

Manson Creek Resources Ltd.
Consolidated Financial Statements
(Expressed in Canadian Dollars)
September 30, 2017

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Independent Auditor's Report

To the Shareholders of Manson Creek Resources Ltd.

We have audited the accompanying financial statements of Manson Creek Resources Ltd., which comprise the statement of financial position as at September 30, 2017, and September 30, 2016 and statements of income and comprehensive income, statements of changes in equity, and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Manson Creek Resources Ltd. as at September 30, 2017, and September 30, 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

BDO Canada LLP

Chartered Professional Accountants

Calgary, Alberta
December 21, 2017

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Manson Creek Resources Ltd.

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

As of September 30

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets		
Cash at bank (Note 4)	\$ 204,953	\$ 38,144
Accounts receivable (Note 5)	3,870	9,150
Prepaid expenses	12,647	12,550
Short-term investments (Note 6)	1	1
	<u>221,471</u>	<u>59,845</u>
Non-current Assets		
Exploration and evaluation assets (Note 7)	491,852	422,193
Property and equipment (Note 8)	2,806	89
	<u>494,658</u>	<u>422,282</u>
TOTAL ASSETS	\$ 716,129	\$ 482,127
EQUITY AND LIABILITIES		
Current Liabilities		
Deferred sublease revenue	913	
Accounts payable and accrued liabilities (Note 9)	\$ 28,625	\$ 19,738
	<u>29,538</u>	<u>19,738</u>
Non-current Liabilities		
Decommissioning obligation (Note 10)	12,750	12,750
	<u>12,750</u>	<u>12,750</u>
TOTAL LIABILITIES	42,288	32,488
EQUITY		
Share capital (Note 11)	12,619,161	12,404,263
Reserves	2,034,622	1,891,327
Deficit	(13,979,942)	(13,845,951)
TOTAL EQUITY	673,841	449,639
TOTAL EQUITY AND LIABILITIES	\$ 716,129	\$ 482,127

Nature of operations (Note 1)

Commitments (Note 18)

Approved by the Board

"Jean Pierre Jutras"

Director

"Douglas Porter"

Director

See accompanying notes to the financial statements.

Manson Creek Resources Ltd.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
For the years ended September 30

	<u>2017</u>	<u>2016</u>
Expenses		
General and administrative (Note 13 and 17)	\$ 107,329	\$ 87,404
Reporting to shareholders	1,994	19,422
Professional fees	30,180	18,699
Stock exchange and transfer agent fees	9,499	8,584
Depreciation	190	89
Bad debt expense (Note 17)	-	680
(Recovery) impairment charges	-	(5,000)
Pre-acquisition costs	6,556	-
Loss before other items	<u>155,748</u>	<u>129,878</u>
Other Items		
Sublease revenue (Note 17)	(21,409)	(23,359)
Interest and other	(348)	(325)
Loss on investments held for sale	-	1,999
	<u>(21,757)</u>	<u>(21,685)</u>
Net loss and comprehensive loss for the year	<u>\$ 133,991</u>	<u>\$ 108,193</u>
Loss per share:		
Basic and diluted (Note 15)	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Weighted average number of shares outstanding:		
Basic and diluted (Note 15)	<u>28,184,426</u>	<u>24,246,892</u>

See accompanying notes to the financial statements.

Manson Creek Resources Ltd.

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

For the years ended September 30

	<u>2017</u>	<u>2016</u>
Increase (decrease) in cash at bank		
Operating activities		
Cash received from sublease revenue	\$ 21,409	\$ 23,359
Cash paid to suppliers and contractors (Note 19)	(141,488)	(164,383)
Cash received from sub lessee deposit	913	-
Cash used in operating activities	<u>(119,166)</u>	<u>(141,024)</u>
Investing activities		
Interest and other income received	348	325
Cash expended on exploration and evaluation asset additions	(69,659)	(2,810)
Cash returned to Guatavita Gold Corporation on account of Guaman project	-	(10,625)
Government incentive receipts (Note 7)	-	19,525
Cash received on exploration advances and deposits	-	3,000
Cash expended on property and equipment	(2,907)	-
Cash used in investing activities	<u>(72,218)</u>	<u>9,415</u>
Financing Activities		
Share capital and warrant issue proceeds	380,000	-
Share issue costs	(21,807)	-
Cash provided by financing activities	<u>358,193</u>	<u>-</u>
Increase (decrease) in cash at bank	166,809	(131,609)
Cash at bank,		
Beginning of year	38,144	169,753
End of year	<u>\$ 204,953</u>	<u>\$ 38,144</u>

Supplementary Information: Interest and taxes

There were no cash expenditures on interest or taxes during the years ended September 30, 2017 and September 30, 2016.

Non-cash transactions

Year ended September 30, 2017

During the year ended September 30, 2017, there were no non-cash transactions.

Year ended September 30, 2016

During the year ended September 30, 2016, there were no non-cash transactions.

See accompanying notes to the financial statements.

Manson Creek Resources Ltd.
Consolidated Statement of Changes in Equity

(Expressed in Canadian Dollars)

	Reserves						Total
	Common share capital	Equity-settled share based payment	Warrants	Other*	Total Reserves	Deficit	
	\$	\$	\$	\$	\$	\$	\$
Balance, September 30, 2015	12,404,263	69,620	348,702	1,473,005	1,891,327	(13,737,758)	557,832
Net and comprehensive loss for the year	-	-	-	-	-	(108,193)	(108,193)
Warrants expired	-	-	(292,763)	292,763	-	-	-
Balance, September 30, 2016	12,404,263	69,620	55,939	1,765,768	1,891,327	(13,845,951)	449,639
Net and comprehensive loss for the year	-	-	-	-	-	(133,991)	(133,991)
Private placement share and warrant issue	236,705	-	143,295	-	143,295	-	380,000
Share issuance costs	(21,807)	-	-	-	-	-	(21,807)
Options expired	-	(400)	-	400	-	-	-
Balance, September 30, 2017	12,619,161	69,220	199,234	1,766,168	2,034,622	(13,979,942)	673,841

*Other reserves is comprised of options and warrants that expired without exercise or were forfeited. These values were relieved from the share based payment reserve and warrants reserve respectively upon the cancellation/expiry of the equity instrument.

See accompanying notes to the financial statement

Manson Creek Resources Ltd.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the year ended September 30, 2017

1. Nature of operations

Manson Creek Resources Ltd. ("Manson" or "the Company") is engaged in the business of mineral exploration and development in Canada. The Company was incorporated under the laws of the Province of British Columbia, Canada and continued under the Business Corporations Act (Alberta). The address of its primary office is Suite 800, 808 - 4th Avenue SW, Calgary, Alberta, Canada, T2P 3E8. The Company's common shares are listed on the TSX Venture Exchange under the symbol MCK.

Since inception, the efforts of the Company have been devoted to the acquisition, exploration and development of mineral properties. To date the Company has not received any revenue from mining operations and has not determined whether its mineral properties contain ore reserves that are economically recoverable.

These financial statements have been prepared using International Financial Reporting Standards (IFRS) applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business.

Mineral properties are recognized in these financial statements in accordance with the accounting policies outlined in Note 3(f) "Exploration and evaluation assets". Accordingly, their carrying values represent costs incurred to date, net of recoveries, abandonments and impairments. The recoverability of these amounts is dependent upon the existence of economically recoverable mineral reserves; the acquisition and maintenance of appropriate permits, licenses and rights; the ability of the Company to obtain necessary financing to complete the development of properties where necessary, and upon future profitable operations; or alternatively, upon the Company's ability to recover its costs through a disposition of its interests.

2. Basis of presentation

a) Basis of presentation

These financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Reporting Interpretations Committee ("IFRIC"), effective for the periods ended September 30, 2017 and 2016, using the significant accounting policies outlined in Note 3. The statements were authorized for issue by the board of directors on December 21, 2017.

These financial statements have been prepared on a historical cost basis except for certain financial instruments described in Note 12 and decommissioning obligation described in Note 10. In addition, these statements have been prepared using the accrual basis of accounting except for cash flow information.

The presentation and functional currency of the Company is the Canadian dollar.

b) Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned US subsidiary, Jadex Corporation ("Jadex"). Jadex was incorporated by the Company on July 7, 2017, in Washington State, USA, to conduct business with respect to Washington mineral property interests (refer to Note 7 - "Exploration and evaluation assets" for more information). All intercompany transactions and balances have been eliminated on consolidation. Subsidiaries are those entities that the Company controls through its power to govern the financial and operating policies of the subsidiary. Subsidiaries are fully consolidated from the date control is obtained and are de-consolidated from the date control ceases. The functional currency of Jadex is the US dollar.

Manson Creek Resources Ltd.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2017

3. Summary of significant accounting policies

a) New accounting policies

The Company did not adopt any new accounting policies during the year ended September 30, 2017.

b) Recent accounting pronouncements

Certain new accounting standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for periods subsequent to those disclosed in these financial statements. Many are not applicable or do not have a significant impact to Manson and have been excluded from below:

IFRS 9 - Financial instruments

Financial instruments, and consequential amendments to other related standards, is effective for accounting periods commencing on or after January 1, 2018. There were new amendments related to IFRS 9 issued in November 2013. Although the transition date for IFRS 9 has been deferred, these amendments would be required to be prospectively applied in the financial statements for the 2014 year, as the Company has early adopted this section. However, these amendments relate to hedging and own credit risk, therefore these amendments do not have a significant impact on its financial reporting.

c) Financial Instruments

The Company's financial instruments consist of the following:

Financial Assets	Classification
Cash at bank	Financial asset measured at amortized cost
Accounts receivable	Financial asset measured at amortized cost
Government grants receivable	Financial asset measured at amortized cost
Short-term investments	Financial asset measured at fair value

Financial Liabilities	Classification
Accounts payable and accrued liabilities	Financial liabilities measured at amortized cost

The Company records financial assets initially at fair value and subsequently measure these financial assets at either amortized cost or fair value on the basis of both the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost if both of the following conditions are met:

- 1) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and,
- 2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If the financial asset is not measured at amortized cost as per the above, the financial asset is measured at fair value.

Manson Creek Resources Ltd.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2017

3. Summary of significant accounting policies (continued)

c) Financial Instruments (continued)

Financial asset measured at fair value

Financial assets measured at fair value are carried at fair value at each period end, with the related gains and losses recognized in profit or loss.

Financial assets measured at amortized cost

Financial assets measured at amortized cost are recorded at fair value upon initial recognition, plus any applicable transaction costs that are directly attributable to the acquisition of the financial asset, and subsequently carried at amortized cost, using the effective interest method. A gain or loss on a financial asset that is measured at amortized cost is recognized in profit or loss when the financial asset is derecognized, impaired, or reclassified.

Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are recorded at fair value upon initial recognition, less any applicable transaction costs that are directly attributable to the acquisition of the financial liability, and are subsequently measured at amortized cost using the effective interest method. A gain or loss on a financial liability that is measured at amortized cost is recognized in profit or loss when the financial liability is derecognized.

Cash at bank

Cash at bank include cash and highly liquid Canadian dollar denominated investments in bankers' acceptances or term deposits with terms to maturity of 90 days or less when acquired. The counter-parties are financial institutions.

Impairment of financial assets

Financial assets carried at amortized cost are assessed for indicators of impairment at the end of each reporting period. These 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 assets, the estimated future cash flows of the investments have been negatively impacted.

The carrying amount of financial assets is reduced by any impairment loss directly except in the case of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written-off against the allowance account. Subsequent recoveries of accounts receivable previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal is recognized in profit or loss and is limited to the carrying amount that would have been determined had no impairment loss been recognized in prior years.

d) Provisions

Provisions are recognized when the Company has a present obligation, whether legal or constructive, as a result of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation discounted using the pre-tax, risk-free rate, updated at each reporting date.

Manson Creek Resources Ltd.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2017

3. Summary of significant accounting policies (continued)

e) Decommissioning obligation

Decommissioning obligations include obligations related to future removal of property and equipment, and site restoration costs. A liability, for the fair value of environmental and site restoration obligations, is recorded in accordance with the broader policy described in "d) Provisions" above. Provisions for restoration costs do not include any additional obligations that are expected to arise from future disturbance. The amortization or unwinding of the discount applied in establishing the net present value of provisions is charged to earnings in a systematic manner. Other movements in the provision, including those from new disturbance, updated cost estimates, changes to the lives of operations and revisions to discount rates are capitalized to exploration and evaluation assets. The amounts included in capitalized costs are depleted using the unit-of-production method at such point that the mineral property achieves commercial production, or the costs will be written-off at such time that management considers that the value of the related property has been impaired.

f) Exploration and evaluation assets

The Company is in the exploration stage with respect to its investment in mineral properties. The Company expenses costs incurred prior to acquiring the right to explore an area as pre-acquisition and exploration costs. The Company capitalizes costs directly related to the acquisition, exploration and evaluation of mineral properties. Such costs include, but are not restricted to, geological, geophysical, drilling, trenching and sampling costs including the support costs and supplies required in relation thereto. These assets are recorded at cost as adjusted for impairments in value. Impairment is assessed when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. In assessing impairment, exploration and evaluation assets are grouped into areas of interest. Management groups mineral claims, that are contiguous and specific to an area that encompasses the same prospective minerals, into one area of interest and assigns a name to this mineral property. Each named mineral property is considered an area of interest.

