# Jade Leader Corp.
## (Formerly Manson Creek Resources Ltd.)
## Consolidated Financial Statements
(Expressed in Canadian Dollars)
September 30, 2018

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Tel: 403 266 5608
Fax: 403 233 7833
**www.bdo.ca**

BDO Canada LLP
903 – 8th Avenue SW, Suite 620
Calgary AB  T2P 0P7
Canada

# Independent Auditor's Report

**To the Shareholders of Jade Leader Corp. (formerly Manson Creek Resources Ltd.):**

We have audited the accompanying consolidated financial statements of Jade Leader Corp. (formerly Manson Creek Resources Ltd.), which comprise the consolidated statements of financial position as at September 30, 2018 and 2017 and the consolidated statements of loss and comprehensive loss, changes in equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Jade Leader Corp. (formerly Manson Creek Resources Ltd.) as at September 30, 2018 and 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

**Emphasis of Matter**

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company incurred a net loss of $705,457 during the year ended September 30, 2018 and, as of that 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 conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

BDO Canada LLP

Chartered Professional Accountants
Calgary, Alberta
January 15, 2019

# Jade Leader Corp.
## (Formerly Manson Creek Resources Ltd.)
## Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
As of September 30

| | | 2018 | | 2017 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current Assets** | | | | |
| Cash (Note 4) | **$** | **27,004** | $ | 204,953 |
| Accounts receivable (Note 5) | | **7,739** | | 3,870 |
| Mining exploration tax credit receivable | | **5,288** | | - |
| Prepaid expenses | | **14,498** | | 12,647 |
| Short-term investments (Note 6) | | **-** | | 1 |
| | | **54,529** | | 221,471 |
| **Non-current Assets** | | | | |
| Exploration and evaluation assets (Note 7) | | **685,173** | | 491,852 |
| Property and equipment (Note 8) | | **2,232** | | 2,806 |
| | | **687,405** | | 494,658 |
| **TOTAL ASSETS** | **$** | **741,934** | $ | 716,129 |
| **EQUITY AND LIABILITIES** | | | | |
| **Current Liabilities** | | | | |
| Deferred sublease revenue | **$** | **-** | $ | 913 |
| Accounts payable and accrued liabilities (Note 9) | | **128,587** | | 28,625 |
| | | **128,587** | | 29,538 |
| **Non-current Liabilities** | | | | |
| Decommissioning obligation (Note 10) | | **12,750** | | 12,750 |
| Deferred sublease revenue | | **913** | | - |
| | | **13,663** | | 12,750 |
| **TOTAL LIABILITIES** | | **142,250** | | 42,288 |
| **EQUITY** | | | | |
| Share capital (Note 11) | | **12,854,098** | | 12,619,161 |
| Reserves | | **2,430,985** | | 2,034,622 |
| Deficit | | **(14,685,399)** | | (13,979,942) |
| **TOTAL EQUITY** | | **599,684** | | 673,841 |
| **TOTAL EQUITY AND LIABILITIES** | **$** | **741,934** | $ | 716,129 |

**Nature and continuance of operations** (Note 1)
**Commitments (**Note 18)

**Approved by the Board**

**"Jean Pierre Jutras"**
_________________________ **Director**

**"Shane Ebert"**
__________________________ **Director**

See accompanying notes to the consolidated financial statements.

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

| | | 2018 | | 2017 |
|---|---|---|---|---|
| **Expenses** | | | | |
| General and administrative (Notes 13 and 17) | **$** | **644,854** | $ | 107,329 |
| Reporting to shareholders | | **16,478** | | 1,994 |
| Professional fees | | **41,973** | | 30,180 |
| Stock exchange and transfer agent fees | | **13,798** | | 9,499 |
| Depreciation | | **574** | | 190 |
| Pre-acquisition costs | | **6,637** | | 6,556 |
| | | **724,314** | | 155,748 |
| **Loss before other items** | | **(724,314)** | | (155,748) |
| **Other Items** | | | | |
| Sublease revenue (Note 17) | | **18,527** | | 21,409 |
| Interest and other | | **331** | | 348 |
| Loss on investments held for sale | | **(1)** | | - |
| | | **18,857** | | 21,757 |
| **Net loss and comprehensive loss for the year** | **$** | **(705,457)** | $ | (133,991) |
| **Loss per share:** | | | | |
| Basic and diluted (Note 15) | **$** | **(0.02)** | $ | 0.00 |
| **Weighted average number of shares outstanding:** | | | | |
| Basic and diluted (Note 15) | | **32,828,550** | | **28,184,426** |

See accompanying notes to the consolidated financial statements.

# Jade Leader Corp.
## (Formerly Manson Creek Resources Ltd.)
## Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
For the years ended September 30

| | 2018 | 2017 |
|---|---|---|
| **Increase (decrease) in cash** | | |
| **Operating activities** | | |
| Cash received from sublease revenue | **$ 18,527** | $ 21,409 |
| Cash paid to suppliers and contractors (Note 19) | **(284,410)** | (141,488) |
| Cash received from sub lessee deposit | **-** | 913 |
| **Cash used in operating activities** | **(265,883)** | (119,166) |
| **Investing activities** | | |
| Interest and other income received | **331** | 348 |
| Cash expended on exploration and evaluation asset additions (Note 19) | **(181,884)** | (69,659) |
| Cash expended on property and equipment | **-** | (2,907) |
| **Cash used in investing activities** | **(181,553)** | (72,218) |
| **Financing Activities** | | |
| Share capital and warrant issue proceeds | **200,000** | 380,000 |
| Share issue costs | **(8,513)** | (21,807) |
| Options exercised | **23,000** | - |
| Warrants exercised | **55,000** | - |
| **Cash provided by financing activities** | **269,487** | 358,193 |
| **Increase (decrease) in cash** | **(177,949)** | 166,809 |
| **Cash,** | | |
| Beginning of year | **204,953** | 38,144 |
| End of year | **$ 27,004** | $ 204,953 |

**Supplementary Information:**
**Interest and taxes**

There were no cash expenditures on interest or taxes during the years ended September 30, 2018 and September 30, 2017.

**Non-cash transactions**

**Year ended September 30, 2018**

During the year ended September 30, 2018, the Company granted stock options to officers, directors and consultants and recorded a non-cash charge for stock-based payments in the amount of $361,813. The value of the stock-based payments is included in general and administrative expenses. (Note 14 - "Share-based payment transactions")

**Year ended September 30, 2017**

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

See accompanying notes to the consolidated financial statements.

# Jade Leader Corp.
**(Formerly Manson Creek Resources Ltd.)**
## Consolidated Statement of Changes in Equity
(Expressed in Canadian Dollars)

| | | Reserves | | | | | |
|---|---|---|---|---|---|---|---|
| | Common share capital | Equity-settled share based payment | Warrants | Other* | Total Reserves | Deficit | Total |
| | $ | $ | $ | $ | $ | $ | $ |
| **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** |
| Net and comprehensive loss for the year | - | - | - | - | - | (705,457) | (705,457) |
| Warrants expired | - | - | (55,939) | 55,939 | - | - | - |
| Options issued, October 20, 2017 | - | 16,125 | - | - | 16,125 | - | 16,125 |
| Private placement share and warrant issue | 127,643 | - | 72,357 | - | 72,357 | - | 200,000 |
| Share issuance costs | (8,513) | - | - | - | - | - | (8,513) |
| Options issued, January 16, 2018 | - | 223,872 | - | - | 223,872 | - | 223,872 |
| Options issued, February 22, 2018 | - | 43,500 | - | - | 43,500 | - | 43,500 |
| Options issued, March 14, 2018 | - | 78,316 | - | - | 78,316 | - | 78,316 |
| Options exercised, April 18, 2018 | 40,480 | (17,480) | - | - | (17,480) | - | 23,000 |
| Warrants exercised, June 4, 2018 | 13,696 | - | (3,696) | - | (3,696) | - | 10,000 |
| Warrants exercised, July 17, 2018 | 61,631 | - | (16,631) | - | (16,631) | - | 45,000 |
| **Balance, September 30, 2018** | **12,854,098** | **413,553** | **195,325** | **1,822,107** | **2,430,985** | **(14,685,399)** | **599,684** |

*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 consolidated financial statements.

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## 1. Nature and continuance of operations

Jade Leader Corp. ("Jade Leader" or "the Company") (formerly Manson Creek Resources Ltd.) is engaged in the business of mineral exploration and development in Canada and the USA. 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 815, 808 - 4th Avenue SW, Calgary, Alberta, Canada, T2P 3E8. In March 2018, the Company changed its name from Manson Creek Resources Ltd. to Jade Leader Corp. and effective at the opening of trading on March 21, 2018, the common shares of Jade Leader commenced trading on the TSX Venture Exchange under the symbol JADE, and the common shares of Manson Creek Resources Ltd. were delisted.

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. The Company incurred a net loss of $705,457 (2017 - $133,991) during the year ended September 30, 2018. These uncertainties cast significant doubt on the Company’s ability to continue as a going concern. These financial statements do not include any adjustments which could be significant should the Company be unable to continue as a going concern.

While the Company has a deficit of $14,685,399 at September 30, 2018, ($13,979,942 – September 30, 2017), and a working capital deficiency of $74,058, (working capital surplus of $191,933 – September 30, 2017), an equity issue subsequent to year end with gross proceeds aggregating $1,148,954 has supplied sufficient working capital to fund currently planned exploration programs and the Company’s operating costs through fiscal 2019. (refer to Note 23, “Subsequent Events”)

Mineral properties are recognized in these consolidated 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 consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the periods ended September 30, 2018 and 2017, using the significant accounting policies outlined in Note 3. The statements were authorized for issue by the board of directors on January 15, 2019.

These consolidated 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.

**2. Basis of presentation** (continued)

**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 its exploration and development business in the United States (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 Canadian dollar.

**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, 2018.

**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 consolidated financial statements. Many are not applicable or do not have a significant impact to Jade Leader and have been excluded from below:

### IFRS 9 - Financial instruments

Financial instruments, and consequential amendments to other related standards, are effective for accounting periods commencing on or after January 1, 2018. However, new amendments related to IFRS 9 were issued in November 2013 and were applied prospectively in the consolidated financial statements for the 2014 year as the Company early adopted this section. These amendments relate to hedging and own credit risk, to which the Company is not exposed, therefore these amendments did not have a significant impact on its financial reporting.

