



# VIOR

## Management's Discussion & Analysis For the Year Ended June 30, 2017

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 annual audited financial statements of Société d'Exploration Minière Vior Inc. (the "Company" or "Vior") and the accompanying notes for the years ended June 30, 2017 and 2016. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

### 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 is 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, and 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 year ended June 30, 2017, totalled \$76,039 (\$110,610 in 2016). During the current year, the Company was mostly active on the Foothills, Big Island Lake as well as the new Mosseau gold project, located near Lebel-sur-Quévillon. Expenses incurred during the current year were lower than the prior year as the Company devoted most of its efforts to the Iluka Exploration (Canada) Ltd's ("Iluka") work on the Foothills project.

### **Properties**

As at June 30, 2017, the Company held a portfolio of seven mining properties in Quebec, covering more than 60,980 hectares (five properties totalling 36,317 hectares in 2016). During the current year, the Foothills project area almost doubled and the Mosseau and Lac Nice gold projects were added to the Company's portfolio.

### **Foothills Property**

The Foothills property is held 49% by the Company and consists of 840 map-designated claims divided into 3 claim blocks covering more than 47,306 hectares. It is located near the town of Saint-Urbain, a historic iron-titanium mining camp located about 100 kilometres east of Quebec City.

During the fiscal year ended June 30, 2017, our partner Iluka incurred a total of \$504,280 in exploration work, which mainly consisted in an aeromagnetic survey, ground gravity surveys, mapping, mechanical stripping of outcrops, as well as rock and sediment sampling programs.

Outcrop stripping using a mechanical shovel was carried out on the Boudreau massive ilmenite prospect and on two other gravity anomalies located a few kilometres to the south. As a result, mineralization was exposed over several tens of metres on the Boudreau prospect and the geological setting associated with the mineral occurrence was characterized, which may prove particularly useful in future exploration efforts. The two anomalies to the south could not be explained, possibly indicating that the target is deeper than anticipated.

Reconnaissance and follow-up fieldwork on geophysical anomalies continued during the year, mainly focusing on aeromagnetic anomalies. This work led to the discovery of a new massive ilmenite showing, dubbed Ivanov, exposed over an area of roughly 5 metres by 20 metres. The same type of field effort also led to the discovery, in June 2016, of the Blanchet massive ilmenite showing located in the northern part of the property, also similar in size to the Ivanov occurrence.

Later in the summer of 2016, fieldwork focused on the claims located further west, in the Grand-Duc area. The objective was to characterize the geology of the Lac Malbaie anorthositic intrusion in this area and follow up a new train of rutile-rich ilmenite blocks. To this end, systematic sampling was carried out along grid lines, in order to characterize the glacial signature of rutile-rich blocks and locate their source.

Ground gravity surveys continued through August 2016 on the main claim block of the Foothills property, mainly in the vicinity of the rutile-rich glacial dispersal train as well as on selected aeromagnetic anomalies. Gravity readings were taken at a total of 1,048 stations on 26 lines totalling 48 line kilometres during the quarter. All of the gravity anomalies defined during the survey were followed up in the field. Some were partly explained, whereas others will need to be further tested by stripping or drilling.

In the winter of 2017, our partner Iluka conducted a high-density helicopter-borne magnetic survey over a 200-square-kilometre area in the western part of the Foothills project. This work was carried out by consulting firm Novatem, from Mont-Saint-Hilaire, Quebec. The survey covered a new group of claims acquired by map designation in the western extensions of the Foothills property, where a higher density of larger and more angular blocks of rutile-bearing ilmenite (also known as urbainite) was discovered. Field reconnaissance work carried out in 2016 identified numerous urbainite boulders over a 30-kilometre-long glacial dispersal fan that encompasses the Saint-Urbain and Lac Malbaie anorthositic complexes. The area surveyed is located mostly within the Lac Malbaie anorthositic complex, to the west of the Saint-Urbain anorthosite. Data acquired from the magnetic survey will aid in measuring variations in the magnetic response of titanium-rich, rutile-bearing ilmenite mineralization versus anorthositic rocks.

The instrumentation used for the survey is a Colibri magnetic gradiometer system provided by Novatem Inc. Flight lines were surveyed at a 150-metre spacing covering an approximate area of 200 km<sup>2</sup>, for a total of 1,500 line kilometres.

During the quarter ended June 30, 2017, a comprehensive follow-up field program involving sampling and mapping was undertaken to follow up on existing till anomalies and magnetic targets generated during the winter 2017 magnetic survey. During the fiscal year, the Company also consolidated its land position on the Foothills property, expanding the property from 478 to 840 map-designated claims.

The Foothills project covers the Saint-Urbain and Lac Malbaie anorthositic complexes, where kilometre-scale trains of rutile-rich ilmenite blocks and fragments were delineated by Vior in surficial glacial sediments during the 2014 and 2015 field programs. Ilmenite blocks which contain visually significant amounts of rutile minerals 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 anorthositic complex or along its contact with gneissic country rocks.