One or more of the following facts and circumstances indicate that a specific area of interest should be tested for impairment:

- The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future and is not expected to be renewed.
- Substantive expenditure on further exploration for, and evaluation of, mineral resources in the specific area is neither budgeted nor planned.
- Exploration for and evaluation of mineral resources in the specific area has not led to the discovery of potentially commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or sale.

An impairment loss may be reversed in a situation where there is a change in the circumstances that had initially dictated that impairment had occurred.

Where the Company's exploration commitments for an area of interest are performed under option agreements with a third party, the proceeds of any option payments under such agreements are applied to the area of interest to the extent of costs incurred. The excess, if any, is credited to operations. Option payment made by the Company are recorded as exploration and evaluation assets. Options are exercisable entirely at the discretion of the optionee and accordingly, are recorded as exploration and evaluation assets or recoveries when the payments are made or received. The proceeds on the sale of exploration and evaluation assets are applied to the area of interest to the extent of costs incurred and the excess, if any, is credited to.

Manson Creek Resources Ltd.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2017

3. Summary of significant accounting policies (continued)

f) Exploration and evaluation assets (continued)

operations. In some circumstances option payments received by or made by the Company are made in whole or in part through the issuance of common shares. The value of these share-based payments is calculated using the closing price of the shares on the date of issue as determined by the public exchange upon which they are listed as this is the most readily determinable value.

When the Company enters the development stage for an area of interest, the exploration and evaluation costs are transferred into mine development costs and all subsequent expenditures on the construction, installation or completion of infrastructure net of incidental revenue, is capitalized. Upon commencement of commercial production, all mine development assets for the relevant area of interest are transferred to producing mine assets at which point the costs will commence being charged to profit or loss on a unit-of-production basis.

g) Property and equipment

On initial recognition, property and equipment assets are valued at cost, being the purchase price plus the directly attributable costs of acquisition to bring the assets to the location and condition necessary for the assets to be put into use. Subsequent to acquisition, these assets are recorded at cost less accumulated depreciation. Depreciation methods and rates by significant categories of property and equipment that are calculated to write off the cost of the assets, less estimated residual values, over their useful lives. The method and rate are as follows:

	Depreciation method	Depreciation rate
Computer equipment and software	Declining balance	30% - 50%
Equipment	Declining balance	20%

Residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Changes to estimated residual values or useful lives are accounted for prospectively as a change in estimate.

Property and equipment are reviewed for impairment if there is an indication that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the higher of "value in use", (being the net present value of expected future cash flows of the relevant cash generating unit, ("CGU"), or "fair value less costs to sell." Where there is no binding sale agreement or active market, fair value less costs to sell is based on the best information available to reflect the amount the Company could receive for the assets in an arm's length transaction.

The discount rate applied in calculating net present value of expected future cash flows, is based upon pre-tax discount rates that reflect current market assessments of the time value of money and the risks associated with the relevant cash flows, to the extent that such risks are not reflected in the forecasted cash flows.

If the carrying amount of the asset exceeds its recoverable amount, the asset impairment loss is charged to profit or loss and reduces the carrying amount of the asset. A previously recognized impairment loss is reversed if the recoverable amount increases as a result of a reversal of the conditions that originally precipitated the impairment. This reversal is recognized in profit or loss and is limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized in prior years.

Gains or losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included in other gains and losses in the statements of loss.

Manson Creek Resources Ltd.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2017

3. Summary of significant accounting policies (continued)

h) Flow-through common shares

Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation.

At the time of closing a financing involving flow-through shares, the Company allocates the gross proceeds received as follows:

- Share Capital - fair value of market price of the Company's non flow-through shares;
- Warrant reserve - if warrants are being issued, based on the valuation derived using the Black-Scholes Pricing model; and
- Liability for obligation to flow-through shareholders - equal to the premium, if any, investors pay for the flow-through feature over the fair value of the share capital without the flow-through feature, representing the estimated value of the tax deductions that the Company is obligated to renounce to the investors.

At the end of each reporting period, the Company records an adjustment to its deferred tax expense/liability accounts for the taxable temporary difference arising from the transfer of tax benefits to investors pursuant to flow-through share agreements. For this adjustment, the Company considers the tax benefits to have been effectively transferred if it has incurred the qualifying expenditures by the end of the reporting period and expects to fully renounce the expenditures. This deferred tax impact is recognized in other income when the expenditures have been incurred and renunciation is expected. To the extent that the Company has deferred tax assets, in the form of unutilized tax losses carry forward and other unused tax deductions, the Company uses the deferred tax assets to reduce its deferred tax liability that otherwise would be recognized.

If the Company has renounced the expenditures to the investors, the liability for obligation to flow-through shareholders is recognised as other income on the basis to which the qualifying expenditures are incurred in relation to the total amount of qualifying expenditures the Company has agreed to incur.

i) Significant accounting judgments and estimates

The preparation of these Financial Statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. Circumstances could arise over the years that would require material revisions to these estimates. Changes in assumptions could have a material effect on the fair value of estimates.

These Financial Statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the Financial Statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods, if the revision affects both current and future periods. These estimates are based on historical experience, current economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant estimates include:

- the carrying value of investments and the recoverability of the carrying value which is included in the balance sheet;
 - the carrying values of exploration and evaluation assets and property and equipment that are included in the Statement of financial position, including the assumptions that are incorporated into the impairment assessments, and the amount of depreciation and/or impairments that are included in the statement of loss; (refer to Note 1 - "Nature of operations")
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Manson Creek Resources Ltd.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2017

3. Summary of significant accounting policies (continued)

i) Significant accounting judgments and estimates (continued)

- the estimate of the amount of decommissioning obligation and the inputs used in determining the net present value of the liabilities for decommissioning obligations included in the Statement of financial position;
- the value of share-based compensation expense in the statement of loss and comprehensive loss and the value of warrants that have been issued in connection with private placements and are included in the statement of financial position, which are valued using valuation models and incorporate assumptions made by management of stock volatility, interest rates and exercise periods;
- the collectible amount of government incentives which are subject to review by granting authorities, affecting the carrying value of receivables and exploration and evaluation assets.

j) Share-based payment transactions

The fair value of share options granted to employees is recognized as an expense over the vesting period with a corresponding increase in the equity-settled share based payment reserve in equity. Employees, for the purpose of this calculation, also include individuals who provide services similar to those performed by a direct employee, including directors and consultants of the Company. The fair values of the options granted is measured using the Black-Scholes Option Pricing Model taking into account the terms and conditions upon which the options were granted. Consideration received on the exercise of stock options is recorded as share capital and the related equity-settled share based payment amount is transferred to share capital. If options expire without exercise, the value associated therewith is transferred from equity-settled share based payment reserve to other reserves.

k) Loss per share

Basic loss per common share is calculated by dividing the net loss attributable to common shareholders by the weighted average number of common shares outstanding for the year. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. Only "in-the-money" dilutive instruments impact the dilution calculations and potentially dilutive instruments shall only be treated as dilutive when their conversion to ordinary shares would decrease earnings per share or increase loss per share. Refer to Note 11 and 15 for a summary of options and warrants outstanding that could potentially dilute basic earnings per share in the future, but were excluded from the calculation in the periods disclosed because their effect was anti-dilutive.

l) Income taxes

Income tax on net profit or loss for the years presented is comprised of current and deferred tax as applicable. Income tax pertaining to profit or loss is recognized in earnings or loss; income taxes pertaining to items recognized directly in equity are recorded through equity. Current tax is the tax expected to be payable on the taxable income for the year calculated using rates that have been enacted or substantively enacted by the balance sheet date. It includes adjustments for tax expected to be payable or recoverable in respect of previous periods.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. 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 balance sheet date. Deferred tax assets are only recognized to the extent that it is probable that the deductible temporary.

Manson Creek Resources Ltd.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2017

3. Summary of significant accounting policies (continued)

l) Income taxes (continued)

Differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary difference can be utilized.

m) Government incentives

Through its exploration, the Company has benefited from government grants. These incentives are not repayable provided that the Company meets the requirements of the agreement, the most significant of which is that the incentives apply to qualifying expenditures. Qualifying expenditures are defined broadly within the agreement as all reasonable expenses for contracted services, machinery rental, transportation of machinery, personnel and supplies or other approved costs in connection with specific exploration programs. The Government grants are recognized when there is reasonable assurance that the Company will comply with the conditions of the grant and the grants will be received. The incentives reduce the mineral property costs to which they pertain in the period that the qualifying exploration expenditures are incurred or when collectability is reasonably assured if this is later. These Government incentives are subject to review by the relevant granting authorities, and by their nature are subject to measurement uncertainty. Adjustments, if any, resulting from such a review are recorded in the period during which the final grant payment amount is assessed by the governing agency.

n) Foreign currencies

Both the presentation currency and functional currency of the Company is the Canadian dollar. The functional currency of its wholly owned US subsidiary is the US dollar. The US subsidiary is translated to Canadian dollars, based on the period end exchange rate for assets and liabilities and the translation date for its income and expenditures. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the transaction dates. At each financial statement reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Non-monetary items that are carried at fair value and were measured in a foreign currency are translated at the rate prevailing at the date when the fair value was determined. Foreign exchange gains and losses on the foregoing transactions are recorded in profit or loss.

4. Cash at bank

Cash at bank is comprised of:

	<u>Sept 30, 2017</u>	<u>Sept 30, 2016</u>
Current bank accounts	\$ <u>204,953</u>	\$ <u>38,144</u>

5. Accounts receivable

	<u>Sept 30, 2017</u>	<u>Sept 30, 2016</u>
Trade receivables	\$ -	\$ 148
Related party receivables	1,071	8,036
Sales tax receivables	2,799	966
	\$ <u>3,870</u>	\$ <u>9,150</u>

Manson Creek Resources Ltd.

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(Expressed in Canadian Dollars)
For the year ended September 30, 2017

6. Short-term Investments

	<u>Sept 30, 2017</u>	<u>Sept 30, 2016</u>
North Sur Resources Inc.		
Common Shares (Sept. 30, 2017 - 200,000, Sept. 30, 2016 - 200,000)	\$ <u>1</u>	\$ <u>1</u>

At September 30, 2016, the common shares of North Sur Resources Inc. were valued at \$1, as trading was halted on the TSX Venture Exchange during the year, pending the completion of a transaction. To date there has been no change in the status of the shares. During the year ended, the Company has recognized impairment on investments held for sale of \$Nil (2016 - \$1,999).

7. Exploration and evaluation assets

Tell, Yukon

The Company acquired 100% of the expanded Tell mineral property through staking. The Company holds 235 claims covering slightly in excess of 4,900 hectares located approximately 140 kilometres east of Mayo, Yukon. The gross costs and impairments recorded to the Tell property as at September 30, 2017 are \$422,641 and \$Nil, respectively (September 30, 2016 - \$422,193 and \$Nil, respectively).

On March 19, 2014, the Company entered into a Letter of Intent ("LOI") with Guatavita Gold Corporation, (refer to Note 17 "Related party transactions and balances and key management remuneration") to jointly explore the Tell property, subject to approval from the Exchange. The LOI was subsequently replaced by the Tell Property Option Agreement ("Tell option") with an effective date of May 28, 2014.

The Company received conditional approval from the Exchange on April 28, 2014 subject to the filing of an independent NI 43-101 technical report on the Tell property. The Company filed the technical report on June 30, 2014 which was subsequently amended on July 17, 2014. On October 31, 2014, the "Earn-in" option period for Guatavita was extended by one year to October 31, 2015, due to weak market conditions, which dictated reduced expenditures to less than the budgeted \$1,000,000. All other terms of the agreement remained in effect. Should either party not be able to fund its share of expenditures, then the other party may increase its spending, and increase its interest pro-rata accordingly, to a maximum respective interest of 80% in favour of Guatavita should it have funded the entire Phase 1 and 2 programs.

