

VANTEX RESOURCES LTD
UNAUDITED INTERIM FINANCIAL STATEMENTS
SIX MONTHS ENDED APRIL 30, 2017 AND 2016

Table of contents	1
Management statement	2
Statements of financial position	3
Statements of changes in equity	4
Statements of loss and comprehensive loss	5
Statements of cash flows	6
Notes to financial statements	7-30

VANTEX RESOURCES LTD

(The "Company")

INTERIM FINANCIAL STATEMENTS

Six Months Ended April 30, 2017 and 2016

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The management of Vantex Resources Ltd. is responsible for the preparation of the accompanying unaudited interim financial statements. The unaudited interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of interim financial statements and are in accordance with IAS 34 Interim Financial Reporting.

The Company's auditor has not performed a review of these interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

June 29, 2017

VANTEX RESOURCES LTD

Statements of financial position

As at April 30, 2017 and October 31, 2016

(Expressed in Canadian dollars - unaudited)

	April 30, 2017	October 31, 2016
ASSETS		
Current		
Cash and cash equivalents (Note 8)	\$ 243,510	\$ 59,995
Taxes receivable	11,880	31,926
Prepaid expenses and deposits (Note 21)	<u>121,997</u>	<u>8,909</u>
Current assets	<u>377,387</u>	<u>100,830</u>
Non-current		
Investments (Note 9)	159,726	91,740
Exploration and evaluation assets (Note 10)	<u>6,217,283</u>	<u>6,097,423</u>
Non-current assets	<u>6,377,009</u>	<u>6,189,163</u>
Total assets	<u>\$ 6,754,396</u>	<u>\$ 6,289,993</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 13)	\$ <u>346,281</u>	\$ <u>179,739</u>
Current liabilities	<u>346,281</u>	<u>179,739</u>
Non-current		
Deferred tax liabilities	<u>1,049,723</u>	<u>1,049,723</u>
Total liabilities	<u>1,396,004</u>	<u>1,229,462</u>
EQUITY		
Share capital (Note 15a)	19,766,710	19,216,710
Warrants (Note 15b)	119,108	121,268
Contributed surplus	4,826,910	4,824,750
Deficit	<u>(19,354,336)</u>	<u>(19,102,197)</u>
Total equity	<u>5,358,392</u>	<u>5,060,531</u>
Total liabilities and equity	<u>\$ 6,754,396</u>	<u>\$ 6,289,993</u>

Notes to financial statements are an integral part of the interim financial statements.

*Simran Gill (s)*_____
Director*Quinn Field-Dyte (s)*_____
Director

VANTEX RESOURCES LTD

Statements of changes in equity

For the six months ended April 30, 2017 and 2016

(Expressed in Canadian dollars - unaudited)

	Share capital	Warrants	Contributed surplus	Deficit	Total equity
	\$	\$	\$	\$	\$
Balance – November 1, 2016	19,216,710	121,268	4,824,750	(19,102,197)	5,060,531
Comprehensive loss for the period	-	-	-	(252,139)	(252,139)
Shares issued for acquisition of mining properties	50,000	-	-	-	50,000
Shares issued from private placement	500,000	-	-	-	500,000
Warrants expired	-	(2,160)	2,160	-	-
Balance – April 30, 2017	<u>19,766,710</u>	<u>119,108</u>	<u>4,826,910</u>	<u>(19,354,336)</u>	<u>5,358,392</u>
Balance – November 1, 2015	18,845,818	11,943	4,814,967	(15,428,589)	8,244,139
Comprehensive loss for the period	-	-	-	(170,917)	(170,917)
Shares issued for acquisition of mining properties	15,000	-	-	-	15,000
Warrants expired	-	(9,783)	9,783	-	-
Balance – April 30, 2016	<u>18,860,818</u>	<u>2,160</u>	<u>4,824,750</u>	<u>(15,599,506)</u>	<u>8,088,222</u>

Notes to financial statements are an integral part of the interim financial statements.

VANTEX RESOURCES LTD

Statements of loss and comprehensive loss

For the three and six months ended April 30, 2017 and 2016

(Expressed in Canadian dollars - unaudited)

	Three months ended April 30		Six months ended April 30	
	2017	2016	2017	2016
OPERATING EXPENSES				
Salaries and fringe benefits	\$ -	\$ 65	\$ -	\$ 6,555
Insurance	1,842	3,534	3,685	7,067
Communications and advertising	120	747	240	1,658
Consulting fees and professional fees	202,416	65,279	221,649	127,119
Travelling expenses and entertainment	934	-	1,559	201
Management fees	-	1,625	-	1,625
Listings fees and rights	3,250	-	6,500	200
Rent and office expenses	14,069	1,272	36,123	2,956
Registration and information to shareholders	6,767	8,677	8,759	10,055
Depreciation of fixed assets	-	-	-	450
Gain on equipment disposal	-	(450)	-	(450)
OPERATING LOSS	<u>(229,398)</u>	<u>(80,749)</u>	<u>(278,515)</u>	<u>(157,436)</u>
OTHER INCOME				
Gain on investment	-	10,000	-	9,859
NET LOSS	<u>(229,398)</u>	<u>(70,749)</u>	<u>(278,515)</u>	<u>(147,577)</u>
Increase (decrease) in market value of available-for-sale investment	26,376	16,680	26,376	(23,340)
	<u>26,376</u>	<u>16,680</u>	<u>26,376</u>	<u>(23,340)</u>
COMPREHENSIVE LOSS FOR THE PERIOD	<u>\$ (203,022)</u>	<u>\$ (54,069)</u>	<u>\$ (252,139)</u>	<u>\$ (170,917)</u>
LOSS PER SHARE, BASIC AND DILUTED (Note 17)	<u>\$ (0.019)</u>	<u>\$ (0.009)</u>	<u>\$ (0.025)</u>	<u>\$ (0.018)</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	<u>12,293,449</u>	<u>8,071,533</u>	<u>11,060,070</u>	<u>8,071,533</u>

Notes to financial statements are an integral part of the interim financial statements.

VANTEX RESOURCES LTD

Statements of cash flows

For the three and six months ended April 30, 2017 and 2016

(Expressed in Canadian dollars - unaudited)

	Three months ended		Six months ended	
	April 30 2017	2016	April 30 2017	2016
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net loss for the period	(229,398)	(54,069)	(278,515)	(170,917)
Non-cash items of net income for the period:				
Depreciation of fixed assets	-	-	-	450
Gain on disposal of royalty	-	(450)	-	(450)
	<u>(229,398)</u>	<u>(54,519)</u>	<u>(278,515)</u>	<u>(170,917)</u>
Changes in non-cash working capital items:				
Accounts receivables	22,903	15,416	20,046	26,549
Prepaid expenses and deposits	(109,158)	-	(113,088)	10,000
Accounts payable and accrued liabilities	30,564	30,983	166,542	88,494
	<u>(55,691)</u>	<u>46,399</u>	<u>73,500</u>	<u>125,043</u>
Net cash used in operating activities	<u>(285,089)</u>	<u>(8,120)</u>	<u>(205,015)</u>	<u>(45,874)</u>
INVESTMENT ACTIVITIES				
Proceeds on the disposal of equipment	-	5,403	-	5,403
Proceeds on disposal of available-for-sale investments	-	23,320	58,390	63,340
Proceed on the acquisition of AFS investment	10,550	-	(100,000)	-
Acquisition of exploration and evaluation assets	-	(17,204)	(50,000)	(75,215)
Exploration expenses	(900)	-	(19,860)	-
Net cash provided by (used in) investment activities	<u>9,650</u>	<u>11,519</u>	<u>(111,470)</u>	<u>(6,472)</u>
FINANCING ACTIVITIES				
Issuance of common shares	500,000	-	500,000	-
Net cash provided by financing activities	<u>500,000</u>	<u>-</u>	<u>500,000</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>224,561</u>	<u>3,399</u>	<u>183,515</u>	<u>(52,346)</u>
Cash and cash equivalents at the beginning of the period	<u>18,949</u>	<u>9,342</u>	<u>59,995</u>	<u>65,087</u>
Cash and cash equivalents at the end of the period (Note 8)	<u>243,510</u>	<u>12,741</u>	<u>243,510</u>	<u>12,741</u>

Notes to financial statements are an integral part of the interim financial statements.