This work led to the discovery of two new massive ilmenite occurrences, the Boudreau and Blueberry Lake showings, as well as the discovery of more than 50 new blocks and fragments of rutile (TiO<sub>2</sub>)-enriched ilmenite (Fe<sub>2</sub>TiO<sub>3</sub>) on the property. These discoveries are the result of a follow-up field campaign, announced in a press release dated June 2, 2015, focusing on magnetic targets defined during a helicopter-borne high-resolution magnetic survey conducted in the winter of 2015.

On March 9, 2016, the Company announced the execution of an option and joint venture agreement with Iluka, a wholly-owned subsidiary of Iluka Resources Limited (ASX: ILU), one of the largest producers of high-grade titanium dioxide products of rutile and synthetic rutile. Iluka has the option to earn an undivided interest in the Foothills property. Under the terms of the agreement, Iluka may earn an initial 51% interest (the First Option) in the Foothills property by incurring exploration expenditures totalling \$400,000 during the first year of the agreement. Iluka may then elect to increase its interest to 90% (the Second Option) over another two-year period, by incurring an additional \$2,100,000 in exploration expenditures before March 31, 2019. On August 25, 2016, the Company amended the agreement, as described in note 7a of the financial statements.

In the industry, most rutile and ilmenite is processed into non-toxic titanium dioxide pigments 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.

## **Mosseau Property**

During the fiscal year, the Company acquired the Mosseau project, which consists of 53 claims totalling 33 square kilometres, located 22 kilometres east of the town of Lebel-sur-Quevillon, in the Abitibi region of Quebec. The Company also has the option to acquire 15 additional claims before June 20, 2018.

The Mosseau project is considered to be highly prospective due to the presence of a historic mineral resource of 317,700 tonnes grading 3.4 g/t gold known as the Morono "M zone" (Internal report: Les Mines Morono, by Guy J. Hinse, P.Eng., 1992), as well as several gold showings and drill intercepts associated with shear zones that can be traced over a strike length of more than 10 kilometres on the project. The Morono "M zone" resource is historical

and was not prepared under National Instrument 43-101, nor verified and classified by a qualified person. Vior does not consider this estimate to be a current mineral resource under the NI 43-101 designation.

Gold mineralization on the project is associated with shear zones mostly oriented parallel to the northwest/southeast-trending stratigraphy, at or near the contact between intrusive rocks of the Wilson pluton and volcanic rocks to the south. Mineralization at the Morono “M zone” appears in quartz-sericite schists with disseminated pyrite along a continuous 950-metre-long shear zone of 5 to 15 metres in thickness. All historical drill holes at the Morono “M zone” intersected the shear and the zone remains open at depth with the deepest drill intercept at 270 metres grading 4.42 g/t gold over 5.84 metres (true width, hole M4-88; Ministry’s Assessment Report GM47624).

A series of parallel shear zones located several hundred metres away from the “M zone”, referred to as the “R, P and S zones”, returned drill intercepts respectively grading up to 1.7 g/t gold over 1.04 metre (Ministry’s Assessment Report GM47624, 1988), 138 g/t gold over 0.46 metre (Breton, 1987), and 17.5 g/t over 0.91 metre (Ministry’s Assessment Report GM47624, 1988) (Note: the Company has not verified this information but considers the information relevant). Two kilometres to the south, the Kiask River fault zone is oriented parallel to shear zones in the Morono area and hosts gold showings grading up to 12.1 g/t gold (Tremblay, 2016). Limited work to date has exposed the Kiask zone over a width of at least 12 metres.

The Mosseau project was acquired partially by the map designation of 42 claims, the purchasing of 11 claims in consideration of a cash payment of \$5,000, and the signing of two option agreements to acquire 100% interest in 15 claims.

On March 20, 2017, the Company signed a purchase agreement with Ressources Tectonic Inc., 3421856 Canada Inc. and Alphonse Beaudoin on the Mosseau property, located east of Lebel-sur-Quevillon in Quebec. Under this agreement, the Company has the option to acquire 100% interest in 15 claims on the Mosseau property over a period of 15 months from the date of execution, in consideration of a cash payment of \$90,000 and shares of the Company for a total value of \$65,000 within a period of 5 days following approval of the Exchange, and an additional cash payment of \$60,000 and shares of the Company for a total value of \$65,000 at the end of the option period. As at June 30, 2017, the Company had paid \$90,000 in cash and issued shares of the Company for a total value of \$65,000. These claims are subject to a 2% NSR royalty, half of which may be bought back at any time.

Vior launched an exploration program on the Mosseau property in July 2017. The program involves geological reconnaissance and prospecting with rock sampling, as well as an induced polarization survey to test a 6-kilometre-long horizon. Fieldwork will continue until the end of August, in preparation for a drilling campaign planned for the fall of 2017.

### **Veza-Noyard Property**

The Veza-Noyard property is located 25 kilometres south of Matagami, in NTS sheet 32F12. The property is 100% owned by Vior and consists of one block totalling 10 claims and covering a surface area of 203 hectares.

The Veza-Noyard property is located less than 300 metres southeast of the Veza gold deposit. According to the most recent mineral resource estimate published by Maudore Minerals on March 22, 2013, indicated and measured resources are estimated at 261,000 ounces of gold at a grade of 6.5 g/t (based on a cut-off grade of 4.2 g/t gold), and inferred resources are 68,540 ounces at a grade of 4.9 g/t (based on a cut-off grade of 3.0 g/t gold) (NI 43-101 report by GeoPointCom, 2012).

