

VANTEX RESOURCES LTD
UNAUDITED INTERIM FINANCIAL STATEMENTS
NINE MONTHS ENDED JULY 31, 2018 AND 2017

Table of contents

Management statement	2
Interim statements of financial position	3
Interim statements of changes in equity	4
Interim statements of loss and comprehensive loss	5
Interim statements of cash flows	6
Notes to interim financial statements	7-28

VANTEX RESOURCES LTD

(The "Company")

INTERIM FINANCIAL STATEMENTS

Nine Months Ended July 31, 2018 and 2017

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

September 25, 2018

VANTEX RESOURCES LTD

Interim statements of financial position
As at July 31, 2018 and October 31, 2017
(Expressed in Canadian dollars)

	July 31, 2018 (unaudited)	October 31, 2017 (audited)
ASSETS		
Current		
Cash and cash equivalents (Note 8)	\$ 141,646	\$ 83,227
Taxes receivable	17,618	13,136
Prepaid expenses and deposits (Note 9)	<u>27,936</u>	<u>73,482</u>
Current assets	<u>187,200</u>	<u>169,845</u>
Non-current		
Investments (Note 10)	-	75,905
Exploration and evaluation assets (Note 11)	<u>6,231,483</u>	<u>6,221,250</u>
Non-current assets	<u>6,231,483</u>	<u>6,297,155</u>
Total assets	<u>\$ 6,418,683</u>	<u>\$ 6,467,000</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 14)	<u>\$ 265,377</u>	<u>\$ 218,267</u>
Current liabilities	<u>265,377</u>	<u>218,267</u>
Non-current		
Deferred tax liabilities	<u>1,019,174</u>	<u>1,019,174</u>
Non-current liabilities	<u>1,019,174</u>	<u>1,019,174</u>
Total liabilities	<u>1,284,551</u>	<u>1,237,441</u>
EQUITY		
Share capital (Note 15a)	19,766,710	19,766,710
Warrants (Note 15b)	119,108	119,108
Contributed surplus	4,826,910	4,826,910
Deficit	<u>(19,578,596)</u>	<u>(19,483,169)</u>
Total equity	<u>5,134,132</u>	<u>5,229,559</u>
Total liabilities and equity	<u>\$ 6,418,683</u>	<u>\$ 6,467,000</u>

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

Simran Gill (s)

Quinn Field-Dyde (s)

Director

Director

VANTEX RESOURCES LTD

Interim statements of changes in equity

For the nine months ended July 31, 2018 and 2017

(Expressed in Canadian dollars - unaudited)

	Share capital	Warrants	Contributed surplus	Deficit	Total equity
	\$	\$	\$	\$	\$
Balance – November 1, 2017	19,766,710	119,108	4,826,910	(19,483,169)	5,229,559
Comprehensive loss for the period	-	-	-	(95,427)	(95,427)
Balance – July 31, 2018	<u>19,766,710</u>	<u>119,108</u>	<u>4,826,910</u>	<u>(19,578,596)</u>	<u>5,134,132</u>
Balance – November 1, 2016	19,216,710	121,268	4,824,750	(19,102,197)	5,060,531
Comprehensive loss for the period	-	-	-	(377,243)	(377,243)
Shares issued for acquisition of mining properties (Note 15a)	50,000	-	-	-	50,000
Shares issued from private placement	500,000	-	-	-	500,000
Warrants expired (Note 15b)	-	(2,160)	2,160	-	-
Balance – July 31, 2017	<u>19,766,710</u>	<u>119,108</u>	<u>4,826,910</u>	<u>(19,479,440)</u>	<u>5,233,288</u>

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

VANTEX RESOURCES LTD

Interim statements of loss and comprehensive loss

For the three and nine months ended July 31, 2018 and 2017

(Expressed in Canadian dollars - unaudited)

