

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

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## Independent Auditor's Report

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### 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

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
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
	<u>54,529</u>	<u>221,471</u>
<b>Non-current Assets</b>		
Exploration and evaluation assets (Note 7)	685,173	491,852
Property and equipment (Note 8)	2,232	2,806
	<u>687,405</u>	<u>494,658</u>
<b>TOTAL ASSETS</b>	<b>\$ 741,934</b>	<b>\$ 716,129</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current Liabilities</b>		
Deferred sublease revenue	\$ -	\$ 913
Accounts payable and accrued liabilities (Note 9)	128,587	28,625
	<u>128,587</u>	<u>29,538</u>
<b>Non-current Liabilities</b>		
Decommissioning obligation (Note 10)	12,750	12,750
Deferred sublease revenue	913	-
	<u>13,663</u>	<u>12,750</u>
<b>TOTAL LIABILITIES</b>	<b>142,250</b>	<b>42,288</b>
<b>EQUITY</b>		
Share capital (Note 11)	12,854,098	12,619,161
Reserves	2,430,985	2,034,622
Deficit	(14,685,399)	(13,979,942)
<b>TOTAL EQUITY</b>	<b>599,684</b>	<b>673,841</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>\$ 741,934</b>	<b>\$ 716,129</b>

**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

	<u>2018</u>	<u>2017</u>
<b>Expenses</b>		
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
	<u>724,314</u>	<u>155,748</u>
<b>Loss before other items</b>	<u>(724,314)</u>	<u>(155,748)</u>
<b>Other Items</b>		
Sublease revenue (Note 17)	18,527	21,409
Interest and other	331	348
Loss on investments held for sale	(1)	-
	<u>18,857</u>	<u>21,757</u>
<b>Net loss and comprehensive loss for the year</b>	\$ <u>(705,457)</u>	\$ <u>(133,991)</u>
<b>Loss per share:</b>		
Basic and diluted (Note 15)	\$ <u>(0.02)</u>	\$ <u>0.00</u>
<b>Weighted average number of shares outstanding:</b>		
Basic and diluted (Note 15)	<u>32,828,550</u>	<u>28,184,426</u>

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

	<u>2018</u>	<u>2017</u>
<b>Increase (decrease) in cash</b>		
<b>Operating activities</b>		
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
<b>Cash used in operating activities</b>	<u>(265,883)</u>	<u>(119,166)</u>
<b>Investing activities</b>		
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)
<b>Cash used in investing activities</b>	<u>(181,553)</u>	<u>(72,218)</u>
<b>Financing Activities</b>		
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	-
<b>Cash provided by financing activities</b>	<u>269,487</u>	<u>358,193</u>
<b>Increase (decrease) in cash</b>	<b>(177,949)</b>	<b>166,809</b>
<b>Cash,</b>		
Beginning of year	204,953	38,144
End of year	<u>\$ 27,004</u>	<u>\$ 204,953</u>

**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						Total
	Common share capital	Equity-settled share based payment	Warrants	Other*	Total Reserves	Deficit	
	\$	\$	\$	\$	\$	\$	\$
<b>Balance, September 30, 2016</b>	<b>12,404,263</b>	<b>69,620</b>	<b>55,939</b>	<b>1,765,768</b>	<b>1,891,327</b>	<b>(13,845,951)</b>	<b>449,639</b>
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	-	-	-
<b>Balance, September 30, 2017</b>	<b>12,619,161</b>	<b>69,220</b>	<b>199,234</b>	<b>1,766,168</b>	<b>2,034,622</b>	<b>(13,979,942)</b>	<b>673,841</b>
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
<b>Balance, September 30, 2018</b>	<b>12,854,098</b>	<b>413,553</b>	<b>195,325</b>	<b>1,822,107</b>	<b>2,430,985</b>	<b>(14,685,399)</b>	<b>599,684</b>

\*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.



# **Jade Leader Corp.**

## **(Formerly Manson Creek Resources Ltd.)**

### **Notes to the Consolidated Financial Statements**

(Expressed in Canadian Dollars)

For the year ended September 30, 2018

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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.

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**Jade Leader Corp.**  
**(Formerly Manson Creek Resources Ltd.)**  
**Notes to the Consolidated Financial Statements**  
(Expressed in Canadian Dollars)  
For the year ended September 30, 2018

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**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.

**Jade Leader Corp.**  
**(Formerly Manson Creek Resources Ltd.)**  
**Notes to the Consolidated Financial Statements**  
(Expressed in Canadian Dollars)  
For the year ended September 30, 2018

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

**c) Financial Instruments**

The Company's financial instruments consist of the following:

<b>Financial Assets</b>	<b>Classification</b>
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

  

<b>Financial Liabilities</b>	<b>Classification</b>
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.