Osisko Gold Royalties (“Osisko”) acquired in the fall of 2015 a 5% Net Smelter Return (NSR) royalty and a 40% Net Profit Interest (NPI) royalty on the Veza gold property held by Nottaway Resources Inc. for a total acquisition price of \$10 million. In its MD&A report for the quarter ended June 30, 2016, Osisko reported that mining operations were currently ramping up at the Veza mine and that Osisko had received its first royalty payment during the second quarter of 2016.

According to a NI 43-101 technical report on the mineral resource estimate for the Veza mine prepared by Scott Wilson RPA and dated April 2, 2010 (source: www.sedar.com), gold distribution in the Contact zone at the Veza mine shows that the zone remains open down plunge to the southeast. This suggests the Contact zone may extend

onto the Vezza property held by Vior. The report also mentions that part of the underground openings on the 650-m level at the Vezza mine is located within Vior's Vezza property.

The Vezza-Noyard property lies in the north-central part of the Archean Abitibi Subprovince. The regional Casa Berardi – Cameron deformation zone, which separates sedimentary rocks of the Taibi Domain to the north from volcanic rocks of the Cartwright Domain to the south, crosses the property from east to west. This deformation zone hosts several gold deposits including Casa Berardi, Douay, Vezza and Discovery. The Noyard gold showing in the northern part of the property consists of a gold-bearing drill intercept grading 1.2 g/t Au over 3 metres, hosted in a mineralized breccia containing 5% to 30% pyrite (SOQUEM drill hole #1132-03-04).

The Company is currently looking for a partner to fund future exploration programs on the project, in particular a follow-up drilling campaign to test the extensions of the Vezza mine.

### **Big Island Lake Property**

The Big Island Lake property is 100% owned by the Company and consists of 95 contiguous claims covering a surface area of 5,208 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 fiscal year, the Company also consolidated its land position at Big Island Lake, going from 90 to 95 map-designated claims.

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

In October 2016, a second field campaign was undertaken to better document the distribution and grade of rutile mineralization. Samples were collected along four channels cross-cutting the mineralized horizon and totalling 45.1 line metres. The weighted average grades in titanium and iron for each channel sample are listed in the following table:

	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 metres could not be sampled on the outcrop

Rutile mineralization is present in every channel over a thickness varying from 1 to 6 metres with concentrations ranging from trace to locally 15%. Rutile is systematically associated with 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.

No fieldwork was carried out on the project in the quarter ended June 30, 2017. The Company is currently considering the possibility of joining forces with a partner to fund future exploration work on this project.

## **Ligneris Property**

The Ligneris property consists of 94 claims totalling 3,620 hectares held 100% by the Company. It is located approximately 80 kilometres north of the LaRonde mining complex and 100 kilometres northeast of the city of Rouyn-Noranda.

The last exploration campaign on Ligneris was carried out in November 2013. At the time, the Company completed some mapping and rock sampling. Exploration work focused mainly on the extensions of known mineralized zones and along geophysical anomalies. Assay results from 130 rock samples collected in the field confirmed the presence of mineralized zones.

Three mineralized areas, known as the North, Central and South areas, are known in the central part of the property, based on drilling campaigns carried out by Placer Dome in 1989-1990. The North area hosts gold, silver and zinc, associated with quartz veins injected in graphite and pyrite-rich chert. The Central area consists of several distinct zones with a lateral continuity reaching 200 to 300 metres. Gold and zinc values include 4.05 g/t Au and 3.2% Zn over 0.5 metres, in quartz veins with high pyrite content and a few stringers of sphalerite. Resampling of several holes drilled by Barrick Gold in 1997 yielded a number of interesting gold values, with grades of 6.5 g/t Au over 3.9 metres, 4.8 g/t Au over 2.4 metres and 4.1 g/t Au over 1.6 metres.

The Company is currently looking for a partner to fund more substantial exploration work on this project in the future.

## **Domergue Property**

The Domergue property is located 120 kilometres north of the Chibougamau mining camp and consists of 27 contiguous mining claims covering a surface area of 1,111.4 hectares. It is held 50% by Vior and 50% by SOQUEM Inc., which is also project operator. The Domergue property has strong potential for the discovery of volcanogenic massive sulphide (VMS) deposits.

The property lies within the Frotet-Evans volcano-sedimentary belt, which hosts the former Troilus gold mine (71.2 Mt @ 0.11% Cu and 1 g/t Au) and several VMS deposits, including the Tortigny deposit (a NI 43-101 technical report on the resource estimate for the deposit is pending). Other VMS deposits include the De Maurès lens and the Lessard deposit (inferred resource of 740,000 t @ 1.88% Cu, 3.5% Zn, 38.62 g/t Ag and 0.84 g/t Au), respectively located 3 kilometres south and 10 kilometres southeast of the property.