The budgeted property expenditures included a 2 phase program. The Phase 1 program was completed in June 2014 and included surface sampling, detailed mapping and prospecting, and further refining of drill targets. The Phase 2 drill program which consisted of 673 meters of drilling at Tell was completed during the summer of 2014. Manson was the Operator during the Phase 1 and Phase 2 programs.

During August, 2015, the Company conducted a one week reconnaissance program, with the objectives to gain additional knowledge with respect to the mineralization of the Tell property, consisting of magnetic surveying. Additionally, an area 2.2 kilometres to the NW of the main Tell area was prospected and mapped with the objective to discover the source of highly anomalous Zinc, Nickel, Barium, Cobalt, Manganese and Copper in stream sampling. A sample of a new gossanous point source at the head of a creek returned highly anomalous assay values of 3.83 per cent zinc (38,300 parts per million), 0.6 per cent nickel (5,970 parts per million), 0.28 per cent cobalt (2,780 parts per million) and 0.42 per cent barium (4,170 parts per million), as well as an anomalous elevated copper value of 280 parts per million. Guatavita Gold Corporation did not participate in the summer 2015 exploration program. However, the Company did receive financial assistance from the Yukon Government through a Yukon Mineral Exploration grant (YMEP), to reimburse 50% of the qualified field expenditures totalling \$19,525.

During the year ended September 30, 2016, Guatavita Gold requested the remaining balance of its share of funds held for reclamation of the Tell property, be returned. By removing these funds Guatavita acknowledged that it was in default of its option covenants to maintain the property in good standing and that the Tell property

Manson Creek Resources Ltd.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the year ended September 30, 2017

7. Exploration and evaluation assets (continued)

Tell, Yukon (continued)

interest earned during the option period was in forfeit. In exchange, Manson Creek agreed to hold Guatavita Gold harmless for all environmental and other liabilities incurred or created by the exploration activities on the Tell property whether incurred or created during or prior to the term of the Option Agreement but not limited to any reclamation required. Consequently, the Tell property will continue to be held by Manson 100% with no underlying obligations to third parties.

Keithley Mountain, British Columbia

In February 2017, the Company acquired by staking a 2,111 hectare property in the Cariboo Goldfields, in central British Columbia called Keithley Mountain. The property consists of a combination of both Lode and Placer claims, is easily accessible through an existing network of logging roads and is located approximately 20 kilometres north of the town of Likely, BC. The gross costs and impairments recorded to the Keithley Mountain property as at September 30, 2017, \$21,892 and \$Nil, respectively (September 30, 2016 - \$Nil and \$Nil, respectively).

While the geology of the region is widely known to be prospective for commodities such as gold, copper and nickel, the focus of exploration in this instance will be for nephrite Jade of which there are historical showings and reports in the area. The property covers approximately 6.5 kilometres of strike length along a favourable package of metamorphosed serpentinites and sediments, with significant thrust faulting, all elements which are critical in the formation of Jade.

First pass reconnaissance at the Keithley Mountain project identified extensive areas of locally subcropping to outcropping serpentinitized ultramafic rocks, which are typical hosts to nephrite deposits in British Columbia. In addition, numerous zones of fibrous secondary riebeckite mineralization (asbestos) were found in situ, confirming the potential of the property to host nephrite jade, as these asbestos veins are often associated with some of the larger jade deposits in BC, and as the jade historically found on the property in float has been associated with such mineralization.

The project remains a valid target for further work, however, it is being evaluated in the context of numerous other such projects and the Company will focus on conducting further first pass evaluations before committing to its best opportunity.

DJ Jade Project, Washington State, USA

On August 28, 2017, the Company announced an acquisition of the DJ Jade project, in Washington State, USA, through a combination of Option Agreement and staking. The gross costs and impairments recorded to the DJ Jade project at September 30, 2017 are \$47,319 and \$Nil, respectively (September 30, 2016 - \$Nil and \$Nil, respectively).

The property, consisting of existing and recently filed Lode Claims covers an area of slightly more than 140 hectares, with 3 historical and numerous newly identified nephrite jade occurrences, which have been visited and confirmed by the Company's representative. The portion of the claims under option require a total of USD \$86,000 in property payments (USD \$6,000 of which has been paid for the first year) and staged work commitment of USD \$80,000 over 4 years in order for the Company to earn 100% of the mineral rights associated with those claims, subject to a 2% NSR royalty. Additional claims staked around the initial claims optioned fall within an area of mutual interest, and are considered part of the original Option Agreement.

Manson Creek Resources Ltd.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

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7. Exploration and evaluation assets (continued)

DJ Jade project, Washington State, USA (continued)

The terms of the agreement are as follows:

	Vendor Payments	Property Expenditures
	USD\$	USD\$
On Effective Date*	6,000	-
1st Anniversary	15,000	10,000
2nd Anniversary	15,000	20,000
3rd Anniversary	20,000	20,000
4th Anniversary	30,000	30,000
Total	86,000	80,000

In addition, the Vendors grant the Company, upon notice in writing, the right to purchase from the Optionor half (1%) of the Royalty for the sum of USD \$500,000 in cash or Common shares of the Company. The Optionor also grants, the Company the right, upon written notice, the remainder half (1%) of the Royalty for the sum of USD \$1,000,000 in cash or Common Shares, thereby extinguishing the Royalty of the Optionor.

On July 20, 2017, the Company entered into an Assignment and Novation Agreement, with Jadex. Jadex agrees that it shall be bound by, observe and perform the duties and obligations of the Company, for the assigned interests.

A two week Phase 1 reconnaissance program of initial mapping, prospecting and sampling was conducted between August 20th and September 3rd, 2017. Picket grids were established in the field over the first two target areas (Lode 1 and Lode 2) to situate and plot geological observations and sample site locations. Subsequent to its phase 1 reconnaissance program, the Company moved forward to complete an initial phase of mechanized jade sampling on both the previously identified Jade lodes, as well as hand trenching exposing a new nephrite bearing Jade lode south of Lode 2.

Meridian, British Columbia

During fiscal 2011, the Company wrote-off the property to reflect management's assessment of the property value based on current market conditions. During the year ended September 30, 2012, the Company incurred certain costs on the property associated with a property visit to assess site restoration requirements and these costs were written-off during the year ended September 30, 2013. At September 30, 2015, the Company retains the property and could return for future exploration if economic conditions are warranted. The property claim will expire in fiscal 2020 unless renewed at that time. The gross costs and impairments recorded to the Meridian property as at September 30, 2017 are \$501,013 and \$501,013, respectively. (2016 - \$501,013 and \$501,013).

Manson Creek Resources Ltd.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2017

7. Exploration and evaluation assets (continued)

A summary of exploration and evaluation expenditures by category for the years ended September 30, 2017 and September 30, 2016 appears below:

Year ended September 30, 2017	Washington, USA		British Columbia	Yukon
	Total	DJ Jade Project	Keithley Mountain	Tell
	\$	\$	\$	\$
Balance at September 30, 2016	315,990	-	-	315,990
Geological consulting	26,895	14,000	12,520	375
Field costs	4,026	210	3,816	-
Travel costs	9,805	8,515	1,290	-
WCB	(177)	-	-	(177)
Balance, September 30, 2017	356,539	22,725	17,626	316,188
Property acquisition costs:				
Balance September 30, 2016	106,203	-	-	106,203
Acquisition costs incurred	29,110	24,594	4,266	250
Balance, September 30, 2017	135,313	24,594	4,266	106,453
Total exploration and evaluation assets September 30, 2017	491,852	47,319	21,892	422,641

Year ended September 30, 2016	Yukon
Exploration expenditures	Tell
	\$
Balance at September 30, 2015	304,680
Geological consulting	2,875
Field costs	(65)
Government grants	(2,125)
Advances received from Guatavita Gold Corporation allocated	10,625
Balance, September 30, 2016	315,990
Property acquisition costs:	
Balance September 30, 2015 and September 30, 2016	106,203
Total exploration and evaluation assets September 30, 2016	422,193

From time to time the Company is required to advance amounts to service providers prior to their commencing exploration work on the mineral interests. The advance is applied to the invoiced services, generally through the final invoice. As these advances pertain to costs that form part of the long-term exploration and evaluation assets, they are classified as long-term. As at September 30, 2017, the Company had \$Nil (2016 - \$Nil) in exploration and evaluation asset advances and deposits.

Manson Creek Resources Ltd.

Notes to the Consolidated Financial Statements

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8. Property and equipment

	Equipment, Computer equipment and software		
	Cost	Accumulated Depreciation	Net Book Value
Balance, September 30, 2015	4,555	(4,377)	178
Depreciation	-	(89)	(89)
Balance, September 30, 2016	\$ 4,555	\$ (4,466)	\$ 89
Additions	2,907	-	2,907
Depreciation	-	(190)	(190)
Balance, September 30, 2017	7,462	(4,656)	2,806

9. Accounts payable and accrued liabilities

	Sept 30, 2017	Sept 30, 2016
Trade payables	\$ 1,852	\$ 747
Due to related parties	6,252	1,161
Sales taxes payable	521	330
Accrued liabilities	20,000	17,500
	\$ 28,625	\$ 19,738

10. Decommissioning obligation

Year ended September 30, 2017	Yukon Tell		
Balance at September 30, 2016 and September 30, 2017			\$ 12,750
Year ended September 30, 2016	Total	British Columbia Meridian	Yukon Tell
Balance at September 30, 2015	\$ 17,750	\$ 5,000	\$ 12,750
Change in retirement accrual	(5,000)	(5,000)	-
Balance at September 30, 2016	\$ 12,750	\$ -	\$ 12,750

The above noted obligation represents costs to restore the mineral exploration properties, including the costs of filling trenches and re-vegetation if applicable. Management believes that there are no other significant legal obligations as at the respective year ends for current and future decommissioning obligations and restoration costs. The year end present value of the decommissioning obligation was determined using a risk-free rate of 1.52 % (2016 - 1.0%) and an inflation rate of 1.5% (2016 - 1.4%) for the year ended September 30, 2017. The timing of future decommissioning costs is uncertain, as the costs will not be incurred until the Company gives up its legal right to explore the property or the current land use permits expire between October 2019 and May 2022, at which time the reclamation has to have been completed. No accretion expense has been recorded in both the current and comparative years because the amount is considered to be immaterial.

Manson Creek Resources Ltd.

Notes to the Consolidated Financial Statements

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11. Share capital, stock options and warrants

a) Authorized

Unlimited number of voting common shares without par value
Unlimited number of Class A preferred shares issuable in series
Unlimited number of Class B preferred shares issuable in series

b) Issued and outstanding common share capital

	<u>Year ended</u> <u>September 30, 2017</u>	<u>Year ended</u> <u>September 30, 2016</u>
	Number of shares	Number of share
Balance, end of year	31,846,892	24,246,892

On March 24, 2017, the Company partially closed a non-brokered private placement share and warrant issue for aggregate gross proceeds of \$350,000. The placement was comprised of 7,000,000 common shares at \$0.05 per share. Each common unit was comprised of one common share and one half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one additional common share at a price of \$0.10 per share until March 24, 2019. In valuing the warrants, the Company used a proration of proceeds method to the components including the use of the Black-Scholes Pricing model assuming a volatility of 277.90%, a risk free rate of 0.74%, a two year warrant life, and a 0% dividend rate.

On April 17, 2017, the Company closed the private placement share and warrant issue for additional 600,000 common shares at \$0.05 per share and 300,000 common share purchase warrants for gross aggregate proceeds of \$30,000. Each common unit was comprised of one common share and one half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one additional common share at a price of \$0.10 per share until April 17, 2019. In valuing the warrants, the Company used a proration of proceeds method to the components including the use of the Black-Scholes Pricing model assuming a volatility of 276.15%, a risk free rate of 0.73%, a two year warrant life, and a 0% dividend rate.

Subsequent to September 30, 2017 and up to the date of these financial statements, there were no shares issued or cancelled and returned to treasury.

c) Stock options

<u>Expiry</u>	<u>Sept 30, 2017</u>	<u>Sept 30, 2016</u>	<u>Price</u>
July 22, 2017	-	10,000	\$0.10
July 11, 2019	895,000	895,000	\$0.10
July 14, 2019	130,000	130,000	\$0.10
	<u>1,025,000</u>	<u>1,035,000</u>	

d) Stock option transactions

Balance, September 30, 2016	1,035,000	\$0.10
Expired, July 22, 2017	<u>(10,000)</u>	<u>\$0.10</u>
Balance, September 30, 2017	<u>1,025,000</u>	<u>\$0.10</u>

The Company has an option plan ("the Plan"), under which up to 10% of the issued and outstanding common shares are reserved for issuance. Under the Plan, the options that have been granted expire at the earlier of five years from the grant date, the date at which the Directors determine, or 60 days from the date on which the optionee ceases to be a director, officer, employee or consultant. The exercise price of the options granted

Manson Creek Resources Ltd.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2017

11. Share capital, stock options and warrants (continued)

d) Stock option transactions (continued)

under the Plan will not be less than that from time to time permitted under the rules of the stock exchange or exchanges on which the shares are then listed, which price reflects trading values at that time.