	Three months ended July 31,		Nine months ended July 31,	
	2018	2017	2018	2017
OPERATING EXPENSES				
Insurance	\$ -	\$ 1,842	\$ 3,685	\$ 5,527
Communications and advertising	-	1,160	-	1,400
Consulting fees and professional fees	29,213	81,851	36,533	183,500
Travelling expenses and entertainment	-	3,435	-	4,994
Management fees	-	-	3,333	120,000
Listings fees and rights	2,283	5,200	8,183	11,700
Rent and office expenses	15,682	18,934	48,764	55,057
Registration and information to shareholders	4,626	3,939	8,117	12,698
OPERATING LOSS	<u>(51,804)</u>	<u>(116,361)</u>	<u>(108,615)</u>	<u>(394,876)</u>
OTHER INCOME				
Gain on AFS investment disposal	15,412	7,059	25,007	7,059
Interest income from AFS investment	125	-	228	-
NET LOSS	<u>(36,267)</u>	<u>(109,302)</u>	<u>(83,380)</u>	<u>(387,817)</u>
Change in market value of AFS investment	(8,452)	79,434	(12,047)	10,574
	<u>(8,452)</u>	<u>79,434</u>	<u>(12,047)</u>	<u>10,574</u>
COMPREHENSIVE LOSS FOR THE PERIOD	<u>\$ (44,719)</u>	<u>\$ (29,868)</u>	<u>\$ (95,427)</u>	<u>\$ (377,243)</u>
LOSS PER SHARE, BASIC AND DILUTED (Note 17)	<u>\$ (0.011)</u>	<u>\$ (0.033)</u>	<u>\$ (0.025)</u>	<u>\$ (0.150)</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	<u>3,342,585</u>	<u>3,342,585</u>	<u>3,342,585</u>	<u>2,593,012</u>

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

VANTEX RESOURCES LTD

Interim statements of cash flows

For the three and nine months ended July 31, 2018 and 2017

(Expressed in Canadian dollars - unaudited)

	Three months ended July 31,		Nine months ended July 31,	
	2018	2017	2018	2017
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net loss for the period	(36,267)	(109,302)	(83,380)	(387,817)
Non-cash items of net loss for the period:				
Gain on available-for-sale investment disposal	(15,412)	(7,059)	(25,007)	(7,059)
Interest income from available-for-sale investment	(125)	-	(228)	-
	<u>(51,804)</u>	<u>(116,361)</u>	<u>(108,615)</u>	<u>(394,876)</u>
Changes in non-cash working capital items:				
Accounts receivable	(1,538)	(3,650)	(4,482)	16,396
Prepaid expenses and deposits	16,350	16,223	45,546	(96,865)
Accounts payable and accrued liabilities	36,764	(113,896)	47,110	52,646
	<u>51,576</u>	<u>(101,323)</u>	<u>88,174</u>	<u>(27,823)</u>
Net cash used in operating activities	<u>(228)</u>	<u>(217,684)</u>	<u>(20,441)</u>	<u>(422,699)</u>
INVESTMENT ACTIVITIES				
Proceeds on disposal of available-for-sale investments	47,085	52,838	89,093	111,228
Acquisition of AFS investment	-	-	-	(100,000)
Acquisition of exploration and evaluation assets	-	-	-	(50,000)
Exploration expenses	(233)	(23,087)	(10,233)	(42,947)
Net cash provided by (used in) investment activities	<u>46,852</u>	<u>29,751</u>	<u>78,860</u>	<u>(81,719)</u>
FINANCING ACTIVITIES				
Issuance of common shares	-	-	-	500,000
Net cash provided by financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,000</u>
Net increase (decrease) in cash and cash equivalents	<u>46,624</u>	<u>(187,933)</u>	<u>58,419</u>	<u>(4,418)</u>
Cash and cash equivalents at the beginning of the period	<u>95,022</u>	<u>243,510</u>	<u>83,227</u>	<u>59,995</u>
Cash and cash equivalents at the end of the period (Note 8)	<u>141,646</u>	<u>55,577</u>	<u>141,646</u>	<u>55,577</u>

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

VANTEX RESOURCES LTD

Notes to interim financial statements

For the nine months ended July 31, 2018 and 2017

(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 interim 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 July 31, 2018, the Company has a deficit of \$19,578,596 (October 31, 2017 – \$19,483,169).

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 interim 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 interim 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 September 25, 2018.