VANTEX RESOURCES LTD

Notes to financial statements

For the six months ended April 30, 2017 and 2016

(Expressed in Canadian dollars - unaudited)

1. NATURE OF BUSINESS AND CONTINUING OPERATIONS

The Company was incorporated under the Company Act of British Columbia and obtained a certificate of continuance under the Canada Business Corporations Act. On February 23, 2004, a modification certificate was issued, modifying the name Vantex Oil, Gas and Minerals Ltd. by Vantex Resources Ltd. The Company's activities include the acquisition, exploration and development of mining properties. The Company has not yet determined whether these properties contain ore reserves that are economically recoverable. Its shares are trading on TSX Venture Stock Exchange on symbol VAX.

The address of registered office and its principal place of business is 800 – 1199 West Hastings Street, Vancouver, BC V6E 3T5.

2. GOING CONCERN

These financial statements have been prepared on a going concern basis which presumes the realization of assets and discharge of liabilities in the normal course of business.

Given that the Company has not yet found a mining property which contains ore reserves that are economically recoverable, the Company did not generate income and cash flow from its operations until now. As at April 30, 2017, the Company has a deficit of \$19,354,336 (October 31, 2016 – \$19,102,197).

The Company's ability to continue as a going concern is dependent upon raising additional funds. In spite of the obtaining of funds in the past, there is no guarantee of success for the future. These conditions raise significant doubt regarding the Company's ability to continue as a going concern.

The carrying amounts of assets, liabilities, revenues and expenses presented in the financial statements and the balance sheet classification have not been adjusted as would be required, if the going concern assumption was not appropriate.

3. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements comply with International Accounting Standards (IAS) 34 "Interim Financial Reporting".

These interim financial statements were approved and authorized for issuance by the Board of Directors on June 29, 2017.

4. BASIS OF MEASUREMENT

The interim financial statements have been prepared on a historical cost basis, as modified by the revaluation of available-for-sale financial assets. The interim financial statements are presented in Canadian dollars, which is also the Company's functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 6.

The accounting policies set out in Note 5 have been applied consistently by the Company to all periods presented.

VANTEX RESOURCES LTD

Notes to financial statements

For the six months ended April 30, 2017 and 2016

(Expressed in Canadian dollars - unaudited)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Exploration and Evaluation Assets

i. Pre-license expenditures

Pre-license expenditures are costs incurred before the legal rights to explore a specific area have been obtained. These costs are expensed in the period in which they are incurred as exploration and evaluation expense.

ii. Exploration and evaluation expenditures

Once the legal right to explore has been acquired, costs directly associated with the exploration project are capitalized as either tangible or intangible exploration and evaluation assets ("E&E") according to the nature of the asset acquired. Such E&E costs may include undeveloped land acquisition, geological, geophysical and seismic, exploratory drilling and completion, testing, decommissioning and directly attributable internal costs. E&E costs are not depleted and are carried forward until technical feasibility and commercial viability of extracting a mineral resource is considered to be determined. The technical feasibility and commercial viability of a mineral resource is considered to be established when proved and or probable mineral reserves are determined to exist. All such carried costs are subject to technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the exploratory activity. When this is no longer the case, impairment costs are charged to exploration and evaluation expense. Upon determination of mineral reserves, E&E assets attributed to those reserves are first tested for impairment and then reclassified to development and production assets within property, plant and equipment, net of any impairment. Expired land costs are also expensed to exploration and evaluation expense as they occur.

The Company has not established any NI 43-101 compliant proven or probable reserves on any of its mining properties which have been determined to be economically viable.

iii. Impairment

Exploration and evaluation assets are assessed for impairment when indicators and circumstances suggest that the carrying amount may exceed its recoverable amount. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Industry-specific indicators for an impairment review arise typically when one of the following circumstances applies:

- Substantive expenditure or further exploration and evaluation activities is neither budgeted nor planned;
- Title to the asset is compromised, has expired or is expected to expire;
- Adverse changes in the taxation, regulatory or political environment;
- Adverse changes in variables in commodity prices and markets making the project unviable;
- Variations in the exchange rate for the currency of operation.

VANTEX RESOURCES LTD

Notes to financial statements

For the six months ended April 30, 2017 and 2016

(Expressed in Canadian dollars - unaudited)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

a) Exploration and Evaluation Assets *(continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

b) Restoration, Rehabilitation, and Environmental Obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arise from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss. The Company has no restoration, rehabilitation and environmental obligations as at April 30, 2017.

c) Cash and Cash Equivalents

Cash in the statement of financial position is comprised of cash held at major financial institutions and short term investments which are readily convertible into a known amount of cash. The Company's cash is invested in business accounts which are available on demand by the Company.

Fund to be spent on exploration under tax restrictions through flow-through investments are excluded from cash and cash equivalents and are presented separately in current assets. Cash for exploration represents unspent funds from flow-through investments.

d) Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income or loss or directly in equity, in which case it is recognized in other comprehensive income or loss or equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for unused tax loss carry-forwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. 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 end of the reporting period applicable to the period of expected realization or settlement.

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.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the group intends to settle its current tax assets and liabilities on a net basis.

VANTEX RESOURCES LTD

Notes to financial statements

For the six months ended April 30, 2017 and 2016

(Expressed in Canadian dollars - unaudited)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

e) Share Capital

Share capital and warrants

Common shares and warrants are classified in equity. Issue costs that are directly attributable to the issuance of shares and warrants are recognized in equity as a deduction from the issue proceeds during the period when these transactions occurs.

Proceeds from unit placements are allocated between shares and warrants issued using the relative fair value method. Proceeds are charged in proportion to the fair value of shares based on the stock prices at the time of issue and the fair value of the warrants determined using the Black-Scholes model.

Flow-through placements

The Company finances some exploration expenditures through the issuance of flow-through shares. Under the provisions of tax legislation relating to flow-through shares, the Company is required to renounce tax deductions for expenses related to exploration activities to the benefit of the investors.

Issuance of flow-through shares represents in substance a compound financial instrument. The liabilities compound represents the sale of the right to tax deductions to the investors. The proceeds received from flow-through placements are allocated between share capital and the deferred gain on flow-through placement, using the residual method. The shares are valued at the fair value of existing shares at the time of issuance and the residual proceeds is allocated to liability as a deferred gain which is reversed to net income when eligible expenditures have been made or when the liabilities are not met.

The Company recognizes a deferred tax liability for flow-through shares and a deferred tax expense, at the moment the eligible expenditures are made.