The Domergue property contains several areas of interest that correspond to different conductors occurring along favourable horizons with sulphide stringers (pyrrhotite and chalcopyrite). Anomaly E, which constitutes the main showing on the property, was discovered in 1988 by SOQUEM. Drill holes targeting “Input” anomalies returned 17.4% Zn and 2.4% Cu over 0.1 metre (drill hole 038-88-01). Six additional holes (1,220 metres) drilled in 1995 and 1996 demonstrated the continuity of the favourable horizon to a vertical depth of 240 metres, with zinc and copper values that included 4.1% Zn, 3% Cu and 30 g/t Ag over 1 metre (drill hole D95-02). Anomaly C is associated with an intermediate tuff horizon enriched in zinc, with 2.6% Zn over 3 metres obtained in hole D95-05.

In the winter of 2006, an InfiniTem survey was carried out over 8 line kilometres and the results defined four anomalies that remain untested.

During the fiscal year, no fieldwork was carried out and no field program is planned in the near future.

## **Lac Nice Property**

The Lac Nice property consists of 4 claims located 25 kilometres northeast of the town of Saint-Urbain, in the Charlevoix region of Quebec. It hosts the Lullwitz-Kaeppli gold and platinoid showing.

According to the Ministry’s historic files, the Lullwitz-Kaeppli showing appears as a series of at least 10 elongated veins or dykes mineralized in gold, platinoids and other metals. Their width varies from 30 centimetres to more than 4.5 metres and they can be traced over a distance of 30 metres. The mineralized bodies are laid out parallel to one

another and crosscut impure quartzite and quartz diorite units. They are composed of variable proportions of quartz, hornblende and tourmaline, and the disseminated mineralization mainly consists of gold and iridium, to which small amounts of cesium, zirconium and gallium are associated. Selected samples returned results as follows: 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 work and sampling of outcrops are planned for the summer of 2017.

## Outlook

The Company is in a good financial position and its executives ensure the progress and follow-up of ongoing projects while maintaining prudential measures to preserve the treasury.

The Company is currently seeking partners for certain projects in its portfolio and is evaluating several other external opportunities to enhance the value of its assets. The process is still ongoing and discussions are ongoing with potential partners.

## Selected Financial Information

	<b>Results for the years ended</b>	
	<b>June 30, 2017</b>	<b>June 30, 2016</b>
	<b>\$</b>	<b>\$</b>
Revenues	5,533,777	76,048
Share of net loss of an associate	-	(30,734)
Gain on disposal of an associate	-	205,868
Expenses	872,594	563,347
Deferred tax	(170,343)	267,271
Net earnings (net loss) for the year	4,490,839	(44,894)
Basic net earnings (net loss) per share	0.145	(0.002)
Diluted net earnings (net loss) per share	0.144	(0.002)

## Results of Operations

Revenues for the year ended June 30, 2017 totalled \$5,533,777 compared to \$76,048 for the previous year. The sale of a part of the short-term investment during the current year resulted in a gain of \$5,169,381. 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 year ended June 30, 2017, expenses increased to reach \$872,594 compared to \$563,347 for the previous year. The significant variations of expenses come from salaries and fringe benefits, professional and maintenance fees, search for mining properties as well as the cost of mining properties abandoned, impaired or written off.

The increase of \$57,679 in salaries and fringe benefits 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 \$233,844 in professional and maintenance fees during the current year comes mainly from a new agreement signed with a consulting firm as well as work relating to the distribution of a stock dividend.

The increase of \$19,271 in rent and office expenses during the current year comes mainly from the construction of a new website.

The amount of \$7,218 in share-based compensation comes from the granting of 100,000 stock options in June 2017.

The increase of \$73,057 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 four claims of its Foothills property for \$1,955 and one claim of its Big Island Lake property for \$399. During the previous year, the Company abandoned fourteen claims for its Foothills property for an amount of \$10,243 and forty-seven claims for its Ligneris property for an amount of \$94,803.

The Company's share of net loss of 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 financial information at the time of the release of the Company's financial statements.

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 \$170,343 recorded in the current year mostly resulted from the reclassification of gain of an available-for-sale short-term investment realized upon sale. The deferred tax recovery of \$267,271 recorded in the previous year mostly resulted from the unrealized gain of an available-for-sale short-term investment.

## **Other Information**

	<b>Statements of Financial Position as at</b>	
	<b>June 30, 2017</b>	<b>June 30, 2016</b>
	<b>\$</b>	<b>\$</b>
Short-term investment	923,569	2,896,012
Mining properties	820,700	619,629
Total assets	4,356,763	4,722,851
Equity	4,181,804	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. On March 20, 2017, the Company paid a dividend in shares of Aurvista Gold Corporation ("Aurvista"). The value of the dividend is \$0.345 per share of Aurvista and 13,775,358 shares of Aurvista were distributed for a value of \$4,752,500.

## **Liquidity and Financing**

During the year ended June 30, 2017, cash flows used in operating activities totalled \$500,433 compared to \$444,062 for the preceding year. This difference is primarily attributable to changes in tax credits for mining exploration and commodity taxes receivable as well as other amounts receivable.

