

JADE LEADER CORP.

Annual Report

President's Message to Shareholders

To our fellow Jade Leader shareholders and friends;

2020 has been a time of unprecedented chaos worldwide with Covid 19 but we are pleased to report significant progress taking Jade Leader's projects forward despite considerable challenges. We take real pride in the fact that all our work has been done with strict attention to Covid 19 protocols and none of our people have been affected.

In 2020 we took a major evolutionary step forward building on the success of our first few years' work outlining the highest potential Jade target districts and building a solid understanding of Jade formation mechanisms. The 2020 field program focused in Wyoming where we successfully outlined the Wyoming Sky Jade occurrence which is returning highly competent, fine-grained, uniformly-green jades typical of some of the most desirable historical Wyoming jades. We have now produced enough high-quality Sky Jade to begin the process of bringing this unique stone to market and gauge its market acceptance.

Although our Fall 2020 work has focused on preparation, cleaning and photography of our Sky Jades, we have continued working on our T1 system Wyoming green jade. This solid mottled green material in a large range of sizes is proving to have excellent structural integrity and we are testing potential uses for it within the ornamental and carving stone sectors. Finally, the chatoyant color-change Jades from our Washington DJ project are also getting the attention they deserve.

Covid-19 has effectively put on hold all major international commercial gem and mineral gatherings-the traditional venues for promoting new materials within the industry. Fortunately, it remains possible to reach out to potential international interested parties through the internet, and we are currently pursuing this avenue to make our Jades known.

Should we achieve favorable market reception of our Jades, we will be in strong position in 2021 to move forward with larger test production and begin outlining the scope of economic potential for some of our more mature targets.

We wish everyone a safe and prosperous holiday season, and look forward to bringing you further updates as your Company achieves new milestones

Sincerely;



Jean-Pierre Jutras, Bsc. Hons, P.Geol
President, Director

Jade Leader Corp.
Consolidated Financial Statements
(Expressed in Canadian Dollars)
September 30, 2019

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Independent Auditor's Report

To the Shareholders of Jade Leader Corp.:

Opinion

We have audited the consolidated financial statements of Jade Leader Corp. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at September 30, 2019 and 2018, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Group incurred a net loss of \$588,422 during the year ended September 30, 2019 and, as of that date, the Group did not receive 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 that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



We obtained the Management Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are



based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is John Leavitt.

BDO Canada LLP

Chartered Professional Accountants

Calgary, Alberta
January 14, 2020

Jade Leader Corp.

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

As of September 30

	2019	2018
ASSETS		
Current Assets		
Cash (Note 4)	\$ 406,255	\$ 27,004
Accounts receivable (Note 5)	11,459	7,739
Mining exploration tax credit receivable	-	5,288
Prepaid expenses	19,949	14,498
	<u>437,663</u>	<u>54,529</u>
Non-current Assets		
Exploration and evaluation asset advances and deposits (Note 7)	4,357	-
Exploration and evaluation assets (Note 7)	1,401,188	685,173
Property and equipment (Note 8)	1,779	2,232
	<u>1,407,324</u>	<u>687,405</u>
TOTAL ASSETS	\$ 1,844,987	\$ 741,934
EQUITY AND LIABILITIES		
Current Liabilities		
Deferred sublease revenue	\$ 913	\$ -
Accounts payable and accrued liabilities (Note 9)	86,829	128,587
	<u>87,742</u>	<u>128,587</u>
Non-current Liabilities		
Decommissioning obligation (Note 10)	12,750	12,750
Deferred sublease revenue	-	913
	<u>12,750</u>	<u>13,663</u>
TOTAL LIABILITIES	100,492	142,250
EQUITY		
Share capital (Note 11)	13,907,792	12,854,098
Reserves	3,110,524	2,430,985
Deficit	(15,273,821)	(14,685,399)
TOTAL EQUITY	1,744,495	599,684
TOTAL EQUITY AND LIABILITIES	\$ 1,844,987	\$ 741,934

Nature and continuance of operations (Note 1)

Commitments (Note 18)

Subsequent events and contingent liability (Note 23)

Approved by the Board

“Jean Pierre Jutras”

Director

“Shane Ebert”

Director

See accompanying notes to the consolidated financial statements.