### IFRS 16 - Leases

IFRS 16 introduces a new definition for what qualifies as a lease. Once an arrangement is determined to meet the definition of a lease, an entity will then recognize a right-of-use asset and a lease liability on its balance sheet. The standard includes certain exemptions for items where the lease term is less than 12 months or for low value items. The effective date of this standard is for annual reporting periods beginning on or after January 1, 2019, with options for early adoption. The Company has not yet determined the impact of adopting IFRS 16 on the consolidated financial statements.

**3**. **Summary of significant accounting policies** (continued)

### c) Financial Instruments

The Company's financial instruments consist of the following:

| **Financial Assets** | **Classification** |
|---|---|
| Cash | Financial asset measured at amortized cost |
| Accounts receivable | Financial asset measured at amortized cost |
| Government mining credits receivable | Financial asset measured at amortized cost |
| Short-term investments | Financial asset measured at fair value through profit and loss |

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

The Company initially records financial assets at fair value and subsequently measures 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.

**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**
Cash includes 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 as well as nominal amounts in foreign currencies held by the Company. The counter-parties are financial institutions.

**3**. **Summary of significant accounting policies** (continued)

**c) Financial Instruments** (continued)

**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.

**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**.**

**3**. **Summary of significant accounting policies** (continued)

**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 combines contiguous mineral claims, which are specific to a geographic 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 payments 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 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.

**3**. **Summary of significant accounting policies** (continued)

### 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, 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.

**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 option-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 Consolidated 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 consolidated 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 Consolidated Financial Statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the Consolidated 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.

**3**. **Summary of significant accounting policies** (continued)

**i) Significant accounting judgments and estimates** (continued)

Significant estimates include:

- the carrying values of exploration and evaluation assets and property and equipment that are included in the Statements 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")
- the estimate of the amount of decommissioning obligations and the inputs used in determining the net present value of the liabilities for decommissioning obligations included in the Statements of Financial Position;
- the value of share-based compensation expense in the Statements of Loss and Comprehensive Loss and the value of warrants that have been issued in connection with private placements and are included in the Statements 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 or in the period the options were granted if they are vesting immediately 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 **c**apital 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 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.

**3**. **Summary of significant accounting policies** (continued)

**l) Income taxes** (continued)

Deferred tax is provided 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 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 Canadian dollar. 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**

Cash is comprised of:

| | | **Sept 30, 2018** | | **Sept 30, 2017** |
|---|---|---|---|---|
| Current bank accounts | **$** | **25,863** | $ | 204,953 |
| Cash held in foreign currencies | | **1,141** | | - |
| | **$** | **27,004** | $ | 204,953 |

(Expressed in Canadian Dollars)

## 5. Accounts receivable

| | Sept 30, 2018 | Sept 30, 2017 |
|---|---|---|
| Related party receivables | $ **1,588** | $ 1,071 |
| Commodity tax receivables | **6,151** | 2,799 |
| | $ **7,739** | $ 3,870 |

## 6. Short-term Investments

| | Sept 30, 2018 | Sept 30, 2017 |
|---|---|---|
| **North Sur Resources Inc.** | | |
| **Common Shares** (Sept. 30, 2018 - nil, Sept. 30, 2017 - 200,000) | $ **-** | $ 1 |

During the year ended September 30, 2017, North Sur Resources Inc. shares were transferred from the TSX Venture Exchange to the NEX and on March 28, 2018, the shares were delisted and cancelled. The investment has consequently been written off.

## 7. Exploration and evaluation assets

### DJ Jade Project, Washington State, USA

On August 28, 2017, the Company announced its acquisition of the DJ Jade project, in Washington State, USA, through a combination of Option Agreement and staking. The gross costs and impairments recorded for the DJ Jade project at September 30, 2018 are $123,916 and $Nil, respectively (September 30, 2017 - $47,319 and $Nil, respectively).

The property, consisting of existing and recently filed Lode Claims covers an area of slightly more than 140 hectares. The portion of the claims under option require a total of US$86,000 in property payments, and a staged work commitment of US$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% Net Smelter Royalty ("NSR"). Having made option payments of US$6,000 and US$15,000 in fiscal 2017 and 2018 respectively, and having completed the minimum work commitment, the Company made a final payment of US$65,000 subsequent to year-end, acquiring the 100% interest, subject to the NSR (Refer to Note 23 - "Subsequent events" for additional information). Additional claims staked around the initial claims optioned fall within an area of mutual interest, and are considered part of the original Option Agreement. Refer to Note 18 b) - "Commitments" for the terms of the agreement.

The Company has the option to acquire one-half, (1%), of the Royalty for the sum of US$500,000 in cash or equivalent value in Common shares of the Company. The Optionor also granted the Company the right, upon written notice, to acquire the remaining half, (1%), of the Royalty for the sum of US$1,000,000 in cash or equivalent value in Common Shares of the Company, thereby extinguishing the Royalty of the Optionor.

On July 20, 2017, the Company entered into an Assignment and Novation Agreement, with Jadex (the Company's wholly-owned subsidiary). Jadex agreed that it shall be bound by, observe and perform the duties and obligations of the Company, for the assigned interests.

(Expressed in Canadian Dollars)

**7. Exploration and evaluation assets** (continued)

**Wyoming Jade Fields, Wyoming, USA**

The Wyoming Jade Fields is comprised of five properties. The Company has acquired, by staking, more than 50 Mineral Lode Claims covering in excess of 1,035 acres. On July 15, 2018, Jadex entered into an Option Agreement to acquire a 100% interest in an existing Lode Claim (20.7 acres). The portion of the claims under option require a total of US$35,000 in property payments, (US$8,000 of which has been paid for the first year) and staged work commitments of US$60,000. For more information refer to Note 18 - "Commitments." The gross costs and impairments recorded for the Wyoming Jade Fields project at September 30, 2018 are $117,046 and $Nil, respectively (September 30, 2017 - $Nil and $Nil respectively).

**Keithly Mountain, British Columbia**

During the three month period ended March 31, 2017, the Company acquired by staking a 2,111 hectare prospective jade property in the Cariboo Goldfields, in central British Columbia called Keithly Mountain. The gross costs and impairments recorded to the Keithly Mountain property as at September 30, 2018, are $18,104 and $Nil, respectively (September 30, 2017 - $21,892 and $Nil, respectively).

**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 project at September 30, 2018 are $426,107 and $Nil, respectively (September 30, 2017 - $422,641 and $Nil, respectively).

A summary of exploration and evaluation expenditures by category for the years ended September 30, 2018 and September 30, 2017 appears below:

| **Year ended September 30, 2018** | | **Wyoming, USA** | **Washington, USA** | **British Columbia** | **Yukon** |
|---|---|---|---|---|---|
| | **Total** | **Wyoming Jade Fields** | **DJ Jade Project** | **Keithly Mountain** | **Tell** |
| | **$** | **$** | **$** | **$** | **$** |
| **Balance at September 30, 2017** | **356,539** | - | 22,725 | 17,626 | 316,188 |
| Geological consulting | **50,061** | 29,263 | 19,298 | 1,500 | - |
| Geophysical | **24,025** | - | 24,025 | - | - |
| Helicopter | **3,078** | - | - | - | 3,078 |
| Field costs | **5,808** | 2,404 | 3,404 | - | - |
| Travel costs | **21,687** | 14,093 | 6,897 | - | 697 |
| WCB | **(309)** | - | - | - | (309) |
| Geochemical analysis | **352** | 352 | - | - | - |
| Mining exploration tax credit | **(5,288)** | - | - | (5,288) | - |
| **Balance, September 30, 2018** | **455,953** | 46,112 | 76,349 | 13,838 | 319,654 |
| | | | | | |
| **Property acquisition costs:** | | | | | |
| **Balance September 30, 2017** | **135,313** | - | 24,594 | 4,266 | 106,453 |
| Acquisition costs incurred | **93,907** | 70,934 | 22,973 | - | - |
| **Balance, September 30, 2018** | **229,220** | 70,934 | 47,567 | 4,266 | 106,453 |
| **Total exploration and evaluation assets September 30, 2018** | **685,173** | 117,046 | 123,916 | 18,104 | 426,107 |

(Expressed in Canadian Dollars)

### 7. Exploration and evaluation assets (continued)

| Year ended September 30, 2017 | | Washington, USA | British Columbia | Yukon |
|---|---|---|---|---|
| | Total | DJ Jade Project | Keithly 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 |

During fiscal 2017, the Company applied for a British Columbia mining exploration tax credit in the amount of $5,288 for qualified expenditures, totalling $17,626, that were incurred on the Keithly Mountain project.

### 8. Property and equipment

| | Property and equipment | | |
|---|---|---|---|
| | Cost | Accumulated Depreciation | Net Book Value |
| **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** |
| Depreciation | - | (574) | (574) |
| **Balance, September 30, 2018** | $ **7,462** | $ **(5,230)** | $ **2,232** |

### 9. Accounts payable and accrued liabilities

| | Sept 30, 2018 | Sept 30, 2017 |
|---|---|---|
| Trade payables | $ **26,276** | $ 1,852 |
| Due to related parties | **80,001** | 6,252 |
| Accrued liabilities | **22,000** | 20,000 |
| Sales tax payable | **310** | 521 |
| | $ **128,587** | $ 28,625 |

(Expressed in Canadian Dollars)

### 10. Decommissioning obligation

| | | Yukon Tell |
|---|---|---|
| **Balance at September 30, 2018, September 30, 2017 and September 30, 2016** | **$** | **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 2.21% (2017 - 1.52%) and an inflation rate of 2.35% (2017 - 1.5%) for the year ended September 30, 2018. 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.

### 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**

| | Shares Number | Value $ |
|---|---|---|
| **Balance, as at September 30, 2017** | **31,846,892** | **12,619,161** |
| Private placement - December 28, 2017 | 787,500 | 157,500 |
| Value of warrants included in private placement | - | (53,033) |
| Share issuance costs | - | (5,651) |
| Private placement - January 11, 2018 | 212,500 | 42,500 |
| Value of warrants included in private placement | - | (19,324) |
| Share issuance costs | - | (2,862) |
| Options exercised - April 18, 2018 | 230,000 | 40,480 |
| Warrants exercised - June 4, 2018 | 100,000 | 13,696 |
| Warrants exercised - July 17, 2018 | 450,000 | 61,631 |
| **Balance, as at September 30, 2018** | **33,626,892** | **12,854,098** |

(Expressed in Canadian Dollars)

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

**b) Issued and outstanding common share capital** (continued)

| | Shares Number | Value $ |
|---|---|---|
| **Balance, as at September 30, 2016** | 24,246,892 | 12,404,263 |
| Private placement - March 24, 2017 | 7,000,000 | 350,000 |
| Value of warrants included in private placement | - | (129,354) |
| Share issuance costs | - | (18,671) |
| Private placement - April 17, 2017 | 600,000 | 30,000 |
| Value of warrants included in private placement | - | (13,941) |
| Share issuance costs | - | (3,136) |
| **Balance, as at September 30, 2017** | 31,846,892 | 12,619,161 |

On December 28, 2017, the Company closed the first tranche private placement share and warrant issue for 787,500 common units at $0.20 per unit comprised of 787,500 common shares and 393,750 common share purchase warrants for gross aggregate proceeds of $157,500. 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 $0.30 per share until December 28, 2019. In valuing the warrants, the Company applied a proration of proceeds method to the components incorporating the Black-Scholes Pricing model assuming a volatility of 129.07%, a risk free rate of 1.69%, a two year warrant life, and a 0% dividend rate.