Contributed surplus

Contributed surplus includes, among other things, charges related to stock options expenses until the exercise of these options.

f) Share-Based Payments

Options and warrants granted are accounted for using the fair value method. Under this method, the fair value of stock options and warrants granted are measured at estimated fair value at the grant date and recognized over the vesting period. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus on options granted is transferred to share capital.

The Corporation uses the Black-Scholes option pricing model to determine the fair value of these incentives taking into consideration terms and conditions upon which the options were granted. At each financial reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

g) Profit (Loss) Per Share

The Company presents basic and diluted profit (loss) per share data for its common shares, calculated by dividing the profit (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

h) Tax Credits and Refundable Fees

The Company is entitled to refundable credits on duties from a loss under the Act respecting duties on mining. These refundable credits on loss are applicable on or against eligible exploration expenses incurred in the Province of Quebec. In addition, the Company is entitled to refundable tax credits on eligible expenses incurred by mining companies. The refundable tax credits and loans repayable on loss of rights have been charged against the costs incurred under IAS 20, when the Company is reasonably certain that they will be received. Tax credits recorded by the Company should be subject to review and approval by the tax authorities, and it is possible that this amount differs from the amount recorded.

VANTEX RESOURCES LTD

Notes to financial statements

For the six months ended April 30, 2017 and 2016

(Expressed in Canadian dollars - unaudited)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

i) Property, Plant and Equipment

Property, plant and equipment are stated at historical cost, less any accumulated depreciation and any accumulated impairment losses. Historical cost includes all costs directly attributable to the acquisition. Depreciation of property, plant and equipment is calculated on components that have homogeneous useful lives by using the straight-line method for a period of 3 years for computer equipment and the residual values and depreciation methods for furniture and equipment and rolling stock as 20% and 30%. Useful lives, residual values and depreciation methods are reviewed annually. Such a review takes into consideration the nature of the assets, their intended use and technological changes. Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of income.

j) Impairment of Assets

For purposes of impairment testing, if an asset does not generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets, it is grouped with other assets to create a cash-generating unit (CGU), which corresponds to the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. CGUs relate to the Company's brand assets and are allocated on the basis of the three geographic segments that are subject to internal monitoring.

If the recoverable amount of a CGU exceeds its carrying amount, the unit is regarded as not impaired. If the carrying amount of the unit exceeds its recoverable amount, the Company allocates the impairment loss to the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs to sell and its value in use. Value in use is determined on the basis of profit or loss projections over the useful life of the asset or CGU using management's forecast tools (for the 3 first years) and an estimate over the subsequent years based on long-term market trends for the asset or CGU involved. The calculation takes into account net cash flows to be received on disposal of the asset or CGU at the end of its useful life based on the growth and profitability profile of each asset or CGU.

An impairment loss recognized in prior periods for an asset or a CGU is reversed when there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount, without exceeding the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior periods.

k) Option Agreement on Mining Properties

Options on interests in mining properties acquired by the Company are recorded at the value of disbursed cash consideration, including any economic benefit transferred, but excluding future spending commitment. Since the commitment of future expenditures does not meet the definition of a liability, it is not recognized. Expenditures are recorded only when they are incurred by the Company.

When the Company sells its interests in mineral properties, it uses the book value of the property before the sale of the option as part of the carrying value of the property and credits any monetary consideration received and the fair value of other financial assets against the carrying value of this property. Any surplus is recorded in net income.

l) Provisions, Contingent Liabilities and Contingent Assets

A present obligation arises from the presence of legal or constructive commitment that has resulted from past events, such as legal disputes, liabilities related to decommissioning, restoration and similar liabilities or onerous contracts. The evaluation of provisions corresponds to the estimated expenditures required to settle the present obligation, based on the most reliable evidence available at the date of presentation of financial information, including risks and uncertainties relating to the obligation. When there is a large number of similar obligations, the likelihood that an outflow of resources will be required to settle these obligations is determined by considering the class of obligations as a whole. Provisions are discounted when the time value of money is significant. Any reimbursement that the Company can be virtually certain to collect from a third party to the obligation is recognized as a separate asset. However, this asset should not exceed the amount of the related provision. Provisions are reviewed at each reporting date for financial

VANTEX RESOURCES LTD

Notes to financial statements

For the six months ended April 30, 2017 and 2016

(Expressed in Canadian dollars - unaudited)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

l) Provisions, Contingent Liabilities and Contingent Assets *(continued)*

information and adjusted to reflect current best estimates at that date. When a possible outflow of resources of economic benefits as a result from present obligations is considered either improbable or a low probability is determined, no liability is recorded unless it was assumed in the course of a business combination. In a business combination, contingent liabilities related to a present obligation is recognized in the allocation of the purchase price of the assets acquired and liabilities are assumed as part of the business combination. They are subsequently measured at the highest amount of a comparable provision, as described above, and the amount initially recognized, net of depreciation.

Entries that are probable economic benefits to the Company that do not yet meet the recognition criteria of an asset are treated as contingent assets. The Company's operations are governed by laws and government regulations concerning environmental protection. The environmental consequences are difficult to identify, whether the amounts are based on timing or outcome. The Company currently operates in accordance with the laws and regulations currently in force. Any payment that may result from the restoration of mining properties, if any, will be recorded in cost of mining properties when it will be possible to make a reasonable estimate.

m) Government Grants

Grants from governments are recognized as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.

Government grants that become receivable as compensation for expenses incurred shall be recognized in profit and loss of the period in which it becomes receivable and presented under "Other income". The junior mining exploration assistance programs are designed to assist the Company to conduct advanced mining exploration.

n) Financial Instruments

Financial assets are classified into one of three categories:

- Fair value through profit or loss;
- Available-for-sale;
- Loans and receivables.

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if:

- It has been acquired principally for the purpose of selling in the near future;
- It is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or;
- It is a derivative that is not designated and effective as a hedging instrument.

The Company does not have any assets classified as FVTPL assets.

VANTEX RESOURCES LTD

Notes to financial statements

For the six months ended April 30, 2017 and 2016

(Expressed in Canadian dollars - unaudited)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

n) Financial Instruments *(continued)*

Available-for-sale financial assets ("AFS")

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as:

- i. Loans and receivables,
- ii. Financial assets as at FVTPL.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on AFS monetary items, are recognized in other comprehensive income or loss. When an investment is derecognized, the cumulative gain or loss in the investment revaluation reserve is transferred to profit or loss. The Company classifies investments as AFS.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less impairment losses. Discounting is omitted if the effect is insignificant. They are included in current assets if realized within 12 months of the reporting date.

Cash and cash equivalents, term deposit, and other receivables are classified into this category of financial instruments.

Derecognition of financial assets

A financial asset is derecognized when:

- The contractual right to the asset's cash flows expire; or
- If the Company transfer the financial assets and substantially all risks and rewards of ownership to another entity.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets is directly reduced by the impairment loss. With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss.

On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

VANTEX RESOURCES LTD

Notes to financial statements

For the six months ended April 30, 2017 and 2016

(Expressed in Canadian dollars - unaudited)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

n) Financial Instruments *(continued)*

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue cost.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

i. Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. The Company has classified accounts payable and accrued liabilities as other financial liabilities.

ii. Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

o) Revenue Recognition

Interest income is recognized on an accrual basis. They are recognized based on the number of days the investment is held during the period.

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

The effect of a change in accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical accounting estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

VANTEX RESOURCES LTD

Notes to financial statements

For the six months ended April 30, 2017 and 2016

(Expressed in Canadian dollars - unaudited)

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock options, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 15c.