Jade Leader Corp.
Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)
For the years ended September 30

	<u>2019</u>	<u>2018</u>
Expenses		
General and administrative (Notes 13 and 17)	\$ 529,460	\$ 644,854
Reporting to shareholders	15,384	16,478
Professional fees	38,195	41,973
Stock exchange and transfer agent fees	10,425	13,798
Depreciation	453	574
Pre-acquisition costs	-	6,637
Impairment (Note 7)	17,654	-
	<u>611,571</u>	<u>724,314</u>
Loss before other items	<u>(611,571)</u>	<u>(724,314)</u>
Other Items		
Sublease revenue (Note 17)	18,789	18,527
Interest and other	4,360	331
Loss on investments held for sale	-	(1)
	<u>23,149</u>	<u>18,857</u>
Net loss and comprehensive loss for the year	\$ <u>(588,422)</u>	\$ <u>(705,457)</u>
Loss per share:		
Basic and diluted (Note 15)	\$ <u>(0.01)</u>	\$ <u>(0.02)</u>
Weighted average number of shares outstanding:		
Basic and diluted (Note 15)	<u>40,042,464</u>	<u>32,828,550</u>

See accompanying notes to the consolidated financial statements.

Jade Leader Corp.

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)
For the years ended September 30

	<u>2019</u>	<u>2018</u>
Increase (decrease) in cash		
Operating activities		
Cash received from sublease revenue (Note 19)	\$ 14,092	\$ 18,527
Cash paid to suppliers and contractors (Note 19)	(453,806)	(284,410)
Cash used in operating activities	<u>(439,714)</u>	<u>(265,883)</u>
Investing activities		
Interest and other income received	4,360	331
Cash expended on exploration and evaluation asset advances and deposits	(4,357)	-
Cash expended on exploration and evaluation asset additions (Note 19)	(689,752)	(181,884)
Cash used in investing activities	<u>(689,749)</u>	<u>(181,553)</u>
Financing Activities		
Share capital and warrant issue proceeds	1,148,954	200,000
Share issue costs	(44,740)	(8,513)
Options exercised	79,500	23,000
Warrants exercised	325,000	55,000
Cash provided by financing activities	<u>1,508,714</u>	<u>269,487</u>
Increase (decrease) in cash	379,251	(177,949)
Cash,		
Beginning of year	27,004	204,953
End of year	\$ <u>406,255</u>	\$ <u>27,004</u>

Supplementary Information: Interest and taxes

There were no cash expenditures on interest or taxes during the years ended September 30, 2019 and September 30, 2018.

Non-cash transactions

Year ended September 30, 2019

During the year ended September 30, 2019, the Company granted stock options to officers, directors and consultants and recorded a non-cash charge for stock-based payments in the amount of \$224,519. The value of the stock-based payments is included in general and administrative expenses. (Note 14 - "Share-based payment 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")

See accompanying notes to the consolidated financial statements.

Jade Leader Corp.
Consolidated Statement of Changes in Equity

(Expressed in Canadian Dollars)

	Reserves						Total
	Common share capital	Equity-settled share based payment	Warrants	Other*	Total Reserves	Deficit	
Balance, September 30, 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 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 2018	-	223,872	-	-	223,872	-	223,872
Options issued, February 2018	-	43,500	-	-	43,500	-	43,500
Options issued, March 2018	-	78,316	-	-	78,316	-	78,316
Options exercised, April 2018	40,480	(17,480)	-	-	(17,480)	-	23,000
Warrants exercised, June 2018	13,696	-	(3,696)	-	(3,696)	-	10,000
Warrants exercised, July 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
Net and comprehensive loss for the year	-	-	-	-	-	(588,422)	(588,422)
Options issued, October 2018	-	11,438	-	-	11,438	-	11,438
Private placement share and warrant issue	519,226	-	629,728	-	629,728	-	1,148,954
Share issuance costs	(44,374)	-	-	-	-	-	(44,374)
Warrants exercised, February 2019	36,618	-	(11,618)	-	(11,618)	-	25,000
Warrants exercised, March 2019	411,350	-	(111,350)	-	(111,350)	-	300,000
Share issuance costs	(65)	-	-	-	-	-	(65)
Options issued, May 2019	-	10,500	-	-	10,500	-	10,500
Options exercised, June 2019	49,280	(21,280)	-	-	(21,280)	-	28,000
Options exercised, July 2019	81,960	(30,460)	-	-	(30,460)	-	51,500
Options issued, August 2019	-	202,581	-	-	202,581	-	202,581
Share issuance costs	(301)	-	-	-	-	-	(301)
Balance, September 30, 2019	13,907,792	586,332	702,085	1,822,107	3,110,524	(15,273,821)	1,744,495

*Other reserves are 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.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2019

1. Nature and continuance of operations

Jade Leader Corp. ("Jade Leader" or "the Company") 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. The Company's common shares are listed on the TSX Venture Exchange (the "Exchange") under the symbol "JADE".