On January 11, 2018, the company closed the second tranche private placement and warrant issue for 212,500 common units at $0.20 per unit comprised of 212,500 common shares and 106,250 common share purchase warrants for gross aggregate proceeds of $42,500. 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 $0.30 per share until January 11, 2020. In valuing the warrants, the Company applied a proration of proceeds method to the components incorporating the Black-Scholes Pricing model assuming a volatility of 108.53%, a risk free rate of 1.76%, a two year warrant life, and a 0% dividend rate.

On April 18, 2018, 230,000 stock options exercisable at $0.10 per share, expiring July 10, 2019 were exercised, for total proceeds of $23,000. As well, 100,000 warrants exercisable at $0.10 per share, expiring March 24, 2019 were exercised for total proceeds of $10,000.

On July 17, 2018, 450,000 warrants exercisable at $0.10 per share, expiring March 24, 2019 were exercised for total proceeds of $45,000.

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 units at $0.05 per unit. 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 applied a proration of proceeds method to the components incorporating 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.

(Expressed in Canadian Dollars)

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

#### b) Issued and outstanding common share capital (continued)

On April 17, 2017, the Company closed a private placement share and warrant issue for an additional 600,000 common units at $0.05 per unit comprised of 600,000 common shares 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 applied a proration of proceeds method to the components incorporating 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.

#### c) Stock options

| | Number of shares | | Exercise |
|---|---|---|---|
| **Expiry** | **Sept 30, 2018** | **Sept 30, 2017** | **Price** |
| July 10, 2019 | 665,000 | 895,000 | $0.10 |
| July 13, 2019 | 130,000 | 130,000 | $0.10 |
| October 19, 2022 | 125,000 | - | $0.14 |
| January 15, 2021 | 795,000 | - | $0.36 |
| February 21, 2022 | 150,000 | - | $0.38 |
| March 13, 2021 | 280,000 | - | $0.365 |
| | 2,145,000 | 1,025,000 | |

#### d) Stock option transactions

| | Number of shares | Weighted average exercise price |
|---|---|---|
| **Balance, September 30, 2017** | 1,025,000 | $0.10 |
| Issued October 20, 2017 | 125,000 | $0.14 |
| Issued January 16, 2018 | 795,000 | $0.36 |
| Issued February 22, 2018 | 150,000 | $0.38 |
| Issued March 14, 2018 | 280,000 | $0.365 |
| Exercised April 18, 2018 | (230,000) | $0.10 |
| **Balance, September 30, 2018** | **2,145,000** | **$0.25** |

Refer to Note 14 - "Share-based payment transactions" for more information regarding the options issued during the year ended September 30, 2018.

Subsequent to September 30, 2018 and prior to the date of these consolidated financial statements, 75,000 options, exercisable at $0.25 per share, were issued to a consultant and were valued at $11,438. Refer to Note 14 - "Share-based payment transactions" for more information regarding this transaction. There were no further changes to stock options.

(Expressed in Canadian Dollars)

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

**d) Stock option transactions** (continued)

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 prices of the options granted comply with the rules of the stock exchange or exchanges on which the shares are then listed, which prices reflect 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, 2018** | | | | | | |
|---|---|---|---|---|---|---|
| **Exercise Price** | **Expiry** | **Balance Sept 30, 2017** | **Warrants Issued** | **Warrants Exercised** | **Warrants Expired** | **Balance Sept 30, 2018** |
| $0.50 | November 1, 2017 | 500,000 | - | - | 500,000 | - |
| $0.10 | March 24, 2019 | 3,500,000 | - | 550,000 | - | 2,950,000 |
| $0.10 | April 17, 2019 | 300,000 | - | - | - | 300,000 |
| $0.30 | December 28, 2019 | - | 393,750 | - | - | 393,750 |
| $0.30 | January 11, 2020 | - | 106,250 | - | - | 106,250 |
| | **Total** | **4,300,000** | **500,000** | **550,000** | **500,000** | **3,750,000** |

| **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** |

On October 12, 2018, the Company closed the first tranche of a private placement for 3,865,816 common shares and warrants for gross aggregate proceeds of $966,454. Refer to Note 23 - "Subsequent events" for information related to this transaction.

On October 23, 2018, the Company closed the second tranche of the private placement for 730,000 common shares and warrants for gross aggregate proceeds of $182,500. Refer to Note 23 - "Subsequent events" for information related to this transaction. There were no further changes to warrants.

(Expressed in Canadian Dollars)

### 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.

The following summarizes the categories of the various financial instruments:

| | | Sept 30, 2018 | | Sept 30, 2017 |
|---|---|---|---|---|
| | | Carrying Value | | |
| **Financial assets measured at amortized cost:** | | | | |
| Cash | **$** | **27,004** | $ | 204,953 |
| Accounts receivable | | **1,588** | | 1,071 |
| | **$** | **28,592** | $ | 206,024 |
| **Financial assets measured at fair value:** | | | | |
| Short-term investments | **$** | **-** | $ | 1 |
| **Financial liabilities measured at amortized cost:** | | | | |
| Accounts payable and accrued liabilities | **$** | **128,277** | $ | 28,104 |

The above noted financial instruments are exclusive of any commodity 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 nominal foreign currency denominated fund balances. Consequently, variations in exchange rates will not result in material foreign exchange gains or losses at this point in time.

### 13. General and administrative expenses

| | | Sept 30, 2018 | | Sept 30, 2017 |
|---|---|---|---|---|
| Administrative consulting fees | **$** | **108,840** | $ | 18,173 |
| Occupancy costs | | **43,878** | | 42,878 |
| Office, secretarial and supplies | | **52,117** | | 21,307 |
| Travel and promotion | | **46,964** | | 8,694 |
| Insurance | | **12,441** | | 11,011 |
| Computer network and website maintenance | | **9,458** | | 1,145 |
| Stock-based compensation | | **361,813** | | - |
| Salaries and benefits | | **2,277** | | - |
| Miscellaneous | | **7,066** | | 4,121 |
| Total general and administrative expenses | **$** | **644,854** | $ | 107,329 |

(Expressed in Canadian Dollars)

### 14. Share-based payment transactions

On October 20, 2017 the Company granted 125,000 options that may be exercised at $0.14 per share to October 19, 2022. The options were valued at $16,125 incorporating the Black-Scholes Option Pricing model assuming a 5 year term, volatility of 155.62%. a risk-free discount rate of 1.70% and a dividend rate of 0%.

On January 16, 2018, the Company granted 795,000 options that may be exercised at $0.36 per share to January 15, 2021. The options were valued at $223,872 incorporating the Black-Scholes Option Pricing model assuming a 3 year term, volatility of 140.62%, a risk free discount rate of 1.83% and a dividend rate of 0%.

On February 22, 2018, the Company granted 150,000 options that may be exercised at $0.38 per share to February 21, 2022. The options were valued at $43,500 incorporating the Black-Scholes Option Pricing model assuming a 4 year term, volatility of 151.23%, a risk free discount rate of 2.09% and a dividend rate of 0%.

On March 14, 2018, the Company granted 280,000 options that may be exercised at $0.365 per share to March 31, 2021. The options were valued at $78,316 incorporating the Black-Scholes Option Pricing model assuming a 3 year term, volatility of 135.71%, a risk free discount rate of 1.88% and a dividend rate of 0%.

Subsequent to September 30, 2018, the Company issued 75,000 options that may be exercised at $0.25 per share to September 30, 2021. The options were valued at $11,438 incorporating the Black-Scholes Options Pricing model assuming a 3 year term, volatility of 130.67%, a risk free discount rate of 2.31% and a dividend rate of 0%.

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

### 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**: | | **2018** | | **2017** |
|---|---|---|---|---|
| **Basic** | | **32,828,550** | | 28,184,426 |
| Effect of dilutive securities: | | | | |
| Stock options | | **-** | | - |
| Warrants | | **-** | | - |
| **Diluted** | | **32,828,550** | | 28,184,426 |
| **Loss per share:** | | | | |
| Basic and diluted | **$** | **(0.02)** | $ | 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, 2018 and 2017, 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:

(Expressed in Canadian Dollars)

| | 2018 Consolidated | 2017 Consolidated |
|---|---|---|
| | **$** | **$** |
| Loss before income taxes | **(705,457)** | **(133,991)** |
| Rate reconciliation | **27%** | **27%** |
| Computed expected expense (recovery) based on a combined rate of 27% (2017 - 27%) | **(190,473)** | **(36,178)** |
| Differential tax rate of foreign jurisdiction | **(903)** | **(534)** |
| Non-deductible items and other | **96,757** | **475** |
| Unrecognized deferred tax asset | **94,619** | **36,237** |
| Income tax expense | **-** | **-** |

The combined statutory rate is 27.00% for 2018 (2017 - 27.00%). The deferred combined statutory tax rate is expected to be 27.00% for 2018 and subsequent years (2017 - 27.00%).

**Temporary differences and tax loss not recognized for accounting purposes:**

| | | 2018 | | 2017 |
|---|---|---|---|---|
| Non-capital loss carry-forwards | **$** | **2,978,564** | $ | 2,637,306 |
| Capital loss carry-forwards | | **117,424** | | 103,924 |
| Property and equipment | | **74,245** | | 73,671 |
| Exploration and evaluation assets | | **4,925,052** | | 5,010,812 |
| Share issuance costs | | **19,895** | | 25,754 |
| Short-term investments | | **-** | | 6,749 |
| US net operating loss | | **106,348** | | 9,150 |
| Total | **$** | **8,221,528** | $ | 7,867,366 |

As future taxable profits of the Company are uncertain, no deferred tax has been recognized. As at September 30, 2018, the Company had unused non-capital loss carry-forwards of approximately $2,979,000 (2017 - $2,637,000) that expire between the years 2026 and 2038. Capital loss carry-forwards may be carried forward indefinitely. The Company has unused US net operating loss carry forwards of approximately $85,800 USD, (2017 - $7,000 USD), that expire between 2037 and 2038.