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 interim financial statements

For the nine months ended July 31, 2018 and 2017

(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; and
- Variations in the exchange rate for the currency of operation.

VANTEX RESOURCES LTD

Notes to interim financial statements

For the nine months ended July 31, 2018 and 2017

(Expressed in Canadian dollars - unaudited)

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

a) Exploration and Evaluation Assets *(continued)*

iii. Impairment *(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 July 31, 2018.

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 interim financial statements

For the nine months ended July 31, 2018 and 2017

(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 occur.

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 Company 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.

VANTEX RESOURCES LTD

Notes to interim financial statements

For the nine months ended July 31, 2018 and 2017

(Expressed in Canadian dollars - unaudited)

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

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.

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.

VANTEX RESOURCES LTD

Notes to interim financial statements

For the nine months ended July 31, 2018 and 2017

(Expressed in Canadian dollars - unaudited)

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

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 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

The Company has adopted all of the requirements of IFRS 9 *Financial Instruments* ("IFRS 9") as of February 1, 2018. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged.

As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date. The main area of change is the accounting for equity securities previously classified as fair value through profit and loss.

The following is the Company's new accounting policy for financial instruments under IFRS 9.

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as

VANTEX RESOURCES LTD

Notes to interim financial statements

For the nine months ended July 31, 2018 and 2017

(Expressed in Canadian dollars - unaudited)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Financial Instruments (continued)

Classification (continued)

FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at February 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original classification IAS 39	New classification IFRS 9
Cash and cash equivalents	Amortized cost	Amortized cost
Taxes receivable	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholders' equity at the beginning of the 2018 annual reporting period, which also includes the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive loss on February 1, 2018.

Measurement

Financial assets at FVTOCI

Elected investments in equity investments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transactions costs expensed in the statements of net (loss) income. Realized and unrealized gains or losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net (loss) income in the period in which they arise.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of net (loss) income. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of net (loss) income.

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.

VANTEX RESOURCES LTD

Notes to interim financial statements

For the nine months ended July 31, 2018 and 2017

(Expressed in Canadian dollars - unaudited)

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.

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.

VANTEX RESOURCES LTD

Notes to interim financial statements

For the nine months ended July 31, 2018 and 2017

(Expressed in Canadian dollars - unaudited)

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

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. The assumptions and models used for estimating fair value for warrants are disclosed in Note 15b.

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 July 31, 2018, the contingencies of the Company concerning environmental impacts and flow-through shares are disclosed in Note 21.

7. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

New and revised standards that are effective

The retrospective application of the following amendments had no impact on the Company's profit or loss or financial position.

IFRS 7 - Financial Instruments

Disclosures - amended to require additional disclosure on transition from IAS 39 to IFRS 9.

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 as per IFRS 3.

IAS 1 – Disclosure Initiative

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.

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.

VANTEX RESOURCES LTD

Notes to interim financial statements

For the nine months ended July 31, 2018 and 2017

(Expressed in Canadian dollars - unaudited)

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

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued but are not yet effective and have not been adopted early by the Company. Management anticipates that all of the applied pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. The Company is currently analyzing the possible impact of this standard on its financial statements.

IFRS 2 – Share-based Payment

Share-based Payment 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.

IAS 7 – Statement of Cash Flows

IAS 7 Statement of Cash Flows 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.

IFRS 16 – Leases

IFRS 16 was issued in January 2016. It will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Company's operating leases. The Company has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Company's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

The standard is mandatory for financial years commencing on or after January 1, 2019. At this stage, the Company does not intend to adopt the standard before its effective date.

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.

VANTEX RESOURCES LTD

Notes to interim financial statements

For the nine months ended July 31, 2018 and 2017

(Expressed in Canadian dollars - unaudited)

7. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS
(continued)**Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company** (continued)**IAS 12 – Income Taxes**

IAS 12 Income Taxes 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.

The interpretation applies to the determination of taxable income (tax loss), tax values, unused tax losses, unused tax credits and tax rates when there is doubt as to income tax treatments to be used in accordance with IAS 12. The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted.