Cash flows from financing activities include the issuance of shares under private placements, and the exercise of warrants and stock options. For the year ended June 30, 2017, 7,400,000 shares and 7,400,000 warrants were issued under a private placement for a total consideration of \$740,000, from which share-issue expenses of \$66,978 were deducted. These funds are in addition to working capital. 388,889 warrants were exercised for a consideration of \$52,778 and 1,750,000 stock options were exercised for a consideration of \$175,001. For the year ended June 30, 2016, 555,555 shares and 138,889 warrants were issued under a private placement for a consideration of \$50,000, from which share-issue expenses of \$4,122 were deducted. These funds are for exploration purposes. No exercise of stock options and warrants took place during the year ended June 30, 2016.



The Company's investing activities consist mainly of the acquisition of mining properties, the capitalization of exploration costs as well as the 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. The acquisition of mining properties and capitalization of exploration work required disbursements of \$234,216 for the year ended June 30, 2017 and of \$114,431 for the year ended June 30, 2016. The receipt of credit on duties refundable for loss and a refundable tax credit for resources generated an increase in cash of \$46,411 for the year ended June 30, 2017 and \$77,366 for the year ended June 30, 2016.

During the current year, the Company sold its Douay Ouest property for an amount of \$12,500.

During the year ended June 30, 2017, the Company acquired \$120,000 of short-term investments and disposed of short-term investments for an amount of \$1,315,075.

It is management's opinion that the working capital available as at June 30, 2017 will cover all current expenses for at least the next twelve 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 Earnings (Net Loss)	Net Earnings (Net Loss) per Share	
			Basic	Diluted
06-30-2017	830,164	490,630	0.017	0.016
03-31-2017	4,465,699	4,032,135	0.129	0.129
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)

### 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.

### Fourth Quarter

#### Operating activities

The Company posted net earnings of \$490,630 in the fourth quarter of the reporting year compared to net earnings of \$70,591 in the previous year.

There were two significant changes in revenues in this fourth quarter compared to the fourth quarter of the previous year. A gain on sale of a short-term investment increased by \$807,019 and the fees charged to our partner Iluka on the Foothills project, whose agreement was signed in March 2016, decreased by \$30,060 in the fourth quarter of the current year.

The significant changes in expenses in this fourth quarter compared to the fourth quarter of last year are attributable to 1) a decrease of \$35,744 in salaries and fringe benefits 2) an increase in professional and maintenance fees of \$51,406 coming mainly from a new agreement signed with a consulting firm 3) an increase in search for mining properties of \$21,654 coming mainly from the intensification of research into new projects 4) a decrease of

\$104,219 in the cost of mining properties abandoned, impaired or written off mainly as a result of the write-off of 47 claims for the Ligneris property 5) the variation in deferred tax of \$406,365 resulting essentially from the reclassification of gain of an available-for-sale short-term investment realized upon sale.

### **Contractual Obligations**

The following table illustrates the Company's contractual obligations as at June 30, 2017:

	<b>Total obligations</b>	<b>Total Obligations per Period</b>			
		<b>Less than 1 year</b>	<b>Between 1 and 3 years</b>	<b>Between 4 and 5 years</b>	<b>After 5 years</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Lease of administrative offices	3,300	3,300	-	-	-
<b>Total</b>	<b>3,300</b>	<b>3,300</b>	<b>-</b>	<b>-</b>	<b>-</b>

### **Off-Balance-Sheet Arrangements**

The Company has no off-balance-sheet arrangements.

### **Compensation of Key Management**

Key management includes the directors, the president, the vice-president exploration and the chief financial officer. The short-term employee benefits include salaries for key management and fees for directors. The share-based payments are grants of stock options of the Company.

Compensation awarded to key management included:

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	295,197	269,302
Share-based compensation	7,218	-
<b>Total compensation of key management</b>	<b>302,415</b>	<b>269,302</b>

### **Related Party Transactions**

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

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Incurred expenses capitalized in mining properties	-	7,010
Rent and office expenses	19,800	19,800
Search for mining properties	-	377
	<b>19,800</b>	<b>27,187</b>

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.

Incurred 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.

### **Subsequent events**

a) On July 5, 2017, the Company made a \$328,000 private placement through the issuance of 4,100,000 shares of the Company at a price of \$0.08 per share along with 2,050,000 share purchase warrants giving the holder the right to subscribe for one common share of the Company at a price of \$0.12 until July 5, 2018.

b) On July 31, 2017, the Company established a US subsidiary whose name is VIOR GOLD USA, LLC. This wholly owned subsidiary was established to acquire mining claims and carry out exploration work in the state of Nevada in the United States of America.

c) On August 18, 2017, the Company signed a three-year and one-month lease commencing September 1, 2017 and ending September 30, 2020. The rent will be \$2,331 for the first year and will be adjusted to each anniversary date based on changes in operating costs, taxes and energy costs.

d) On September 11, 2017, the Company amended its stock option plan to increase the maximum number of shares that may be issued from 2,270,434 shares to 3,725,926 shares.

### **Summary of Significant Accounting Policies**

#### **Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, balances with banks as well as a monetary fund, whose maturity is three months or less from the date of acquisition.