(Expressed in Canadian Dollars)

### 17. Related party balances and transactions and key management remuneration

The Company is considered a related party to CANEX Metals Inc. ("CANEX") because of its common directors, officers and key management personnel that have some direct financial interest in both the Company and CANEX. In addition, related parties include members of the Board of Directors, officers and their close family members. 635280 Alberta Ltd., a company controlled by Jean-Pierre Jutras, an officer and director of Jade Leader, Lunacees Enterprises Ltd., a company controlled by Cornell McDowell, a director of Jade Leader, and Vector Resources Inc., a company controlled by Shane Ebert, a director of Jade Leader, are also considered related parties.

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

| | | | **2018** | | **2017** |
|---|---|---|---|---|---|
| **Key management remuneration** | | | | | |
| President and Director | a | **$** | **(94,813)** | $ | (35,437) |
| Corporate Secretary | b | | **(41,344)** | | (16,706) |
| Chief Financial Officer | c | | **(2,700)** | | - |
| Total management remuneration | | **$** | **(138,857)** | $ | (52,143) |

Management compensation payable to "key management personnel" during the years ended September 30, 2018 and 2017 is reflected in the table above and consists of consulting fees paid or payable to 635280 Alberta Ltd., a company controlled by Jean-Pierre Jutras, as well as the Corporate Secretary and the Chief Financial Officer. Directors are not paid directors' fees. Officers and directors are compensated through the granting of options from time-to-time. Refer to Note 14 - "Share-based payment transactions" for detail relating to options issued during the year ended September 30, 2018. There were no options granted to officers and directors during the year ended September 30, 2017. 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.

| | | | **Sept 30, 2018** | | **Sept 30, 2017** |
|---|---|---|---|---|---|
| **Other related party transactions**: | | | | | |
| **CANEX Metals Inc.** | | | | | |
| General and administrative and secretarial costs paid | d | **$** | **(2,955)** | $ | (2,200) |
| General and administrative and secretarial costs received | d | **$** | **5,653** | $ | 3,833 |
| Office rent and operating costs received | d | **$** | **18,527** | $ | 22,336 |
| **Lunacees Enterprises Ltd.** | | | | | |
| Geological consulting services paid | e | **$** | **(9,000)** | $ | - |
| **Vector Resources Inc.** | | | | | |
| Geological consulting services paid | f | **$** | **(1,500)** | $ | (4,375) |

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

| **Balances Receivable (Owing)** | | | **Sept 30, 2018** | | **Sept 30, 2017** |
|---|---|---|---|---|---|
| **General and administrative and secretarial costs:** | | | | | |
| CANEX Metals Inc. | d | **$** | **948** | $ | 452 |
| Corporate secretary | b | **$** | **(9,974)** | $ | (2,482) |
| Jean-Pierre Jutras | a | **$** | **(1,789)** | $ | - |
| Chief financial officer | c | **$** | **(1,260)** | $ | - |
| **Geological consulting fees** | | | | | |
| 635280 Alberta Ltd. | a | **$** | **(64,838)** | $ | (3,150) |
| Vector Resources Inc. | f | **$** | **(1,500)** | $ | - |

(Expressed in Canadian Dollars)

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

a) 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 is expensed. During the year ended September 30, 2018, $19,500 (2017 - $20,750) was capitalized to exploration and evaluation assets, $75,313 (2017 - $10,500) was expensed through general and administrative expenses, and $Nil (2017 - $4,187) was expensed through pre-acquisition costs.

b) The Corporate Secretary provides services to the Company on a contract basis.

c) The Chief Financial Officer provides services to the Company on a contract basis.

d) During the years ended September 30, 2018 and 2017, 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. Since January 2015, the Company has subleased office space to CANEX. The Company renewed its sublease with CANEX on May 1, 2018, terminating April 30, 2020, (see Note 18 - "Commitments"). CANEX and the Company share two common officers and two common directors.

e) During the year ended September 30, 2018, geological consulting services were provided by Lunacees Enterprises Ltd., a company controlled by Cornell McDowell, a director of Jade Leader.

f) During the year ended September 30, 2018 and September 30, 2017, geological consulting services were provided by Vector Resources Inc., a company controlled by Shane Ebert, a director of Jade Leader.

**18. Commitments**

a) On May 1, 2018, the Company entered into a new leasing arrangement for office space. Pursuant to the agreement, the Company is committed to pay base lease costs plus additional rent, which includes 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, Jade Leader entered into a sublease agreement with CANEX Metals terminating April 30, 2020.

As at September 30, 2018, the committed lease costs to the termination of the lease are as follows:

| | October 1, 2018 to September 30, 2019 | October 1, 2019 to April 30, 2020 |
|---|---|---|
| | $ | $ |
| Base lease cost | 20,150 | 12,355 |
| Expected additional rents | 34,364 | 20,045 |
| Total expected lease commitment | 54,514 | 32,400 |
| Expected sublease revenue | (18,789) | (10,960) |
| Net future rent | 35,725 | 21,440 |

(Expressed in Canadian Dollars)

**18. Commitments** (continued)

b) Pursuant to the Option Agreement to acquire 100%, subject to a 2% Net Smelter Royalty, of the DJ Jade project, in Washington State, USA, the Company is committed to make staged payments and incur a minimum amount of property exploration expenditures each year.

As at September 30, 2018, the terms of the remaining Option Agreement commitments are as follows:

| | Vendor Payments | Property Expenditures |
|---|---|---|
| Due date: | USD$ | USD$ |
| July 4, 2019 | 15,000 | 20,000 |
| July 4, 2020 | 20,000 | 20,000 |
| July 4, 2021 | 30,000 | 30,000 |
| Total | 65,000* | 70,000* |

*During November, 2018, the Company gave notice to the underlying property owners and made an immediate payment of the remaining Option Payments totalling US$65,000, (CDN $87,131), to acquire 100% of the Property subject to an NSR. Prior to giving notice, the Company had met its minimum property expenditure commitments.

c) Pursuant to an Option Agreement to acquire a 100% interest, subject to a 2% Net Smelter Royalty, in the Foundation property, an existing 20.7 acre Lode Claim in Wyoming, United States, the Company is committed to make staged payments and incur a minimum amount of property exploration expenditures each year (refer to Note 7 - "Exploration and evaluation assets" for more information). As at September 30, 2018, the terms of the remaining commitment are as follows:

| | Option Payments | Exploration Expenditures |
|---|---|---|
| Due date: | US$ | US$ |
| July 15, 2019 | 12,000 | 10,000 |
| July 15, 2020 | 15,000 | 50,000 |
| Total | 27,000 | 60,000 |

The Company has the option, upon written notice, to acquire one half, (1%), of the NSR for US$20,000 in cash. The Optionor also granted the Company the right, upon written notice, to acquire the remaining half, (1%), of the NSR for US$30,000 in cash, thereby extinguishing the NSR of the Optionor.

**19. Supplemental disclosure statement of cash flows**

Reconciliation of cash used in operating activities to operating expenses:

| | | **Sept 30, 2018** | | Sept 30, 2017 |
|---|---|---|---|---|
| Operating expenses | **$** | **(724,314)** | $ | (155,748) |
| Depreciation | | **574** | | 190 |
| Stock-based compensation | | **361,813** | | - |
| Changes in assets and liabilities pertaining to operations: | | | | |
| Accounts receivable | | **(3,869)** | | 5,280 |
| Prepaid expenses | | **(1,851)** | | (97) |
| Accounts payable and accrued liabilities | | **83,237** | | 8,887 |
| Cash paid to suppliers and contractors | **$** | **(284,410)** | $ | (141,488) |

(Expressed in Canadian Dollars)

**19. Supplemental disclosure statement of cash flows** (continued)

| | | Sept 30, 2018 | | Sept 30, 2017 |
|---|---|---|---|---|
| Exploration and evaluation asset additions | **$** | **(193,321)** | $ | (69,659) |
| Changes in assets and liabilities pertaining to exploration and evaluation asset additions: | | | | |
| Mining exploration tax credit receivable | | **(5,288)** | | - |
| Accounts payable and accrued liabilities | | **16,725** | | - |
| Cash expended on exploration and evaluation asset additions | **$** | **(181,884)** | $ | (69,659) |

**20. Segment disclosures**

During the years ended September 30, 2018 and September 30, 2017, the Company was engaged in mineral exploration and all exploration activities were undertaken in Canada and/or the United States. Activities undertaken in both countries were similar in nature. The non-current assets associated with United States operations are comprised of the exploration and evaluation assets located in Washington State, the DJ Jade project, and Wyoming, Wyoming Jade Fields. All remaining assets are associated with Canadian operations. Refer to Note 7 for details of the carrying amounts of these assets at the respective period ends.

**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 and continuance 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, 2018 and September 30, 2017, there were no qualifying expenditures required pursuant to flow-through agreements; consequently there was no restricted cash at September 30, 2018 and 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 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, 2018 and September 30, 2017. The Company's cash at bank is 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. Subsequent to the year ended September 30, 2018, the Company closed a private placement financing for common shares and warrants for gross aggregate proceeds of $1,148,954 (refer to Note 23 - "Subsequent events" for more information). The Company feels that it has sufficient working capital to finance general and administration and other operating expenses for the next 12 month period as well as its planned 2019 exploration program. However, increases in expenditures above and beyond 2019 planned programs including new property acquisitions may require additional financing. There can be no assurance that the Company will be successful in obtaining financing.

### c) Market risk

The Company's equity investments are subject to market price risk. These investments were received for the sale of mineral properties. The Company does not invest excess cash in equity investments as a general rule. Investment in common shares is recorded at fair value at the respective period ends with the resultant gains or losses recorded in earnings. The price or value of these investments can vary from period to period. The Company has written-off its investments (refer to Note 6 - "Short-term investments" for further information).

### d) Interest rate risk

The Company has no debt facilities and has minimal amounts of interest income. Consequently, the Company is not exposed to significant interest rate risk at this time.

