

Jade Leader Corp.
Consolidated Financial Statements
(Expressed in Canadian Dollars)
September 30, 2022

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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 subsidiary (the Group), which comprise the consolidated statements of financial position as at September 30, 2022 and 2021, 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, 2022 and 2021, 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 \$282,195 during the year ended September 30, 2022 and, as of that date, has a deficit of \$16,782,566. 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
December 19, 2022

Jade Leader Corp.

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

As of September 30

| | 2022 | 2021 |
|---|---------------------|---------------------|
| ASSETS | | |
| Current Assets | | |
| Cash (Note 5) | \$ 132,118 | \$ 203,786 |
| Accounts receivable (Note 6) | 7,701 | 8,318 |
| Prepaid expenses | 23,633 | 22,706 |
| Short-term investments (Note 7) | 2,080 | 3,120 |
| | <u>165,532</u> | <u>237,930</u> |
| Non-current Assets | | |
| Exploration and evaluation asset advances and deposits (Note 8) | 4,357 | 4,357 |
| Exploration and evaluation assets (Note 8) | 1,246,480 | 1,197,291 |
| Property and equipment (Note 9) | 21,621 | 25,548 |
| | <u>1,272,458</u> | <u>1,227,196</u> |
| TOTAL ASSETS | \$ 1,437,990 | \$ 1,465,126 |
| EQUITY AND LIABILITIES | | |
| Current Liabilities | | |
| Deferred sublease revenue | \$ 913 | \$ 913 |
| Accounts payable and accrued liabilities (Note 10) | 154,943 | 121,372 |
| | <u>155,856</u> | <u>122,285</u> |
| Non-current Liabilities | | |
| Decommissioning obligation (Note 11) | 12,750 | 12,750 |
| TOTAL LIABILITIES | 168,606 | 135,035 |
| EQUITY | | |
| Share capital (Note 12) | 14,516,707 | 14,384,351 |
| Reserves | 3,535,243 | 3,446,111 |
| Deficit | (16,782,566) | (16,500,371) |
| TOTAL EQUITY | 1,269,384 | 1,330,091 |
| TOTAL EQUITY AND LIABILITIES | \$ 1,437,990 | \$ 1,465,126 |

Nature and continuance of operations (Note 1)

Subsequent events (Note 24)

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>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|
| Expenses | | |
| General and administrative (Notes 14 and 18) | \$ 222,201 | \$ 286,316 |
| Reporting to shareholders | 15,653 | 15,265 |
| Professional fees | 40,942 | 49,781 |
| Stock exchange and transfer agent fees | 9,972 | 10,677 |
| Depreciation | 3,927 | 4,272 |
| Mineral production tax | 5,005 | - |
| Pre-acquisition expenses | 3,179 | - |
| Impairment (Note 8) | - | 452,117 |
| | <u>300,879</u> | <u>818,428</u> |
| Loss before other items | <u>(300,879)</u> | <u>(818,428)</u> |
| Other Items | | |
| Sublease revenue (Note 18) | 18,789 | 18,789 |
| Interest and other | 935 | (349) |
| (Loss) gain from short-term investments | (1,040) | 3,120 |
| Legal settlement (Note 23) | - | (28,833) |
| | <u>18,684</u> | <u>(7,273)</u> |
| Net loss and comprehensive loss for the year | <u>\$ (282,195)</u> | <u>\$ (825,701)</u> |
| Loss per share: | | |
| Basic and diluted (Note 16) | <u>\$ 0.00</u> | <u>\$ (0.02)</u> |
| Weighted average number of shares outstanding: | | |
| Basic and diluted (Note 16) | <u>59,288,399</u> | <u>51,982,818</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>2022</u> | <u>2021</u> |
|--|-------------------|-------------------|
| Increase (decrease) in cash | | |
| Operating activities | | |
| Cash received from sublease revenue (Note 19) | \$ 18,789 | \$ 18,326 |
| Cash paid to suppliers and contractors (Note 19) | (220,622) | (265,934) |
| Cash expended on legal settlement (Note 23) | - | (28,833) |
| Cash used in operating activities | <u>(201,833)</u> | <u>(276,441)</u> |
| Investing activities | | |
| Interest and other income (loss) | 935 | (349) |
| Cash expended on exploration and evaluation asset additions (Note 19) | (92,258) | (47,118) |
| Cash expended on property and equipment | - | (809) |
| Cash used in investing activities | <u>(91,323)</u> | <u>(48,276)</u> |
| Financing activities | | |
| Share capital and warrant issue proceeds | 225,000 | 261,015 |
| Share issue costs | (3,512) | (3,639) |
| Cash provided by financing activities | <u>221,488</u> | <u>257,376</u> |
| Decrease in cash | (71,668) | (67,341) |
| Cash, | | |
| Beginning of year | 203,786 | 271,127 |
| End of year | <u>\$ 132,118</u> | <u>\$ 203,786</u> |

Supplementary Information: Interest and taxes

During the years ended September 30, 2022 and September 30, 2021, the Company did not expend cash on interest. During the year ended September 30, 2022, the Company expended \$5,005 (\$3,954 USD) on mineral production taxes (September 30, 2021 - \$Nil).

Non-cash transactions

Year ended September 30, 2022

During the year ended September 30, 2022, there were no non-cash transactions.

Year ended September 30, 2021

During the year ended September 30, 2021, the Company granted stock options to officers, directors and consultants recording a non-cash charge for stock-based payments totalling \$64,432 that is included in general and administrative expenses. (Note 15 – “Share-based payment transactions”). Further the Company received 4,000 common shares of Mindset Pharma Inc. in exchange for 200,000 common shares of North Sur Resources Inc., (Note 7).

See accompanying notes to the consolidated financial statements.