#### **Short-term investment**

The short-term investment consists of shares and warrants in a public company. Purchases and sales relating to the short-term investment are recognized in the financial statements on the trade date based on its classification as an available-for-sale investment and as an investment held for trading.

#### **Financial instruments**

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The standards require that financial assets and financial liabilities, including derivative financial instruments, be initially measured at fair value. Subsequent to initial recognition, financial assets and financial liabilities are measured based on their classification: at fair value through profit or loss, available for sale, loans and receivables or financial liabilities at amortized cost.

**At fair value through profit or loss** – Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired or contracted principally for the purpose of selling in the short-term or if so designated by management. Assets in this category principally include embedded derivatives and derivatives which do not qualify for hedge accounting.

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are accounted for in the statement of loss. Gains and losses arising from changes in fair value are presented in the statement of loss in the period in which they arise.

Financial instruments in this category are included in non-current assets unless the investments mature within 12 months or management intends to dispose of them within 12 months.

The Company hold warrants in a public company in this category.

**Available for sale** – Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. Financial assets classified as available for sale are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Unrealized gains and losses are recognized directly in other comprehensive income (loss), except for significant or prolonged decline in value, which are recognized in the statement of loss. Upon derecognition of the financial asset, the accumulated gains or losses previously recognized in accumulated other comprehensive loss are reclassified to the statement of loss.

Available-for-sale investments are included in non-current assets unless the investments mature within 12 months or management intends to dispose of them within 12 months.

The Company's financial assets classified as available for sale and included in the short-term investment consist of shares in a public company.

**Loans and receivables** – Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets classified as loans and receivables are recognized initially at the amount expected to be received less, when material, a discount to reclass the loans and receivables to fair value. Subsequently, they are measured at amortized cost using the effective interest method less a provision for impairment. They are included in current assets except for those with maturities greater than 12 months after the reporting period, which would be classified as non-current assets.

The Company's loans and receivables include cash, cash equivalents and other amounts receivable in the statement of financial position.

**Financial liabilities at amortized cost** – Financial liabilities include accounts payable and accrued liabilities and are initially recognized at the amount required to be paid less, when material, a discount to reduce the payable to fair value. Subsequently, they are measured at amortized cost using the effective interest method, which corresponds to par value due to their short-term maturity. They are classified as current liabilities if the payment is due within 12 months. Otherwise, they are presented in non-current liabilities.

### **Impairment of financial assets**

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss, as follows:

i) Financial assets carried at amortized cost: The impairment loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

ii) Available-for-sale financial assets: The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the statement of loss. This amount represents the loss in accumulated other comprehensive loss that is reclassified to the statement of loss.

Impairment losses on financial assets carried at amortized cost and available-for-sale debt securities are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. Impairment losses on available-for-sale equity instruments are not reversed.

## **Property, plant and equipment and depreciation**

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment, and are depreciated using the straight-line method over their estimated useful lives ranging from five to ten years, which is considered appropriate to reduce the carrying amounts to estimated residual values of the assets. Cost includes expenditures that are directly attributable to the acquisition of the assets. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

## **Mining properties**

The Company records its acquisition of interests in mining properties and areas of geological interest at cost less option payments received and other recoveries. These acquisition costs are recognized as intangible assets. Exploration costs related to these interests and projects are capitalized on the basis of specific claim blocks or areas of geological interest until the mining properties to which they relate are placed into production, sold or abandoned. These exploration costs are recognized as tangible assets. These costs will be amortized over the estimated recoverable resources in the current mine plan using the unit of production method or written off if the mining properties are sold or projects are abandoned. General exploration costs not related to specific mining properties are expensed as incurred.

Although management has taken actions to verify the ownership rights for mining properties in which the Company owns an interest in accordance with industry standards for the current exploration phase of these properties, these procedures give no assurance to the Company as to title. The title to property may be subject to unrecognized prior agreements and not compliant with regulatory requirements.

Mining properties are reviewed for impairment at each reporting date whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the mining property exceeds its recoverable amount. The recoverable amount is the higher of the mining property's fair value less costs of disposal and value in use. Value in use is determined using the present value of the future cash flows expected to be derived from an asset. Impairment losses are recognized in the statement of loss under caption *Cost of mining properties abandoned, impaired or written off*.

For the purpose of assessing impairment, mining properties are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairments are reviewed for potential reversals at each reporting date. Impairment can be reversed but is limited to the carrying amount that would have been determined net of depreciation, as if no impairment to the carrying amount would have been recognized.

## **Joint arrangements**

The Company conducts exploration on some mining properties through joint operations where the joint arrangement participants are bound by a contractual agreement establishing joint control over the assets of the joint arrangement. As for joint operations, each party recognizes its rights to the assets, liabilities, revenues and expenses of the arrangement.

## **Provisions**

Provisions for environmental restoration, restructuring costs and legal claims, where applicable, are recognized when: (i) the Company has a present legal or constructive obligation as a result of past events; (ii) it is more likely than not that an outflow of resources will be required to settle the obligation; and (iii) the amount can be reliably estimated.

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material. The increase in the

provision due to passage of time is recognized as interest expense. Changes in assumptions or estimates are reflected in the period in which they occur.