Options granted vest immediately to optionees, however, vesting limitations may be imposed at the discretion of the board of directors. All of the options outstanding at the respective year ends have vested.

e) Warrant transactions and warrants outstanding

The warrants summarized below may be exercised to acquire an equal number of common shares.

Year ended September 30, 2017					
Exercise Price	Expiry	Balance Sept 30, 2016	Warrants Issued	Warrants Expired	Balance Sept 30, 2017
\$0.50	November 1, 2017	500,000	-	-	500,000
\$0.10	March 24, 2019	-	3,500,000	-	3,500,000
\$0.10	April 17, 2019	-	300,000	-	300,000
Total		500,000	3,800,000	-	4,300,000

Subsequent to September 30, 2017 and up to the date of these financial statements, 500,000 warrants expired without exercise.

Year ended September 30, 2016					
Exercise Price	Expiry	Balance Sept 30, 2015	Warrants Issued	Warrants Expired	Balance Sept 30, 2016
\$0.50	November 1, 2017	500,000	-	-	500,000
\$0.12	April 30, 2016	525,000	-	(525,000)	-
\$0.12	April 30, 2016	6,925,000	-	(6,925,000)	-
Total		7,950,000	-	(7,450,000)	500,000

12. Financial instruments

Financial instruments recorded at fair value are classified using a fair value hierarchy that prioritizes the inputs to fair value measurements. The three levels of fair value are summarized below:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for assets or liabilities either directly, (i.e. prices), or indirectly, (i.e. derived from prices); and
- Level 3 - Inputs that are not based on observable market data.

Level 1 has been utilized to value common shares included in short-term investments.

Manson Creek Resources Ltd.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2017

12. Financial instruments (continued)

The following summarizes the categories of the various financial instruments:

	Sept 30, 2017	Sept 30, 2016
	Carrying Value	
Financial assets measured at amortized cost:		
Cash at bank	\$ 204,953	\$ 38,144
Accounts receivable	1,071	8,184
	\$ 206,024	\$ 46,328
Financial assets measured at fair value:		
Short-term investments	\$ 1	\$ 1
Financial liabilities measured at amortized cost:		
Accounts payable and accrued liabilities	\$ 28,104	\$ 19,408

The above noted financial instruments are exclusive of any sales tax.

The carrying value of financial assets and liabilities measured at amortized cost approximates fair value due to the short-term nature of the instruments.

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The Company had no foreign currency denominated fund balances. Consequently, variations in exchange rates will not result in foreign exchange gains or losses at this point in time.

13. General and administrative expenses

	Sept 30, 2017	Sept 30, 2016
Administrative consulting fees	\$ 18,173	\$ 11,898
Occupancy costs	42,878	48,625
Office, secretarial and supplies	21,307	8,800
Travel and promotion	8,694	1,930
Insurance	11,011	10,531
Computer network and website maintenance	1,145	1,004
Miscellaneous	4,121	4,616
Total general and administrative expenses	\$ 107,329	\$ 87,404

14. Share-based payment transactions

During the year ended September 30, 2017, there were no share-based payment transactions.

Subsequent to September 30, 2017 and up to the date of these financial statements, the Company granted 125,000 options that may be exercised at \$0.14 per share to October 19, 2022. The options vested immediately and were valued at \$17,500 using the Black-Scholes Pricing model assuming a volatility of 283.07%, a risk free rate of 1.7%, a five year term, and a 0% dividend rate.

Manson Creek Resources Ltd.

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15. Loss per share

The following adjustments were made in arriving at diluted weighted average number of common shares for the years ended September 30:

Weighted average number of common shares:	2017	2016
Basic	28,184,426	24,246,892
Effect of dilutive securities:		
Stock options	-	-
Warrants	-	-
Diluted	28,184,426	24,246,892
 Loss per share:		
Basic and diluted	\$ (0.00)	\$ (0.00)

The dilutive effect of stock options and warrants was calculated using the treasury stock method. This method calculated the number of incremental shares by assuming the outstanding in-the-money stock options and warrants are exercised, and then reduced by the number of shares assumed to be repurchased from the issuance proceeds, using the average market price of the Company's common shares for the period. As the Company experienced a loss for the years ended September 30, 2017 and 2016, no dilution resulted.

16. Income taxes

Rate Reconciliation:

The combined provision for taxes in the statement of loss and comprehensive loss reflects an effective tax rate which differs from the expected statutory rate as follows at September 30:

	2017	2016
Loss before income taxes	\$ (133,991)	\$ (108,193)
Computed expected expense at 27% (2016 - 27%)	(36,178)	(29,212)
Differential tax rate of foreign jurisdiction	(534)	-
Non-deductible items and other	475	359
Unrecognized deferred tax asset	36,237	28,853
Income tax expense	\$ -	\$ -

The combined statutory rate increased to 27.00% for 2017 (2016 - 27.00%). The deferred combined statutory tax rate is expected to be 27.00% for 2017 and subsequent years (2016 - 27.00%).

Temporary differences and tax loss not recognized for accounting purposes:

	2017	2016
Non-capital loss carry-forwards	\$ 2,637,306	\$ 2,499,672
Capital loss carry-forwards	103,924	103,924
Property and equipment	73,671	73,481
Exploration and evaluation assets	5,010,812	5,011,329
Share issuance costs	25,754	17,177
Short-term investments	6,749	6,750
US net operating loss	9,150	-
Total	\$ 7,867,366	\$ 7,712,333

Manson Creek Resources Ltd.

Notes to the Consolidated Financial Statements

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For the year ended September 30, 2017

16. Income taxes (continued)

As future taxable profits of the Company are uncertain, no deferred tax has been recognized. As at September 30, 2017, the Company had unused non-capital loss carry-forwards of approximately \$2,637,000 (2016 - \$2,499,700) that expire between the years 2026 and 2037. Capital loss carry-forwards may be carried forward indefinitely. The Company has unused US net operating loss carry forwards of approximately \$7,000 USD that expire in 2037.

17. Related party balances and transactions and key management remuneration

The Company is considered a related party to CANEX Metals Inc. (formerly Northern Abitibi Mining Corp.) ("CANEX") and Guatavita Gold Corporation ("Guatavita") because of its common directors, officers and key management personnel that have some direct financial interest in both the Company and CANEX and Guatavita. In addition, related parties include members of the Board of Directors, officers and their close family members. Vector Resources Inc., a company controlled by Shane Ebert, a director of Manson, 635280 Alberta Ltd., a company controlled by Jean Pierre Jutras, a director of Manson and Lunacees Enterprises Ltd., a company controlled by Cornell McDowell, a director of Manson, are also considered related parties, as they provided geological consulting services to the Company.

The following amounts were charged to (by) related parties during the year ended September 30:

		<u>2017</u>	<u>2016</u>
Key management remuneration			
President and Director	a \$	(35,437)	(4,463)
Corporate Secretary	c	(16,706)	(5,963)
Total management remuneration	\$	(52,143)	\$ (10,426)
Other related party transactions:			
CANEX Metals Inc.			
General and administrative and secretarial costs paid	b \$	(2,200)	\$ (1,845)
General and administrative and secretarial costs received	b \$	3,833	\$ 3,588
Office rent and operating costs received	b \$	22,336	\$ 18,383
Guatavita Gold Corporation			
Office rent and operating costs received	c \$	-	\$ 2,844
General and administrative and secretarial costs paid	c \$	-	\$ (7,500)
General and administrative and secretarial costs received	c \$	-	\$ 9
Advances (disbursements) on account of the Tell Project in the Yukon	c \$	-	\$ (10,625)
Vector Resources Inc.			
Geological consulting services paid	d \$	4,375	\$ -

Management compensation payable to "key management personnel" during the years ended September 30, 2017 and 2016 is reflected in the table above and consists of consulting fees paid or payable to Guatavita, the former employer of the President and the Corporate Secretary. Between November 22, 2013 and November 9, 2014 consulting fees for the President's services were billed by Guatavita. Subsequent to November 9, 2014, consulting fees for the President's services were billed by 635280 Alberta Ltd., a company controlled by Jean-Pierre Jutras. Directors are not paid directors' fees. Officers and directors are compensated through the granting of options from time-to-time. There were no options granted to officers and directors during the years ended September 30, 2017 and 2016. Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the Company.

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17. Related party balances and transactions and key management remuneration (continued)

The following amounts were due to or receivable from related parties at the respective period ends:

Balances Receivable (Owing)		Sept 30, 2017	Sept 30, 2016
Office rent and operating costs:			
CANEX Metals Inc.	b \$	-	\$ 6,014
General and administrative and secretarial costs:			
CANEX Metals Inc.	b \$	887	\$ 1,920
CANEX Metals Inc.	b \$	(435)	-
Corporate secretary	c \$	184	-
Corporate secretary	c \$	(2,666)	-
635280 Alberta Ltd.	a \$	(3,150)	-

a) As noted above, between November 22, 2013 and November 9, 2014 consulting fees for the President's services were billed by Guatavita. Subsequent to November 9, 2014, consulting fees for the President's services were billed by 635280 Alberta Ltd., a company controlled by Jean-Pierre Jutras. Consulting services that relate directly to mineral property exploration are capitalized to exploration and evaluation assets; the remainder are expensed. During the year ended September 30, 2017 \$6,750, (2016 - \$2,875) was capitalized to exploration and evaluation assets, \$10,500 (2016 - \$1,188) was expensed through general and administrative expenses, \$Nil (2016 - \$400) was expensed through reporting to shareholders and \$4,187 (2016 - \$Nil) was expensed through pre-acquisition expenditures.

b) During the year ended September 30, 2017 and 2016, the Company incurred certain administrative expenses on CANEX's behalf that were subsequently billed to CANEX on a quarterly basis. Further, CANEX incurred certain administrative costs on behalf of the Company that were billed on a quarterly basis. Effective April 1, 2015, the Company began to sublease office space to CANEX. On April 1, 2017, the sublease was renegotiated (see Note 18 - "Commitments"). CANEX and the Company share three common officers and two common directors.

c) Guatavita employed individuals who also performed administrative work for the Company and incurred certain administrative expenses on behalf of the Company and billed on a quarterly basis for these expenses. Included in these expenses was remuneration to the Corporate Secretary to December 31, 2015. Effective January 1, 2012, the Company began to lease office space from Guatavita. From April 1, 2015 to January 31, 2016, the Company subleased office space to Guatavita. In addition, the Company incurred certain administrative expenses on Guatavita's behalf that were subsequently billed to Guatavita on a quarterly basis. Effective December 31, 2015, the Company is no longer receiving services from or providing services to Guatavita. Pursuant to the sub-lease agreement dated April 1, 2015 and the underlying lease agreement, the Company issued notification to Guatavita to terminate the sublease effective February 1, 2016, as well as to advise Guatavita that it had forfeited its rent deposit of \$4,896 due to accumulated arrears for the sublease and other services provided by the company, totalling \$5,610. During the year ended September 30, 2017, the Company recorded bad debts expense of \$Nil as a result of these transactions (2016 - \$680).

On March 19, 2014, the Company entered into a Letter of Intent ("LOI") with Guatavita to jointly explore the Tell property. Manson owed Guatavita approximately \$56,000 (inclusive of goods and services tax) in outstanding payables which were forgiven in exchange to the right to enter into this agreement. The LOI was subsequently replaced by the Tell Property Option Agreement with an effective date of May 28, 2014. Guatavita advanced funds to the Company pursuant to the option agreement to provide funding for the project. During the three months ended December 31, 2015, the Tell Property Option Agreement was terminated. Refer to Note 7 - "Exploration and evaluation assets" for further information. Guatavita and the Company share three common officers and two common directors.

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Notes to the Consolidated Financial Statements

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17. Related party balances and transactions and key management remuneration (continued)

d) During the year ended September 30, 2017, geological consulting services were provided by Vector Resources Inc., a company controlled by Shane Ebert, a director of Manson.