IFRIC 23 – Tax Treatment Uncertainty

In June 2017, the IASB issued IFRIC 23, Uncertainty relating to tax treatment, prepared by the IFRS Interpretations Committee to clarify the accounting for uncertainties over income tax treatments.

The interpretation applies to the determination of taxable income (tax loss), tax values, unused tax losses, unused tax credits and tax rates when there is doubt as to income tax treatments to be used in accordance with IAS 12. The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted.

8. CASH AND CASH EQUIVALENTS

	July 31, 2018	October 31, 2017
	\$	\$
Cash	141,646	83,227

9. PREPAID EXPENSES AND DEPOSITS

As at July 31, 2018, the Company has prepaid expenses of \$27,936 (October 31, 2017 – \$73,482).

	July 31, 2018	October 31, 2017
	\$	\$
Audit	7,186	-
Insurance	-	3,682
MRN Security Depot	5,000	5,000
Rent	15,750	64,800
	27,936	73,482

10. INVESTMENTS

	July 31, 2018		October 31, 2017	
	Cost	Fair value	Cost	Fair value
	\$	\$	\$	\$
Nil (October 31, 2017 – 1,012,071) common shares of Vanstar Mining Resources Inc., received for the disposal of mining properties. On July 31, 2018, Vantex Resources Ltd held Nil% (October 31, 2017 – 2.6%) of the shares of Vanstar Mining Resources Inc.	-	-	84,800	75,905

VANTEX RESOURCES LTD

Notes to interim financial statements

For the nine months ended July 31, 2018 and 2017

(Expressed in Canadian dollars - unaudited)

11. EXPLORATION AND EVALUATION ASSETS

The mining properties are all located in Quebec.

Mining properties

	Mining claims	Royalties %	Held %	Cost October 31, 2017	Acquisition	Write-off	Cost July 31, 2018
				\$	\$	\$	\$
Hurd (2)	9	1.6	90	540,684	-	-	540,684
Ogima Nord (2)	21	2	90	140,722	-	-	140,722
Sandborn (2)	8	2	100	46,627	-	-	46,627
Perron (2)	14	*	100	59,418	-	-	59,418
Francoeur (2)	14	2	100	22,608	-	-	22,608
Cadillac Rang III (2)	10	2	100	22,830	-	-	22,830
Renault Bay (3)	6	2	100	33,825	-	-	33,825
Lac Fortune (4)	16	1	100	258,990	-	-	258,990
Lac Bousquet (6)							
Bloc Normar	18	-	60	78,620	-	-	78,620
Bloc Black Fly	52	**	100	53,313	-	-	53,313
Cléricy (7)	26	***	100	15,635	-	-	15,635
	<u>194</u>			<u>1,273,272</u>	<u>-</u>	<u>-</u>	<u>1,273,272</u>

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

**Royal 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, 2017	Exploration expenses	Disposal	Write-off	Exploration credit	Cost July 31, 2018
	\$	\$	\$	\$	\$	\$
Hurd	4,755,248	10,233	-	-	-	4,765,481
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	16,388	-	-	-	-	16,388
	<u>4,947,978</u>	<u>10,233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,958,211</u>

VANTEX RESOURCES LTD

Notes to interim financial statements

For the nine months ended July 31, 2018 and 2017

(Expressed in Canadian dollars - unaudited)

11. EXPLORATION AND EVALUATION ASSETS (continued)

The mining properties are all located in Quebec.

Mining properties

	Mining claims	Royalties %	Held %	Cost	Acquisition	Write-off	Cost
				October 31, 2016			October 31, 2017
				\$	\$	\$	\$
Hurd (2)	9	1.6	100	455,393	85,291	-	540,684
Ogima Nord (2)	21	2	100	140,722	-	-	140,722
Sandborn (2)	8	2	100	46,627	-	-	46,627
Perron (2)	14	*	100	50,045	9,373	-	59,418
Francoeur (2)	14	2	100	22,608	-	-	22,608
Cadillac Rang III (2)	10	2	100	22,830	-	-	22,830
Renault Bay (3)	6	2	100	28,489	5,336	-	33,825
Lac Fortune (4)	16	1	100	258,990	-	-	258,990
Lac Bousquet (6)							
Bloc Normar	18	1	60	78,620	-	-	78,620
Bloc Black Fly	52	**	100	53,313	-	-	53,313
Cléricy (7)	26	***	100	15,635	-	-	15,635
Plume (8)	-	-	100	16,500	-	(16,500)	-
Total (9)	194			1,189,772	100,000	(16,500)	1,273,272