Jade Leader Corp.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

| | Reserves | | | | Total Reserves |
|---|-------------------------|--|----------------|------------------|-------------------|
| | Common share capital | Equity-settled share based payment | Warrants | Other* | |
| | \$ | \$ | \$ | \$ | |
| Balance, September 30, 2020 | 14,234,128 | 637,312 | 815,107 | 1,822,107 | 3,274,526 |
| Net and comprehensive loss for the year | - | - | - | - | - |
| Options expired, January 2021 | - | (223,872) | - | 223,872 | - |
| Options expired, March 2021 | - | (78,316) | - | 78,316 | - |
| Private placement share and warrant issue | 153,862 | - | 107,153 | - | 107,153 |
| Share issuance costs | (3,639) | - | - | - | - |
| Options issued, September 2021 | - | 64,432 | - | - | 64,432 |
| Options expired, September 2021 | - | (11,438) | - | 11,438 | - |
| Balance, September 30, 2021 | 14,384,351 | 388,118 | 922,260 | 2,135,733 | 3,446,111 |
| Net and comprehensive loss for the year | - | - | - | - | - |
| Warrants expired, October 2021 | - | - | (629,728) | 629,728 | - |
| Private placement share and warrant issue | 135,868 | - | 89,132 | - | 89,132 |
| Warrants expired, December 2021 | - | - | (53,944) | 53,944 | - |
| Warrants expired, January 2022 | - | - | (18,413) | 18,413 | - |
| Options expired, February 2022 | - | (43,500) | - | 43,500 | - |
| Options expired, May 2022 | - | (10,500) | - | 10,500 | - |
| Options expired, August 2022 | - | (202,581) | - | 202,581 | - |
| Share issuance costs | (3,512) | - | - | - | - |
| Balance, September 30, 2022 | 14,516,707 | 131,537 | 309,307 | 3,094,399 | 3,535,243 |

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

See also Note 24, Subsequent Events for details of stock options that expired subsequent to year end.

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, 2022

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 significant 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 \$282,195 (September 30, 2021 - \$825,701) during the year ended September 30, 2022. The Company has a deficit of \$16,782,566 at September 30, 2022, (\$16,500,371 – September 30, 2021) and a working capital surplus of \$9,676 (September 30, 2021 - \$115,645). 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 material 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.

2. Basis of presentation

a) Basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the year ended September 30, 2022 using the significant accounting policies outlined in Note 3. The statements were authorized for issue by the board of directors on December 19, 2022.

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments described in Note 13. In addition, these statements have been prepared using the accrual basis of accounting except for cash flow information.

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

b) Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned US subsidiary, Jadex Corporation ("Jadex"). Jadex was incorporated by the Company on July 7, 2017, in Washington State, USA, to conduct its exploration and development business in the United States (refer to Note 8 - "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.

Jade Leader Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2022

3. Summary of significant accounting policies

a) New accounting policies

The Company did not adopt any new accounting policies during the year ended September 30, 2022.

b) 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 |
| Short-term investments | Financial asset measured at fair value |

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

The Company 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 foreign denominated current accounts 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, 2022

3. Summary of significant accounting policies (continued)

b) Financial Instruments (continued)

Impairment of financial assets

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 credit risk of 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.

c) 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.

d) 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 "c) 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.

e) 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

Jade Leader Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2022

3. Summary of significant accounting policies (continued)

e) Exploration and evaluation assets (continued)

costs including the support costs and supplies required in relation thereto. These assets are 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.

Incidental revenue and cost recoveries relating to exploration and evaluation assets are recorded first as a reduction of the specific exploration and evaluation assets to which the fees and payments relate, and any excess as other revenue on the statement of loss and comprehensive loss.

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, 2022

3. Summary of significant accounting policies (continued)

e) 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 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.

f) 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% |
| Shipping containers | Declining balance | 10% |

Residual values and useful lives are reviewed, and adjusted if appropriate, at each consolidated statement of financial position 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.

g) 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.

Jade Leader Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the year ended September 30, 2022

3. Summary of significant accounting policies (continued)

g) Share-based payment transactions (continued)

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.

h) 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 12 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.

i) 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.

j) 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.

Jade Leader Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2022

3. Summary of significant accounting policies (continued)

k) 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.

l) Leases

The Company recognizes its sublease for occupancy space as an operating lease. Operating lease income is recognized on a straight-line basis from the commencement date over the term of the lease.

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the following exceptions: (a) the Company has elected not to recognize right-of-use assets and liabilities for leases where the total lease term is less than or equal to 12 months, or (b) for leases of low value. The payments for such leases are recognized in the consolidated statement of loss and comprehensive loss on a straight-line basis over the lease term. The Company leases office space pursuant to a lease agreement that meets the exception criteria noted above and therefore the lease obligations are recognized as an expense on a straight-line basis over the term of the lease.

4. Critical accounting estimates and judgements

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 judgments and estimates that, by their nature, are uncertain. The impacts of such judgments and 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 judgments and 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 and are discussed below:

- Exploration and evaluation assets

The carrying values of exploration and evaluation assets and property and equipment that are included in the Consolidated Statements of Financial Position, include the assumptions that are incorporated into the impairment assessments, and the amount of depreciation and/or impairments that are included in the Consolidated Statements of Loss and Comprehensive Loss.

In assessing whether an impairment loss should be recorded on Exploration and Evaluation Assets, management considers the four factors outlined in Note 3 e) to the consolidated financial statements. A number

Jade Leader Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2022

4. Critical accounting estimates and judgements (continued)

of assumptions are required in making valuation assessments, including about mineral prices, continued exploration activity in the surrounding areas increasing the likelihood of being able to option out the property, and the availability of future financing to further develop the property failing the optioning out of the property. As the properties of the Company are at the exploration and evaluation level, they are not yet at the stage where there are assessments of possible or probable reserves. Consequently any estimates of value of the properties will be difficult. There is a risk that: 1) the properties could have little or no value if exploration activities on the property and in the surrounding areas cease, 2) prices will not be high enough to make extraction, regardless of quantities, economical or, 3) the Company will be unable to acquire future financing to enable exploration before the claims expire.

- Decommissioning obligations

The amount of decommissioning obligations and the inputs used in determining the net present value of the liabilities for decommissioning obligations included in the Consolidated Statements of Financial Position are estimated and incorporate assumptions made by management of interest rates and future inflation rates.

- Share-based compensation and warrants

The value of share-based compensation expense in the Consolidated Statements of Loss and Comprehensive Loss and the value of warrants that have been issued in connection with private placements included in the Consolidated Statements of Financial Position, are valued using valuation models and incorporate assumptions made by management of stock volatility, interest rates and exercise periods.

- Functional currency

Management has assessed the functional currency to be the Canadian dollar when recording the transactions of its wholly owned subsidiary. In accordance with IAS 21, a number of factors are considered in determining the functional currency of an entity. When indicators are mixed and the functional currency is not obvious, management uses its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

5. Cash

Cash is comprised of:

| | <u>Sept 30, 2022</u> | <u>Sept 30, 2021</u> |
|---------------------------------|----------------------|----------------------|
| Current bank accounts | \$ 116,323 | \$ 183,057 |
| Cash held in foreign currencies | 15,795 | 20,729 |
| | <u>\$ 132,118</u> | <u>\$ 203,786</u> |

6. Accounts receivable

| | <u>Sept 30, 2022</u> | <u>Sept 30, 2021</u> |
|---------------------------|----------------------|----------------------|
| Trade receivables | \$ 525 | \$ - |
| Related party receivables | 5,885 | 6,244 |
| Commodity tax receivables | 1,291 | 2,074 |
| | <u>\$ 7,701</u> | <u>\$ 8,318</u> |

Jade Leader Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2022

7. Short-term Investments

| | <u>Sept 30, 2022</u> | <u>Sept 30, 2021</u> |
|--|--------------------------|--------------------------|
| Mindset Pharma Inc. Common shares | \$ 2,080 | \$ 3,120 |

The 4,000 common shares of Mindset Pharma Inc. were valued at their fair value, based on their trading price, at September 30, 2022 and September 30, 2021, respectively.