18. Commitments

a) On April 1, 2017, the Company entered into a new leasing arrangement for office space. Pursuant to the assignment agreement, the Company is committed to pay base lease costs plus additional rent, which include its proportionate share of costs incurred in the operation, maintenance, management and supervision of the property as defined by the landlord's current lease for the premises. Additionally, Manson entered into sublease agreements with CANEX Metals Inc. (see Note 17 - "Related party balances and transactions and key management remuneration") to the termination of the lease, March 31, 2018.

As at September 30, 2017, the committed lease costs to the termination of the lease are as follows:

	October 1, 2017 to March 31, 2018
	\$
Base lease cost	5,200
Expected additional rents	13,600
Total expected lease cost	18,800
Expected sublease revenue	(9,400)
Net commitment for lease	9,400

b) On August 28, 2017, the Company announced an acquisition of the DJ Jade project, in Washington State, USA, through a combination of Option Agreement and staking.

The terms of the remaining commitment are as follows:

	Vendor Payments	Property Expenditures
	USD\$	USD\$
July 4, 2018	15,000	10,000
July 4, 2019	15,000	20,000
July 4, 2020	20,000	20,000
July 4, 2021	30,000	30,000
Total	80,000	80,000

Manson Creek Resources Ltd.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2017

19. Supplemental disclosure statement of cash flows

Reconciliation of cash used in operating activities to operating expenses:

	Sept 30, 2017	Sept 30, 2016
Operating expenses	\$ (155,748)	\$ (129,878)
Depreciation	190	89
(Recovery) Impairment charge	-	(5,000)
Changes in assets and liabilities pertaining to operations:		
Accounts receivable	5,280	(2,032)
Prepaid expenses	(97)	(3,878)
Accounts payable and accrued liabilities	8,887	(23,684)
Cash paid to suppliers and contractors	\$ (141,488)	\$ (164,383)

20. Segment disclosures

During the current years ended September 30, 2017 and September 30, 2016, the Company was engaged in mineral exploration and all exploration activities were undertaken in either Canada and/or the United States. Activities undertaken in both countries were similar in nature; consequently, segmented information is not presented in these financial statements.

21. Capital

The Company's objective when managing capital is to continue as a going concern so that it can provide value to shareholders by acquiring and conducting exploration on mineral exploration properties with the ultimate objective of finding commercial quantities of base and/or precious metals (Refer to Note 1 "Nature of operations"). Capital is defined as share capital, reserves and deficit. The Company has traditionally been financed through equity issues rather than debt and does not anticipate using debt to finance its continuing grass roots exploration. Should the Company evolve to the point where it is developing or operating a mine, debt options may be investigated.

The Company will raise equity as cash flow requirements dictate and will attempt, when able, to time financings with more favorable market conditions. The Company can scale back exploration, and to a certain extent, discretionary administrative costs during tighter equity markets. The Company invests capital that is surplus to its immediate operational needs in short-term, liquid and highly-rated financial instruments such as Bankers' Acceptances and Term Deposits.

The externally imposed capital requirement to which the Company is exposed relates to flow-through shares. Pursuant to flow-through agreements entered into with flow-through share subscribers, the Company has committed to use the full proceeds of these issuances to incur qualifying mineral exploration expenditures within a prescribed time frame. Should the Company not incur these expenditures, they are required to pay the flow-through subscribers an amount equal to the tax payable by the subscriber as a result of the Company's failure to incur the expenditures. At September 30, 2017, there were no unexpended flow-through funds included in cash and cash-equivalents balances.

Manson Creek Resources Ltd.

Notes to the Consolidated Financial Statements

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For the year ended September 30, 2017

22. Financial risk management

a) Credit risk

Credit risk is the risk of financial loss to the Company if counterparties to a financial instrument fail to meet their contractual obligations. The Company's financial instruments that could be subject to credit risk consist of accounts receivables (excluding sales tax) and cash held in Bankers' Acceptances and Term Deposits. The Company has had a history of prompt receipt of their receivables and considers credit risk to be low on these instruments as at September 30, 2017 and September 30, 2016. The Company's cash at bank are currently held at one financial institution.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to managing liquidity risk is the utilization of budgets, to attempt to maintain sufficient liquidity in order to meet operational and exploration requirements as well as property acquisition commitments. The Company raises capital through equity issues and its ability to do so is dependent on a number of factors including market acceptance, stock price and exploration results. The Company is continually investigating financing options. The continuing operations of the Company are dependent upon its ability to obtain adequate financing or to commence profitable operations in the future. The Company feels that it has sufficient working capital to finance general and administration and other operating expenses for 12 months assuming similar activity levels to the previous year. However, increases in activity levels, new property acquisitions and any level of exploration on its mineral properties may require additional financing. There can be no assurance that the Company will be successful in obtaining financing (refer to Note 1 "Nature of operations").

c) Market risk

The Company's equity investments are subject to market price risk. The investments in common shares are recorded at fair value at the respective period ends with the resultant gains and or losses recorded in earnings. The price value of these investments can vary from period to period. During the year ended September 30, 2017, the market price fluctuation on the investments held resulted in a net loss of \$Nil (2016 - \$1,999) on short-term investments (refer to Note 6 - "Short-term investments" for more information). In 2017, a 10% change in fair value of the Company's marketable investments would result in a charge to income of \$Nil (2016 - \$Nil).

d) Interest rate risk

The Company has no debt facilities and has minimal amounts of interest income, it is not exposed to significant interest rate risk at this time. All market risk is associated with the Company's investments in common shares, which are recorded at fair value at the respective period ends with the resultant gains or losses recorded in earnings.

e) Foreign exchange risk

The Company, undertakes transactions denominated in US currency; consequently, exposures to exchange rate fluctuations' arise. In fiscal 2018, a 10% change in the foreign exchange would result in additional expenditure commitments of \$3,120 for the Company's commitments with respect to the DJ Jade Project acquisitions (refer to Note 18 - "Commitments").

Manson Creek Resources Ltd.

Notes to the Consolidated Financial Statements

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For the year ended September 30, 2017

23. Subsequent events

On December 5, 2017, the Company announced a non-brokered private placement of up to 1 million Units, at a price of \$0.20 per Unit. Each Unit consists of one common share and one half of a common share purchase warrant. Each full common share purchase warrant (a "Warrant") will entitle the holder to purchase an additional common share at a price of \$0.30 per share for a period of two years following closing.

The Units are to be offered on a non-brokered basis by way of private placement to accredited investors and all securities issued under the offering will be subject to a hold period of four months plus one day from the date of closing. A finder's fee of 5% may be paid to eligible agents upon closing. This financing is subject to TSX Venture approval.

**MANSON CREEK RESOURCES LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2017**

The following management discussion and analysis (MD&A) is management's assessment of the results and financial condition of Manson Creek Resources Ltd. ("Manson" or "the Company") for the year ended September 30, 2017. The information included in this MD&A, with an effective date of December 21, 2017 should be read in conjunction with the consolidated financial statements as at and for the year ended September 30, 2017 and related notes thereto. Manson's common shares trade on the TSX Venture Exchange under the symbol "MCK". The Company's most recent filings are available on the System for Electronic Document Analysis and Retrieval ("SEDAR") and can be accessed at www.sedar.com.

The Company's financial statements for the year ended September 30, 2017 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as at and for the year ended September 30, 2017. The Company has consistently applied the same accounting policies throughout all periods presented. The Company's accounting policies are provided in Note 3 "Summary of significant accounting policies" to the notes to the annual consolidated financial statements as at September 30, 2017.

The "Independent Qualified Person under the guidelines of National Instrument 43-101 of the Canadian Securities Administrators ("NI 43-101") for Manson's exploration projects in the following discussion and analysis is Mr. Jean Pierre Jutras, B. Sc., Geol., P. Geol., a Registered Professional Geologist of Alberta and the President and Director of Manson, subsequent to November 21, 2013. Mr. Jutras was appointed President of the Company on March 19, 2014.

Statements and/or financial forecasts that are unaudited and not historical, including without limitation, exploration budgets, data regarding potential mineralization, exploration results and future plans and objectives, are to be regarded as forward-looking statements that are subject to risks and uncertainties that can cause actual results to differ materially from those anticipated. Such risks and uncertainties include risks related to the Company's business including, but not limited to: general market and economic conditions, continued industry and public acceptance, regulatory compliance, potential liability claims, additional capital requirements and uncertainty of obtaining additional financing and dependence on key personnel. Actual exploration and administrative expenditures can differ from budget due to unforeseen circumstances, changes in the market place that will cause suppliers' prices to change, and additional findings that will dictate that the exploration plan be altered to result in more or less work than was originally planned.

All forward-looking information is stated as of the effective date of this document, and is subject to change after this date. There can be no assurance that forward-looking information will prove to be accurate and future events and actual results could differ materially from those anticipated.

1) Principal Business of the Company

The Company is engaged exclusively in the business of mineral exploration and development and, as the Company has no mining operations, is considered to be in the exploration stage. The Company's philosophy is to acquire projects at the grass roots level and advance them to a point where partners can be brought in to further the properties to the stage where a mine is commercially feasible or the property can be sold outright.

The recoverability of the amounts comprising mineral properties is dependent upon the existence of economically recoverable mineral reserves; the acquisition and maintenance of appropriate permits, licenses and rights; the ability of the Company to obtain financing to complete the development of the properties where necessary and upon future profitable production; or, alternatively, upon the Company's ability to recover its costs through a disposition of its interests. The Company has no operating income and no earnings; exploration and operating activities are financed by the sale of common shares and warrants. None of the Company's properties are in production. Consequently, the Company's net income is a limiting indicator of its performance and potential.

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2) Highlights - Year ended September 30, 2017

- a) During the three month period ended March 31, 2017, the Company acquired by staking a 2,111 hectare property in the Cariboo Goldfields, in central British Columbia called Keithly Mountain. The property consists of a combination of both Lode and Placer claims, is easily accessible through an existing network of logging roads and is located approximately 20 kilometres north of the town of Likely, BC.
- b) During the three month period ended June 30, 2017, the Company conducted a first pass reconnaissance to Keithly Mountain. See 3) Mineral properties below for more information.
- c) During the three month period ended March 31, 2017, the Company partially closed a non-brokered private placement share and warrant issue for aggregate gross proceeds of \$350,000. See section 7) Financing for further information.
- d) During the three month period ended June 30, 2017, the Company closed the non-brokered private placement share and warrant issue for additional 600,000 common shares at \$0.05 per share and 300,000 common share purchase warrants for gross aggregate proceeds of \$30,000. See section 7) Financing for further information.
- e) During the three month period ended September 30, 2017, the Company completed incorporating a subsidiary based in Washington State, USA and began field work to acquire and evaluate properties of merit in known historical or currently operating producing Jade areas of the western United States. Field work, consisting of historical occurrence reviews, prospecting, land claim status verification and staking was completed. See 3) Mineral properties below for more information.
- f) The Company continues to assess the its existing properties as well as new opportunities in face of very difficult commodity markets and financial conditions.

3) Mineral Properties

Transactions for the year ended September 30, 2017 are summarized in Note 7 "Exploration and evaluation assets" to the Consolidated Financial Statements for the year ended September 30, 2017 which accompany this MD&A.

a) Keithly Mountain, British Columbia

During the three month period ended March 31, 2017, the Company acquired by staking a 2,111 hectare property in the Cariboo goldfields, in central British Columbia called Keithly Mountain. The property consists of a combination of both Lode and Placer claims, is easily accessible through an existing network of logging roads and is located approximately 20 kilometres north of the town of Likely, BC.

While the geology of the region is widely known to be prospective for commodities such as gold, copper and nickel, the focus of exploration in this instance will be for nephrite Jade of which there are historical showings and reports in the area. The property covers approximately 6.5 kilometres of strike length along a favourable package of metamorphosed serpentinites and sediments, with significant thrust faulting, all elements which are critical in the formation of Jade.

First pass reconnaissance at the Keithley Mountain project identified extensive areas of locally subcropping to outcropping serpentinitized ultramafic rocks, which are typical hosts to nephrite deposits in British Columbia. In addition, numerous zones of fibrous secondary riebeckite mineralization (asbestos) were found in situ, confirming the potential of the property to host nephrite jade, as these asbestos veins are often associated with some of the larger jade deposits in BC, and as the jade historically found on the property in float has been associated with such mineralization.

The project remains a valid target for further work, however, it is being evaluated in the context of numerous other such projects and the Company will focus on conducting further first pass evaluations before committing to its best opportunity during the fiscal 2018 field season.

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b) DJ Jade Project, Washington State, USA

On August 28, 2017, the Company announced an acquisition of the DJ Jade project, in Washington State, USA, through a combination of Option Agreement and staking.