*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, 2016					October 31, 2017	
		\$	\$	\$	\$	\$	\$
Hurd	4,724,939	30,309	-	-	-	4,755,248	
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)	-	-	
	4,907,651	40,547	-	(220)	-	4,947,978	

Summary

	July 31, 2018	October 31, 2017
	\$	\$
Total of mining properties	1,273,272	1,273,272
Total of exploration expenses	4,958,211	4,947,978
Total of exploration and evaluation assets	6,231,483	6,221,250

VANTEX RESOURCES LTD

Notes to interim financial statements

For the nine months ended July 31, 2018 and 2017

(Expressed in Canadian dollars - unaudited)

11. 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 20,500 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 2,600 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:

- i. 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;
- ii. 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;
- iii. 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 484,680 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 interim financial statements

For the nine months ended July 31, 2018 and 2017

(Expressed in Canadian dollars - unaudited)

11. 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 project, specifically in the Renault Bay, Perron and Hurd blocks, from Vanstar Mining Resources Ltd. The payable consists of a cash payment of \$50,000, the issuance of 50,000 shares at a value of \$50,000 and a royalty of 0.5% NSR on the claims reacquired. Also, the Company has subscribed for 1,428,571 shares by way of private placement from Vanstar at unit share price of \$0.07.

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 3,000 common shares at \$6.00 and 3,000 warrants with an exercise price of \$8.00, 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 20,000 common shares at a price of \$7.00 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 20,000 common shares at a price of \$2.00 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 49,100 common shares. The vendor retains a royalty (NSR) of 1% of these mining claims situated in Bousquet Township, Abitibi.

VANTEX RESOURCES LTD

Notes to interim financial statements

For the nine months ended July 31, 2018 and 2017

(Expressed in Canadian dollars - unaudited)

11. 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 25,000 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 30,000 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.

In January 2017, the Company have not been renewed the mining right of these claims and a write-off is recognized.

9) Total of mining claims

Due to claims conversion and redesignation, number of mining claims for a property could vary from previous period.

12. 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; and
- 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 interim financial statements

For the nine months ended July 31, 2018 and 2017

(Expressed in Canadian dollars - unaudited)

13. RELATED PARTY TRANSACTIONS AND BALANCES

The following transactions occurred between related parties:

	2018	2017
	\$	\$
Operating expenses:		
Management and consulting fees paid to directors and a company owned by a shareholder	12,333	6,952
Accounting and administration fees paid to an officer	-	4,030
	<u>12,333</u>	<u>10,982</u>

During the year ended October 31, 2017, the Company contracted a loan payable to a shareholder of \$150,000 at 15% interests, which has been reimbursed.

The accounts payable include \$173,250 to a company owned by a shareholder, \$1,000 to a shareholder, and \$10,000 to a director.

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.

14. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	July 31, 2018	October 31, 2017
	\$	\$
Vendors, accrued liabilities and part XII.6 taxes	<u>265,377</u>	<u>218,267</u>

15. SHARE CAPITAL

a) Authorized Share Capital:

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

Issued:

	July 31, 2018		October 31, 2017	
	Number of shares	Amount	Number of shares	Amount
		\$		\$
Balance at the beginning of the period	3,342,585	19,766,710	1,959,252	19,216,710
Shares issued:				
Mining properties	-	-	50,000	50,000
Private placement	-	-	1,333,333	500,000
Balance at the end of the period	<u>3,342,585</u>	<u>19,766,710</u>	<u>3,342,585</u>	<u>19,766,710</u>