### e) Foreign exchange risk

The Company undertakes transactions denominated in US currency; consequently it is exposed to exchange rate fluctuations. The Company has disclosed US$ commitments pertaining to two option agreements in Note 18, "Commitments" to the Consolidated Financial Statements. The US$65,000 DJ, Washington State property commitment was fully settled subsequent to year end for CDN$87,131 equivalent and all required exploration expenditures had been incurred prior to year-end. An increase or decrease of 10% to the exchange rate would result in an increase or decrease in required option payments on the Foundation, Wyoming property and minimum exploration expenditures of CDN$3,495 and CDN$7,767 respectively.

### 23. Subsequent events

On October 12, 2018, the Company closed the first tranche of the private placement share and warrant issue for 3,865,816 common units at $0.25 per unit comprised of 3,865,816 common shares and 3,865,816 common share purchase warrants for gross aggregate proceeds of $966,454. Each common unit was comprised of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one additional common share at a price of $0.40 per share until October 12, 2020. In valuing the warrants, the Company applied a proration of proceeds method to the components incorporating the Black-Scholes Pricing model assuming a volatility of 162.75%, a risk free rate of 2.27%, a 2 year warrant life and a 0% dividend rate. In connection with this financing, the Company paid finder's fees of $27,700 which will be included in the share issuance costs that are deducted from the proceeds of the financing that are credited to Common Share Capital.

On October 23, 2018, the Company closed the second tranche of the private placement share and warrant issue for 730,000 common units at $0.25 per unit comprised of 730,000 common shares and 730,000 common share purchase warrants for gross aggregate proceeds of $182,500. Each common unit was comprised of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one additional common share at a price of $0.40 per share until October 23, 2020. In valuing the warrants, the Company applied a proration of proceeds method to the components incorporating the Black-Scholes Pricing model assuming a volatility of 158.41%, a risk free rate of 2.27%, a 2 year warrant life and a 0% dividend rate. In connection with this financing, the Company paid finder's fees of $1,250 which will be included in the share issuance costs that are deducted from the proceeds of the financing that are credited to Common Share Capital.

On November 20, 2018 the Company announced the early payment of the remaining option payments due on the DJ property in Washington State, USA which resulted in the acquisition of 100% of the property subject to an NSR. Refer to Note 18, "Commitments."

On October 1, 2018, the Company issued 75,000 options that may be exercised at $0.25 per share to September 30, 2021. Refer to Note 14, "Share Based Payment Transactions."

The following management discussion and analysis (MD&A) is management's assessment of the results and financial condition of Jade Leader Corp., ("Jade Leader" or "the Company", formerly Manson Creek Resources Ltd.), for the year ended September 30, 2018. The information included in this MD&A, with an effective date of January 15, 2019, should be read in conjunction with the consolidated financial statements as at and for the year ended September 30, 2018 and related notes thereto. Effective at the opening of trading on March 21, 2018, the common shares of Jade Leader commenced trading on the TSX Venture Exchange under the symbol "JADE" and the common shares of Manson Creek Resources Ltd. were delisted. 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, 2018 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as at and for the year ended September 30, 2018. 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, 2018.

The "Independent Qualified Person under the guidelines of National Instrument 43-101 of the Canadian Securities Administrators ("NI 43-101") for Jade Leader'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 Jade Leader.

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.

## 2) Highlights - Year ended September 30, 2018

a) During the three month period ended December 31, 2017, and subsequent to its phase 1 reconnaissance program on the DJ Jade project in Washington State, USA, the Company completed an initial phase of mechanized jade sampling on both the previously identified Jade lodes, as well as hand trenching that exposed a new nephrite bearing Jade lode south of Lode 2. (See News Release 17-7, dated October 2017, for more information).

b) On October 23, 2017, the Company announced that it had appointed Dr. Peter Megaw as Technical Advisor to the Company. Mr. Megaw was granted stock options which may be exercised to acquire up to 125,000 common shares, at a price of $0.14 per share until October 19, 2022. (Refer to News Release 17-8 dated October 23, 2017 and Note 11 - "Share capital, stock options and warrants" to the Audited Consolidated Financial Statements which accompany this document for more information).

c) During the three month period ended December 31, 2017, two of the Company's executives travelled to the 2017 Zi Gang Cup Jade and Stone Works Exhibition, held in Suzhou, Jiangsu province, China. The purpose of the travel was to present an initial suite of some of the DJ Jade project's samples, consult with some of the world's most recognized Jade carvers, including both Chinese and international artists, and conduct market research to evaluate current market trends including rough and final product prices.

d) On December 28, 2017, the Company closed the first tranche of a private placement financing which was comprised of 787,500 Units at $0.20 per unit. Each unit was comprised of one common share and one half of a common share purchase warrant. 787,500 shares and 393,750 warrants were issued for gross aggregate proceeds of $157,500. For more information refer to Note 11 - "Share capital, stock options and warrants" to the Audited Consolidated Financial Statement**s** which accompany this document and section 7) "Financing" of this document.

e) On January 11, 2018, the Company closed the second tranche of the private placement financing which consisted of 212,500 Units at $0.20 per unit. Each unit was comprised of one common share and one half of a common share purchase warrant. 212,500 shares and 106,250 warrants were issued for gross aggregate proceeds of $42,500. For more information refer to Note 11 - "Share capital, stock options and warrants" to the Audited Consolidated Financial Statements which accompany this document and section 7) "Financing" of this document.

f) On January 16, 2018, the Company issued stock options to its Directors, Officers and Consultants which may be exercised to acquire up to 795,000 common shares at an exercise price of $0.36 per share until January 15, 2021. Refer to News Release 18-02 dated January 16, 2018 and Note 11 - "Share capital, stock options and warrants" to the Audited Consolidated Financial Statements which accompany this document and section 7) "Financing" of this document.

g) On February 22, 2018, the Company appointed Dr. Robert Lavinsky of the Arkenstone as an advisor to the Company. Dr. Lavinsky has been granted stock options which may be exercised to acquire up to 150,000 common shares, at a price of $0.38 per share until February 21, 2022. Refer to News Release 18-03 dated February 22, 2018 and Note 11 "Share capital, stock options and warrants," to the Audited Consolidated Financial Statements which accompany this document for more information.

h) On March 14, 2018, the Company announced the results of the Annual General and Special Meeting. Highlights include the election of Dr. Peter Megaw to the Board of Directors. Dr. Megaw was serving as a Technical Advisor to the Company. As well, Ms. Shari Difley, CPA, CA, B. Comm. was appointed as the Chief Financial Officer to the Company. Dr. Megaw and Ms. Difley were issued stock options which may be exercised to acquire up to 280,000 common shares at $0.365 per share until March 13, 2021. Refer to Note 11 "Share capital, stock options and warrants" to the Audited Consolidated Financial Statements which accompany this document.

i) On March 21, 2018, the Company completed its name change from Manson Creek Resources Ltd. to Jade Leader Corp. Effective the opening of trading on March 21, 2018, the Company's shares began trading under the name Jade Leader Corp, using the trading symbol "JADE" and the common shares of Manson were delisted.

j) During the three month period ended June 30, 2018, the Corporation participated in the largest relevant gem and minerals exhibition in China, the government-sponsored China International Mineral and Gem Show held May 18 to 23 in Chenzhou. Hosted by the Chinese Government near the Hunan capital of Changsha, this is the single largest educational/sale exhibition and conference for the geological sciences and lapidary arts in Asia. Jade Leader exhibited a case of carved Jade items from the DJ project, which allowed it to evaluate Asian market reactions to the various jade types of its lead project thus far, as well as to conduct market research and introduce the Company to some of the top jade dealers from around the world.

k) During the three month period ended June 30, 2018, the Company acquired, through Jadex Corporation, the Company's wholly-owned US subsidiary, the Wyoming Jade Fields properties, Wyoming, USA, through staking. The staked properties, comprised of the Eagle, Lizard, Rabbit and Scorpion individually named claim groups, consist of more than 50 Mineral Lode Claims covering in excess of 1,035 acres. In addition, on July 15, 2018, Jadex entered into an option agreement to acquire an additional Lode Claim, named Foundation, consisting of 20.7 acres. For additional information refer to section 3) "Mineral Properties, Wyoming Jade Fields, Wyoming, USA" below, and News Release: 18-09 dated July 16, 2018.

l) During the three month period ended September 30, 2018, the Company secured the required drilling permits with the local National Forest Service Office for the DJ Jade project in order to conduct initial drill testing of jade lodes already identified at surface. The first pass drilling program, designed to test the extensive nephrite Jade system previously outlined, was conducted during November, 2018. For more information related to the drilling program refer to News Release: 18-14 dated November 2, 2018.

m) Subsequent to September 30, 2018 and before January 15, 2019, the date of this report, the Company closed the first and second tranche private placement financings for gross aggregate proceeds of $1,148,954. For more information refer to Section 21) "Subsequent events" of this document.

n) Subsequent to September 30, 2018 and before January 15, 2019, the date of this report, the Company gave notice to the underlying property owners of the DJ Jade property of the immediate payment of the remaining Option Payments totaling US$65,000, ($87,131 CDN), to acquire 100% of the Property subject to certain royalties. Prior to giving notice, the Company had met its minimum property expenditure commitments (refer to News Release: 18-15, dated November 20, 2018 for more information and Section 6) "Commitments").

o) Subsequent to September 30, 2018 and before January 15, 2019, the date of this report, the Company announced the results of its November drill program which tested both Jade-bearing targets, Lode 1 and Lode 2, which were identified on its DJ project in Washington State, USA. A total of 13 drill holes, varying in length from 15.55 to 68.3 meters for a total of 513.5 meters were drilled during this initial phase before inclement weather set in. All 13 holes intersected anticipated targets. Nephrite Jade, varying from ornamental to carving/jewellery grade, near gem to gem grade and cat's eye quality, was recovered in intervals ranging from 10-15 centimetres to over 5 meters in length. In addition, 77 kilograms of surface material from Lode 2, where both near-gem to gem quality and chatoyant, (cat's eye), material was identified in 2017, was recovered for processing. Two new occurrences of a red to pink to white semi-precious gemstone identified as rhodonite were found near the Jade zone and were test hand mined for potentially marketable raw material from the property. Refer to News Release 18-16 dated November 29, 2018 for detailed information about the drill results and plans to move forward.

p) The Company is continuing to evaluate potential new properties for staking or acquisition.

## 3) Mineral Properties

Transactions for the year ended September 30, 2018 are summarized in Note 7 "Exploration and evaluation assets" to the Audited Consolidated Financial Statements for the year ended September 30, 2018 which accompany this MD&A.