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 \$588,422 (2018 - \$705,457) during the year ended September 30, 2019. The Company has a deficit of \$15,273,821 at September 30, 2019, (\$14,685,399 – September 30, 2018), and a working capital surplus of \$349,921, (working capital deficiency of \$74,058 – September 30, 2018). The Company's ability to continue to explore and develop its mineral properties and to continue as a going concern is dependant upon its ability to raise additional equity financing. There is no assurance that the Company will be successful in achieving profitable operations given its early stage exploration, and no assurance that it will obtain financing. 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.

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, 2019 and 2018, using the significant accounting policies outlined in Note 3. The statements were authorized for issue by the board of directors on January 14, 2020.

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.

Jade Leader Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2019

2. Basis of presentation (continued)

b) Basis of presentation

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 adopted IFRS 15, with no impact to the consolidated financial during the year ended September 30, 2019.

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 16 - Leases

According to IFRS 16, all leases will be on the statement of financial position of lessees, except those that meet the limited exception criteria. The standard is effective for annual periods beginning on or after January 1, 2019. The standard is required to be adopted either retrospectively or using a modified retrospective approach. The modified retrospective approach does not require restatement of prior period financial information as it recognizes the cumulative effect of applying the standard to prior periods as an adjustment to opening retained earnings.

The Company will adopt IFRS 16 on October 1, 2019 using the modified retrospective approach and applying certain practical expedients available upon transition. The Company intends to apply a practical expedient that allows the Company to apply a recognition exemption for leases with remaining lease terms of less than 12 months and leases of low value on the transition date. The payments of these leases will be disclosed in the notes to the financial statements. The Company also intends to apply a practical expedient which allows the right-of-use asset recognized on transition to equal the lease liability recorded versus recognizing the carrying amount of the right-of-use asset as if IFRS 16 had been applied since the commencement date of the lease. This practical expedient is available on a lease by lease basis and the Company intends to apply it to leases that are not individually significant. In addition, any provision for onerous contracts previously recognized will be applied to the associated right-of-use asset recognized upon transition to IFRS 16 on transition date. In these cases, there will be no impairment assessment made under IAS 36 - Impairment of Assets.

The Company believes that in the immediate term there will be no significant impact on its financial reporting as the only lease the Company has is its office lease.

Jade Leader Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2019

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
Mining exploration tax credit receivable	Financial asset measured at amortized cost

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.

Jade Leader Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2019

3. Summary of significant accounting policies (continued)

c) Financial Instruments (continued)

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of loss and comprehensive loss as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

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.

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

Jade Leader Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2019

3. Summary of significant accounting policies (continued)

f) Exploration and evaluation assets (continued)

recorded at cost and 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.

Exploration and evaluation assets 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.

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.

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.

Jade Leader Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2019

3. Summary of significant accounting policies (continued)

f) Exploration and evaluation assets (continued)

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

g) Property and equipment

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

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.

Jade Leader Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2019

3. Summary of significant accounting policies (continued)

h) Flow-through common shares (continued)

At the time of closing 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.

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;

Jade Leader Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2019

3. Summary of significant accounting policies (continued)

i) Significant accounting judgments and estimates (continued)

- 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.

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.

Jade Leader Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2019

3. Summary of significant accounting policies (continued)

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, 2019</u>	<u>Sept 30, 2018</u>
Current bank accounts	\$ 400,755	\$ 25,863
Cash held in foreign currencies	5,500	1,141
	<u>\$ 406,255</u>	<u>\$ 27,004</u>

5. Accounts receivable

	<u>Sept 30, 2019</u>	<u>Sept 30, 2018</u>
Trade receivables	\$ 467	\$ -
Related party receivables	5,991	1,588
Commodity tax receivables	5,001	6,151
	<u>\$ 11,459</u>	<u>\$ 7,739</u>

6. Short-term Investments

During the year ended September 30, 2013, the Company acquired shares in North Sur Resources Inc. through the sale of a mineral property option. 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. Consequently, the investment was written off during the year ended September 30, 2018.