8. Exploration and evaluation assets

Mineral properties are recognized in these consolidated financial statements in accordance with the accounting policies outlined in Note 3(e) "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.

DJ Jade Project, Washington State, USA

During fiscal 2017, the Company acquired 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, 2022 are \$565,745 and \$Nil, respectively (September 30, 2021 - \$556,998 and \$Nil, respectively).

The property, consisting of 18 Lode Claims, covers an area of slightly more than 140 hectares. In fiscal 2019 the Company completed the acquisition of 100% of the optioned claims, subject to a 2% Net Smelter Royalty, ("NSR"), by having made a total of US \$86,000 in property payments, and having incurred exploration costs of US \$80,000 in accordance with the terms and timelines of the option agreement. The Company has the option to acquire one-half (1%), of the NSR for the sum of US\$500,000 in cash or equivalent value in Common shares of the Company. The Optionor also granted the Company the right, upon written notice, to acquire the remaining half, (1%), of the NSR for the sum of US\$1,000,000 in cash or equivalent value in Common Shares of the Company, thereby extinguishing the NSR of the Optionor.

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

Wyoming Jade Fields, Wyoming, USA

Wyoming Jade Fields is comprised of five properties. The Company has acquired, by staking, 99 Mineral Lode Claims covering in excess of 1,800 acres. On July 15, 2018, Jadex entered into an Option Agreement to acquire a 100% interest in an existing Lode Claim (20.7 acres). The acquisition of the 100% interest, subject to a 2% NSR, was completed during fiscal 2019. During the year ended September 30, 2021, the 2% NSR was extinguished. Refer to Note 23 – "Legal settlement" for further information. The gross costs and impairments recorded for the Wyoming Jade Fields project at September 30, 2022 are \$676,115 and \$Nil respectively (September 30, 2021 - \$640,293 and \$Nil respectively).

Tell, Yukon

The Company acquired 100% of the expanded Tell mineral property through staking. The Company holds 44 claims covering 920 hectares located approximately 140 kilometres east of Mayo, Yukon. During the year ended September 30, 2021, the Company recognized an impairment equal to the full amount of the expenditures incurred on the property as it determined that it did not have the resources available to continue exploration on

Jade Leader Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the year ended September 30, 2022

8. Exploration and evaluation assets (continued)

Tell, Yukon (continued)

the Tell property and had not been successful with attracting a purchaser or option partner for the property after continued efforts. During the year ended September 30, 2022, the Company renewed the claims to allow for any option or sale opportunities that might arise during the year. The gross costs and impairments recorded to the Tell project at September 30, 2022 are \$456,737 and \$452,117, respectively (September 30, 2021 - \$452,117 and \$452,117, respectively).

A summary of exploration and evaluation expenditures by category for the years ended September 30, 2022 and September 30, 2021 appears below:

| Year ended September 30, 2022 | Wyoming, USA | | Washington, USA | Yukon |
|---|------------------|------------------------|--------------------|--------------|
| | Total | Wyoming Jade Fields | DJ Jade Project | Tell |
| | \$ | \$ | \$ | \$ |
| Balance at September 30, 2021 | 856,009 | 446,116 | 409,893 | - |
| Geological consulting | 18,083 | 14,333 | 3,750 | - |
| Field costs | 1,595 | 537 | 1,058 | - |
| Equipment rental | 3,114 | 3,114 | - | - |
| Travel costs | 4,459 | 4,459 | - | - |
| Aerial survey | 6,636 | 6,636 | - | - |
| Sample jade sales | (15,386) | (15,386) | - | - |
| Balance at September 30, 2022 | 874,510 | 459,809 | 414,701 | - |
| Property acquisition costs: | | | | |
| Balance at September 30, 2021 | 341,282 | 194,177 | 147,105 | - |
| Acquisition costs incurred | 30,688 | 22,129 | 3,939 | 4,620 |
| Balance at September 30, 2022 | 371,970 | 216,306 | 151,044 | 4,620 |
| Total exploration and evaluation assets September 30, 2022 | 1,246,480 | 676,115 | 565,745 | 4,620 |

Jade Leader Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the year ended September 30, 2022

8. Exploration and evaluation assets (continued)

| Year ended September 30, 2021 | Wyoming, USA | | Washington, USA | Yukon |
|---|------------------|------------------------|--------------------|-----------|
| | Total | Wyoming Jade Fields | DJ Jade Project | Tell |
| | \$ | \$ | \$ | \$ |
| Balance at September 30, 2020 | 1,132,322 | 378,682 | 408,861 | 344,779 |
| Geological consulting | 29,112 | 29,112 | - | - |
| Field costs | 9,504 | 8,522 | 1,032 | (50) |
| Equipment rental | 11,101 | 11,101 | - | - |
| Travel costs | 10,955 | 10,955 | - | - |
| Aerial survey | 6,634 | 6,634 | - | - |
| Site restoration | 2,776 | 2,776 | - | - |
| Impairment | (344,729) | - | - | (344,729) |
| Sample jade sales | (1,666) | (1,666) | - | - |
| Balance at September 30, 2021 | 856,009 | 446,116 | 409,893 | - |
| Property acquisition costs: | | | | |
| Balance at September 30, 2020 | 423,328 | 172,668 | 143,272 | 107,388 |
| Acquisition costs incurred | 25,342 | 21,509 | 3,833 | - |
| Impairment | (107,388) | - | - | (107,388) |
| Balance at September 30, 2021 | 341,282 | 194,177 | 147,105 | - |
| Total exploration and evaluation assets September 30, 2021 | 1,197,291 | 640,293 | 556,998 | - |

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 advance's pertain to costs that form part of the long-term exploration and evaluation assets, they are classified as long-term. At September 30, 2022, the Company held \$4,357 in respect of Wyoming Jade Fields in exploration and evaluation asset advances and deposits (2021 - \$4,357).