The property, consisting of existing and recently filed Lode Claims covers an area of slightly more than 140 hectares, with 3 historical and numerous newly identified nephrite jade occurrences, which have been visited and confirmed by the Company's representative. The portion of the claims under option require a total of USD \$86,000 in property payments (USD \$6,000 of which has been paid for the first year) and staged work commitment of USD \$80,000 over 4 years in order for the Company to earn 100% of the mineral rights associated with those claims, subject to a 2% NSR royalty. Additional claims staked around the initial claims optioned fall within an area of mutual interest, and are considered part of the original Option Agreement.

The terms of the agreement are as follows:

	Vendor Payments US\$	Property Expenditures US\$
On Effective Date*	6,000	-
1st Anniversary	15,000	10,000
2nd Anniversary	15,000	20,000
3rd Anniversary	20,000	20,000
4th Anniversary	30,000	30,000
Total	86,000	80,000

In addition, the Vendors grant the Company, upon notice in writing, the right to purchase from the Optionor half (1%) of the Royalty for the sum of USD\$500,000 in cash or Common shares of the Company. The Optionor also grants, the Company the right, upon written notice, the remainder half (1%) of the Royalty for the sum of USD\$1,000,000 in cash or Common Shares, thereby extinguishing the Royalty of the Optionor.

On July 20, 2017, the Company entered into an Assignment and Novation Agreement, with Jadex Corporation ("Jadex"), a 100% wholly owned subsidiary. Jadex agrees that it shall be bound by, observe and perform the duties and obligations of the Company, for the assigned interests.

A two week Phase 1 reconnaissance program of initial mapping, prospecting and sampling was conducted between August 20th and September 3rd, 2017. Picket grids were established in the field over the first two target areas (Lode 1 and Lode 2) to situate and plot geological observations and sample site locations. (For more information see News Release 17-06 September 17, 2017). Subsequent to its phase 1 reconnaissance program, the Company moved forward to complete an initial phase of mechanized jade sampling on both the previously identified Jade lodes, as well as hand trenching exposing a new nephrite bearing Jade lode south of Lode 2. (See News Release 17-7, October 2017, for more information).

c) Tell, Yukon

The Tell property is located approximately 140 kilometers east of Mayo, Yukon and is contiguous to Strategic Metals Ltd.'s Goz claims and ATAC Resources Ltd.'s Rau claims. During the year ended September 30, 2011, the Company staked additional claims surrounding the Company's Tell claims, expanding its property to over 2,100 hectares. The Company had not performed any work on the Tell claims since 2005; however recent activity in the area motivated the Company to stake additional claims to encompass favorable geology hosting arsenic and mercury anomalies outlined during prospecting work from 2000 to 2005. The Company completed its geological reconnaissance, stream sampling and prospecting program during the year ended September 30, 2011. The preliminary budget for the program was \$150,000 and approximately \$92,000 was expended. Geochemical results confirmed that the Crystal Springs, Ash Springs and Area 51 natural spring gossan discoveries on Tell are strongly mineralized. In addition, follow-up work on these gossans led to the discovery of three additional natural spring gossans: Majestic, Corona and Roswell. The presence of mineralized gossans is considered significant as the Ocelot

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discovery by ATAC Resources Ltd., within its Rau Trend, was made by targeting a natural spring surface gossan with associated strongly anomalous zinc and lead sample results.

Soil and rock samples collected from the Tell, Crystal Springs, Ash Springs, Area 51, Majestic and Corona natural spring gossan discoveries have returned highly anomalous zinc, nickel, lead, arsenic and numerous other gold pathfinder element values. Property-wide stream sampling outlined two additional, regional geochemical anomalies - Area 13 and Area 15. The Company believes the identified gossans to be significant due to the number of successful drill discoveries made on similar gossans in the region.

During the year ended September 30, 2012, the Company conducted an induced polarization ("IP") ground geophysical survey.

On March 19, 2014, the Company entered into an LOI with Guatavita Gold Corporation to jointly explore the Tell property, which was subsequently replaced with the Tell option. Under the Tell option, Guatavita could earn up to a 50% interest in the Tell property by funding 65% of the planned 2014 exploration expenditures on the property. In order to vest its 50% interest in the Tell property, Guatavita was required to fund 65% of the total 2014 property expenditures that were budgeted at \$1,000,000 with Manson funding the remaining 35%. It was anticipated that the program was to have been completed by October 2014. Manson owed Guatavita approximately \$56,000 (inclusive of goods and services tax) in outstanding payables which were forgiven in exchange for the right to enter into this agreement. Upon Guatavita earning its 50% interest, a joint venture will be formed with Manson. The Company received final approval from the exchange on July 23, 2014. A total of \$624,000 was expended on the 2014 exploration program, of which 65% was contributed by Guatavita and the remaining 35% contributed by the Company. The 2014 exploration expenditures were curtailed due to poor market conditions, and consequently, the "Earn-in" option period was extended by one year to October 31, 2015. During the three month period ended December 31, 2015, Guatavita Gold requested the remaining balance of its share of funds held for reclamation of the Tell property, be returned. By removing these funds Guatavita acknowledged that it was in default of its option covenants to maintain the property in good standing and that the Tell property interest earned during the option period was forfeit. In exchange, Manson Creek agreed to hold Guatavita Gold harmless for all environmental and other liabilities incurred or created by the exploration activities on the Tell property whether incurred or created during or prior to the term of the Option Agreement but not limited to, any reclamation required. Consequently, the Tell property will continue to be held by Manson 100% with no underlying obligations to third parties.

The Company completed a multi phase exploration program during 2014. A Phase 1 program was completed in June 2014 and included surface sampling, detailed mapping and prospecting, and further refining of drill targets. Details regarding the completed Phase 1 program are outlined in News Release 14-07 dated June 23, 2014. The second Phase of work was conducted between July 17, 2014 and August 18, 2014 and consisted of a diamond drilling program that saw 673 meters of drilling completed in 4 drill holes, the first of which was stopped before testing the target due to poor ground conditions. Results of the drilling program were outlined in News Release 14-11, dated September 22, 2014. 2014 drilling demonstrated the presence of a large, previously unrecognized, mineralized exhalative system such as related to other significant Yukon deposits and which supports the potential for both VMS/SEDEX massive sulphide exploration models.

Existing stream sample data to the north west, approximately 1.2 kilometers along strike of the exhalative system outlined by the 2014 drilling program suggests that higher grade massive sulphides than found to date in drilling may be exposed along a steeply dipping creek cut. Four (4) stream samples over a discrete creek section over 1 km indicate potential exposure and erosion of exposed sulphide mineralization, with stream samples showing high amounts of zinc (0.40 to 3%), nickel (441 ppm to >1000 ppm), and highly anomalous cobalt, barium, copper and manganese.

With financial assistance from the Yukon Government through a YMEP grant, Manson conducted a one week reconnaissance program in August, 2015 at the Tell Property, Yukon. The program's two objectives were to gain additional knowledge with regards to the geological context of the large and to date unexplained metal bearing Gossans zones known to occur extensively on the property as well as investigate

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the source of a large stream sediment anomaly from historical programs, some 2.2 kilometers to the North West of the previously identified Tell gossan trend, already known to extend over some 800 meters of strike length.

A tight space ground geophysical magnetometer grid was conducted over the main area covering the Tell, Crystal Springs, Ash Springs, Roswell, Area 51, Majestic and Corona Gossans. The magnetic survey outlined responses that are consistent with current geological understanding in terms of the property's underlying geology and stratigraphic composition, as well as highlighted that known gossans and gossanous cold springs appear related to fairly discrete contrasts between zones of higher and lower magnetic responses. In its discussion of results from the survey to Manson Creek, the contractor, Apex Geosciences Ltd. of Edmonton, Alberta, comments that the "relationship may be significant, representing the possibility of a continuous metal-rich layer contained within a specific section of the magnetic low region".

A historical, multi-site stream sampling anomaly previously identified approximately 2.2 kilometers to the NW of the Tell gossan was prospected and mapped with the objective to discover the source of highly anomalous Zinc, Nickel, Barium, Cobalt, Manganese and Copper in stream sampling.

Mapping of the ridges to the east and west of the anomalous stream section, where geology is well exposed in this area, allowed for a comprehensive geological dataset to be collected that underlines the project's context, both stratigraphically and structurally. Mapping has confirmed overall east-west directions for the underlying sedimentary sequence and has outlined distinct domains of shales and cherts to the south, extending towards the main zone's majestic and corona gossans, which is underlain to the north by a sequence of finer grained shales with locally coarse gritty units, which in turn extend towards the main zone's northern trend of gossans (Tell, Crystal Springs, Ash Springs, Roswell and Area 51).

Structurally, evidence was collected that support a broad, roughly east-west anticlinal fold form which closes to the north (and along the ridge) of the Main Zone.

The historical stream anomaly was traced to a discrete, active metal bearing cold stream or seep near the origin of the current natural creek. This seep contributes metal rich brines which precipitate extensively for over 2 km along the creek bed in a red to blue to whitish crust, locally over 10's of centimeters thick. As the seep is at the headwaters of the creek, and in close proximity to the ridge top, it is expected to be proximal to the bedrock from which metals are sourced. A sample from this precipitate near its source returned highly anomalous values of 3.83% Zinc (38,300 ppm), 0.6% Nickel (5,970 ppm), 0.28 % Cobalt (2,780 ppm), and 0.42% Barium (4,170 ppm) as well as an anomalous elevated Copper value of 280 ppm.

Of additional interest, a leached sample of sub cropping rock near the point source also returned assay results of 0.29 % Zinc with elevated copper and barium, indicating that mineralization, while not exposed at surface due to overburden and vegetation cover, may be sub cropping in this area. The leached rock was composed of an iron oxide coated black shale dominated polymictic synsedimentary breccia, such as locally observed in core in the Main Zone during the 2014 drilling, in excess of 2.2 kilometers to the west-south west and along strike.

Data collected during the 2015 short program continues to support that mineralization at Tell is likely sediment hosted and potentially related to an extensive exhalative event within a sedimentary sequence with evidence of minor volcanic components, such as expected within the SEDEX/VMS environment. The 2015 surface data also confirms that mineralization may be related to an extensive metal rich unit within a sequence documented over 3 kilometers of strike length to date.

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4) Operating Results

A summarized statement of operations appears below to assist in the discussion that follows:

	Three months ended September 30		Year ended September 30	
	2017	2016	2017	2016
General and administrative expenses	\$ (30,997)	\$ (18,647)	\$ (107,329)	\$ (87,404)
Reporting to shareholders	-	(2,949)	(1,994)	(19,422)
Professional fees	(26,973)	(18,034)	(30,180)	(18,699)
Stock exchange and transfer agent fees	(2,213)	(2,346)	(9,499)	(8,584)
Depreciation	(156)	(22)	(190)	(89)
Bad debts expense	-	(680)	-	(680)
Recovery (Impairment) charges	-	-	-	5,000
Pre-acquisition costs	-	-	(6,556)	-
Sublease revenue	4,708	6,013	21,409	23,359
Interest and other	76	115	348	325
Loss on investments held for sale	-	(1,999)	-	(1,999)
Net and comprehensive loss	\$ (55,555)	\$ (38,549)	\$ (133,991)	\$ (108,193)

The Company continues to tightly manage costs as a strategy to conserve resources; however, activity in the junior mining sector has picked up and is reflected in the operations above. The results are consistent with the fiscal 2017 operating budget. The most significant results are discussed below.

- Variances relating to general and administrative expenses are addressed below in more detail.
- Reporting to shareholders expenditures relate to the dissemination of the annual audited financial statements for the year ended September 30, 2016 and 2015, as well as expenditures for the AGM which was held in Q3 2016. No such costs were incurred in the current period.
- Overall, professional fees, which consist of auditing fees, legal, other filing fees and fees for news releases, are up by \$11,500. Auditing fees are up in the current year due to an increase in fees for services in the current year as well as an under accrual of 2016 audit fees. Additionally, legal fees are higher than the comparative period by \$5,400 reflecting, the legal services received with respect to the DJ project, Washington, USA for the incorporation, option agreement and subsequent assignment agreement with Jadex Corporation. Other fees are up as well and relate specifically to the number of news releases in the current year, a reflection of increased activity for the Company.
- Stock exchange and transfer agent fees relate directly to the number of security exchange transactions during the periods. The fluctuation from period to period reflect fluctuation in activity levels from period to period. The variance of \$900 results primarily from stock option plan fees for 2015 and 2016 which were incurred during Q2 2017. There were no similar expenditures in the comparative period.
- During the year ended September 30, 2016, the Company incurred a bad debt of \$680 as a result of nonpayment of sublease obligations and services provided to Guatavita totaling \$5,610. It is the net amount not recoverable after applying a rent deposit forfeited by Guatavita for nonpayment of their sublease obligation. See Note 17 - "Related party balances and transaction and key management remuneration" to the audited consolidated financial statements for the year ended September 30, 2017 which accompany this MD&A for further information. There were no such transactions in the current period.
- During the three month period ended December 31, 2015, the Company recorded a recovery of previously impaired exploration and evaluation assets relating to the decommissioning of the Meridian property which was 100% impaired in Fiscal 2013. The Company was refunded the security bond of \$3,000 held by the government of British Columbia as it was determined that no further expenditures were required to decommission the property, resulting in a recovery of over accrued decommissioning obligation.
- Pre-acquisition costs primarily relate to investigative activities prior to the acquisition of the Keithly Mountain property and the DJ property.
- Effective April 1, 2017, the Company entered into a new leasing arrangement for its premises, which continued to include subleasing office space to CANEX Metals Inc., a related party (See Note 17 -

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"Related party balances and transactions and key management remuneration" to the Consolidated Financial Statements for the year ended September 30, 2017 which accompany this MD&A). Overall leasing costs and resulting Sub-lease revenue have declined as a result of the new leasing arrangement, reflected in Q4 2017.