**DJ Jade Project, Washington State, USA**

On August 28, 2017, the Company announced its 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, 2018 are $123,916 and $Nil, respectively (September 30, 2017 - $47,319 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 US$86,000 in property payments, (US$6,000 of which has been paid for the first year and US $15,000 of which was paid during the three month period ended June 30, 2018), and staged work commitment of US$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% Net Smelter Royalty ("NSR"). Additional claims staked around the initial claims optioned fall within an area of mutual interest, and are considered part of the original Option Agreement. Refer to Note 18 - "Commitments" of the Audited Consolidated Financial Statements which accompany this document and Section 6) "Commitments" of this document, for the remaining terms of the agreement.

In addition, the Company has the option to purchase one half, (1%), of the NSR for the sum of US$500,000 in cash or equivalent value in Common shares of the Company. The Optionor also granted, the Company the right, upon written notice, to acquire the remaining half, (1%), of the NSR for the sum of US$1,000,000 in cash or equivalent value of Common Shares of the Company, thereby extinguishing the NSR of the Optionor.

On July 20, 2017, the Company entered into an Assignment and Novation Agreement, with Jadex (the Company's wholly-owned subsidiary). Jadex agreed 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 in the latter part of fiscal 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 that exposed a new nephrite bearing Jade lode south of Lode 2. (See News Release 17-7 dated October 16, 2017, for more information).

During the three month period ended September 30, 2018, the Company secured the required drilling permits with the local National Forest Service Office for the DJ Jade project in order to conduct initial drill testing of jade lodes already identified at surface. The first pass program, designed to test the extensive nephrite Jade system previously outlined, was conducted during November, 2018. For more information related to the drilling program refer to News Release: 18-14 dated November 2, 2018.

**Wyoming Jade Fields, Wyoming, USA**

The Company has acquired, by staking more than 50 Mineral Lode Claims covering in excess of 1,035 acres. The claims cover 4 contiguous blocks in areas where field work found geology favourable for jade formation. This includes abundant nephrite jade float, sub-crop and in-situ jade occurrences as well as numerous small-scale historical production pits. All of the new ground is on public lands administered by the Bureau of Land Management ("BLM"). None of this historically productive jade-bearing area has been previously evaluated using modern day jade-genesis concepts or exploration technologies. On July 15, 2018, Jadex entered into an Option Agreement to acquire a 100% interest in an existing Lode Claim (20.7 acres) with extensive nephrite jade exposed in hand dug pits and small trenches. The portion of the claims under option require a total of US$35,000 in property payments, (US$8,000 of which has been paid for the first year) and staged work commitment of US$60,000. For more information refer to Section 6) - "Commitments" regarding this transaction.

As the Company advanced permitting of the DJ project in Washington for drilling, it simultaneously advanced these newly acquired Wyoming properties through continued laboratory testing, analysis and field exploration work. The gross costs and impairments recorded for the Wyoming Jade Fields project at September 30, 2018 are $117,046 and $Nil, respectively (September 30, 2017 - $Nil and $Nil respectively).

**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. The gross costs and impairments recorded to the Keithly Mountain property as at September 30, 2018, are $18,104 and $Nil, respectively (September 30, 2017 - $21,892 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.

The Company will evaluate and interpret all available historic exploration data from the Keithly Mountain Property in order to design an appropriate exploration program.

**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 data collected during the 2015 short program continues to support that mineralization at Tell is 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 kilometres of strike length to date. These results are geologically strong and support further exploration if funding can be arranged. Given recent activity and positive exploration results from nearby properties, the Company will investigate opportunities to option out this property to interested parties. The gross costs and impairments recorded to the Tell project at September 30, 2018 are $426,107 and $Nil, respectively (September 30, 2017 - $422,641 and $Nil, respectively).

## 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 | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| General and administrative expenses | **$ (641)** | $ (30,997) | **$ (644,854)** | $ (107,329) |
| Reporting to shareholders | **-** | - | **(16,478)** | (1,994) |
| Professional fees | **(23,819)** | (26,973) | **(41,973)** | (30,180) |
| Stock exchange and transfer agent fees | **(2,430)** | (2,213) | **(13,798)** | (9,499) |
| Depreciation | **(143)** | (156) | **(574)** | (190) |
| Pre-acquisition costs | **(1,714)** | - | **(6,637)** | (6,556) |
| Sublease revenue | **4,697** | 4,708 | **18,527** | 21,409 |
| Interest and other | **47** | 76 | **331** | 348 |
| Loss on investments held for sale | **-** | - | **(1)** | - |
| **Net and comprehensive loss** | **$ (24,003)** | $ (55,555) | **$ (705,457)** | $ (133,991) |

In general, operational expenditures have increased in the current three and twelve month periods and reflect the increase in activity during the recent months. The results are consistent with the fiscal 2018 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 have increased significantly. These costs include the dissemination of the annual audited financial statements for the year ended September 30, 2017 and 2016. As well, fiscal 2018 expenditures include the costs of holding the Annual General Meeting (AGM) which was held in Q2 2018. There were no AGM expenditures in the comparative periods as the previous AGM was held in fiscal 2016; however, during Q2 2017, the Company received a refund of fees relating to the AGM held in 2016.
- Professional fees, which consist of auditing fees, legal and other filing fees are up significantly in the current year ended September 30, 2018. The current year expenditures include audit fees for fiscal 2018, an under accrual of audit fees for the year ended September 30, 2017 of $2,000, legal fees of $5,900 primarily relating to the corporate name change, the AGM and nominal legal fees for corporate

filings, fees related to news releases of $8,700 and fees for filing the September 30, 2017 US tax return for Jadex and other consultations. Professional fees during the year ended September 30, 2017 include audit fees for the year ended September 30, 2017, legal services received with respect to the DJ project, Washington, USA, including incorporation of Jadex Corporation, option agreement and subsequent assignment agreement with Jadex Corporation.

- Stock exchange and transfer agent fees relate directly to the number of security exchange transactions during the periods. The increase in the current period reflects higher TSX sustainer fees as well as fees relating to the name change.
- Pre-acquisition expenses in Q2 and Q4 2018 relate to research conducted in the United States for potential Jade exploration opportunities (refer to Section 3) "Mineral properties, Wyoming Jade Fields, Wyoming, USA" for additional information). Pre-acquisition costs incurred in 2017 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 included subleasing office space to one other corporation, CANEX Metals Inc. ("CANEX") (see Note 17 - "Related party balances and transactions and key management remuneration," and Note 18 - "Commitments" to the Audited Consolidated Financial Statements for the year ended September 30, 2018 which accompany this MD&A) resulting in a reduction in overall occupancy costs and sublease revenue in the current periods. On May 1, 2018, the Company relocated to new premises, acquiring larger office space and entered into a new lease agreement, terminating April 30, 2020. The Company continues to sublease office space to CANEX. For further information relating to obligations for Occupancy costs refer to Section 6) "Commitments".
- During the year ended September 30, 2017, North Sur Resources Inc. shares were transferred from the TSX Venture Exchange to the NEX and on March 28, 2018, the shares were delisted. Jade Leader had previously written down the value of the shares to $1; the Company recognized a loss of $1 during the three month period ended March 31, 2018 to fully write-off the investment (refer to Note 6 - "Short-term investments" to the Audited Consolidated Financial Statements which accompany this document).

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 | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| Administrative consulting fees | **$ 47,442** | $ 3,318 | **$ 108,840** | $ 18,173 |
| Occupancy costs | **13,445** | 9,416 | **43,878** | 42,878 |
| Office, secretarial and supplies | **9,450** | 11,305 | **52,117** | 21,307 |
| Travel and promotion | **10,044** | 1,397 | **46,964** | 8,694 |
| Insurance | **3,418** | 3,903 | **12,441** | 11,011 |
| Computer network and website maintenance | **696** | 276 | **9,458** | 1,145 |
| Stock-based compensation | **(85,387)** | - | **361,813** | - |
| Salaries and benefits | **-** | - | **2,277** | - |
| Miscellaneous | **1,533** | 1,382 | **7,066** | 4,121 |
| **Total** | **$ 641** | $ 30,997 | **$ 644,854** | $ 107,329 |

- Administrative consulting fees, which consist of fees for the contract controller, CFO and President and other geological consultants, are up by approximately $90,700 from the comparative 12 month period. The fiscal 2018 fees for the President include services relating to preparing news releases, the private placement financings announced in December 2017 and October 2018, attending meetings and gem-related events in Suzhou, Jiangsu province and Chenzhou, China, Dallas, Texas and Tucson, Arizona for the purpose of researching opportunities and marketing, preparation of marketing materials including preparation of Jade samples for exhibitions and video production, corporate name change and rebranding and website redesign, attending the Association for Mineral Exploration British Columbia ("AMEBC") Roundup in Vancouver, BC, preparation for the AGM, property research and budgeting. During the comparative twelve month period ended September 30, 2017, there was $10,000 in fees charged by the President which related primarily to the private placement for financing announced in February 2017, research conducted with respect to jade opportunities and other administrative duties. The current year also includes geological consulting services provided by outside consultants of $15,300, of which there were no similar charges in the previous year. In addition, the current year expenditures include $2,700 of fees for services provided by the CFO. There were no fees for services provided by the CFO in the comparative periods. The balance of fees, for services provided by the contract controller, reflects the increase in activities during the current year.