Going concern

The Company is a going concern and will continue in operation for the foreseeable future and at least one year. The factors considered by management are disclosed in Note 2.

Fair value

All financial instruments are required to be recognized at fair value on initial recognition. Subsequent measurement of these instruments is at amortized cost or at fair value depending on their classification.

Fair value is the amount of consideration that would be agreed upon in an arm's length transaction, between knowledgeable, willing parties who are under no compulsion to act. This is a point-in-time measurement that may be changed in subsequent reporting periods due to market conditions or other factors.

Fair value of a financial instrument is determined by reference to quoted prices in the most advantageous active market to which the Company has immediate access. In the absence of an active market, fair value is determined on the basis of internal or external valuation models, including discounted cash flow models. Fair value determined using these valuation models, requires the use of assumptions concerning the amount and timing of estimated future cash flows, as well as the number of variables. In determining these assumptions, external readily observable market inputs are considered, as applicable, otherwise the Company uses the best possible estimate.

Deferred tax

When the Company anticipates an amount of tax to pay in the future according to its estimates, a liability is recognized.

The evaluation of the probability of future taxable income involves judgment. A deferred tax asset is recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences and the deferred unused tax credits and unused tax losses can be utilized.

Warrants

The estimation of warrants requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own share, the probable life and the time of exercise of those warrants. The model used by the Company is the Black-Scholes model. However, the future volatility is uncertain and the model has its limitations.

Provisions and contingent liabilities

Judgments are made as to whether a past event has led to a liability that should be recognized in the consolidated financial statements or disclosed as a contingent liability. Quantifying any such liability often involves judgments and estimations. These judgments are based on a number of factors including the nature of the claims or dispute, the legal process and potential amount payable, legal advice received, previous experience and the probability of a loss being realized. Several of these factors are sources of estimation and uncertainty.

As at April 30, 2017, the contingencies of the Company concerning environmental impacts and flow-through shares are disclosed in Note 22.

VANTEX RESOURCES LTD

Notes to financial statements

For the six months ended April 30, 2017 and 2016

(Expressed in Canadian dollars - unaudited)

7. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company is currently evaluating the impact on its financial statements of new and revised standards issued.

New and Revised Standards Issued But Not Yet Applied

IFRS 9 Financial Instruments: Classification and Measurement. IFRS 9 introduces new requirements for the classification and measurement of financial instruments and is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

IFRS 11 Joint Arrangements. This standard has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in May 2014. The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

IAS 1 Presentation of Financial Statements. This standard has been revised to incorporate amendments issued by the IASB in December 2014. The amendments:

- Clarify the existing presentation and disclosure requirements in IAS 1, including the presentation of line items, subtotals and notes; and
- Provide guidance to assist entities to apply judgment in determining what information to disclose, and how that information is presented in their financial statements.

The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These standards have been revised to incorporate amendments issued by the IASB in May 2014. The amendments to IAS 16 clarify that the use of revenue-based methods to determine the depreciation of an asset is not appropriate. The amendments to IAS 38 clarify that an amortization method based on revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. However, the amendments provide limited circumstances when a revenue-based method can be an appropriate basis for amortization. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

Annual Improvements to IFRS 2012-2014 Cycle

The following standards have been revised to incorporate amendments issued by the IASB in September 2014:

- **IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.** The amendments clarify the application of the guidance in the standard in circumstances in which an entity reclassifies an asset (or disposal group) from held for sale to held for distribution (or vice versa), and the circumstances in which an asset (or disposal group) no longer meets the criteria for held for distribution.
- **IFRS 7 Financial Instruments: Disclosures.** The amendments clarify guidance on servicing contracts and the applicability of the amendments to IFRS 7 regarding offsetting financial assets and financial liabilities, issued by the IASB in December 2011, to interim financial statements.
- **IAS 19 Employee Benefits.** The amendments clarify the application of the discount rate requirements for currencies for which there is no deep market in high quality corporate bonds.
- **IAS 34 Interim Financial Reporting.** The amendments clarify the meaning of disclosure of information "elsewhere in the interim financial report".

The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

VANTEX RESOURCES LTD

Notes to financial statements

For the six months ended April 30, 2017 and 2016

(Expressed in Canadian dollars - unaudited)

7. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Annual Improvements to IFRS 2012-2014 Cycle (continued)

IFRS 2 Share-based Payment. This standard has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in June 2016. The amendments provide guidance on the accounting for: the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

IFRS 10 Consolidated Financial Statements and IAS 28, Investments in Associates and Joint Ventures. These standards (amended in 2011) have been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in September 2014 and December 2015. The amendments include requiring a full gain or loss to be recognized when a transaction between an investor and its associate or joint venture involves assets that constitute a business. The amendments also require that a partial gain or loss be recognized when a transaction between an investor and its associate or joint venture involves assets that do not constitute a business. The amendments are effective for annual periods beginning on or after an undefined date. Earlier application is permitted.

IFRS 15 Revenue from Contracts with Customers. In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programs, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, and SIC-31 Revenue – Barter Transactions Involving Advertising Services. The standard provides for a single model that applies to contracts with customers as well as two revenue recognition approaches: at a point in time or over time. The proposed model features a contract-based, five-step analysis of transactions to determine whether, when and how much revenue is recognized. New thresholds have been established for estimates and judgments, which could impact the amount of revenue recognized and/or the timing of recognition. The new standard applies to contract with customers. It does not apply to insurance contracts, financial instruments or leases, which are within the scope of other IFRS. The new standard is effective for the annual period beginning on January 1, 2018. Earlier application is permitted.

IFRS 16 Leases. This new standard, issued by the International Accounting Standards Board in January 2016, sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease. The new standard supersedes the requirements in IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives, and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that also apply IFRS 15 Revenue from Contracts with Customers.

VANTEX RESOURCES LTD

Notes to financial statements

For the six months ended April 30, 2017 and 2016

(Expressed in Canadian dollars - unaudited)

7. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS
(continued)*Annual Improvements to IFRS 2012-2014 Cycle (continued)*

IAS 7 Statement of Cash Flows. This standard has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in January 2016. The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective for annual periods beginning on or after January 1, 2017. Earlier application is permitted.

IAS 12 Income Taxes. This standard has been revised to incorporate amendments issued by the IASB in January 2016. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments are effective for annual periods beginning on or after January 1, 2017. Earlier application is permitted.

IAS 27, Separate Financial Statements. This standard (amended in 2011) has been revised to incorporate amendments issued by the IASB in August 2014. The amendments permit an entity to use the equity method to account for investments in subsidiaries, joint ventures and associates in the entity's separate financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

8. CASH AND CASH EQUIVALENTS

	April 30, 2017	October 31, 2016
	\$	\$
Cash	<u>243,510</u>	<u>59,995</u>

9. INVESTMENTS

	April 30, 2017		October 31, 2016	
	Cost	Fair value	Cost	Fair value
	\$	\$	\$	\$
1,996,571 (October 31, 2016 – 1,668,000) common shares of Vanstar Mining Resources Inc., received for the disposal of mining properties. On April 30, 2017, Vantex Resources Ltd held 5.1% (October 31, 2016 – 4.7%) of the shares of Vanstar Mining Resources Inc.	<u>258,305</u>	<u>159,726</u>	<u>166,734</u>	<u>91,740</u>

VANTEX RESOURCES LTD

Notes to financial statements

For the six months ended April 30, 2017 and 2016

(Expressed in Canadian dollars - unaudited)

10. EXPLORATION AND EVALUATION ASSETS

The mining properties are all located in Quebec.