- At September 30, 2016, the common shares of North Sur Resources Inc ("Sur") were valued at \$1, as trading was halted on the TSX Venture Exchange during the year. To date there has been no change in the status of the shares. The shares were valued at their fair market value based on their trading price at September 30, 2015. The shares were acquired during the year ended September 30, 2013 as partial proceeds on the Assignment Agreement with Sur. The loss on investments held for sale reflect the adjustment to fair market value for the short-term securities held at September 30, 2017 and September 30, 2016. The market price fluctuations can result in significant valuation adjustments from period to period.

The following summarizes the major expense categories comprising general and administrative expenses for the respective periods:

	Three months ended September 30		Year ended September 30	
	2017	2016	2017	2016
Administrative consulting fees	\$ 3,318	\$ 1,645	\$ 18,173	\$ 11,898
Occupancy costs	9,416	12,028	42,878	48,625
Office, secretarial and supplies	11,305	1,367	21,307	8,800
Travel and promotion	1,397	-	8,694	1,930
Insurance	3,903	2,369	11,011	10,531
Computer network and website maintenance	276	78	1,145	1,004
Miscellaneous	1,382	1,160	4,121	4,616
Total	\$ 30,997	\$ 18,647	\$ 107,329	\$ 87,404

- Administrative consulting fees, which consist of fees for the contract controller, CFO and geological consulting, are up by approximately \$6,300 from the comparative period. During the current year, the Company incurred \$10,000 in geological consulting fees (2016 - \$1,188). The current year expenditures relate to the private placement share issuance announced February 28, 2017, research conducted with respect to jade opportunities and training activities. The remainder of expenditures relate to fees for the contract controller. There were no fees for services provided by the CFO in either the current or comparative periods.
- Occupancy costs are down by approximately \$5,700 resulting from the new lease agreement entered into effective April 1, 2017, terminating March 31, 2018. There has been a reduction in occupancy costs of \$2,600 per quarter. See Section 6) Commitments of this document for further information.
- Office and secretarial fees are up by \$12,500 in fiscal 2017. The majority of these expenditures relate to salaries and wages for administrative services which are provided on a contract basis and include book keeping services and services provided by the Corporate Secretary. Current year expenditures include services related to the private placement financing, occupancy lease negotiations and preparing documents related to new property acquisitions. These expenditures also include services provided by the Corporate Secretary to Jadex of \$3,200 in Q4 2017.
- Travel and promotion expenditures are up by \$6,700 in fiscal 2017 and reflect the increase in activity in the junior mining sector and management exploring resulting opportunities.
- There is no significant variance in insurance costs between comparative years.

5) Liquidity and Capital Resources

As of September 30, 2017, the Company had working capital \$191,933 (September 30, 2016 - \$40,107). Changes to working capital in the current and comparative periods are discussed below:

- Current year operating activities resulted in cash outflow of \$120,100 (2016 - \$141,000), a decrease of \$20,900 from the comparative year. Current year working capital changes include a decrease in accounts receivable of \$5,280, an increase in prepaid expenses of \$100 and an increase to accounts payable of \$8,890 resulting in a net cash inflow of \$14,070. The comparative period included an

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increase in accounts receivable of \$2,030, and increase in prepaid expenses of \$3,880 and a decrease in accounts payable of \$23,700, resulting in a net cash outflow of \$29,610.

- The Company expended \$69,659 on exploration and evaluation assets during the current year compared to \$2,810 in the comparative year. Expenditures of \$22,340 in the current period relate to the Keithly Mountain project. The remaining \$47,319 were expenditures made on behalf of Jadex with respect to the DJ project, in Washington, USA. The comparative period expenditures relate to exploration on the Tell property. In addition, the Company received \$19,525 of government grants with respect to YMEP funding and the Tell property during Q2 2016.
- The Company returned approximately \$10,600 to Guatavita Gold Corporation on account of the Guaman project during Q1 2016 in exchange for Guatavita forfeiting its interest in the Tell Property. There were no similar transactions during the current year.
- During Q1 2016, the Company was refunded a \$3,000 security bond that was held on account of the Meridian property, by the Government of British Columbia. See Operating results in the section above for additional details.
- During the three month period ended September 30, 2017, the Company expended \$2,907 on equipment purchases including a generator and diamond grinding wheels for jade sample exploration and evaluation. There were no equipment purchases in the comparative year.
- The Company also received a deposit of \$913 from its sub lessee CANEX, relating to the new leasing arrangement commencing April 1, 2017.
- During the three month period ended March 31, 2017, the Company partially closed a non-brokered private placement share and warrant issuance for aggregate gross proceeds of \$350,000. During the three month period ended June 30, 2017, the Company closed the non-brokered private placement share and warrant issuance for additional 600,000 common shares at \$0.05 per share and 300,000 common share purchase warrants for gross aggregate proceeds of \$30,000. See section 7) Financing for further information. There were no financing activities during the comparative periods.

The Company believes that it has sufficient working capital meet its funding requirements for administrative and operating costs for fiscal 2018. However, an increase in activity levels and new property acquisitions and a 2018 exploration program may require additional financing. There is no assurance that management will be successful in obtaining financing. There can be no assurance that the Company will be successful in obtaining financing. Refer to Note 1 - "Nature of operations" to the Consolidated Financial Statements which accompany this document.

6) Commitments

a) On April 1, 2017, the Company entered into a new leasing arrangement for office space. Pursuant to the assignment agreement, the Company is committed to pay base lease costs plus additional rent, which include its proportionate share of costs incurred in the operation, maintenance, management and supervision of the property as defined by the landlord's current lease for the premises. Additionally, Manson entered into sublease agreements with CANEX Metals Inc. (see Note 17 - "Related party balances and transactions and key management remuneration" to the Audited Consolidated Financial Statements which accompany this document) to the termination of the lease, March 31, 2018.

As at September 30, 2017, the committed lease costs to the termination of the lease are as follows:

	Oct 1, 2017 to Mar 31, 2018
	\$
Base lease cost	5,200
Expected additional rents	13,600
Total expected lease cost	18,800
Expected sublease revenue	(9,400)
Net commitment for lease	9,400

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b) On August 28, 2017, the Company announced an acquisition of the DJ Jade project, in Washington State, USA, through a combination of Option Agreement and staking.

The property, consisting of existing and recently filed Lode Claims covers an area of slightly more than 140 hectares, with 3 historical and one newly identified nephrite jade occurrences, which have been visited and confirmed by the Company's representative. The portion of the claims under option require a total of USD \$86,000 in property payments (USD \$6,000 of which has been paid for the first year) and staged work commitment of USD \$80,000 over 4 years in order for the Company to earn 100% of the mineral rights associated with those claims, subject to a 2% NSR royalty. Additional claims staked around the initial claims optioned fall within an area of mutual interest, and are considered part of the original Option Agreement.

The terms of the remaining commitment are as follows:

	Vendor Payments	Property Expenditures
	US\$	US\$
July 4, 2018	15,000	10,000
July 4, 2019	15,000	20,000
July 4, 2020	20,000	20,000
July 4, 2021	30,000	30,000
Total	80,000	80,000

In addition, the Vendors grant the Company, upon notice in writing, the right to purchase from the Optionor half (1%) of the Royalty for the sum of USD\$500,000 in cash or Common shares of the Company. The Optionor also grants, the Company the right, upon written notice, the remainder half (1%) of the Royalty for the sum of USD\$1,000,000 in cash or Common Shares, thereby extinguishing the Royalty of the Optionor.

On July 20, 2017, the Company entered into an Assignment and Novation Agreement, with Jadex. Jadex agrees that it shall be bound by, observe and perform the duties and obligations of the Company, for the assigned interests.

7) Financing

During the three month period ended March 31, 2017, the Company partially closed a non-brokered private placement share and warrant issuance for aggregate gross proceeds of \$350,000. The placement was comprised of 7,000,000 common shares at \$0.05 per share. Each common unit was comprised of one common share and one half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one additional common share at a price of \$0.10 per share until March 24, 2019. In valuing the warrants, the Company used a proration of proceeds method to the components including the use of the Black-Scholes Pricing model assuming a volatility of 277.90%, a risk free rate of 0.74%, a two year warrant life, and a 0% dividend rate.

During the three month period ended June 30, 2017, the Company closed the non-brokered private placement share and warrant issuance announced February 28, 2017 for an additional 600,000 common shares at \$0.05 per share and 300,000 common share purchase warrants for gross aggregate proceeds of \$30,000. Each common unit was comprised of one common share and one half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one additional common share at a price of \$0.10 per share until April 17, 2019. In valuing the warrants, the Company used a proration of proceeds method to the components including the use of the Black-Scholes Pricing model assuming a volatility of 276.15%, a risk free rate of 0.73%, a two year warrant life, and a 0% dividend rate.

During the year ended September 30, 2016, there were no financing activities.

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8) Exploration Expenditures

Refer to Note 7 "Exploration and evaluation assets" to the Consolidated Financial Statements for the year ended September 30, 2017.

9) Selected Annual financial Information

The following selected financial data has been extracted from the Consolidated Financial Statements, for the fiscal years ended September 30, 2017, 2016 and 2015 and should be read in conjunction with those Consolidated Financial Statements.

For the years ended or as at September 30	2017	2016	2015
Financial Results	\$	\$	\$
Sublease revenue	21,409	23,359	15,933
Interest and other income	348	325	439
Net loss and comprehensive loss for the year	(133,991)	(108,193)	(117,691)
Basic and diluted earnings per share	0.00	0.00	0.00
Financial Position			
Working capital	192,846	40,107	161,521
Total assets	716,129	482,127	619,004
Capital stock	12,619,161	12,404,263	12,404,263
Reserves	2,034,622	1,891,327	1,891,327
Deficit	(13,979,942)	(13,845,951)	(13,737,758)

Included in the income for 2017 is a recovery of mineral properties aggregating \$Nil, (2016 - \$5,000, 2015 - \$Nil). Other Comprehensive Loss pertaining to the revaluation of marketable securities from period to period resulted in a loss of \$Nil in 2017, (2016 - 1,999, 2015 - \$2,000) being included in Net and Comprehensive Loss.

10) Selected Quarterly Financial Information

The following selected financial data has been extracted from the unaudited interim financial statements for the fiscal periods indicated and should be read in conjunction with those unaudited financial statements.

Three months ended:	Sep 30 2017 (Q4 2017)	Jun 30 2017 (Q3 2017)	Mar 31 2017 (Q2 2017)	Dec 31 2016 (Q1 2017)	Sep 30 2016 (Q4 2016)	Jun 30 2016 (Q3 2016)	Mar 31 2016 (Q2 2016)	Dec 31 2015 (Q1 2016)
	\$	\$	\$	\$	\$	\$	\$	\$
Loss before recovery of exploration and evaluation assets and other items	(60,339)	(37,503)	(32,220)	(25,686)	(42,678)	(33,922)	(23,985)	(34,293)
Recovery of exploration and evaluation assets	-	-	-	-	-	-	-	5,000
Loss before other items	(60,339)	(37,503)	(32,220)	(25,686)	(42,678)	(33,922)	(23,985)	(29,293)
Sub-lease revenue	4,708	4,686	6,001	6,014	6,013	6,014	5,817	5,515
Interest and other income	76	45	80	147	115	113	97	-
Loss from investments held for sale	-	-	-	-	(1,999)	-	-	-
Net and comprehensive loss	(55,555)	(32,772)	(26,139)	(19,525)	(38,549)	(27,795)	(18,071)	(23,778)
Basic and diluted loss per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

The most significant influence on quarterly net loss is the amount of exploration and evaluation asset recoveries (impairments) and gains or losses on investments held for sale. The timing and amount of the Company's exploration and evaluation asset impairments cannot be predicted in advance and will vary from one reporting period to the next. As a result, there may be dramatic changes in the financial results and balance sheet position reported by the Company from period to period.