9. Property and equipment

| | Property and equipment | | |
|------------------------------------|------------------------|-----------------------------|-------------------|
| | Cost | Accumulated Depreciation | Net Book Value |
| Balance, September 30, 2020 | \$ 38,453 | \$ (9,442) | \$ 29,011 |
| Additions | 809 | - | 809 |
| Depreciation | - | (4,272) | (4,272) |
| Balance, September 30, 2021 | 39,262 | (13,714) | 25,548 |
| Depreciation | - | (3,927) | (3,927) |
| Balance, September 30, 2022 | \$ 39,262 | \$ (17,641) | \$ 21,621 |

10. Accounts payable and accrued liabilities

| | Sept 30, 2022 | Sept 30, 2021 |
|----------------------------------|-------------------|-------------------|
| Trade payables | \$ - | \$ 29,980 |
| Due to related parties (Note 18) | 129,632 | 67,978 |
| Accrued liabilities | 25,000 | 23,117 |
| Sales tax payable | 311 | 297 |
| | \$ 154,943 | \$ 121,372 |

Jade Leader Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2022

11. Decommissioning obligation

| | |
|---|-----------------------|
| | Yukon Tell |
| | <hr/> |
| Balance at September 30, 2022 and September 30, 2021 | \$ 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 3.79% (2021 – 0.53%) and an inflation rate of 6.84% (2021 – 2.95%) for the year ended September 30, 2022. 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 2023 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.

12. 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, 2021 | 56,488,008 | 14,384,351 |
| Private placement – November 2021 | 3,214,285 | 225,000 |
| Value of warrants included in private placement | - | (89,132) |
| Share issuance costs | - | (3,512) |
| Balance, as at September 30, 2022 | 59,702,293 | 14,516,707 |

| | Shares Number | Value \$ |
|---|--------------------------|---------------------|
| Balance, as at September 30, 2020 | 51,267,708 | 14,234,128 |
| Private placement – August 2021 | 5,220,300 | 261,015 |
| Value of warrants included in private placement | - | (107,153) |
| Share issuance costs | - | (3,639) |
| Balance, as at September 30, 2021 | 56,488,008 | 14,384,351 |

2022

On November 17, 2021, the Company closed a non-brokered private placement share and warrant issue for 3,214,285 common units at \$0.07 per unit comprised of 3,214,285 common shares and 1,607,142 common share purchase warrants for gross aggregate proceeds of \$225,000. Each common unit was comprised of one common share and one half of one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one additional common share at a price of \$0.14 per share until November 17, 2023. 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 142.23%, a risk-free rate of 1.05%, a 2-year warrant life and a 0% dividend rate. The total value assigned to the warrants issued was \$89,132.

Jade Leader Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the year ended September 30, 2022

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

b) Issued and outstanding common share capital (continued)

During the subsequent period from October 1, 2022 and prior to December 19, 2022, the date of these financial statements, no shares were issued or cancelled and returned to treasury.

2021

On August 12, 2021, the Company closed a non-brokered private placement share and warrant issue for 5,220,300 common units at \$0.05 per unit comprised of 5,220,300 common shares and 2,610,150 common share purchase warrants for gross aggregate proceeds of \$261,015. Each common unit was comprised of one common share and one half of one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one additional common share at a price of \$0.10 per share until August 12, 2023. 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 132%, a risk free rate of 0.46%, a 2 year warrant life and a 0% dividend rate. The total value assigned to the warrants was \$107,153. Related parties, comprised of officers and directors, acquired 800,000 of the total units.

c) Stock options

| <u>Expiry</u> | <u>Number of shares</u> | | <u>Exercise Price</u> |
|--------------------|-------------------------|----------------------|-----------------------|
| | <u>Sept 30, 2022</u> | <u>Sept 30, 2021</u> | |
| February 21, 2022 | - | 150,000 | \$0.38 |
| May 23, 2022 | - | 50,000 | \$0.21 |
| August 19, 2022 | - | 1,230,000 | \$0.30 |
| October 19, 2022* | 125,000 | 125,000 | \$0.14 |
| November 19, 2022* | 125,000 | 125,000 | \$0.225 |
| November 19, 2023 | 150,000 | 150,000 | \$0.225 |
| September 14, 2024 | 1,255,000 | 1,255,000 | \$0.07 |
| | <u>1,655,000</u> | <u>3,085,000</u> | |

*Subsequent to September 30, 2022 and before December 19, 2022, these options expired without exercise – see Note 24 Subsequent Events.

d) Stock option transactions

| | <u>Number of shares</u> | <u>Weighted average exercise price</u> |
|------------------------------------|-------------------------|--|
| Balance, September 30, 2020 | 2,980,000 | \$0.31 |
| Expired January 15, 2021 | (795,000) | \$0.36 |
| Expired March 13, 2021 | (280,000) | \$0.365 |
| Issued September 14, 2021 | 1,255,000 | \$0.07 |
| Expired September 30, 2021 | (75,000) | \$0.25 |
| Balance, September 30, 2021 | 3,085,000 | \$0.20 |
| Expired February 21, 2022 | (150,000) | \$0.38 |
| Expired May 23, 2022 | (50,000) | \$0.21 |
| Expired August 19, 2022 | (1,230,000) | \$0.30 |
| Balance, September 30, 2022 | 1,655,000 | \$0.10 |

Refer to Note 15 - "Share-based payment transactions" for more information regarding the options issued during the years ended September 30, 2022 and September 30, 2021. All of the options outstanding at the respective year ends have vested.

Jade Leader Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2022

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

d) Stock option transactions (continued)

The Company has an option plan ("the Plan"), under which up to 10% of the issued and outstanding common shares are reserved for issuance. Under the Plan, the options that have been granted expire at the earlier of: five years from the grant date, the date at which the Directors determine, or 60 days from the date on which the optionee ceases to be a director, officer, employee or consultant. The exercise prices of the options granted comply with the rules of the stock exchange or exchanges on which the shares are then listed, which prices reflect trading values at that time.

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

During the subsequent period from October 1, 2022 to December 19, 2022, the date of these financial statements, no options were exercised; however, 125,000 options exercisable at \$0.14 per share and 125,000 options exercisable at \$0.225 per share, expired without exercise during this subsequent period. In addition, 2,250,000 options exercisable at \$0.05 per share were issued during this subsequent period. Refer to Note 24, Subsequent Events.