Mining properties

	Mining claims	Royalties %	Held %	Cost October 31, 2016 \$	Acquisition \$	Proceeds from disposal \$	Loss on disposal \$	Cost April 30, 2017 \$
Guillet (1)	27	-	100	-	-	-	-	-
Ortona (1)	15	-	100	-	-	-	-	-
Hurd (2)	9	1.6	90	455,393	85,291	-	-	540,684
Ogima Nord (2)	31	2	90	140,722	-	-	-	140,722
Sandborn (2)	6	2	100	46,627	-	-	-	46,627
Perron (2)	14	*	100	50,045	9,373	-	-	59,418
Francoeur (2)	16	2	100	22,608	-	-	-	22,608
Cadillac Rang III (2)	10	2	100	22,830	-	-	-	22,830
Renault Bay (3)	10	2	100	28,489	5,336	-	-	33,825
Lac Fortune (4)	17	1	100	258,990	-	-	-	258,990
Belleterre Extrême-Est (5)	19	-	100	-	-	-	-	-
Lac Bousquet (6)								
Bloc Normar	27	-	60	78,620	-	-	-	78,620
Bloc Black Fly	48	**	100	53,313	-	-	-	53,313
Cléricy (7)	26	***	100	15,635	-	-	-	15,635
Plume (8)	13	-	100	16,500	-	-	-	16,500
	<u>288</u>			<u>1,189,772</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>1,289,772</u>

*Royalty for this property is \$1 per ounce of gold.

**Royalty of 0.5% GMR per eight mining titles and 1% NSR per thirteen mining titles.

***Royalty of 1% NSR per ten mining titles

Exploration expenses

	Cost October 31, 2016 \$	Exploration expenses \$	Disposal \$	Write-off \$	Exploration credit \$	Cost April 30, 2017 \$
Guillet	-	-	-	-	-	-
Ortona	-	-	-	-	-	-
Hurd	4,724,939	9,622	-	-	-	4,734,561
Ogima Nord	69,937	-	-	-	-	69,937
Perron	3,693	-	-	-	-	3,693
Renault Bay	5,672	-	-	-	-	5,672
Lac Bousquet:						
Bloc Normar	42,364	-	-	-	-	42,364
Bloc Black Fly	53,648	-	-	-	-	53,648
Francoeur	393	-	-	-	-	393
Lac Fortune	635	-	-	-	-	635
Cléricy	6,150	10,238	-	-	-	16,388
Plume	220	-	-	-	-	220
	<u>4,907,651</u>	<u>19,860</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,927,511</u>

VANTEX RESOURCES LTD

Notes to financial statements

For the six months ended April 30, 2017 and 2016

(Expressed in Canadian dollars - unaudited)

10. EXPLORATION AND EVALUATION ASSETS (continued)
Mining properties

	Mining claims	Royalties Held		Cost	Acquisition	Disposal	Loss on disposal	Cost
		%	%	October 31, 2015				October 31, 2016
				\$	\$	\$	\$	\$
Guillet (1)	-	-	100	296,676	-	(79,071)	(217,605)	-
Ortona (1)	-	-	100	27,212	-	(7,253)	(19,959)	-
Hurd (2)	9	1.6	90	455,393	-	-	-	455,393
Ogima Nord (2)	31	2	90	140,722	-	-	-	140,722
Sandborn (2)	6	2	100	46,627	-	-	-	46,627
Perron (2)	14	*	100	50,045	-	-	-	50,045
Francoeur (2)	16	2	100	22,608	-	-	-	22,608
Cadillac Rang III (2)	10	2	100	22,830	-	-	-	22,830
Renault Bay (3)	10	2	100	28,489	-	-	-	28,489
Lac Fortune (4)	17	1	100	253,990	-	-	-	258,990
Belleterre	-	-	100	51,313	-	(13,676)	(37,637)	-
Lac Bousquet (6)	-	-	-	-	-	-	-	-
Bloc Normar	27	1	60	78,620	-	-	-	78,620
Bloc Black Fly	48	**	100	53,313	-	-	-	53,313
Cléricy (7)	26	***	100	635	15,000	-	-	15,635
Plume (8)	13	-	-	-	16,500	-	-	-
	<u>227</u>			<u>1,533,473</u>	<u>31,500</u>	<u>(100,000)</u>	<u>(275,201)</u>	<u>1,189,772</u>

*Royalty for this property is \$1 per ounce of gold.

**Royalty of 0.5% GMR per eight mining titles and 1% NSR per thirteen mining titles.

*** Royalty of 1% NSR per ten mining titles

Exploration expenses

	Cost	Exploration expenses	Disposal	Write-off	Exploration credit	Cost
	October 31, 2015					October 31, 2016
	\$	\$	\$	\$	\$	\$
Guillet	3,724,950	18,990	-	(3,743,940)	-	-
Ortona	30,022	691	-	(30,713)	-	-
Hurd	4,691,505	33,434	-	-	-	4,724,939
Ogima Nord	69,937	-	-	-	-	69,937
Perron	2,966	727	-	-	-	3,693
Renault Bay	5,672	-	-	-	-	5,672
Lac Bousquet:						
Bloc Normar	39,889	2,475	-	-	-	42,364
Bloc Black Fly	53,648	-	-	-	-	53,648
Francoeur	-	393	-	-	-	393
Lac Fortune	-	635	-	-	-	635
Cléricy	-	6,150	-	-	-	6,150
Plume	-	220	-	-	-	220
	<u>8,618,589</u>	<u>63,715</u>	<u>-</u>	<u>(3,774,653)</u>	<u>-</u>	<u>4,907,651</u>

Summary

	April 30, 2017	October 31, 2016
	\$	\$
Total of mining properties	1,289,772	1,189,772
Total of exploration expenses	4,927,511	4,907,651
Total of exploration and evaluation assets	<u>6,217,283</u>	<u>6,097,423</u>

VANTEX RESOURCES LTD

Notes to financial statements

For the six months ended April 30, 2017 and 2016

(Expressed in Canadian dollars - unaudited)

10. EXPLORATION AND EVALUATION ASSETS *(continued)*

1) Guillet and Ortona properties

The Guillet property is composed of 27 claims situated in the Guillet Township, in the Temiscamingue area. These mining titles were acquired in 2002, 2003, and 2004 by issuing 102,500 common shares and making a cash payment of \$2,000.

The Ortona property is composed of 15 claims situated in the Guillet Township, nearby the Guillet property. The acquisition occurred in 2007 by issuing 13,000 common shares.

In January 2012, an option agreement was signed with Aurtois Exploration Inc. where Aurtois has the option to acquire 75% of the Ortona property and 75% of a portion of the Guillet property representing 16 mining claims, for 4,500,000 common shares, a total of \$120,000 payable to Vantex in monthly payments of \$10,000 and the delivery of a prefeasibility study within five years from the date of the agreement. Aurtois can acquire the remaining 25% interest with a payment of \$2,000,000 to Vantex and a 1% NSR on the two properties, within a period of five years.

In February 2014, a new agreement was signed with Aurtois Exploration Inc. where the parties have agreed to cancel the option agreement of January 2012 comprising the acquisition of a 75% stake in the Guillet and Ortona properties. The 445,000 common shares of Aurtois held by Vantex were canceled and the latter now has a 100% stake in these properties.