Jade Leader Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2019

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, 2019 are \$547,168 and \$Nil, respectively (September 30, 2018 - \$123,916 and \$Nil, respectively).

The property, consisting of 18 existing and recently filed Lode Claims, covers an area of slightly more than 140 hectares. The portion of the claims under option required 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"). The Company made a final payment, of US\$65,000 (CDN\$87,131) on November 20, 2018, acquiring a 100% interest in the property, subject to the NSR, after 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 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.

Wyoming Jade Fields, Wyoming, USA

Wyoming Jade Fields is comprised of six (2018 – five) properties. The Company has acquired, by staking, 89 Mineral Lode Claims (2018 – 50) covering in excess of 1,800 acres (2018 – 1,035). 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 required a total of US\$35,000 in property payments and staged work commitments of US\$60,000 subject to a 2% Net Smelter Royalty ("NSR"). During the three month period ended September 30, 2019, the Company made the final option payment of US\$27,000, acquiring a 100% interest in the property, subject to the NSR, after having made option payments of US\$8,000 in fiscal 2018. 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. The gross costs and impairments recorded for the Wyoming Jade Fields project at September 30, 2019 are \$404,188 and \$Nil, respectively (September 30, 2018 - \$117,046 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. Subsequent to a first pass program in 2017, the property was reduced to 1,486 hectares of lode claims. During the year ended September 30, 2019, the Company determined that it would no longer continue to explore the Keithly Mountain property, and consequently impaired the full amount of expenditures to date. The Company will continue to hold the mineral claims until they expire in February 2020. The gross costs and impairments recorded to the Keithly Mountain property as at September 30, 2019, are \$17,654 and \$17,654, respectively (September 30, 2018 - \$18,104 and \$Nil, respectively).

Jade Leader Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2019

7. Exploration and evaluation assets (continued)

Tell, Yukon

The Company acquired 100% of the expanded Tell mineral property through staking. The Company holds 193 (2018 – 235) claims covering slightly in excess of 4,000 (2018 – 4,900) hectares located approximately 140 kilometres east of Mayo, Yukon. The gross costs and impairments recorded to the Tell project at September 30, 2019 are \$449,832 and \$Nil, respectively (September 30, 2018 - \$426,107 and \$Nil, respectively).

A summary of exploration and evaluation expenditures by category for the years ended September 30, 2019 and September 30, 2018 appears below:

Year ended September 30, 2019	Wyoming, USA		Washington, USA		British Columbia		Yukon	
	Total	Wyoming Jade Fields	DJ Jade Project	Keithly Mountain	Tell			
	\$	\$	\$	\$	\$			
Balance at September 30, 2018	455,953	46,112	76,349	13,838	319,654			
Geological consulting	182,918	79,971	94,247	-	8,700			
Geophysical	211,775	94,376	117,399	-	-			
Cutting	3,202	-	3,202	-	-			
Helicopter	8,795	-	-	-	8,795			
Field costs	18,584	4,024	13,145	-	1,415			
Equipment rental	20,582	14,759	5,698	-	125			
Travel costs	51,794	20,275	28,173	-	3,346			
WCB	181	-	-	-	181			
Geochemical analysis	71,355	1,269	68,923	-	1,163			
Mining exploration tax credit	(450)	-	-	(450)	-			
Decommissioning	792	-	792	-	-			
Impairment	(13,388)	-	-	(13,388)	-			
Balance, September 30, 2019	1,012,093	260,786	407,928	-	343,379			
Property acquisition costs:								
Balance September 30, 2018	229,220	70,934	47,567	4,266	106,453			
Acquisition costs incurred	164,141	72,468	91,673	-	-			
Impairment	(4,266)	-	-	(4,266)	-			
Balance, September 30, 2019	389,095	143,402	139,240	-	106,453			
Total exploration and evaluation assets September 30, 2019	1,401,188	404,188	547,168	-	449,832			

Jade Leader Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2019

7. Exploration and evaluation assets (continued)

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			

From time to time, the Company is required to advance amounts to service providers prior to their commencing exploration work on the mineral interest. The advance is applied to the invoiced services, generally through the final invoice. As these advances pertain to costs that form part of the long-term exploration and evaluation assets, they are classified as long-term. At September 30, 2019, the Company held \$4,357 in respect of Wyoming Jade Fields in exploration and evaluation asset advances and deposits (September 30, 2018 - \$nil).