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, 2022 | | | | | | |
|--------------------------------|-------------------|-----------------------|------------------|--------------------|--------------------|-----------------------|
| Exercise price | Expiry | Balance Sept 30, 2021 | Warrants Issued | Warrants Exercised | Warrants Expired | Balance Sept 30, 2022 |
| \$0.21 | October 12, 2021 | 3,865,816 | - | - | (3,865,816) | - |
| \$0.21 | October 23, 2021 | 730,000 | - | - | (730,000) | - |
| \$0.30 | December 28, 2021 | 393,750 | - | - | (393,750) | - |
| \$0.30 | January 11, 2022 | 106,250 | - | - | (106,250) | - |
| \$0.10 | August 12, 2023 | 2,610,150 | - | - | - | 2,610,150 |
| \$0.14 | November 17, 2023 | - | 1,607,142 | - | - | 1,607,142 |
| \$0.10 | June 17, 2024** | 4,500,000 | - | - | - | 4,500,000 |
| Total | | 12,205,966 | 1,607,142 | - | (5,095,816) | 8,717,292 |

** On May 26, 2022, the Company extended the expiry date for 4,500,000 warrants from June 17, 2022 to June 17, 2024.

There was no change in the exercise price. Related parties comprised of officers and directors, hold 630,000 of the warrants

| Year ended, September 30 2021 | | | | | | |
|-------------------------------|-------------------|-----------------------|------------------|--------------------|------------------|-----------------------|
| Exercise price | Expiry | Balance Sept 30, 2020 | Warrants Issued | Warrants Exercised | Warrants Expired | Balance Sept 30, 2021 |
| \$0.21 | October 12, 2021 | 3,865,816 | - | - | - | 3,865,816 |
| \$0.21 | October 23, 2021 | 730,000 | - | - | - | 730,000 |
| \$0.30 | December 28, 2021 | 393,750 | - | - | - | 393,750 |
| \$0.30 | January 11, 2022 | 106,250 | - | - | - | 106,250 |
| \$0.10 | June 17, 2022 | 4,500,000 | - | - | - | 4,500,000 |
| \$0.10 | August 12, 2023 | - | 2,610,150 | - | - | 2,610,150 |
| Total | | 9,595,816 | 2,610,150 | - | - | 12,205,966 |

During the subsequent period from October 1, 2022 to December 19, 2022, the date of these financial statements, no warrants were issued or exercised and none expired.

Jade Leader Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2022

13. Financial instruments

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

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

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

The following summarizes the categories of the various financial instruments:

| | <u>Sept 30, 2022</u> | <u>Sept 30, 2021</u> |
|--|-----------------------|----------------------|
| | <u>Carrying Value</u> | |
| Financial assets | | |
| Financial assets measured at fair value: | | |
| Short-term investments | \$ 2,080 | \$ 3,120 |
| Financial assets measured at amortized cost: | | |
| Cash | 132,118 | 203,786 |
| Accounts receivable | 6,410 | 6,244 |
| | \$ 138,528 | \$ 210,030 |
| Financial liabilities measured at amortized cost: | | |
| Accounts payable and accrued liabilities | \$ 154,632 | \$ 121,075 |

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 undertakes transactions denominated in US currency through its exploration in the US; consequently, it is exposed to exchange rate fluctuations. The Company will acquire US funds from time to time to settle US\$ denominated liabilities. At September 30, 2022, the Company had US\$10,983 (CDN\$15,054) (September 30, 2021 - US\$15,688 (CDN\$19,988)) in a US denominated bank account. The effect of a foreign currency increase or decrease of 10% on this cash holding would result in an increase or decrease of CDN\$1,505 (September 30, 2021 – CDN\$1,999). Additionally, at September 30, 2022, accounts payable and accrued liabilities include liabilities of US\$Nil (CDN\$Nil) (September 30, 2021 - US\$28,931 (CDN\$36,861)) that must be settled in US\$. The effect of a foreign currency increase or decrease of 10% on this liability would result in an increase or decrease of CDN\$Nil (September 30, 2021 – CDN\$3,686) to the amount payable.

Jade Leader Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the year ended September 30, 2022

14. General and administrative expenses

| | Sept 30, 2022 | Sept 30, 2021 |
|---|------------------|------------------|
| Administrative consulting fees | \$ 56,755 | \$ 111,674 |
| Occupancy costs | 41,031 | 40,994 |
| Office, secretarial and supplies | 25,758 | 32,646 |
| Travel and promotion | 3,790 | 2,877 |
| Product promotion | 65,386 | 5,605 |
| Insurance | 21,384 | 18,484 |
| Computer network and website maintenance | 4,981 | 4,189 |
| Stock-based compensation (Note 15) | - | 64,432 |
| Miscellaneous | 3,116 | 5,415 |
| Total general and administrative expenses | \$ 222,201 | \$ 286,316 |

15. Share-based payment transactions

2022

There were no share-based payment transactions during the year ended September 30, 2022.

During the subsequent period from October 1, 2022 to December 19, 2022, the date of these financial statements, 2,250,000 exercisable at \$0.05 per share were issued. Refer to Note 24, Subsequent events.

2021

On September 14, 2021, the Company issued 1,255,000 options that may be exercised at \$0.07 per share to September 14, 2024. The options were valued at \$64,432 incorporating the Black-Scholes Options Pricing model assuming a 3-year term, volatility of 127.73%, a risk-free discount rate of 0.52% and a dividend rate of 0%.

16. Loss per share

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, 2022 and 2021, no dilution resulted and consequently no adjustments were made in arriving at diluted weighted average number of common shares.

Jade Leader Corp.

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For the year ended September 30, 2022

17. 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:

| | 2022 | 2021 |
|---|---------------------|---------------------|
| | Consolidated | Consolidated |
| | \$ | \$ |
| Loss before income taxes | (282,195) | (825,701) |
| Rate reconciliation | 23.00% | 23.00% |
| Computed expected recovery based on a combined rate of 23.00% (2021 – 23.00%) | (64,905) | (189,911) |
| Differential tax rate of foreign jurisdiction | 7,355 | 932 |
| Non-deductible items and other | (18,785) | 9,196 |
| Unrecognized deferred tax asset | 76,335 | 179,783 |
| Income tax expense | - | - |

The combined statutory rate is 23.00% for 2022 (2021 – 23.00%). The deferred combined statutory tax rate is expected to be 23.00% for 2022 and subsequent years (2021 – 23.00%).

Temporary differences and tax loss not recognized for accounting purposes:

| | 2022 | 2021 |
|-----------------------------------|----------------------|--------------|
| Non-capital loss carry-forwards | \$ 4,042,378 | \$ 3,861,271 |
| Capital loss carry-forwards | 117,424 | 117,424 |
| Property and equipment | 56,293 | 52,366 |
| Exploration and evaluation assets | 4,752,571 | 4,821,260 |
| Share issuance costs | 18,197 | 28,894 |
| Accrued interest expense | 38,381 | 21,666 |
| US net operating loss | 1,078,359 | 850,149 |
| Short-term investments | (1,040) | (1,560) |
| Total | \$ 10,102,563 | \$ 9,751,470 |

As future taxable profits of the Company are uncertain, no deferred tax asset has been recognized. As at September 30, 2022, the Company had unused non-capital loss carry-forwards of approximately \$4,042,000 (2021 - \$3,861,000) that expire between the years 2026 and 2042. Capital loss carry-forwards may be carried forward indefinitely. The Company has unused US net operating loss carry-forwards of approximately \$787,000 USD, (2021 - \$667,000 USD), that may be carried forward indefinitely.