In April 2016, the Company signed an agreement on its Guillet, Ortona and Belleterre Extrême-Est properties with Caprock Ventures Corp. ("Caprock") whereby Caprock has the option to acquire 100% of the properties by completing the following conditions:

- (1) Paying to the Company an aggregate amount of \$100,000, as follows:
 - \$25,000 upon signing;
 - \$4,000 per month for next 12 months;
 - \$27,000 on or before first anniversary date of the agreement;
- (2) Issuance of 500,000 shares for the sole benefit of the Company to be issued as follows:
 - Upon obtaining public listing within 12 months: 250,000;
 - Upon first anniversary date of public listing: 250,000;
- (3) Completion of \$50,000 exploration program on the properties on or before December 31, 2018.

This agreement was later amended to include a clause that entitles Caprock to 100% ownership of the properties if the aggregate amount of \$100,000 is paid immediately. Upon exercise of this condition by Caprock, the Company recorded a loss on disposal of mining property of \$275,201 and a write-off of exploration expenses of \$3,774,653 on its Guillet and Ortona properties during the year ended October 31, 2016.

2) Galloway project

As part of the Galloway project, the Company has signed in 2009 commitments related to option agreements for the acquisition of the mining properties Hurd, Ogima Nord, Sandborn, Perron, Francoeur and Cadillac Rang III, all situated in the Dasserat Township. Having made the last required payments and shares issuances to the sellers in February 2011, the Company now owns a 100% interest in the Sandborn, Perron, Francoeur and Cadillac Rang III properties and a 90% interest in the Hurd and Ogima Nord properties. These interests were acquired in return of payments totaling \$282,500 and the issuance of 2,423,400 common shares since 2009.

In January 2013, the Company proceeded with the repurchase of a 20% portion of the 2% royalty of 2% relating to the Hurd property for a payment of \$50,000.

The number of mining titles constituting the Perron property decreased following an agreement with the Québec Government. As a result, the Company transferred seven mining claims to the Ministère de l'Énergie et des Ressources naturelles for which the latter increased the surface of five other claims included in this property.

VANTEX RESOURCES LTD

Notes to financial statements

For the six months ended April 30, 2017 and 2016

(Expressed in Canadian dollars - unaudited)

10. EXPLORATION AND EVALUATION ASSETS *(continued)*

2) Galloway project *(continued)*

In March 2016, the Company signed an amended option agreement with Vanstar Mining Resources Inc. ("Vanstar") concerning certain mining blocks of the Galloway project located in the Rouyn-Noranda area, Abitibi. Under this agreement, the Company grants Vanstar the option to acquire a 50% interest in the Perron, Renault Bay and part of the Hurd blocks over a period of five years in return of the following work commitments: \$100,000 for each of the first two years, \$300,000 for the third year, \$500,000 for the fourth year and \$1,000,000 for the fifth year. Vanstar will acquire a 2.5% interest for each tranche of \$100,000 invested. In the original agreement, Vanstar had to invest \$400,000 each year in works.

On September 13, 2016, the Company has entered into an agreement to terminate its existing option agreement with Vanstar Mining Resources Inc. pursuant to which Vanstar acquired the right to purchase up to a 50% interest in certain mining claims, specifically in the Perron, Renault Bay and Hurd blocks (PRH gold project), situated in Dasserat Township, Abitibi, and referred to as the Galloway property, located in the Rouyn-Noranda area of Quebec, Canada.

On January 9, 2017, the Company has reacquired up to 50% interest in the Galloway property from Vanstar Mining Resources Ltd. The payable consists of a cash payment of \$50,000 and the issuance of 2.5 million shares. Also, the Company has subscribed for 1,428,571 shares by way of private placement from Vanstar. The unit share is seven cents.

3) Renault Bay property

In December 2009, the Company has acquired the Renault Bay mining property from Teck Resources Inc. in exchange for the issuance of 15,000 common shares at \$1.20 and 15,000 warrants with an exercise price of \$1.60, valid for 2 years. The 10 claims are situated in the Dasserat Township, nearby the Galloway project properties.

This property is subject to the same agreement, inherent to the Galloway project, in March and September 2016 (see above).

4) Lac Fortune property

An agreement was concluded in November 2012 with Corporation Minière Golden Share where the Company acquired 100% of the Lac Fortune property composed of 17 claims for a payment of \$100,000 and the issuance of 100,000 common shares at a price of \$1.40 per share. The vendor reserved a royalty of 1% NSR on the property.

5) Belleterre Extrême-Est property

In February 2014, the Company acquired the Belleterre Extrême-Est property, composed of 19 claims located in the Guillet Township, for a payment of \$10,000 and the issuance of 100,000 common shares at a price of \$0.40 per share.

Upon exercise of the 100% ownership condition of the amended Guillet, Ortona and Belleterre Extrême-Est option agreement by Caprock, the Company recorded loss on disposal of \$37,637 on its Belleterre Extrême-Est property during the year ended October 31, 2016.

6) Lac Bousquet properties

Bloc Normar

An agreement was concluded in November 2014 with Atlanta Gold Inc., pursuant to which the Company has acquired an interest of 60% in a block of 27 mineral claims in consideration of the issuance of 245,500 common shares. The vendor retains a royalty (NSR) of 1% of these mining claims situated in Bousquet Township, Abitibi.

VANTEX RESOURCES LTD

Notes to financial statements

For the six months ended April 30, 2017 and 2016

(Expressed in Canadian dollars - unaudited)

10. EXPLORATION AND EVALUATION ASSETS *(continued)*

6) Lac Bousquet properties *(continued)*

Bloc Black Fly

An agreement was concluded in November 2014 with Atlanta Gold Inc., whereby the Company acquired 100% of a group of 13 cells in consideration of the issuance of 125,000 common shares. The vendor retains a royalty (NSR) of 1% of the mining rights.

An agreement was concluded in November 2014, with Globex Mining Enterprises Inc., pursuant to which the Company acquired 100% of a group of eight cells included in Block Black Fly, in return for the issuance of 30,000 common shares. The vendor retains a royalty (GMR) of 0.5%.

An agreement was concluded in January 2015 with Hecla Québec Inc., pursuant to which the Company has transferred to Hecla the royalty it held in the Heva property, following the sale of its 75% interest in it to Mines Aurizon Ltée in 2008. In return, Vantex obtained a 100% interest in a group of twenty-seven mineral claims situated in the Bousquet Township and received a payment of \$75,000 in addition.

7) Cléricy property

During the year 2015, the Company acquired by map designation 16 mining titles situated in the Cléricy Township.

In February 2016, the Company acquired a 100% in 10 mining cells in consideration of 150,000 common shares at a value of \$15,000 and a 1% net smelter return royalty to the vendor. These mining cells are located in the Cléricy Township, bordering the property held by the company to the east.

8) Plume property

In February 2016, the property was transferred to the Company against the amount of \$16,500 due by Vanstar Mining Resources Inc. It counts 13 mining claims located in the Opawica-Guercheville corridor.

11. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are:

- To ensure the Company's ability to continue as a going concern;
- To increase the value of the assets of the business;
- To provide an adequate return to the shareholders of the Company.

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production, sale and cash flow, either with partners or by the Company's own means.

The Company monitors capital on the basis of the carrying amount of equity. Capital for the reporting periods under review is summarized in Note 15 and in the statement of changes in equity.

The Company is not exposed to any externally imposed capital requirements except when the Company issues flow-through shares for which an amount should be used for exploration work. See all details in Note 5e.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments within the changes in economic conditions and the risk characteristic of the underlying assets. In order to maintain or adjust the capital structure, the Company might issue new shares, or sell assets to reduce debt.