During fiscal 2019, the Company applied for a British Columbia mining exploration tax credit in the amount of \$520 for qualified expenditures, totalling \$1,500, (September 30, 2018 - \$5,288 and \$17,626 respectively) that were incurred on the Keithly Mountain project.

8. Property and equipment

	Property and equipment		
	Cost	Accumulated Depreciation	Net Book Value
Balance, September 30, 2017	\$ 7,462	\$ (4,656)	\$ 2,806
Depreciation	-	(574)	(574)
Balance, September 30, 2018	7,462	(5,230)	2,232
Depreciation	-	(453)	(453)
Balance, September 30, 2019	\$ 7,462	\$ (5,683)	\$ 1,779

9. Accounts payable and accrued liabilities

	Sept 30, 2019	Sept 30, 2018
Trade payables	\$ 1,586	\$ 26,276
Due to related parties	19,126	80,001
Accrued liabilities	65,832	22,000
Sales tax payable	285	310
	\$ 86,829	\$ 128,587

Jade Leader Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2019

10. Decommissioning obligation

	<u>Yukon Tell</u>
Balance at September 30, 2019, September 30, 2018 and September 30, 2017	\$ 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 and constructive obligations as at the respective year ends for current and future decommissioning obligations and restoration costs. The year-end present value of the decommissioning obligation was determined using a risk-free rate of 1.58% (2018 – 2.21%) and an inflation rate of 1.9% (2018 – 2.35%) for the year ended September 30, 2019. 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 in October 2020 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, 2018	33,626,892	12,854,098
Private placement – October 2018	3,865,816	966,454
Value of warrants included in private placement	-	(539,281)
Share issuance costs	-	(37,031)
Private placement – October 2018	730,000	182,500
Value of warrants included in private placement	-	(90,447)
Share issuance costs	-	(7,343)
Warrants exercised – February 2019	250,000	36,618
Warrants exercised – March 2019	3,000,000	411,350
Share issuance costs	-	(65)
Options exercised – June 2019	280,000	49,280
Options exercised – July 2019	515,000	81,960
Share issuance costs	-	(301)
Balance, as at September 30, 2019	42,267,708	13,907,792

Jade Leader Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2019

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

b) Issued and outstanding common share capital (continued)

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

2019

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 135.80%, 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 have been 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 135.38%, 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 have been included in the share issuance costs that are deducted from the proceeds of the financing that are credited to Common Share Capital.

During February 2019, 250,000 warrants exercisable at \$0.10 per share, expiring April 17, 2019 were exercised for total proceeds of \$25,000.

During March 2019, 2,950,000 warrants exercisable at \$0.10 per share, expiring March 24, 2019 were exercised for total proceeds of \$295,000 and 50,000 warrants exercisable at \$0.10 per share, expiring April 17, 2019 were exercised for total proceeds of \$5,000.

During June 2019, 280,000 options exercisable at \$0.10 per share, expiring July 10, 2019 were exercised for total proceeds of \$28,000.

During July 2019, 515,000 options exercisable at \$0.10 per share, expiring July 10, 2019 were exercised for total proceeds of \$51,500.

Jade Leader Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2019

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

b) Issued and outstanding common share capital (continued)

2018

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.

On June 4, 2018, 100,000 warrants exercisable at \$0.10 per share, expiring March 24, 2019 were exercised for total proceeds of \$10,000. Further, 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.

Subsequent to September 30, 2019 and prior to the date of these financial statements no shares were issued, nor cancelled and returned to treasury.

c) Stock options

<u>Expiry</u>	<u>Number of shares</u>		<u>Exercise Price</u>
	<u>Sept 30, 2019</u>	<u>Sept 30, 2018</u>	
July 10, 2019	-	665,000	\$0.10
July 13, 2019	-	130,000	\$0.10
October 19, 2022	125,000	125,000	\$0.14
January 15, 2021	795,000	795,000	\$0.36
February 21, 2022	150,000	150,000	\$0.38
March 13, 2021	280,000	280,000	\$0.365
September 30, 2021	75,000	-	\$0.25
May 23, 2022	50,000	-	\$0.21
August 19, 2022	1,230,000	-	\$0.30
Balance, September 30, 2019	2,705,000	2,145,000	

Jade Leader Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2019

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

d) Stock option transactions

	Number of shares	Weighted average exercise price
Balance, September 30, 2018	2,145,000	\$0.25
Issued October 1, 2018	75,000	\$0.25
Issued May 23, 2019	50,000	\$0.21
Exercised, June 18, 2019	(280,000)	\$0.10
Exercised, July 10, 2019	(515,000)	\$0.10
Issued, August 19, 2019	1,230,000	\$0.30
Balance, September 30, 2019	2,705,000	\$0.32

Refer to Note 14 - "Share-based payment transactions" for more information regarding the options issued during the year ended September 30, 2019.