Provision for environmental restoration represents the legal and constructive obligations associated with the eventual closure of the Company's property, plant and equipment. These obligations consist of costs associated with reclamation and monitoring of activities and the removal of tangible assets. The discount rate used is based on a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, excluding the risks for which future cash flow estimates have already been adjusted.

The Company had no provisions as at June 30, 2017 and 2016.

### **Credit on duties refundable for loss and refundable tax credit for resources**

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.

Those credits are accounted for using the cost reduction method. Accordingly, they are recorded as a reduction of the related expenses or capital expenditures in the year the expenses are incurred provided there is reasonable assurance that the Company has complied with all the conditions related to those credits and that those credits will be received.

### **Share capital**

Share capital issued for non-monetary consideration is generally recorded at the quoted market price of the shares on the date of agreement relating to their issue. Share issue expenses are recorded as a reduction of shares.

### **Flow-through shares**

The Company finances some exploration expenditures through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. The difference between the quoted price of the common shares and the amount the investors pay for the shares ("premium"), measured in accordance with the residual value method, is recognized as a liability which is reversed into the statement of loss as a deferred tax recovery when eligible expenditures have been made.

The Company recognizes a deferred tax liability for the expenses renounced and a deferred tax expense at the moment the eligible expenditures are made.

### **Warrants**

Fair value of warrants is measured on the date of grant. The fair value of warrants granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the warrants were granted. When warrants are issued as compensation to brokers, on the date of grant, the fair value of warrants is recognized as a share issue expense presented in reduction of share capital.

### **Share-based compensation plan**

The Company has established a share-based compensation plan, which is described in note 11 of the financial statements. The Company accounts for compensation costs for all forms of share-based compensation awarded to employees and non-employees, including stock options, using a fair value-based method.

Fair value is measured on the date of grant. The fair value of options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of stock options is recognized as an expense under caption *Share-based compensation* using the graded vesting method. Upon the exercise of stock options, any consideration received from plan members is credited to share capital and the fair value of the exercised stock options is reclassified from *Stock options* to *Share capital*.

## **Income taxes**

The Company provides for income taxes using the liability method. Under this method, deferred tax assets and liabilities are determined based on deductible or taxable temporary differences between the carrying amount and tax bases of assets and liabilities using enacted or substantively enacted income tax rates expected to be in effect for the year in which the differences are expected to reverse. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are presented as non-current and are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities arising from the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## **Revenue recognition**

Interest on cash and cash equivalents, calculated using the effective interest method, is recognized in the statement of loss as part of interest income on an accrual basis.

The fees invoiced to partners are recognized when the services are provided as project operator.

## **Basic and diluted earnings per share**

Basic earnings per share are determined using the weighted average number of common shares outstanding during the year.

Diluted earnings per share are determined using the weighted average number of common shares outstanding during the year, plus the effects of dilutive potential common shares outstanding during the year. For stock options and warrants, the calculation of diluted earnings per share is made using the treasury stock method, as if all dilutive potential common shares had been exercised at the later of the beginning of the year or the date of issuance, as the case may be, and that the funds obtained thereby be used to purchase common shares of the Company at the average market value of the participating shares during the year.

## **Segment reporting**

The Company currently operates in one business segment, being the acquisition and the exploration of mining properties. All of the Company's mining properties are located in Quebec, Canada.

## **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 June 30, 2017. Many of these updates are not relevant to the Company and are therefore not discussed herein.

### *IFRS 2, Equity-based Payments* ("IFRS 2")

The IASB issued amendments to IFRS 2, Equity-based Payments, in June 2016. Changes have been made to address certain matters relating to the recognition of (i) cash-settled awards and (ii) equity-settled awards with net settlement terms for employee withholding taxes. The amendments to this standard are effective for fiscal years beginning on or after January 1, 2018. The Company is currently evaluating the impact of the adoption of this standard.

### *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 basis. 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, from the points of view of the lessee and the lessor. For the accounting of the lessee, there will now only be 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.

## **Critical accounting estimates and judgments**

The preparation of financial statements in conformity with IFRS requires the Company to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These judgments, estimates and assumptions are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### **a) Critical accounting estimates and assumptions**

Critical accounting estimates and assumptions are those that have a significant risk of causing material adjustment and are often applied to matters or outcomes that are inherently uncertain and subject to change. As such,



management cautions that future events often vary from forecasts and expectations and that estimates routinely require adjustment. The following discusses the most significant accounting estimates and assumptions that the Company has made in the preparation of the financial statements.

### **Mining properties**

The Company's evaluation of the recoverable amount with respect to the mining properties is based on numerous assumptions including long-term commodity prices, future capital requirements, exploration potential and operations performance and may differ significantly from actual values. The recoverable amounts are based, in part, on certain factors that may be partially or totally outside of the Company's control. This evaluation involves a comparison of the estimated recoverable amounts of mining properties to carrying values. Assets are reviewed for an indication of impairment at each reporting date and when there are indicators of impairment. This determination requires significant judgment. Factors which could trigger an impairment review include, but are not limited to, interruptions in exploration activities and significant negative industry or economic trends.