**Jade Leader Corp.**  
**(Formerly Manson Creek Resources Ltd.)**  
**Notes to the Consolidated Financial Statements**  
(Expressed in Canadian Dollars)  
For the year ended September 30, 2018

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**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.

**Jade Leader Corp.**  
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**Notes to the Consolidated Financial Statements**  
(Expressed in Canadian Dollars)  
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**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.

**Jade Leader Corp.**  
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**Notes to the Consolidated Financial Statements**  
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**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:

	<b>Depreciation method</b>	<b>Depreciation rate</b>
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.

**Jade Leader Corp.**  
**(Formerly Manson Creek Resources Ltd.)**  
**Notes to the Consolidated Financial Statements**  
(Expressed in Canadian Dollars)  
For the year ended September 30, 2018

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**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.

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**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 capital and the related equity-settled share based payment amount is transferred to share capital. If options expire without exercise, the value associated therewith is transferred from equity-settled share based payment reserve to other reserves.

**k) Loss per share**

Basic loss per common share is calculated by dividing the net loss attributable to common shareholders by the weighted average number of common shares outstanding for the year. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. Only "in-the-money" dilutive instruments impact the dilution calculations and potentially dilutive instruments shall only be treated as dilutive when their conversion to ordinary shares would decrease earnings per share or increase loss per share. Refer to Note 11 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.



# Jade Leader Corp.

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#### 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:

	<u>Sept 30, 2018</u>	<u>Sept 30, 2017</u>
Current bank accounts	\$ 25,863	\$ 204,953
Cash held in foreign currencies	1,141	-
	<u>\$ 27,004</u>	<u>\$ 204,953</u>

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**5. Accounts receivable**

	<u>Sept 30, 2018</u>	<u>Sept 30, 2017</u>
Related party receivables	\$ <u>1,588</u>	\$ 1,071
Commodity tax receivables	\$ <u>6,151</u>	2,799
	\$ <u>7,739</u>	\$ <u>3,870</u>

**6. Short-term Investments**

	<u>Sept 30, 2018</u>	<u>Sept 30, 2017</u>
<b>North Sur Resources Inc.</b>		
<b>Common Shares</b> (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.

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**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			
		\$				\$	\$	\$
<b>Balance at September 30, 2017</b>	<b>356,539</b>	-	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)	-			
<b>Balance, September 30, 2018</b>	<b>455,953</b>	46,112	76,349	13,838	319,654			
<b>Property acquisition costs:</b>								
<b>Balance September 30, 2017</b>	<b>135,313</b>	-	24,594	4,266	106,453			
Acquisition costs incurred	93,907	70,934	22,973	-	-			
<b>Balance, September 30, 2018</b>	<b>229,220</b>	70,934	47,567	4,266	106,453			
<b>Total exploration and evaluation assets September 30, 2018</b>	<b>685,173</b>	117,046	123,916	18,104	426,107			

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

Year ended September 30, 2017	Washington, USA		British Columbia	Yukon
	Total	DJ Jade Project	Keithly Mountain	Tell
	\$	\$	\$	\$
<b>Balance at September 30, 2016</b>	<b>315,990</b>	-	-	315,990
Geological consulting	<b>26,895</b>	14,000	12,520	375
Field costs	<b>4,026</b>	210	3,816	-
Travel costs	<b>9,805</b>	8,515	1,290	-
WCB	<b>(177)</b>	-	-	(177)
<b>Balance, September 30, 2017</b>	<b>356,539</b>	22,725	17,626	316,188
<b>Property acquisition costs:</b>				
<b>Balance September 30, 2016</b>	<b>106,203</b>	-	-	106,203
Acquisition costs incurred	<b>29,110</b>	24,594	4,266	250
<b>Balance, September 30, 2017</b>	<b>135,313</b>	24,594	4,266	106,453
<b>Total exploration and evaluation assets September 30, 2017</b>	<b>491,852</b>	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
<b>Balance, September 30, 2016</b>	\$ 4,555	\$ (4,466)	\$ 89
Additions	2,907	-	2,907
Depreciation	-	(190)	(190)
<b>Balance, September 30, 2017</b>	<b>7,462</b>	<b>(4,656)</b>	<b>2,806</b>
Depreciation	-	(574)	(574)
<b>Balance, September 30, 2018</b>	<b>\$ 7,462</b>	<b>\$ (5,230)</b>	<b>\$ 2,232</b>

**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
	<b>\$ 128,587</b>	<b>\$ 28,625</b>

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**10. Decommissioning obligation**