- In the year ended September 30, 2018, occupancy costs are down nominally by $1,000 from the comparative period, resulting from the Company entering into a lease agreement effective April 1, 2017 to March 31, 2018. On May 1, 2018, the Company relocated to new premises, acquiring larger office space and entered into a new lease agreement, terminating April 30, 2020. As a result of the new leasing arrangement, the Company has incurred higher occupancy costs during the three month period ended September 30, 2018. For further information relating to obligations for Occupancy costs refer to Section 6) "Commitments".
- Office and secretarial fees are up by $30,800 during the year ended September 30, 2018 and primarily relate to contract administrative services. The increase is consistent with the increase in activity in the Company in recent months. These expenditures include services provided by the Corporate Secretary for managing the private placement financing announced in December 2017 and October 2018, preparation for the AGM, managing the corporate name change, preparing marketing materials and website redesign, and renegotiating the occupancy lease, which expired on March 31, 2018, and managing the move to new office premises. Expenditures also include services provided by the Corporate Secretary on account of Jadex. During the comparative year, administrative services were provided at a reduced level and reflect the company's working capital situation.
- During the three month period ended December 31, 2017, two of the Company's executives travelled to the 2017 Zi Gang Cup Jade and Stone Works Exhibition, held in Suzhou, Jiangsu province, China. The purpose of the travel was to present an initial suite of some of the DJ Jade project's samples, consult with some of the world's most recognized Jade carvers, including both Chinese and international artists, and conduct market research to evaluate current market trends including rough and final product prices. These expenditures are reflected in Q1 2018 travel and promotion. There were no equivalent expenditures in the comparative period.
- During the three month period ended June 30, 2018, the Corporation participated in the largest relevant gem and minerals exhibition in China, the government-sponsored China International Mineral and Gem Show (one of the largest of its kind in the world) held May 18 to 23 in Chenzhou. Hosted by the Chinese Government near the Hunan capital of Changsha, this is the single largest educational/sale exhibition and conference for the geological sciences and lapidary arts in Asia. Jade Leader exhibited a case of carved Jade items, created from jade samples from the DJ project, which allowed it to evaluate Asian market reactions to the various jade types of its lead project thus far, as well as conduct market research and introduce the Company to some of the top jade dealers from around the world. The costs of attending this show, including the cost of producing the decorative Jade items that were displayed at the show, are included in 2018 Travel and Promotion costs above.
- Other travel and promotion expenditures during the three and twelve month periods ended September 30, 2018 include travel to Dallas, Texas to meet with Dr. Robert Lavinsky, (a Technical advisor to the Company), regarding various business matters, travel to Tucson, Arizona to attend various gem and mineral shows for the purpose of networking and marketing and attending the AMEBC Roundup held annually in Vancouver, British Columbia.
- Insurance expenses are up by $1,400 in the year ended September 30, 2018 and reflect a change in insurance coverage related to its US operations, commencing Q4 2017.
- Computer network and website maintenance expenditures increased by $8,300 during the year ended September 30, 2018 as a result of a website redesign consistent with the Company's rebranding efforts to reflect its shift in focus to Jade exploration. Other expenditures include website hosting fees and internet fees.
- During the year ended September 30, 2018, the Company issued 1,350,000 stock options to its Directors, Officers and Consultants valued at $361,813 (refer to Note 15 - "Share-based payment transactions" to the Audited Consolidated Financial Statements which accompany this document for more information). The three month period ended September 30, 2018 includes a change in estimate of the stock option value due to a change in the volatility calculation that utilized monthly stock prices

instead of daily stock prices; an assumption that was considered to be more representative of stock volatility. There were no similar share-based payment transactions in the comparative periods.

- Salaries and benefits expense incurred in Q3 2018 relates to the Company's share of CPP remitted for the exercise of 230,000 options for proceeds of $23,000. See Note 11 - "Share capital, stock options and warrants" to the Audited Consolidated Financial Statements which accompany this document for more information. There were no similar expenses incurred in comparative periods.
- Miscellaneous administrative expenses have increased by $2,900 during the year ended September 30, 2018, which is consistent with the overall increase in operational activity.

## 5) Liquidity and Capital Resources

As of September 30, 2018, the Company had a working capital deficiency of $74,058 (September 30, 2017 - $191,933 - working capital). Changes to working capital in the current and comparative periods are discussed below:

- Operating activities during the year ended September 30, 2018 resulted in a cash outflow of $265,883 (2017 - $119,166). Cash paid to suppliers and contractors is up by $143,000 in the current year from the comparative year due to significantly higher activity as discussed in Section 4) "Operating Results" above.
- The Company expended $181,900 on exploration and evaluation assets during the current year compared to $69,700 in the comparative year. Expenditures in the current period related to the Company's jade properties, primarily in Wyoming and Washington State; (see Section 3) "Mineral properties" and Note 7 - "Exploration and evaluation assets" to the Audited Consolidated Financial Statements which accompany this document, for more information. Expenditures during the comparative period related to the Keithly Mountain property and the DJ project in Washington State.
- During the year ended September 30, 2018, the Company closed a non-brokered private placement of shares and warrants for net proceeds of $191,487 after cash share issue costs. During the year ended September 30, 2017, the Company closed a non-brokered private placement of shares and warrants for net proceeds of $358,193 after cash share issue costs. See Section 7) "Financing" below for more information.
- During the year ended September 30, 2018, 230,000 options were exercised for total proceeds of $23,000 and 550,000 warrants were exercised for total proceeds of $55,000. See Section 7) "Financing" for more information related to these transactions.
- Subsequent to September 30, 2018 and before January 15, 2019, the date of this report, the Company closed two tranches of a private placement financing for gross aggregate proceeds of $1,148,954. For more information refer to Section 21) "Subsequent events" of this document.

The continuing operations of the Company are dependent upon its ability to obtain adequate financing or to commence profitable operations in the future. As noted above, subsequent to the year ended September 30, 2018, the Company closed a private placement financing for common shares and warrants for gross aggregate proceeds of $1,148,954 (refer to Note 21 - "Subsequent events" for more information). The Company feels that it has sufficient working capital to finance general and administrative and other operating expenses for the next 12 month period as well as its planned 2019 exploration program. However, increases in expenditures above and beyond 2019 planned programs including new property acquisitions may require additional financing. There can be no assurance that the Company will be successful in obtaining financing. Refer to Note 1 "Nature and continuance of operations".

## 6) Commitments

a) On May 1, 2018, the Company entered into a new leasing arrangement for office space. Pursuant to the agreement, the Company is committed to pay base lease costs plus additional rent, which includes 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, Jade Leader entered into a sublease agreement with CANEX Metals Inc. terminating April 30, 2020 (see Note 17 - "Related party balances and transactions and key management remuneration" to the Audited Consolidated Financial Statements which accompany this document).

As at September 30, 2018, the committed lease costs to the termination of the lease are as follows:

| | **October 1, 2018 to September 30, 2019** | **October 1, 2019 to April 30, 2020** |
|---|---|---|
| | **$** | **$** |
| Base lease cost | 20,150 | 12,355 |
| Expected additional rents | 34,364 | 20,045 |
| Total expected lease commitment | 54,514 | 32,400 |
| Expected sublease revenue | (18,789) | (10,960) |
| Net future rent | 35,725 | 21,440 |

b) Pursuant to the option agreement for the acquisition of the DJ Jade project, in Washington State, the Company is committed to the following remaining payments and minimum exploration expenditures as of September 30, 2018:

| | Option Payments | Exploration Expenditures |
|---|---|---|
| Due date | US$ | US$ |
| May 25, 2019 | 15,000 | 20,000 |
| May 25, 2020 | 20,000 | 20,000 |
| May 25, 2021 | 30,000 | 30,000 |
| Total | 65,000 | 70,000 |

The committed option payments and exploration expenditures of US$65,000 and US$70,000 would equate to $84,143 CDN and $90,615 CDN respectively using the September 30, 2018 Bank of Canada exchange rate. An increase or decrease of 10% to the exchange rate would result in an increase or decrease in both required option payments and minimum exploration expenditures of $8,414 and $9,062 respectively.

In addition, the Optionor granted 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 granted the Company the right, upon written notice, to acquire the remaining 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 November 20, 2018, the Company gave notice to the underlying property owners of the immediate payment of the remaining Option Payments totalling US$65,000, (CDN $87,131), to acquire 100% of the Property subject to certain royalties. Prior to giving notice, the Company had met its minimum property expenditure commitments (refer to News Release NR 18-15, dated November 20, 2018 for more information).

c) On July 15, 2018, Jadex signed an Option Agreement for a 100% interest in an existing Lode Claim (20.7 acres) in Wyoming, United States. To acquire a 100% interest, subject to a 2% Net Smelter Return royalty ("NSR"). The terms of the remaining commitment are as follows:

| | Option Payments | Exploration Expenditures |
|---|---|---|
| Due date: | US$ | US$ |
| July 15, 2019 | 12,000 | 10,000 |
| July 15, 2020 | 15,000 | 50,000 |
| Total | 27,000 | 60,000 |

The committed option payments and exploration expenditures of US$27,000 and US$60,000 would equate to $34,954 CDN and $77,670 CDN respectively using the September 30, 2018 Bank of Canada exchange rate. An increase or decrease of 10% to the exchange rate would result in an increase or decrease in both required option payments and minimum exploration expenditures of $3,495 and $7,767 respectively.

The Company has the option, upon written notice, to acquire one half, (1%), of the NSR for US$20,000 in cash. The Optionor also granted the Company the right, upon written notice, to acquire the remaining half, (1%), of the NSR for US$30,000 in cash, thereby extinguishing the NSR of the Optionor.

## 7) Financing

On December 28, 2017, the Company closed the first tranche private placement share and warrant issue for 787,500 units at $0.20 per unit comprised of 787,500 common shares and 393,750 common share purchase warrants for gross aggregate proceeds of $157,500. 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 $0.30 per share until December 28, 2019. In valuing the warrants, the Company applied a proration of proceeds method to the components incorporating the Black-Scholes Pricing model assuming a volatility of 129.07%, a risk free rate of 1.69%, a two year warrant life, and a 0% dividend rate.

On January 11, 2018, the company closed the second tranche private placement and warrant issue for 212,500 units at $0.20 per unit comprised of 212,500 common shares and 106,250 common share purchase warrants for gross aggregate proceeds of $42,500. 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 $0.30 per share until January 11, 2020. In valuing the warrants, the Company applied a proration of proceeds method to the components incorporating the Black-Scholes Pricing model assuming a volatility of 108.53%, a risk free rate of 1.76%, a two year warrant life, and a 0% dividend rate.

During the three month period ended June 30, 2018, 230,000 stock options exercisable at $0.10 per share, expiring July 10, 2019 were exercised at $0.10 per share, for total proceeds of $23,000 and 100,000 warrants exercisable at $0.10 per share, expiring March 24, 2019, were exercised for total proceeds of $10,000.

During the three month period ended September 30, 2018, 450,000 warrants exercisable at $0.10 per share, expiring March 24, 2019, were exercised for total proceeds of $45,000.

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 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.

## 8) Exploration Expenditures

Refer to Note 7 "Exploration and evaluation assets" to the Consolidated Financial Statements for the year ended September 30, 2018.