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.

Subsequent to September 30, 2019 and prior to the date of these financial statements, 275,000 options were issued to consultants and were valued at \$50,980. Refer to Note 14 – "Share-based payment transactions" for more information. There were no further changes to stock options.

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, 2019						
Exercise Price	Expiry	Balance Sept 30, 2018	Warrants Issued	Warrants Exercised	Warrants Expired	Balance Sept 30, 2019
\$0.10	March 24, 2019	2,950,000	-	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
\$0.40	October 12, 2020	-	3,865,816	-	-	3,865,816
\$0.40	October 23, 2020	-	730,000	-	-	730,000
Total		3,750,000	4,595,816	3,250,000	-	5,095,816

Jade Leader Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2019

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

e) Warrant transactions and warrants outstanding (continued)

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

Subsequent to September 30, 2019 and prior to the date of these financial statements, no warrants were issued and none expired, nor were exercised. On December 2, 2019, the Company extended the expiry dates for certain warrants by two years as follows; 1) 393,750 warrants expiring on December 28, 2019 will now expire on December 28, 2021 and 2) 106,250 warrants expiring January 11, 2020 will now expire on January 11, 2022.

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.

The following summarizes the categories of the various financial instruments:

	Sept 30, 2019	Sept 30, 2018
	Carrying Value	
Financial assets measured at amortized cost:		
Cash	\$ 406,255	\$ 27,004
Accounts receivable	6,458	1,588
	\$ 412,713	\$ 28,592
Financial liabilities measured at amortized cost:		
Accounts payable and accrued liabilities	\$ 86,544	\$ 128,277

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. However, at September 30, 2019, accounts payable and accrued liabilities include liabilities of US\$30,670 that must be settled in US funds, (September 30, 2018 – US\$ nil). At September 30, 2019, the CDN\$ value of this liability was \$40,832 and a 10% change to the exchange rate would result in an increase or decrease of CDN\$4,083 (September 30, 2018 – CDN\$ nil) to the amount payable.

Jade Leader Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2019

13. General and administrative expenses

	Sept 30, 2019	Sept 30, 2018
Administrative consulting fees	\$ 72,807	\$ 108,840
Occupancy costs	55,362	43,878
Office, secretarial and supplies	60,012	52,117
Travel and promotion	85,481	46,964
Insurance	14,091	12,441
Computer network and website maintenance	4,576	9,458
Stock-based compensation	224,519	361,813
Salaries and benefits	5,513	2,277
Miscellaneous	7,099	7,066
Total general and administrative expenses	\$ 529,460	\$ 644,854

14. Share-based payment transactions

2019

On October 1, 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%.

On May 23, 2019, the Company issued 50,000 options that may be exercised at \$0.21 per share to May 23, 2022. The options were valued at \$10,500 incorporating the Black-Scholes Options Pricing model assuming a 3 year term, volatility of 400%, a risk free discount rate of 1.56% and a dividend rate of 0%.

On August 19, 2019, the Company issued 1,230,000 options that may be exercised at \$0.30 per share to August 19, 2022. The options were valued at \$202,581 incorporating the Black-Scholes Options Pricing model assuming a 3 year term, volatility of 85.32%, a risk free discount rate of 1.31% and a dividend rate of 0%.

Subsequent to September 30, 2019, and before January 14, 2020, the Company issued 150,000 options that may be exercised at \$0.225 per share to November 19, 2023 and 125,000 options that may be exercised at \$0.225 per share to November 19, 2022. The 150,000 options expiring November 19, 2023 were valued at \$30,840 incorporating the Black-Scholes Options Pricing model assuming a 4 year term, volatility of 170.20%, a risk free discount rate of 1.45% and a dividend rate of 0%. The 125,000 options expiring November 19, 2022 were valued at \$20,140 incorporating the Black-Scholes Options Pricing model assuming a 3 year term, volatility of 122.05%, a risk free discount rate of 1.51% and a dividend rate of 0%.

2018

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%.