Jade Leader Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the year ended September 30, 2022

18. 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>2022</u> | | <u>2021</u> |
|------------------------------------|---|--------------|----|-------------|
| Key management remuneration | | | | |
| President and Director | a | \$ (90,406) | \$ | (97,969) |
| Corporate Secretary | b | (35,070) | | (27,660) |
| Chief Financial Officer | c | (5,259) | | (5,460) |
| Total management remuneration | | \$ (130,735) | \$ | (131,089) |

Management compensation payable to "key management personnel" during the years ended September 30, 2022 and 2021 is reflected in the table above and consists of consulting fees paid or payable to 635280 Alberta Ltd., a company controlled by the President, as well as the Corporate Secretary and the Chief Financial Officer. Directors a _____ re not paid directors' fees. Officers and directors are compensated through the granting of options from time-to-time. Refer to Note 15 - "Share-based payment transactions" for details relating to options issued during the years ended September 30, 2022 and September 30, 2021. Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the Company.

| | | <u>Sept 30, 2022</u> | | <u>Sept 30, 2021</u> |
|---|---|--------------------------|----|--------------------------|
| Other related party transactions: | | | | |
| CANEX Metals Inc. | | | | |
| General and administrative and secretarial costs paid | d | \$ (616) | \$ | (1,056) |
| General and administrative and secretarial costs received | d | \$ 9,638 | \$ | 5,971 |
| Office rent and operating costs received | d | \$ 18,789 | \$ | 18,789 |

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

| | | <u>Sept 30, 2022</u> | | <u>Sept 30, 2021</u> |
|--|---|--------------------------|----|--------------------------|
| Balances Receivable (Payable) | | | | |
| Office rent and operating costs: | | | | |
| CANEX Metals Inc. | d | \$ 4,932 | \$ | 4,932 |
| General and administrative and secretarial costs: | | | | |
| CANEX Metals Inc. | d | \$ 951 | \$ | 1,312 |
| CANEX Metals Inc. | d | \$ (18) | \$ | (237) |
| President | a | \$ - | \$ | (8,983) |
| Geological consulting fees: | | | | |
| 635280 Alberta Ltd. | a | \$ (129,612) | \$ | (58,758) |

Jade Leader Corp.

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For the year ended September 30, 2022

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

a) Consulting fees for the President's services were billed by 635280 Alberta Ltd. 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, 2022, \$12,875 (2021 - \$11,000) was capitalized to exploration and evaluation assets, and \$77,531 (2021 - \$86,969) 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, 2022 and 2021, 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.

19. Supplemental disclosure statement of cash flows

| | Sept 30, 2022 | Sept 30, 2021 |
|---|------------------|------------------|
| Sublease revenue | \$ 18,789 | \$ 18,789 |
| Changes in assets and liabilities pertaining to sublease revenue: | | |
| Accounts receivable | - | (463) |
| Cash received for sublease revenue | \$ 18,789 | \$ 18,326 |
| | Sept 30, 2022 | Sept 30, 2021 |
| Operating expenses | \$ (300,879) | \$ (818,428) |
| Depreciation | 3,927 | 4,272 |
| Stock-based compensation | - | 64,432 |
| Impairment | - | 452,117 |
| Changes in assets and liabilities pertaining to operations: | | |
| Accounts receivable | (419) | 882 |
| Prepaid expenses | (927) | (3,204) |
| Accounts payable and accrued liabilities | 77,676 | 33,995 |
| Cash paid to suppliers and contractors | \$ (220,622) | \$ (265,934) |

19. Supplemental disclosure statement of cash flows

| | Sept 30, 2022 | Sept 30, 2021 |
|---|------------------|------------------|
| Change in exploration and evaluation asset additions | \$ (49,189) | \$ 358,359 |
| Changes in assets and liabilities pertaining to exploration and evaluation asset additions: | | |
| Impairment | - | (452,117) |
| Accounts receivable | 1,036 | 259 |
| Accounts payable and accrued liabilities | (44,105) | 46,381 |
| Cash expended on exploration and evaluation asset additions | \$ (92,258) | \$ (47,118) |

Jade Leader Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the year ended September 30, 2022

20. Segment disclosures

During the years ended September 30, 2022 and September 30, 2021, 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. As at September 30, 2022, the total value of non-current assets associated with United States operations is \$1,266,385 (September 30, 2021 - \$1,225,220), including exploration and evaluation asset advances and deposits of \$4,357 (September 30, 2021 - \$4,357), exploration and evaluation assets of \$1,241,860 (September 30, 2021 - \$1,197,291) and equipment and software of \$20,168 (September 30, 2021 - \$23,572). All remaining non-current assets are associated with Canadian operations.

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 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.

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, 2022 and September 30, 2021. 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 February, 2023, increases in expenditures over budget for the five month period ended February 28, 2023, claim renewal fees for the US mineral properties estimated at \$26,000 due September 1, 2023, exploration programs and new property acquisitions will require additional financing. There can be no assurance that the Company will be successful in obtaining financing (refer to Note 1 - "Nature and continuance of operations").

The Company's significant remaining contractual maturities for financial liabilities as at September 30, 2022 and 2021 are as follows:

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

Jade Leader Corp.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)
For the year ended September 30, 2022

22. Financial risk management (continued)

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. During the year ended September 30, 2022, the market price fluctuation on the investments held resulted in a net loss of \$1,040 (September 30, 2021 – net gain of \$3,120) on short-term investments. In 2022, a 10% change in fair value of the Company's marketable investments would result in a charge to income of \$208 (September 30, 2021 - \$312).

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. Refer to Note 13 – "Financial instruments" for the foreign exchange risk associated with the foreign denominated cash balances held, as well as accounts payable that must be settled in US\$ at September 30, 2022 and September 30, 2021.

23. Legal settlement

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 was seeking to claim ownership of some of the Jade samples collected during the 2019 trenching program in Wyoming.

During the year ended September 30, 2021, a preliminary agreement, subject to final approvals and dismissals, was reached between the parties and payments were advanced. During that period, the case was dismissed and the parties signed the final agreement to resolve the dispute. Pursuant to the mutually agreed upon dispute resolution, the plaintiff has been paid a sum of money including a payment from the Company in the amount of US\$22,500 (CDN\$28,833). As part of the agreement, the plaintiff has also transferred to the Company two placer claims, and relinquished his royalty interest in the lode claim previously sold to the Company, (refer to Note 8 – "Exploration and Evaluation Assets").