VANTEX RESOURCES LTD

Notes to financial statements

For the six months ended April 30, 2017 and 2016

(Expressed in Canadian dollars - unaudited)

12. RELATED PARTY TRANSACTIONS AND BALANCES

The following transactions occurred between related parties during the periods ended April 30, 2017 and 2016:

	2017	2016
	\$	\$
Exploration expenses:		
Fees and rent paid to a director	-	8,046
Fees and rent paid to a former director	-	13,150
Operating expenses:		
Management and consulting fees paid to directors	3,952	1,637
Management and consulting fees paid to former directors	-	11,501
Accounting and admin fees paid to directors and management	4,030	7,882
	<u>7,982</u>	<u>42,216</u>

All of the above transactions have been in the normal course of operations and have been recorded at their exchange amounts which are the amounts agreed upon by the transacting parties. The amounts due to and due from related parties are unsecured and non-interest bearing.

As at April 30, 2017, the Company does not have an accrued liability for services rendered but not yet paid.

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	April 30, 2017	October 31, 2016
	\$	\$
Vendors, accrued liabilities and part XII.6 taxes	<u>346,281</u>	<u>179,739</u>

14. DEFERRED GAIN ON FLOW-THROUGH PLACEMENT

	April 31, 2017	October 31, 2016
	\$	\$
Balance at the beginning of the period	-	6,779
Reduction related to eligible exploration expenditures	-	(6,779)
Balance at the end of the period	<u>-</u>	<u>-</u>

15. SHARE CAPITAL

a) Authorized Share Capital:

Unlimited number of voting and participating common shares, without par value.

Issued:

	April 30, 2017		October 31, 2016	
	Number of shares	Amount \$	Number of shares	Amount \$
Balance at the beginning of the period	9,796,258	19,216,710	8,021,258	18,845,818
Shares issued:				
Mining properties	250,000	50,000	ix 150,000	15,000
Private placement	6,666,666	500,000	xi 1,625,000	355,892
Balance at the end of the period	<u>16,712,924</u>	<u>19,766,710</u>	<u>9,796,258</u>	<u>19,216,710</u>

VANTEX RESOURCES LTD

Notes to financial statements

For the six months ended April 30, 2017 and 2016

(Expressed in Canadian dollars - unaudited)

15. SHARE CAPITAL *(continued)*

a) Authorized Share Capital: *(continued)*

- i. When acquiring the Lac Bousquet property, the Company issued a total of 400,500 common shares at a price of \$0.30 per share in November 2014.
- ii. In November 2014, the Company completed a flow-through private placement of \$120,000 by issuing 240,000 flow-through shares at a price of \$0.50 per share, and 120,000 warrants at an exercise price of \$0.70, valid for one year. The amount of the placement is presented net of the fair value of the warrants amounting to \$8,880, a flow-through share issuance premium amounting to \$36,000, and share issuance expenses totaling \$3,094.
- iii. In December 2014, the Company completed a flow-through private placement of \$43,000 by issuing 86,000 flow-through shares at a price of \$0.50 per share, and 43,000 warrants at an exercise price of \$0.70, valid for one year. The amount of the placement is presented net of the fair value of the warrants amounting to \$903, a flow-through share issuance premium amounting to \$25,800, and share issuance expenses totaling \$2,434.
- iv. In December 2014, the Company completed a flow-through private placement of \$20,000 by issuing 36,000 flow-through shares for \$18,000 at a price of \$0.50 per share, 4,000 common shares at a price of \$0.50 per share, and 40,000 warrants at an exercise price of \$0.70, valid for two years. The amount of the placement is presented net of the fair value of the warrants amounting to \$2,160, a flow-through share issuance premium amounting to \$10,800, and share issuance expenses totaling \$1,972.
- v. In February 2016, the Company acquired a 100% interest in 10 mining cells in the Cléricy Township located in Québec in consideration of 150,000 common shares at a price of \$0.10 per share for gross proceeds of \$15,000.
- vi. In May 2016, the Company closed a non-brokered private placement and issued 1,125,000 shares at a price of \$0.20 per share for gross proceeds of \$225,000.
- vii. In July 2016, the Company closed a non-brokered private placement comprised of 500,000 units at a price of \$0.50 per unit for gross proceeds of \$250,000. Each unit comprised of one common share and one transferable warrant, with each warrant exercisable into one common share for a period of 24 months at an exercise price of \$0.50. Shares were issued in August 2016 and are subject to a four-month hold period expiring in December 2016. The amount of the placement is presented net of the fair value of the warrants amounting to \$119,108.
- viii. In January 2016, 250,000 common shares were issued for a price of \$0.025 in order to repurchase a 50-per-cent interest in certain mining claims, specifically in the Renault Bay, Perron and Hurd blocks.
- ix. On January 9, 2017, the Company has reacquired up to 50% interest in the Galloway property from Vanstar Mining Resources Ltd. The payable consists of a cash payment of \$50,000 and the issuance of 2.5 million shares. Also, the Company has subscribed for 1,428,571 shares by way of private placement from Vanstar. The unit share is seven cents.
- x. In February 2017, the Company has consolidated its issued and outstanding share capital based on one post consolidation share for each 10 pre-consolidation common shares.
- xi. In March 2017, the Company closed a private placement of \$500,000 by issuing 6,666,666 common shares at a unit price of 7.5 cents.

VANTEX RESOURCES LTD

Notes to financial statements

For the six months ended April 30, 2017 and 2016

(Expressed in Canadian dollars - unaudited)

15. SHARE CAPITAL (continued)

b) Warrants

Warrants issued to shareholders

	April 30, 2017		Weighted average exercise price \$	October 31, 2016		Weighted average exercise price \$
	Number	Amount \$		Number	Amount \$	
Outstanding at the beginning of the period	540,000	121,268	0.70	203,000	11,943	0.70
Issued	-	-		500,000	119,108	0.50
Expired	(40,000)	(2,160)		(163,000)	(9,783)	0.70
Outstanding at the end of the period	500,000	119,108	0.50	540,000	121,268	0.50

During the period ended April 30, 2017, 40,000 (October 31, 2016 – 163,000) warrants expired without being exercised. The fair value in the amount of \$2,160 (October 31, 2016 – \$9,783) attributed to these warrants was reclassified to contributed surplus.

The fair value of warrants issued to shareholders was estimated using the Black-Scholes model with the following weighted average assumptions:

	2016	2015
Risk-free interest rate	0.50%	1.00%-1.02%
Expected volatility	255.74%	105%-106%
Dividend yield	-	-
Expected life	2 years	1-2 years

The expected volatility was determined by calculating the historical volatility of the Company's common share price back from the date of the grant and for a period corresponding to the expected life of the warrants. When computing historical volatility, management may disregard an identifiable period of time in which it considers that the share price was extraordinarily volatile because of a specific event that is not expected to recur during the expected life of the warrant. In addition, if the Company's share price was extremely volatile for an identifiable period of time, for instance, due to a general market decline, management may place less weight on its volatility during that period of time.

A summary of the Company's warrants outstanding as at April 30, 2017 is as follows:

Number of warrants	Exercise price	Expiry date
500,000	\$0.50	August 2018

Warrants issued to brokers

There were no outstanding warrants issued to brokers as of April 30, 2017.

VANTEX RESOURCES LTD

Notes to financial statements

For the six months ended April 30, 2017 and 2016

(Expressed in Canadian dollars - unaudited)

15. SHARE CAPITAL (continued)

c) Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, at its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 8,000,000 of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 10 years from the date of grant.