Jade Leader Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2019

14. Share-based payment transactions (continued) 2018 (continued)

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%.

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:	2019	2018
Basic and Diluted	<u>40,042,464</u>	<u>32,828,550</u>
Loss per share:		
Basic and diluted	\$ <u>(0.01)</u>	\$ <u>(0.02)</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, 2019 and 2018, 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:

	2019	2018
	Consolidated	Consolidated
	\$	\$
Loss before income taxes	<u>(588,422)</u>	<u>(705,457)</u>
Rate reconciliation	26.75%	27%
Computed expected expense (recovery) based on a combined rate of 26.75% (2018 - 27%)	(157,403)	(190,473)
Differential tax rate of foreign jurisdiction	3,468	(903)
Non-deductible items and other	89,408	96,757
Unrecognized deferred tax asset	(261,598)	94,619
Change in tax rate	326,125	-
Income tax expense	<u>-</u>	<u>-</u>

The combined statutory rate is 26.75% for 2019 (2018 - 27.00%). The deferred combined statutory tax rate is expected to be 23.00% for 2019 and subsequent years (2018 - 27.00%).

Jade Leader Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2019

16. Income taxes (continued)

Temporary differences and tax loss not recognized for accounting purposes:

	<u>2019</u>		<u>2018</u>
Non-capital loss carry-forwards	\$ 3,273,886	\$	2,978,564
Capital loss carry-forwards	117,424		117,424
Property and equipment	74,698		74,245
Exploration and evaluation assets	4,529,983		4,925,052
Share issuance costs	49,623		19,895
US net operating loss	556,096		106,348
Total	\$ <u>8,601,710</u>	\$	<u>8,221,528</u>

As future taxable profits of the Company are uncertain, no deferred tax asset has been recognized. As at September 30, 2019, the Company had unused non-capital loss carry-forwards of approximately \$3,274,000 (2018 - \$2,979,000) that expire between the years 2026 and 2039. Capital loss carry-forwards may be carried forward indefinitely. The Company has unused US net operating loss carry forwards of approximately \$420,000 USD, (2018 - \$85,800 USD), that may be carried forward indefinitely.

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>2019</u>		<u>2018</u>
Key management remuneration				
President and Director	a	\$ (104,371)	\$	(94,813)
Corporate Secretary	b	(48,285)		(41,344)
Chief Financial Officer	c	(10,425)		(2,700)
Total management remuneration		\$ <u>(163,081)</u>	\$	<u>(138,857)</u>

Management compensation payable to "key management personnel" during the years ended September 30, 2019 and 2018 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 years ended September 30, 2019 and September 30, 2018. 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.

Jade Leader Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2019

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

		Sept 30, 2019	Sept 30, 2018
Other related party transactions:			
CANEX Metals Inc.			
General and administrative and secretarial costs paid	d \$	(2,808)	\$ (2,955)
General and administrative and secretarial costs received	d \$	6,237	\$ 5,653
Office rent and operating costs received	d \$	18,789	\$ 18,527
Lunacees Enterprises Ltd.			
Geological consulting services paid	e \$	(900)	\$ (9,000)
Vector Resources Inc.			
Geological consulting services paid	f \$	-	\$ (1,500)

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

		Sept 30, 2019	Sept 30, 2018
Balances Receivable (Payable)			
Office rent and operating costs:			
CANEX Metals Inc.	d \$	4,932	\$ -
General and administrative and secretarial costs:			
CANEX Metals Inc.	d \$	1,059	\$ 948
CANEX Metals Inc.	d \$	(450)	\$ -
Corporate secretary	b \$	-	\$ (9,974)
Jean-Pierre Jutras	a \$	(7,023)	\$ (1,789)
Chief financial officer	c \$	-	\$ (1,260)
Geological consulting fees:			
635280 Alberta Ltd.	a \$	(11,653)	\$ (64,838)
Vector Resources Inc.	f \$	-	\$ (1,500)

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, 2019, \$62,594 (2018 - \$19,500) was capitalized to exploration and evaluation assets, and \$41,777 (2018 - \$75,313) was expensed through general and administrative expenses.

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, 2019 and 2018, 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 years ended September 30, 2019 and 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, geological consulting services were provided by Vector Resources Inc., a company controlled by Shane Ebert, a director of Jade Leader.

