compensation.

During the three-month period ended December 31, 2016, expenses increased to reach \$206,360 compared to \$113,337 for the corresponding period of the previous year. For the six-month period ended December 31, 2016, expenses totalled \$365,748 compared to \$197,762 for the same period in 2015. The significant variations of expenses come from salaries and fringe benefits, professional and maintenance fees, rent and office expenses, as well as search for mining properties.

The increase of \$46,336 in salaries and fringe benefits during the current year comes mainly from the portion of salaries and fringe benefits that wasn't capitalized in the Foothills project, which we operate on behalf of our partner Iluka.

The increase of \$76,171 in professional and maintenance fees during the current year comes mainly from a new agreement signed with a consulting firm.

The increase of \$11,436 in rent and office expenses during the current year comes mainly from the construction of a new website.

The increase of \$28,352 in search for mining properties during the current year comes mainly from the intensification of research into new projects.

During the current quarter, the Company abandoned two claims of its Foothills property for \$1,128.

The Company's share in the results in an associate is accounted for and presented in the Company's financial statements with a maximum delay of one quarter depending on the availability of Aurvista's financial information at the time of the release of the Company's financial statements. Since the Company ceased to exercise significant influence over Aurvista on November 3, 2015, the Company no longer has to recognize its share of net loss of an associate.

On November 3, 2015, the Company ceased to exercise significant influence over Aurvista and reclassified its investment in an associate under "short-term investment". This reclassification is considered a deemed disposal and generated a gain of \$205,868.

The deferred tax recovery of \$95,908 recorded in the current year mostly resulted from the unrealized gain of an available-for-sale short-term investment.

### Other information

	Statements of financial position as at	
	December 31, 2016 \$	June 30, 2016 \$
Short-term investment	3,729,083	2,896,012
Mining properties	637,680	619,629
Total assets	5,877,799	4,722,851
Equity	5,833,152	4,566,599

Since its incorporation, the Company has never paid cash dividends on its outstanding common shares. Any future dividend payment will depend on the Company's financial needs to fund its exploration programs, its future growth, and any other factor that the Board of Directors deems necessary to consider in the circumstances. It is possible that a dividend will be paid in the near future.

### Liquidity and financing

During the six-month period ended December 31, 2016, cash flows used in operating activities totalled \$147,816 compared to \$161,726 for the preceding year. This difference is primarily attributable to changes in tax credits for mining exploration and commodity taxes receivable, in other amounts receivable as well as accounts payable and accrued liabilities.

Cash flows from financing activities include the issuance of shares under private placements and the exercise of warrants and stock options. During the six-month period ended December 31, 2016, 7,400,000 shares were issued under a private placement for a total consideration of \$740,000. These funds are in addition to working capital. During the six-month period ended December 31, 2015, 555,555 shares were issued under a private placement for a total consideration of \$50,000. These funds are for exploration purposes. No exercise of stock options and warrants took place during the periods closed on December 31, 2016 and 2015.

The Company's investing activities consist mainly of acquisition of mining properties, capitalization of exploration costs as well buying and selling of short-term investments.

The Company is entitled to a credit on duties refundable for loss of 8% under the *Mining Duties Act* and a refundable tax credit for resources, which may reach 31% under the *Quebec Income Tax Act*. Those credits are calculated on qualified exploration expenditures incurred in the province of Quebec. Acquisition of mining properties and capitalization of exploration work required disbursements of \$86,417 for the six-month period ended December 31, 2016 and of \$159,632 for the six-month period ended December 31, 2015. During the period ended December 31, 2016, the Company received \$15,825 in a credit on duties refundable for loss and \$30,586 in a

refundable tax credit for resources. In November 2016, the Company acquired a short-term investment for an amount of \$120,000.

It is management's opinion that the working capital available as at December 31, 2016 will cover all current expenses for at least the next 12 months.

### **Quarterly information**

The information presented hereafter details total revenues, net income (net loss), and net earnings (net loss) per participatory share over the last eight quarters.

Quarter end	Total revenues	Net income (Net loss)	Net earnings (net loss) per share	
			Basic	Diluted
12-31-2016	44,757	(218,718)	(0.007)	(0.007)
09-30-2016	193,157	186,792	0.006	0.006
06-30-2016	60,562	70,591	0.003	0.003
03-31-2016	10,140	(73,339)	(0.003)	(0.003)
12-31-2015	2,182	39,115	0.002	0.002
09-30-2015	3,164	(81,261)	(0.004)	(0.004)
06-30-2015	3,522	(712,879)	(0.032)	(0.032)
03-31-2015	11,966	301,786	0.013	0.013

### **Analysis of quarterly results**

As the Company's business is mining exploration, it receives no income from operations. Quarterly changes in interest income trend with working capital. Fees invoiced to partners vary according to agreements and budgets in connection with these agreements. There is no trend to be observed.