The stock options can be exercised at any time and expire one year after the date of departure of the holder in the case of directors and officers, and 30 days for consultants:

	April 30, 2017			October 31, 2016		
	Number of options	Amount	Weighted average exercise price	Number of options	Amount	Weighted average exercise price
		\$	\$		\$	\$
Balance at the beginning of the period	85,000	16,220	1.50	450,000	358,770	1.50
Canceled	-	-		(145,000)	(27,100)	0.60
Expired	-	-		(220,000)	(315,450)	2.50
Balance at the end of the period	<u>85,000</u>	<u>16,220</u>	0.60	<u>85,000</u>	<u>16,220</u>	0.60

A summary of the Company's options outstanding as at April 30, 2017 is as follows:

Number of options	Exercise price	Expiry date
15,000	\$1.00	May 2017
10,000	\$0.80	September 2018
60,000	\$0.50	May 2020
<u>85,000</u>	<u>\$0.60</u>	

During the period ended April 30, 2017, NIL (October 31, 2016 – 365,000) stock options expired or were canceled without being exercised.

In May 2015, 160,000 stock options were granted to directors, officers and a consultant at an exercise price of \$0.50. The fair value of \$5,920 attributed to stock options was recorded as stock-based compensation and was credited to contributed surplus.

The expected volatility was determined by calculating the historical volatility of the Company's common share price back from the date of the grant and for a period corresponding to the expected life of the stock options. When computing historical volatility, management may disregard an identifiable period of time in which it considers that the share price was extraordinarily volatile because of a specific event that is not expected to recur during the expected life of the stock option. In addition, if the Company's share price was extremely volatile for an identifiable period of time, for instance due to a general market decline, management may place less weight on its volatility during that period of time.

VANTEX RESOURCES LTD

Notes to financial statements

For the six months ended April 30, 2017 and 2016

(Expressed in Canadian dollars - unaudited)

16. MANAGEMENT REMUNERATION

	2017	2016
	\$	\$
Salaries, management and consulting fees for directors	3,952	1,637
	<u>3,952</u>	<u>1,637</u>
Salaries, fees and rent paid as exploration expenses to a director or an entity controlled by a director of the Company	-	8,046
Accounting fees paid to directors and management	4,030	7,882
	<u>7,982</u>	<u>17,565</u>

No salaries are paid to directors. The services provided by directors at the Company are remunerated as fees or salaries. No expense regarding employee benefits is incurred by the Company as pension plan or group insurance.

17. BASIC AND DILUTED PROFIT (LOSS) PER SHARE

The calculation of basic profit (loss) per share is based on the profit (loss) for the period divided by the weighted average number of shares in circulation during the year. In calculating the diluted earnings per share, dilutive potential ordinary shares such as warrants and share options have not been included as they would have the effect of decreasing the loss per share. Decreasing the loss per share would be anti-dilutive. Details of warrants and share options issued that could potentially dilute earnings per share in the future are given in Note 15.

The calculation of basic and diluted loss per share for the six months ended April 30, 2017 and 2016 was based on the loss attributable to common shareholders of \$278,515 (2016 – \$147,577) and the weighted average number of common shares outstanding of 11,060,070 (2016 – 8,071,533).

18. ADDITIONAL INFORMATION ON CASH FLOWS

a) Net change in non-cash items related to operations in the periods ended April 30, 2017 and 2016:

	2017	2016
	\$	\$
Accounts receivable	20,046	26,549
Prepaid expenses and deposits	(113,088)	10,000
Accounts payable and accrued liabilities	166,542	88,494
	<u>73,500</u>	<u>125,043</u>

b) Items not affecting cash and cash equivalents in the periods ended April 30, 2017 and 2016:

	2017	2016
	\$	\$
Gain on disposal of equipment	-	(450)
Acquisition of exploration and evaluation assets in consideration of equity	50,000	-

VANTEX RESOURCES LTD

Notes to financial statements

For the six months ended April 30, 2017 and 2016

(Expressed in Canadian dollars - unaudited)

19. COMMITMENTS

a) Royalties

Royalties will be paid in the event that commercial exploitation on certain properties begin. These royalties range from 0.50% to 2.00% on April 30, 2017 and are described in Note 10.

The purchase agreement of the Lac Fortune property provides annual payments of \$5,000 to the original owner of the property by way of advances on royalties.

b) Perron Mining Property

In the event of a positive feasibility study on the Perron property, Vantex will pay \$100,000 to the vendor.

In the event of a production launch of the Perron property, Vantex will pay \$500,000 to the vendor at the beginning of the construction work of the future mine and thereafter \$1 for each ounce of gold produced annually.

c) Rent

In July 2016, the Company entered into a lease agreement and will pay a monthly rent of \$5,000 starting in July 2016 for 12 months. The total rent commitment, excluding operating costs, is \$40,000.

20. FINANCIAL INSTRUMENTS

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as described in Note 13.

The Company monitors its ability to meet its short-term exploration and administrative expenditures by raising additional funds through share issuance when required. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The Company does not have investments in any asset-backed deposits.

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table summarizes the Company's significant commitments and corresponding maturities:

	<u><1 year</u>	<u>1-3 years</u>	<u>Total</u>
Accounts payable and accrued liabilities	\$346,281	-	\$346,281

Foreign Exchange Risk

The Company currently does not have significant foreign exchange risk as all of its transactions are in Canadian dollars.

Interest Rate Risk

The Company is not exposed to significant interest rate risk.

VANTEX RESOURCES LTD

Notes to financial statements

For the six months ended April 30, 2017 and 2016

(Expressed in Canadian dollars - unaudited)

20. FINANCIAL INSTRUMENTS *(continued)*

Commodity Price Risk

The future profitability of the Company is directly related to the market price of gold. Fluctuations in the gold price could create volatility in the future cash flows, the future reported amounts for sales and production costs. The Company is exposed to commodity price risks.

Fair Value Measurements

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and
- Level 3 – Inputs that are not based on observable market data.

The fair value of cash, term deposit and other receivables is determined based on “Level 1” inputs, which consist of quoted prices in active markets for identical assets. As at April 30, 2017, the Company believes that the carrying values of accounts payable approximates its fair value because of their nature and relatively short maturity dates or durations.

Market Risk

The Company is exposed to risks from changes in interest rates and market prices that affect its financial liabilities financial assets and future transactions. The Company is exposed to market risk with respect to metal prices and fluctuations of the market in relation to its investment in public companies.

21. Prepaid expenses and deposits

As at April 30, 2017, the Company has accrued prepaid expenses of \$121,997 (October 31, 2016 - \$8,909). The prepaid expenses consist of \$111,000 prepaid rent, \$5,997 prepaid professional fees and \$5,000 MRN Security Depot.

22. CONTINGENCIES

The Company is partially financed through the issuance of flow-through shares, and according to tax rules regarding this type of financing, the Company is engaged to realize mining exploration work. These tax rules also set deadlines for carrying out the exploration work no later than the first of the following dates:

- Two years following the flow-through placements;
- One year after the Company has renounced the tax deductions relating to the exploration work.

The Company's operations are governed by governmental laws and regulations regarding environmental protection. Environmental consequences are hardly identifiable. According to management, the Company is in conformity with the laws and regulations. Restoration costs will be accounted in net income of the year following a reasonable estimate of monetary impacts.

23. SUBSEQUENT EVENT

No subsequent event