Jade Leader Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2019

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, 2019, the committed lease costs to the termination of the lease are as follows:

	October 1, 2019 to April 30, 2020
	\$
Base lease cost	12,355
Expected additional rents	20,045
Total expected lease commitment	32,400
Expected sublease revenue	(10,960)
Net future rent	21,440

19. Supplemental disclosure statement of cash flows

	Sept 30, 2019	Sept 30, 2018
Sublease revenue	\$ 18,789	\$ 18,527
Changes in assets and liabilities pertaining to sublease revenue:		
Accounts receivable	(4,697)	-
Cash received for sublease revenue	\$ 14,092	\$ 18,527
	Sept 30, 2019	Sept 30, 2018
Operating expenses	\$ (611,571)	\$ (724,314)
Depreciation	453	574
Stock-based compensation	224,519	361,813
Impairment	17,654	-
Changes in assets and liabilities pertaining to operations:		
Accounts receivable	3,478	(3,869)
Prepaid expenses	(5,451)	(1,851)
Accounts payable and accrued liabilities	(82,888)	83,237
Cash paid to suppliers and contractors	\$ (453,806)	\$ (284,410)
	Sept 30, 2019	Sept 30, 2018
Exploration and evaluation asset additions	\$ (716,015)	\$ (193,321)
Changes in assets and liabilities pertaining to exploration and evaluation asset additions:		
Impairment	(17,654)	-
Mining exploration tax credit receivable	5,288	(5,288)
Accounts receivable	(2,501)	-
Accounts payable and accrued liabilities	41,130	16,725
Cash expended on exploration and evaluation asset additions	\$ (689,752)	\$ (181,884)

Jade Leader Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2019

20. Segment disclosures

During the years ended September 30, 2019 and September 30, 2018, 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 can be exposed relates to flow-through shares. When the Company enters into flow-through agreements with flow-through share subscribers, the Company commits 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, 2019 and September 30, 2018, there were no qualifying expenditures required pursuant to flow-through agreements; consequently there was no restricted cash at September 30, 2019 and September 30, 2018.

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, 2019 and September 30, 2018. 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 continue to obtain adequate financing or to commence profitable operations in the future. Operating expenses beyond March, 2020, increases in expenditures over budget for the six months ended March 31, 2020, exploration programs and new property acquisitions will require additional financing. There

Jade Leader Corp.

Notes to the Consolidated Financial Statements

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22. Financial risk management (continued)

b) Liquidity risk (continued)

can be no assurance that the Company will be successful in obtaining financing (refer to Note 1 - "Nature and continuance of operations").

The Company's significant remaining contractual maturities for financial liabilities as at September 30, 2019 and 2018 are as follows:

- Accounts payable and accrued liabilities are due within one year.

c) Market risk

The Company may receive equity investments from time to time for the sale of mineral properties and these investments are subject to market price risk. 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 no longer carried equity investments on its books as at September 30, 2019 and 2018.

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 through its exploration in the US; consequently it is exposed to exchange rate fluctuations. At September 30, 2019, accounts payable and accrued liabilities include liabilities of US\$30,670 (CDN\$40,832) (September 30, 2018 – US\$Nil). The effect of a foreign currency increase or decrease of 10% on this liability would result in an increase or decrease of CDN\$4,083 (September 30, 2018 – CDN\$Nil) to the amount payable.

23. Subsequent events and contingent liability

On October 24, 2019, Jadex Corporation was officially served documents naming Jadex, Jade Leader Corp., and Jean-Pierre Jutras as defendants in a lawsuit brought on by the plaintiff, a prospector, who seeks to claim ownership of some of the Jade samples collected during the 2019 trenching program in Wyoming. According to the plaintiff's lawsuit, the amount of damages exceeds US\$75,000, exclusive of interests and costs. Jadex has filed a motion to dismiss. The action has been brought by the plaintiff on the basis of his belief that the Company did not actually do trenching to recover samples. The Company has all records necessary to demonstrate that the samples came from the trenching program. Therefore it is the Company's position that this action is without support in fact and without merit.

On November 19, 2019, the Company issued 150,000 options that may be exercised at \$0.225 per share to November 19, 2023 and 125,000 options that may be exercised at \$0.225 to November 19, 2022. Refer to Note 14 – "Share based payment transactions".

On December 2, 2019, the Company granted a two year extension to 393,750 warrants and 106,250 warrants expiring on December 28, 2019 and January 11, 2020 respectively. Refer to Note 11 e) "Share capital, stock options and warrants, warrant transactions and warrants outstanding" for more information.

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