- i. On January 9, 2017, the Company has reacquired up to 50% interest in the Galloway project, specifically in the Renault Bay, Perron and Hurd blocks, from Vanstar Mining Resources Ltd. The payable consists of a cash payment of \$50,000, the issuance of 50,000 (2,500,000 shares before consolidation) shares at a value of \$50,000 and a royalty of 0.5% NSR on the claims reacquired. Also, the Company has subscribed for 1,428,571 shares by way of private placement from Vanstar at unit share price of is \$0.07.
- ii. In February 2017, the Company consolidated its issued and outstanding share capital based on one post consolidation share for each 10 pre-consolidation common shares.
- iii. In March 2017, the Company closed a private placement of \$500,000 by issuing 1,333,333 common shares at a unit price of \$0.375.
- iv. On May 18, 2018, the Company consolidated its issued and outstanding share capital based on one post consolidation share for each 5 pre-consolidation common shares.

VANTEX RESOURCES LTD

Notes to interim financial statements

For the nine months ended July 31, 2018 and 2017

(Expressed in Canadian dollars - unaudited)

15. SHARE CAPITAL *(continued)*

b) Warrants

Warrants issued to shareholders

	July 31, 2018		Weighted average exercise price	October 31, 2017		Weighted average exercise price
	Number	Amount \$		Number	Amount \$	
Outstanding at the beginning of the period	100,000	119,108	2.50	108,000	121,268	2.50
Expired	-	-		(8,000)	(2,160)	
Outstanding at the end of the period	<u>100,000</u>	<u>119,108</u>	2.50	<u>100,000</u>	<u>119,108</u>	2.50

During the period ended July 31, 2018, Nil (October 31, 2017 – 40,000) warrants expired without being exercised. The fair value in the amount of \$Nil (October 31, 2017 – \$2,160) 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
Risk-free interest rate	0.50%
Expected volatility	255.74%
Dividend yield	-
Expected life	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 July 31, 2018 is as follows:

Number of warrants	Exercise price	Expiry date
100,000	\$2.50	August 2018

Warrants issued to brokers

There were no outstanding warrants issued to brokers as of July 31, 2018.

VANTEX RESOURCES LTD

Notes to interim financial statements

For the nine months ended July 31, 2018 and 2017

(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 800,000 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:

	July 31, 2018			October 31, 2017		
	Number of options	Amount	Weighted average exercise price	Number of options	Amount	Weighted average exercise price
		\$	\$		\$	\$
Balance at the beginning of the period	-	-	-	17,000	16,220	3.00
Canceled	-	-	-	(17,000)	(16,220)	3.00
Balance at the end of the period	-	-	-	-	-	-

16. MANAGEMENT REMUNERATION

	2018	2017
	\$	\$
Salaries, management and consulting fees for directors and a company owned by a shareholder	12,333	6,952
	<u>12,333</u>	<u>6,952</u>
Accounting fees paid to an officer	-	4,030
	<u>12,333</u>	<u>10,982</u>

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

17. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic loss per share is based on the 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 nine months ended July 31, 2018 and 2017 was based on the loss attributable to common shareholders of \$83,380 (2017 – \$387,871) and the weighted average number of common shares outstanding of 3,342,585 (2017 – 2,593,012).

VANTEX RESOURCES LTD

Notes to interim financial statements

For the nine months ended July 31, 2018 and 2017

(Expressed in Canadian dollars - unaudited)

18. ADDITIONAL INFORMATION ON CASH FLOWS

Items not affecting cash and cash equivalents in the periods ended July 31, 2018 and 2017:

	2018	2017
	\$	\$
Acquisition of exploration and evaluation assets in consideration of equity	-	50,000
	-	50,000

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 July 31, 2018 and are described in Note 11.

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.

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 12.

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:

	<1 year	1-3 years	Total
Accounts payable and accrued liabilities	\$255,585	-	\$255,585

Foreign Exchange Risk

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

VANTEX RESOURCES LTD

Notes to interim financial statements

For the nine months ended July 31, 2018 and 2017

(Expressed in Canadian dollars - unaudited)

20. FINANCIAL INSTRUMENTS *(continued)*

Interest Rate Risk

The Company is not exposed to significant interest rate risk.

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 July 31, 2018, 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 company.

21. 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; and
- 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.

22. SUBSEQUENT EVENT

No subsequent event.