24. Subsequent events

- a) Subsequent to September 30, 2022 and before December 19, 2022, 250,000 stock options with an aggregate value of \$36,265 expired without exercise as follows:

| <u>Number of shares</u> | <u>Exercise price</u> | <u>Expiry date</u> | <u>Value</u> |
|-------------------------|-----------------------|--------------------------|-----------------|
| 125,000 | \$0.14 | October 19, 2022 | \$16,125 |
| <u>125,000</u> | <u>\$0.225</u> | <u>November 19, 2022</u> | <u>\$20,140</u> |
| <u>250,000</u> | | | <u>\$36,265</u> |

- b) On November 14, 2022, the Company issued 2,100,000 options that may be exercised at \$0.05 per share to November 14, 2027. The options were valued at \$71,896 incorporating the Black-Scholes Options Pricing model assuming a 5-year term, volatility of 132%, a risk-free discount rate of 3.33% and a dividend rate of 0%.

On November 14, 2022, the Company issued 150,000 options that may be exercised at \$0.05 per share to November 14, 2026. The options were valued at \$4,806 incorporating the Black-Scholes Options Pricing model assuming a 4-year term, volatility of 131%, a risk-free discount rate of 3.33% and a dividend rate of 0%.

JADE LEADER CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
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The following management discussion and analysis (MD&A) is management's assessment of the results and financial condition of Jade Leader Corp., ("Jade Leader" or "the Company"), for the year ended September 30, 2022. The information included in this MD&A, with an effective date of December 19, 2022, should be read in conjunction with the consolidated financial statements as at and for the year ended September 30, 2022 and related notes thereto. Jade Leader's common shares trade on the TSX Venture Exchange under the symbol "JADE." The Company's most recent filings are available on the System for Electronic Document Analysis and Retrieval ("SEDAR") and can be accessed at www.sedar.com.

The Company's financial statements for the year ended September 30, 2022 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as at and for the year ended September 30, 2022. The Company has consistently applied the same accounting policies throughout all periods presented. The Company's accounting policies are provided in Note 3, "Summary of significant accounting policies," to the notes to the annual consolidated financial statements as at September 30, 2022.

The "Qualified Person" under the guidelines of National Instrument 43-101 of the Canadian Securities Administrators ("NI 43-101") for Jade Leader's exploration projects in the following discussion and analysis is Mr. Jean Pierre Jutras, B. Sc., Geol., P. Geol., a Registered Professional Geologist of Alberta and the President and Director of Jade Leader.

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

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

a) Principal Business of the Company

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

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

b) Highlights - Year ended September 30, 2022

a) Mineral Properties

Wyoming Jade Fields, Wyoming, USA

The Company has continued to evaluate materials recovered from the Wyoming Jade Fields properties and to test the market for the Jade recovered. With information gained through market response and potential sales, the Company will evaluate how best to target the various types of Jade in the continuation of its field activities.

The bulk sampling program that was undertaken in fiscal 2021 resulted in the recovery of over 230 kg of Nephrite Jade, including 183 kg of gem quality Sky Jade[®]. During fiscal 2022, cleaning and preparation of various sized pieces from this program has been ongoing with the intent of test-marketing to the national and international Jade trade in order to continue establishing proper valuation parameters on the discovery.

As at September 30, 2022 and going forward, the Company remains focused on marketing the Sky Jade[®] material collected from the fall 2021 bulk sampling program. During the year ended September 30, 2022, 56 kilograms of materials collected during that program, were partially cut and polished, itemized and individually photographed. Certain stones were cut into cabochons or faceted type single stones suitable for the use in fine jewellery in order to demonstrate the many options for our product. The Company completed and launched its Jade offering e-commerce platform during the year ended September 30 2022 in order to facilitate the sales of our samples. Materials preparation and documentation is key to properly communicating to potential customers the fine quality of this material particularly through online platforms.

DJ Jade Project, Washington State, USA

During the year ended September 30, 2022, the Company began to more closely examine jade specimens harvested from the DJ jade project, in previously conducted exploration programs, focusing on the "colour change phenomenon" of certain specimens, which exhibit a unique colour change phenomenon, whereby the colour can shift from white to blues to dark green as the viewer's eye moves in relation to the stones. These characteristics are often referred to by gemmologists as "phenomenon stones", because of their unusual optical effects such as colour change, chatoyancy or asterism; characteristics which can be highly prized by collectors and specialty jewellers.

The identification conducted to date on this material has relied heavily on Scanning Electron Microscope/Energy Dispersive X-Ray Spectroscopy (SEM/EDS) as well as thin section and hand sample microscope work to understand the relationship to perceived colour to the main mineralogical characteristics of the nephrite Jade itself. The Company believes that the colour and colour change phenomena, are caused by a combination of varying chemical composition between different growth stages and the "fabric" created by intergrowths of different growth stages of the fibrous Jade minerals. The most dramatic effects tend to appear when the stone is viewed at a high angle. As a result, Jade Leader has developed specialized cutting techniques to best highlight the various colour change effects in any given stone. Using these techniques, the Company has begun cutting a suite of fine stones and is considering its best options for marketing these materials to the Collectors' market.

The Jade material exhibiting the colour change phenomenon described above has been found in surface trenches at the Lode 2 Jade occurrence, where a Jade-bearing structure is intermittently exposed at surface for some 50 meters. In order to capitalize on this new knowledge and potential opportunity, the Company commenced a field trenching program in mid-October, 2022, targeting the collection of further nephrite Jade exhibiting the desired characteristics, with the objective of determining potential yields through trenching along the known occurrence, and providing additional materials to bring to market

b) Corporate

During Fiscal 2022, the Company continued to focus on jade testing and evaluation from multiple properties and on promotional activities to expand opportunities for financing its planned mineral property exploration programs and to build a market for future jade sales. These efforts include the preparation of selective stone

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samples, thought to be representative of the Company's collection to date. The Company has produced a number of promotional videos presenting a history of Jade in the Wyoming region, rough samples of Jade collected in the Wyoming region through the various field programs conducted by the Company, a demonstration of the size and quality of samples collected and polished to date, as well as a "how to video" demonstrating the cutting and polishing of our product for use in jewelry. During Q1 2022, the Company initiated the construction of an e-commerce site to facilitate product sales, while continuing to focus its marketing activities within the national and international Jade community. The e-commerce website, www.jadeleader.shop, was completed and launched March 4, 2022 with approximately 150 items for sale, ranging in price from US\$20 to US\$18,000. Items for sale are categorized into 6 product lines including: specimens, tumbled, slabs, hand gems carving blocks and finished jewellery. During Q2 2022, the Company had approximately \$1,600 in product sales. During Q3 2022, the Company incurred the first major sale of Wyoming Sky Jades® to a major, well-established European jewellery manufacturer, marking the first sale of materials to an institutional/wholesale customer. The lot weight was 6.5 kilograms, and the total consideration was US\$10,500, representing an average realized price of US\$1,620 per kilogram. These early sales will be used to establish value for the Jade which will ultimately be useful in valuing reserves and determining long-term commercial production feasibility.