## 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, 2018, 2017 and 2016 and should be read in conjunction with those Consolidated Financial Statements.

| For the years ended or as at September 30 | 2018 | 2017 | 2016 |
|---|---|---|---|
| **Financial Results** | $ | $ | $ |
| Sublease revenue | 18,527 | 21,409 | 23,359 |
| Interest and other income | 331 | 348 | 325 |
| Net loss and comprehensive loss for the year | (705,457) | (133,991) | (108,193) |
| Basic and diluted earnings per share | (0.02) | 0.00 | 0.00 |
| **Financial Position** | | | |
| Working capital (deficiency) | (74,058) | 191,933 | 40,107 |
| Total assets | 741,934 | 716,129 | 482,127 |
| Capital stock | 12,854,098 | 12,619,161 | 12,404,263 |
| Reserves | 2,430,985 | 2,034,622 | 1,891,327 |
| Deficit | (14,685,399) | (13,979,942) | (13,845,951) |

Net and comprehensive loss for 2018 includes a non-cash charge for share-based payment transactions of $361,813 (2017 - $Nil, 2016 - $Nil) as well as an increase in operating expenditures to reflect increased business activities as described above in Section 4) "Operating results". Included in the loss for 2018 is a recovery of mineral properties aggregating $Nil, (2017 - $Nil, 2016 - $5,000).

## 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 2018 (Q4 2018) | Jun 30 2018 (Q3 2018) | Mar 31 2018 (Q2 2018) | Dec 31 2017 (Q1 2018) | Sep 30 2017 (Q4 2017) | Jun 30 2017 (Q3 2017) | Mar 31 2017 (Q2 2017) | Dec 31 2016 (Q1 2017) |
|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ |
| Loss before other items | (28,747) | (84,915) | (524,472) | (86,180) | (60,339) | (37,503) | (32,220) | (25,686) |
| Sublease revenue | 4,697 | 4,632 | 4,501 | 4,697 | 4,708 | 4,686 | 6,001 | 6,014 |
| Interest and other income | 47 | 74 | 142 | 68 | 76 | 45 | 80 | 147 |
| Loss from investments held for sale | - | - | (1) | - | - | - | - | - |
| Net and comprehensive loss | (24,003) | (80,209) | (519,830) | (81,415) | (55,555) | (32,772) | (26,139) | (19,525) |
| Basic and diluted loss per share | 0.00 | 0.00 | (0.02) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

Quarterly net losses are influenced by many factors from period to period and are significantly affected by the amount of activity in the junior mining sector, the Company's working capital position, the potential exploration opportunities as well as timing of certain expenditures including the timing of the AGM, held in Q3 2016 and Q2 2018. Operations during Q1 2017 and Q2 2017 were constrained by tight working capital, primarily influenced by a depressed junior mining sector. The rebound of the junior mining sector and the Company's new focus on Jade exploration has allowed the Company to improve its working capital position through financing, thus allowing the Company to expand its operations. During the four quarters of 2018 and the fourth quarter of 2017, the Company's expenditures have increased to reflect increased business activities. Additionally, Q1 and Q2 2018 operations include stock-based compensation of $17,500 and $429,700 respectively and Q4, 2018 includes a change in estimate pertaining to the valuation of these options as described in the discussion of the comparative earnings and loss amounts on page 8 above.

Investments in common shares are recorded at fair value at the respective period ends with the resultant gains or losses recorded in earnings. The price or value of these investments can vary from period to period and consequently gains and losses on these investments can vary from quarter to quarter. The only investment that the Company held has been fully written-off as of March 31, 2018.

### 11) Off-Balance Sheet Transactions

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

### 12) Directors and Officers

| | | | |
|---|---|---|---|
| Jean Pierre Jutras | *Director and President* | Barbara O'Neill | *Corporate Secretary* |
| Shari Difley | *Director, Chief Financial Officer** | Shane Ebert | *Director* |
| Cornell McDowell | *Director* | Peter Megaw | *Director*** |
| Douglas Porter, | *Director, Chief Financial Officer* (former)* | | |

* On March 14, 2018, the Board of Directors appointed Ms. Shari Difley, CPA, CA, B. Comm. as the Chief Financial Officer replacing Douglas Porter.

** Mr. Porter ceased to be a Director at the Annual General Meeting held March 14, 2018; Dr. Peter Megaw, a Technical Advisor to the Company was elected to the Board of directors at that time.

### 13) Related Party Transactions

Transactions for the year ended September 30, 2018 are disclosed and explained in Note 17 "Related party balances and transactions and key management remuneration" to the Audited Consolidated Financial Statements for the year ended September 30, 2018 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, 2018 and the Statement of Changes in Equity for common share capital, stock option and warrant transactions during the year ended September 30, 2018 and balances as at that date.

Subsequent to September 30, 2018 and before January 15, 2019, the date of these financial statements, the Company granted 75,000 options that may be exercised at $0.25 per share to September 30, 2021. The options vested immediately and were valued at $11,438 using the Black-Scholes Pricing model assuming a volatility of 130.67%, a risk free rate of 2.31%, a three year term and a 0% dividend rate.

Subsequent to September 30, 2018, the Company closed the first tranche private placement share and warrant issue for 3,865,816 units at $0.25 per unit comprised of 3,865,816 common shares and 3,865,816 common share purchase warrants for gross aggregate proceeds of $966,454. Each common unit was comprised of one common share and one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one additional common share at a price of $0.40 per share until October 12, 2020. In valuing the warrants, the Company applied a proration of proceeds method to the components incorporating the Black-Scholes Pricing model assuming a volatility of 162.75%, a risk free rate of 2.27%, a two year warrant life, and a 0% dividend rate.

Subsequent to September 30, 2018, the Company closed the second tranche private placement share and warrant issue for 730,000 units at $0.25 per unit comprised of 730,000 common shares and 730,000 common share purchase warrants for gross aggregate proceeds of $182,500. Each common unit was comprised of one common share and one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one additional common share at a price of $0.40 per share until October 23, 2020. In valuing the warrants, the Company applied a proration of proceeds method to the components incorporating the Black-Scholes Pricing model assuming a volatility of 158.41%, a risk free rate of 2.27%, a two year warrant life, and a 0% dividend rate.

There were no other changes in share capital issued, warrants issued or expired or options expired, from September 30, 2018 to January 15, 2019, the date of this report.

## 15) Financial Instruments

The carrying value of the Company's financial instruments, consisting of cash, accounts receivable (net of sales tax), 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, 2018 and September 30, 2017. 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. As noted above, subsequent to the year ended September 30, 2018, the Company closed a private placement financing for common shares and warrants for gross aggregate proceeds of $1,148,954 (refer to Note 21 - "Subsequent events" for more information). The Company feels that it has sufficient working capital to finance general and administration and other operating expenses for the next 12 month period as well as its planned 2019 exploration program. However, increases in expenditures above and beyond 2019 current planned programs including new property acquisitions may require additional financing. There can be no assurance that the Company will be successful in obtaining financing. Refer to Note 1 "Nature and continuance 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. These investments were received as partial proceeds for the assignment of mineral properties. The Company does not invest excess cash in equity investments as a general rule. Investment in common shares is recorded at fair value at the respective period ends with the resultant gains or losses recorded in earnings. The price or value of these investments can vary from period to period. During the current fiscal year the Company full wrote-off its investments, (refer to Note 7 - "Short-term investments" to the Audited Consolidated Financial Statements which accompany this document for further information).

**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 it is exposed to exchange rate fluctuations. In fiscal 2018, a 10% increase or decrease in the US foreign exchange rate would result in an increase or decrease in committed exploration expenditures and option payments of $16,829 and $11,909 respectively as they pertain to the DJ Jade Project acquisition and the Wyoming Jade Fields acquisition (refer to Section 6, "Commitments" above and Section 21, "Subsequent events" below).

## 17) Outlook

- Subsequent to September 30, 2018 the Company completed its first phase drill program on its DJ, Washington State, USA project. Refer to News Release 18-16 dated November 29, 2018. The promising results from the drill program led the Company to exercise its accelerated buy-out of the earn-in option on the property to result in 100% ownership subject to certain royalties. In fiscal 2019 the Company will conduct permitting discussions and complete the necessary documentation in order to secure permits from the Forestry Service that will allow the Company to extract mini bulk samples and conduct a second phase drill program.
- During fiscal 2019 the Company plans to conduct detailed mapping/sampling on its staked and optioned properties in Wyoming, USA with a view to bringing the more significant targets to the drill stage. Drilling will require securing the requisite permits.
- During fiscal 2019 the Company plans to investigate opportunities to option out its Tell Property in the Yukon in order to expand exploration on the project without additional financing being required.
- The Company plans to evaluate and interpret available historic exploration and new field data from the Keithly Mountain Property and evaluate continuation of work on a priority basis with regards to other ongoing opportunities.
- The Company plans to increase visibility and exposure and conduct pre-marketing in International communities through attendance at various trade events in the USA and China. The Company will also work to expand current and potential investors' awareness of the Company's activities through social media, including its website which hosts videos and other relevant information.
- Subsequent to September 30, 2018 and before January 15, 2019, the date of this report, the Company closed the first and second tranche private placement financing for gross aggregate proceeds of $1,148,954. The Company will continue to seek out financing so that it may expand exploration on current projects and evaluate and acquire new projects of merit.

## 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.

- **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 it 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 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 contact 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 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, 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 in the Statements 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, 2018.

### 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

IFRS 9 is effective for accounting periods commencing on or after January 1, 2018. However, new amendments related to IFRS 9 were issued in November 2013 and were applied prospectively in the financial statements for the 2014 year, as the Company had early adopted this section. These amendments relate to hedging and own credit risk, to which the Company is not exposed, therefore these amendments did not have a significant impact on its financial reporting.

### IFRS 16 – Leases

IFRS 16 introduces a new definition for what qualifies as a lease. Once an arrangement is determined to meet the definition of a lease, an entity will then recognize a right-of-use asset and a lease liability on its balance sheet. The standard includes certain exemptions for items where the lease term is less than 12 months or for low value items. The effective date of this standard is for annual reporting periods beginning on or after January 1, 2019, (the Company's fiscal year ended September 30, 2020), with options for early adoption. The Company has not yet determined the impact of adopting IFRS 16 on its consolidated financial statements.

## 21) Subsequent events

On October 1, 2018, the Company announced a non-brokered private placement of up to 3.6 million Units. The first tranche closed October 12, 2018 for gross aggregate proceeds of $966,454; the second tranche closed October 23, 2018 for gross aggregate proceeds of $182,500. Refer to Section 14) Share capital, warrants and stock options for further information related to these transactions.

On October 1, 2108, the Company granted 75,000 options that were valued at $11,438. Refer to Section 14) Share capital, warrants and stock options for further information related to this transactions.

On November 20, 2018 the Company announced the early payment of the remaining option payments due on the DJ property in Washington State, USA which resulted in the acquisition of 100% of the property subject to an NSR. Refer to 6 b) Commitments above.

## 22) Other

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