### **Contractual obligations**

There was no material change in the Company's contractual obligations during the quarter.

### **Off-balance-sheet arrangements**

The Company has no off-balance-sheet arrangements.

### **Related party transactions**

The Company entered into the following transactions with companies owned by directors:

	Three-Month Period Ended December 31,		Six-Month Period Ended December 31,	
	2016	2015	2016	2015
	\$	\$	\$	\$
Incurred expenses capitalized in mining properties	-	1,285	-	7,010
Rent and office expenses	4,950	4,950	9,900	9,900
Search for mining properties	-	200	-	377
	4,950	6,435	9,900	17,287

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Incurring expenses capitalized in mining properties and the search for mining properties consist mainly of fees related to exploration as well as services provided by a company owned by a director of the Company. Rent and office expenses are issued from renting office space.

### **Carrying value of mining properties**

At the end of each quarter, an analysis of exploration work is done on every property to evaluate its potential. Following this analysis, write-offs are made if deemed necessary.

### **Change in accounting policies**

Please refer to the appropriate section of the financial statements included in our 2016 Annual Report for a complete description of our accounting policies. There has been no significant change in the Company accounting policies and estimates since June 30, 2016.

### **New interpretation adopted during the year**

The Company has adopted the following interpretation that has been applied in preparing these financial statements. These changes were made in accordance with the applicable transitional provisions.

#### *IAS 1, Presentation of financial statements ("IAS 1")*

In December 2014, the IASB issued amendments to IAS 1, *Presentation of financial statements*. These amendments clarify guidance on how to exercise professional judgment in determining the extent and structure of disclosures in financial statements. Since IAS 1 is a presentation standard, the amendments thereto, which are effective for annual periods beginning on or after January 1, 2016, have no impact on the Company's profit or loss or financial position.

### **New accounting standards not yet adopted**

The Company has not yet adopted certain standards, interpretations to existing standards and amendments which have been issued but have an effective date of later than December 31, 2016. Many of these updates are not relevant to the Company and are therefore not discussed herein.

#### *IFRS 9, Financial instruments ("IFRS 9")*

In July 2014, the IASB issued the final standard on financial instruments on the classification and measurement, impairment and hedge accounting, to replace IAS 39 *Financial instrument: recognition and measurement*. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 and this standard should be adopted on a retrospective way. The Company is currently evaluating the impact of adopting this standard.

#### *IFRS 15, Revenue from contracts with customers ("IFRS 15")*

In May 2014, the IASB issued IFRS 15 *Revenue from contracts with customers*. The objective of this new standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability. This new standard contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. This new standard is effective for annual periods beginning on or after January 1, 2018. Early adoption is permitted. The Company is currently evaluating the impact of adopting this standard.

IFRS 16, *Lease* ("IFRS 16")

This new standard published by the IASB in January 2016, establishes principles for the recognition, measurement and presentation of the leases and the disclosures about them, points of view lessee and the lessor. For accounting of the customer, there will now only one model, which requires the recognition of all assets and liabilities arising from lease contracts. This standard is effective for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of adopting this standard.

### **Disclosure of outstanding share data**

The Company is authorized to issue an unlimited number of common shares without par value. As at February 28, 2017, 30,659,901 shares were outstanding.

The Company has a stock option plan under which stock options may be granted up to a maximum of 2,270,434. As at February 28, 2017, 2,055,000 stock options were outstanding. Their expiry dates vary from November 1, 2020 to May 26, 2025.

Also as at February 28, 2017, 7,838,889 warrants were outstanding. Their expiry date vary from July 20, 2017 to July 31, 2017.

### **Risk factors and uncertainties**

There have been no significant changes in the risk factors and uncertainties the Company is facing, as described in the Company's annual Management's Discussion and Analysis as at June 30, 2016.

### **Additional information and continuous disclosure**

This Management's Discussion & Analysis is dated February 28, 2017. The Company regularly provides additional information through press releases, material change reports, financial statements, and information circulars on SEDAR ([www.sedar.com](http://www.sedar.com)).

*(signed) Claude St-Jacques*

\_\_\_\_\_  
President and CEO

*(signed) Gaétan Mercier*

\_\_\_\_\_  
Chief Financial Officer