	<b>Yukon Tell</b>
<b>Balance at September 30, 2018, September 30, 2017 and September 30, 2016</b>	<b>\$ 12,750</b>

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**

	<b>Shares Number</b>	<b>Value \$</b>
<b>Balance, as at September 30, 2017</b>	<b>31,846,892</b>	<b>12,619,161</b>
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
<b>Balance, as at September 30, 2018</b>	<b>33,626,892</b>	<b>12,854,098</b>

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

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

	<b>Shares Number</b>	<b>Value \$</b>
<b>Balance, as at September 30, 2016</b>	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)
<b>Balance, as at September 30, 2017</b>	<b>31,846,892</b>	<b>12,619,161</b>

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.

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**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**

<u>Expiry</u>	<u>Number of shares</u>		<u>Exercise Price</u>
	<u>Sept 30, 2018</u>	<u>Sept 30, 2017</u>	
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
	<u>2,145,000</u>	<u>1,025,000</u>	

**d) Stock option transactions**

	<u>Number of shares</u>	<u>Weighted average exercise price</u>
<b>Balance, September 30, 2017</b>	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
<b>Balance, September 30, 2018</b>	<u><b>2,145,000</b></u>	<u><b>\$0.25</b></u>

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.

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**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.

<b>Year ended September 30, 2018</b>						
<b>Exercise Price</b>	<b>Expiry</b>	<b>Balance Sept 30, 2017</b>	<b>Warrants Issued</b>	<b>Warrants Exercised</b>	<b>Warrants Expired</b>	<b>Balance Sept 30, 2018</b>
\$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
<b>Total</b>		<b>4,300,000</b>	<b>500,000</b>	<b>550,000</b>	<b>500,000</b>	<b>3,750,000</b>

<b>Year ended September 30, 2017</b>					
<b>Exercise Price</b>	<b>Expiry</b>	<b>Balance Sept 30, 2016</b>	<b>Warrants Issued</b>	<b>Warrants Expired</b>	<b>Balance Sept 30, 2017</b>
\$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
<b>Total</b>		<b>500,000</b>	<b>3,800,000</b>	<b>-</b>	<b>4,300,000</b>

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.



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**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:

	<u>Sept 30, 2018</u>	<u>Sept 30, 2017</u>
	<u>Carrying Value</u>	
<b>Financial assets measured at amortized cost:</b>		
Cash	\$ 27,004	\$ 204,953
Accounts receivable	1,588	1,071
	<u>\$ 28,592</u>	<u>\$ 206,024</u>
<b>Financial assets measured at fair value:</b>		
Short-term investments	\$ -	\$ 1
<b>Financial liabilities measured at amortized cost:</b>		
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**

	<u>Sept 30, 2018</u>	<u>Sept 30, 2017</u>
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	<u>\$ 644,854</u>	<u>\$ 107,329</u>

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**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:

<b>Weighted average number of common shares:</b>	<u><b>2018</b></u>	<u><b>2017</b></u>
<b>Basic</b>	<b>32,828,550</b>	28,184,426
Effect of dilutive securities:		
Stock options	-	-
Warrants	-	-
<b>Diluted</b>	<u><b>32,828,550</b></u>	<u>28,184,426</u>
 <b>Loss per share:</b>		
Basic and diluted	\$ <u><b>(0.02)</b></u>	\$ <u>0.00</u>

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:

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

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:**

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

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.

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**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:

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

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.

		<u>Sept 30, 2018</u>		<u>Sept 30, 2017</u>
<b>Other related party transactions:</b>				
<b>CANEX Metals Inc.</b>				
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
<b>Lunacees Enterprises Ltd.</b>				
Geological consulting services paid	e	\$ (9,000)	\$	-
<b>Vector Resources Inc.</b>				
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:

		<u>Sept 30, 2018</u>		<u>Sept 30, 2017</u>
<b>Balances Receivable (Owing)</b>				
<b>General and administrative and secretarial costs:</b>				
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)	\$	-
<b>Geological consulting fees</b>				
635280 Alberta Ltd.	a	\$ (64,838)	\$	(3,150)
Vector Resources Inc.	f	(1,500)	\$	-

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**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:

	<b>October 1, 2018 to September 30, 2019</b>	<b>October 1, 2019 to April 30, 2020</b>
	<b>\$</b>	<b>\$</b>
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

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**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:

Due date:	Vendor Payments	Property Expenditures
	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:

Due date:	Option Payments	Exploration Expenditures
	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:

	<b>Sept 30, 2018</b>	<b>Sept 30, 2017</b>
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)

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**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.

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**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.



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**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."