### **Deferred tax assets and liabilities**

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and their respective tax bases. The determination of the ability of the Company to utilize tax losses carry forwards to offset deferred tax liabilities requires management to exercise judgment and make certain assumptions about the future performance of the Company. Management is required to assess whether it is "probable" that the Company will benefit from these prior losses and other deferred tax assets.

Changes in economic conditions, commodity prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of utilizing the losses.

### **b) Critical judgments in applying the entity's accounting policies**

#### **Short-term investments**

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. Objective evidence of an impairment loss includes: i) significant financial difficulty of the obligor; ii) delinquencies in interest or principal payments; iii) increased probability that the borrower will enter bankruptcy or other financial reorganization; and iv) in the case of equity securities, a significant or prolonged decline in the fair value of the security below its cost. Assumptions used to calculate the fair value are described in note 17b of the financial statements.

### **Disclosure of Outstanding Share Data**

The Company is authorized to issue an unlimited number of common shares without par value. As at September 21, 2017, 37,259,267 shares were outstanding.

The Company has a stock option plan under which stock options may be granted up to a maximum of 3,725,926. As at September 21, 2017, 405,000 stock options were outstanding. Their expiry date is November 1, 2020.

Also as at September 21, 2017, 2,050,000 warrants were outstanding. Their expiry date is July 5, 2018.

### **Financial Risk Factors**

The Company's activities expose it to various financial risks, such as credit risk, liquidity risk and market risk.

#### **Credit risk**

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, short-term investment and other amounts receivable. The maximum exposure to credit risk approximates the amount recognized on the statement of financial position. The Company does not hold any collateral as security. Financial assets included in other amounts receivable consist of interest and amounts receivable from a partner. The credit risk related to these amounts is due to the partners' possible inability to settle their debts. Management believes that the credit risk with respect to financial assets included in amounts receivable is remote, as the Company signed an agreement with a major mining company and that the credit risk related to amounts receivable from a partner is nil, this partner having already paid these amounts. The credit risk related to cash and cash equivalents is limited because the Company deals with a Canadian bank with a high credit rating and its subsidiaries. The Company minimizes its exposure to issuer risk by investing only in products having a high quality investment-grade rating. Exposure to these risks is closely monitored and maintained within the limits stated in the investment policy of the Company, which is revised regularly.

### **Liquidity risk**

Liquidity risk is the risk that the Company may be unable to fulfill its financial obligations related to financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidities to meet liabilities when due. As at June 30, 2017, the Company had a cash balance of \$2,409,689, (\$991,841 as at June 30, 2016) to settle current liabilities of \$174,959 (\$156,252 as at June 30, 2016). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

### **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk, currency risk and other price risks such as equity risk.

### **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's current policy is to invest excess cash principally in term deposits or in interest-bearing accounts held with a Canadian bank and its subsidiaries.

For the year ended June 30, 2017, a 1% increase or decrease in interest rates on interest-bearing bank balances would result in an estimated impact of \$23,858 (impact of \$8,041 for the year ended June 30, 2016) on the statements of loss and comprehensive loss.

### **Currency risk**

The Company's functional currency is the Canadian dollar, and virtually all of its purchases are made in this currency. As a result, the Company's exposure to currency risk is minimal.

### **Equity risk**

Equity risk is the risk that the fair value of a financial instrument varies due to equity market changes. An investment policy is in place and its application is monitored by the Board of Directors on a quarterly basis.

Changes in fair value of available-for-sale shares are recorded in other comprehensive loss. A variation of  $\pm 10\%$  of the quoted market prices as at June 30, 2017, would have had a \$73,820 after-tax effect on other comprehensive loss (\$250,650 for the year ended June 30, 2016).

Changes in fair value of warrants are classified at fair value through profit or loss are recognized in the statements of income (loss). A variation of  $\pm 10\%$  of the quoted market prices as at June 30, 2017, would have had a \$6,253 after-tax effect on the statements of income (loss) (nil for the year ended June 30, 2016).

## **Other Risk Factors and Uncertainties**

### **Exploration risks**

The Company is considered an exploration company. It has not yet determined whether its mining properties contain ore reserves that are economically recoverable. The recoverability of mining property costs is dependent upon the existence of economically recoverable ore reserves, the ability of the Company to obtain the financing necessary to continue the exploration and development of its properties, and upon future profitable production or proceeds from the disposal of assets.

### **Risk on the uncertainty of title**

Although the Company has taken steps to verify title to mining properties in which it has an interest in accordance with industry standards for the current exploration phase of such properties, these measures do not guarantee the Company's title. The property title may be subject to unregistered prior agreements and non-compliant with regulatory requirements.

### **Key personnel**

The success of the Company rests in its capacity to attract and retain qualified staff. There is strong competition in the industry, and the Company's success depends in large part on its ability to retain senior officers and qualified geologists. Inability to recruit qualified personnel and the loss of key personnel could compromise the speed and success of operations.

### **Environmental risk**

The Company is exposed to various environmental situations that can occur during exploration work. The Company maintains an environmental management program including operational plans and practices.

## **Additional Information and Continuous Disclosure**

This Management's Discussion & Analysis is dated September 21, 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*

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President and CEO

*(signed) Gaéтан Mercier*

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