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The Company received common shares in a publicly traded company, North Sur, as partial consideration for the Assignment of the Up Town Gold Property Option Agreement. Comprehensive Profit or Loss will fluctuate as the carrying value of this investment is adjusted to fair value at the respective period ends.

11) Off-Balance Sheet Transactions

The Company has no off-balance sheet transactions to report.

12) Directors and Officers

Jean Pierre Jutras	<i>Director and President</i>	Barbara O'Neill	<i>Corporate Secretary</i>
Douglas Porter	<i>Director, Chief Financial Officer</i>	Cornell McDowell	<i>Director</i>
Shane Ebert	<i>Director</i>		

13) Related Party Transactions

Transactions for the year ended September 30, 2017 are disclosed and explained in Note 17 "Related party balances and transactions and key management remuneration" to the Consolidated Financial Statements for the year ended September 30, 2017 which accompany this MD&A.

14) Share capital, warrants, and stock options

Refer to Note 11 "Share capital, stock options and warrants" to the Consolidated Financial Statements for the year ended September 30, 2017 and the Statement of Changes in Equity for common share capital, stock option and warrant transactions during the year ended September 30, 2017 and balances as at that date.

Subsequent to September 30, 2017 and December 21, 2017, the date of these financial statements, the Company granted 125,000 options that may be exercised at \$0.14 per share to October 19, 2022. The options vested immediately and were valued at \$17,500 using the Black-Scholes Pricing model assuming a volatility of 283.07%, a risk free rate of 1.7%, a five year term, and a 0% dividend rate.

Subsequent to September 30, 2017 and December 21, 2017, the date of these financial statements, 500,000 warrants expired without exercise. There was no change in share capital issued or warrants issued and no options expired, from September 30, 2017 to December 21, 2017, the date of this report.

15) Financial Instruments

The carrying value of the Company's financial instruments, consisting of cash and cash equivalents, accounts receivable (net of sales tax), government grants receivable, short-term investments, and accounts payable and accrued liabilities (net of sales tax), approximate their fair value due to the short-term nature of the instruments.

It is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The Company had no foreign currency denominated fund balances. Consequently, variations in foreign exchange rates will not result in foreign exchange gains or losses at this point in time.

16) Financial Risk Management

a) Credit risk

Credit risk is the risk of financial loss to the Company if counterparties to a financial instrument fail to meet their contractual obligations. The Company's financial instruments that could be subject to credit risk consist of accounts receivable, (excluding sales tax). The Company has had a history of prompt receipt of their receivables and considers credit risk to be low on these instruments as at September 30, 2017 and September 30, 2016. The Company's cash and at bank is currently held with one financial institution.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is the utilization of budgets, to attempt to maintain sufficient liquidity in order to meet operational and exploration requirements as well as property acquisition commitments. The Company raises capital through equity issues and its ability to do so is dependent on a number of factors including market acceptance, stock price and exploration results. The Company is continually investigating financing options. The continuing operations of the Company are dependent upon its ability to continue to obtain adequate financing or to commence profitable operations in the future. The Company feels that it has sufficient working capital to finance general and administration and other operating expenses for 12 months assuming similar activity levels to the previous year. However, increases in activity levels, new property acquisitions and any level of exploration on its mineral properties may require additional financing. There can be no assurance that the Company will be successful in obtaining financing. Refer to Note 1 "Nature of operations" of the Audited Consolidated Financial Statements which accompany this document.

c) Market risk

The Company's equity investments are subject to market price risk. The investments in common shares are recorded at fair value at the respective period ends with the resultant gains and or losses recorded in earnings. The price value of these investments can vary from period to period. During the year ended September 30, 2017, the market price fluctuation on the investments held resulted in a net loss of \$Nil (2016 - \$1,999) on short-term investments (refer to Note 6 - "Short-term investments" of the Audited Consolidated Financial Statements which accompany this document for more information). In 2017, a 10% change in fair value of the Company's marketable investments would result in a charge to income of \$Nil (2016 - \$Nil).

d) Interest rate risk

The Company has no debt facilities and has minimal amounts of interest income, it is not exposed to significant interest rate risk at this time. All market risk is associated with the Company's investments in common shares, which are recorded at fair value at the respective period ends with the resultant gains or losses recorded in earnings.

e) Foreign exchange risk

The Company, undertakes transactions denominated in US currency; consequently, exposures to exchange rate fluctuations' arise.

17) Outlook

- During the three month period ended March 31, 2017, the Company acquired by staking a 2,111 hectare property in the Cariboo Goldfields, in central British Columbia called Keithly Mountain. The property consists of a combination of both Lode and Placer claims, is easily accessible through an existing network of logging roads and is located approximately 20 kilometres north of the town of Likely, BC. See section 3) Mineral properties below for more information. The Company will evaluate and interpret all available historic exploration and new field data from the Keithly Mountain Property and evaluate continuation of work at Keithly Mountain on a priority basis with regards to other ongoing opportunities.
- The Company intends to apply for required drilling permits with the local National Forest Service Office in order to conduct initial drill testing of jade lodes already identified at surface. Drill testing will commence as soon as approved, and under the terms and conditions outlined by the relevant authorities. Further surface work to extend known discoveries or additional geophysical work may also be conducted in the coming year.
- The data collected during the 2015 short program continues to support that mineralization at Tell is likely sediment hosted and potentially related to an extensive exhalative event within a sedimentary sequence with evidence of minor volcanic components, such as expected within the SEDEX/VMS

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environment. The 2015 surface data also confirms that mineralization may be related to an extensive metal rich unit within a sequence documented over 3 kilometers of strike length to date. These results are geologically strong and support further exploration if funding can be arranged.

- The Company will continue to seek out financing to pursue continued exploration of existing holdings and seek out new projects.

18) Risks

The business and operations of the Company are subject to numerous risks, many of which are beyond the Company's control. The Company considers the risks set out below to be some of the most significant to potential investors in the Company, but not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Company is currently unaware or which it considers to be material in relation to the Company's business actually occur, the Company's assets, liabilities, financial condition, results of operation (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline and investors may lose all or part of their investment.

The Company is a natural resource company engaged in the acquisition, exploration and development of mineral properties. Given the nature of the mining business, the limited extent of the Company's assets and the present stage of exploration, the following risk factors, among others, should be considered:

- **Exploration, development and operating risks**
The Company is in the process of exploring its properties and has not yet determined whether its properties contain economically recoverable reserves and, therefore, does not generate any revenues from production. The recovery of expenditures on mineral properties and the related deferred exploration expenditures are dependent on the existence of economically recoverable mineralization, the ability of the Company to obtain financing necessary to complete the exploration and development of its properties, and upon future profitable production, or alternatively, on the sufficiency of proceeds from disposition. Mineral exploration is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that exploration efforts will be successful.
- **Substantial capital requirements and liquidity**
Substantial additional funds for the establishment of the Company's current and planned mining operations will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Mineral prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures and operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operation and pursue only those projects that can be funded through cash flows generated from its existing operations, if any.
- **Fluctuating mineral prices**
The economics of mineral exploration are affected by many factors beyond the Company's control, including commodity prices, the cost of operations, variations in the grade of minerals explored and fluctuations in the market price of minerals. Depending on the price of minerals, the Company may determine that it is impractical to continue a mineral exploration operation. Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production and the importing and exporting of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any minerals found on the Company's properties.

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- **Regulatory, permit and license requirements**

The current or future operations of the Company require permits from various governmental authorities, and such operations are and will be governed by laws and regulations concerning exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for facilities and the conduct of exploration and development operations on the Properties will be obtainable on a reasonable terms, or that such laws and regulation will not have an adverse effect on any exploration or development project which the Company might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or exploration and development costs, or require abandonment or delays in the development of new or existing properties.

- **Financing risks and dilution to shareholders**

The Company has limited financial resources, no operations and no revenues. If the Company's exploration program on its properties is successful, additional funds will be required for the purposes of further exploration and development. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on favourable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity which will result in dilution to the Company's shareholders.

- **Title to properties**

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. The Company cannot give an assurance that title to its properties will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Optionors or the Company, as the case may be does not have title to its properties could cause the Company to lose any rights to explore, develop and mine any minerals on its properties without compensation for its prior expenditures relating to its properties.

- **Competition**

The mineral exploration and development industry is highly competitive. The Company will have to compete with other mining companies, many of which have greater financial, technical and other resources than the Company, for, among other things, the acquisition of mineral claims, leases and other mineral interest as well as for the recruitment and retention of qualified employees and other personnel. Failure to compete successfully against other mining companies could have a material adverse effect on the Company and its prospects.

- **Reliance on management and dependence on key personnel**

The success of the Company will be largely dependent upon the performance of its directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and

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officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

- **Environmental risks**

The Company's exploration and appraisal programs will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and provincial and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increase capital expenditures and operating costs.

- **Conflicts of interest**

Certain of the Directors and Officers of the Company are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such Directors and Officers of the Company may become subject to conflicts of interest. Canadian corporate laws provide that in the event that a Director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided under those laws. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the applicable Canadian corporate laws.

- **Uninsurable risks**

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences, any of which could result in damage to, or destruction of mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Company's results of operations and financial condition and could cause a decline in the value of the company's shares.

- **Litigation**

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

19) Critical Accounting Estimates

The most significant accounting estimate for the Company relates to the carrying value of its exploration and evaluation assets. Exploration and evaluation assets consist of the capitalized costs of exploration on, and acquisition of, mining concessions. Acquisition and leasehold costs and exploration costs are capitalized and deferred until such time as the property is put into production or the properties are disposed of either through sales or abandonments. The estimated values of exploration and evaluation assets are evaluated by management on a regular basis to determine whether facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. Reference is made to project economics, including the timing of the exploration and/or development work, the work programs and exploration results experienced by the Company and others, financing, the extent to which optionees have committed, or are expected to commit to, exploration on the property and the imminent expiry of right to explore,

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among other factors. When it becomes apparent that the carrying value of a specific property will not be realized an impairment provision is made for the estimated decline in value.

The Company's estimate for decommissioning obligations is based on existing laws, contracts or other policies. The value of the obligation is based on estimated future costs for abandonments and reclamations which requires that certain assumptions be made. By their nature, these estimates are subject to measurement uncertainty.

The Company uses the Black-Scholes Option Pricing Model to value stock options and warrants. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options granted and vested, or warrants issued, during the year.

The Company estimates the fair value of its short-term equity investments at each period end as they are carried at fair value on the Statement of financial position. The Company uses the closing price of the common shares on the period-end date and uses the Black-Scholes Option Pricing Model discussed above to estimate the value of its investment in warrants. The price at which these instruments can ultimately be sold will vary from these estimates due to the timing of their sale, the volume of trading in securities at any given time and changes in the market over time, among other factors.

20) New Accounting Policies

The Company did not adopt any new accounting policies during the year ended September 30, 2017.

IFRS accounting standards, interpretations and amendments subsequent to period-end

Certain new accounting standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for periods subsequent to those disclosed in the financial statements. They include the following, but do not include updates that are not applicable or are not consequential to the Company's operations:

IFRS 9 - Financial Instruments

Financial instruments, and consequential amendments to other related standards, is effective accounting periods commencing on or after January 1, 2018. There were new amendments related to IFRS 9 issued in November 2013. Although the transition date for IFRS 9 has been deferred, these amendments would be required to be prospectively applied in the financial statements for the 2014 year, as the Company has early adopted this section. However, these amendments relate to hedging and own credit risk, therefore these amendments do not have a significant impact on its financial reporting.

21) Subsequent events

On December 5, 2017, the Company announced a non-brokered private placement of up to 1 million Units, at a price of \$0.20 per Unit. Each Unit consists of one common share and one half of a common share purchase warrant. Each full common share purchase warrant (a "Warrant") will entitle the holder to purchase an additional common share at a price of \$0.30 per share for a period of two years following closing.

The Units are to be offered on a non-brokered basis by way of private placement to accredited investors and all securities issued under the offering will be subject to a hold period of four months plus one day from the date of closing. A finder's fee of 5% may be paid to eligible agents upon closing. This financing is subject to TSX Venture approval.

22) Other

Additional information relating to the Company may be found on SEDAR at www.sedar.com.