During fiscal 2022, the Company closed a non-brokered private placement financing share and warrant issue for gross proceeds of \$225,000. Refer to Section 6) "Financing" for more information regarding this financing.

During fiscal 2022, the President, was invited by the Canadian Gemmological Association (CGA), to participate as a special guest speaker, on the topic of Jade, at its annual conference in Vancouver from October 21 to 23, 2022. The event, an educational and networking event of Canadian and International gem professionals involved in all aspects of the gem trade, provided an excellent opportunity for the Company to showcase some of its recent work as new developments in the gem space.

3) Mineral Properties

Transactions for the year ended September 30, 2022 are summarized in Note 8 "Exploration and evaluation assets" to the Audited Consolidated Financial Statements for the year ended September 30, 2022 which accompanies this MD&A.

DJ Jade Project, Washington State, USA

During fiscal 2017, the Company completed its acquisition of the DJ Jade project, in Washington State, USA, through a combination of Option Agreement and staking. The gross costs and impairments recorded to the DJ Jade project at September 30, 2022 are \$565,745 and \$Nil, respectively (September 30, 2021 - \$556,998 and \$Nil, respectively).

The property, consisting of 18 Lode Claims covers an area of slightly more than 140 hectares, with 3 historical and numerous newly identified nephrite jade occurrences. The Company has earned 100% of the mineral rights associated with those claims, subject to a 2% Net Smelter Royalty ("NSR"). Additional claims staked around the initial optioned claims fall within an area of mutual interest and are considered part of the original Option Agreement.

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

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

The Company conducted a first pass drill program in November 2018. This program was followed up in the spring of 2019 and included an airborne geophysical survey, followed by detailed mapping and sampling of

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previously identified in-situ jade occurrences. A further exploration program was conducted in July and August 2019 which involved hand trenching and sampling. The program confirmed a new in-situ surface nephrite jade occurrence, the widest found on the property to date. In addition to its jade exploration work, the Company has encountered large masses of Rhodonite, a light grey to pink to yellow semi-precious gemstone with potentially significant commercial demand.

During the year ended September 30, 2022, the Company began to more closely examine jade specimens harvested from the DJ jade project, in previously conducted exploration programs, focusing on the "colour change phenomenon" of certain specimens, as described in more detail in 2) "Highlights" a) "Mineral Properties" above.

The Company commenced a field trenching program in mid-October, 2022, targeting the collection of further nephrite Jade exhibiting the desired colour-change characteristics, with the objective of determining potential yields through trenching along the known occurrence, and providing additional materials to bring to market.

Wyoming Jade Fields, Wyoming, USA

The Company has acquired, by staking 99 Mineral Lode Claims covering in excess of 1,800 acres. The claims cover 5 contiguous blocks in areas where field work found geology favourable for jade formation. This includes abundant nephrite jade float, sub-crop and in-situ jade occurrences as well as numerous small-scale historical production pits. All of the claims are located on public lands administered by the Bureau of Land Management ("BLM"). None of these historically productive jade-bearing areas have been previously evaluated using modern day jade-genesis concepts or exploration technologies.

On July 15, 2018, Jadex entered into an Option Agreement to acquire a 100% interest in an existing Lode Claim (20.7 acres). The acquisition of the 100% interest, subject to a 2% NSR, was completed during fiscal 2019. During the three-month period ended June 30, 2021, the 2% NSR was extinguished, (refer to Section 14) "Legal settlement" for more information).

The Company conducted its spring 2019 exploration program, consisting of an airborne geophysical survey, followed by prospecting, detailed mapping, sampling of previously identified in-situ Jade occurrences, and mechanized trenching. The field program, which was completed during June 2019, was conducted to review the airborne geophysical data, conduct additional prospecting and outline the first mechanized trenching targets for further follow up. The field program resulted in additional nephrite jade discoveries at surface and led the Company to stake an additional 25 lode claims, (209 hectares/516.5 acres), increasing the size of its current 4 claim blocks, and adding an entirely new block of claims to cover a new target. After receiving the required permitting, the Company completed a further exploration program involving mechanized trenching and sampling, during September and October 2019. Field evaluation of jade obtained from these trenches includes a full range of potential qualities from basic ornamental stones to carving and jewellery grade material. 282 individual jade samples (over 23.45 tonnes) were recovered from bedrock with heavy equipment and will be evaluated for their textures, colours and carveability. Additionally, the field program included extensive alteration mapping and reconnaissance sampling along the geophysically well-defined alteration zones associated with jade formation that were identified in the spring program.

During July 2020, the Company conducted a three-week field program which included stone testing for assessing quality and marketability of samples collected to date as well as prospecting. The summer 2020 program included testing 38 samples of the 52 samples recovered from trench T1C in September 2019 as these samples were thought to be representative of the breccia-hosted Jades of the T1 target area. 95% of the tested samples by weight passed the testing and workability evaluation. Thin slices of T1 target Jade collected south and west of trench T1C during the program were also cut to evaluate the stone's suitability as ornamental or architectural stone. The Company commenced a product development program based on this material to generate marketable finished product examples for test marketing in local and international markets.

An additional target northwest of the T1 target, called the Sky Jade Zone[®], was hand sampled and generated over 110 pounds (49.9 Kg) of fine grained, texturally uniform, medium green jades which were cleaned, tested and prepared for marketing to the jewellery market. This zone has been recognized at surface over some 15

**JADE LEADER CORP.
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meters of strike length, with nephrite jade occurring both within a sheared intrusive contact, and extending into host country rock. The zone remains open in all directions at this time.

During Q4 2021 and Q1 2022, the Company conducted a four-week mechanized bulk sampling program in the Sky Jade Zone[®]. Work focused on geologic mapping of the occurrences plus the first pilot-scale bulk sampling of Sky Jades[®]. Over 230 kilograms (kg) of Nephrite Jade, including 183 kg of gem quality Sky Jade[®], were recovered. In addition, the total includes 20.7 kg of exceptional specimen stones where the Jade encloses large quartz crystals. Cleaning and preparation of an initial 88 kg of various sized pieces has been ongoing. Jade Leader has begun test-marketing to the national and international Jade trade in order to continue establishing proper valuation parameters for this discovery. The pieces are marketed on the Company's e-commerce website at prices ranging from US\$500 to US\$4,000 per kg, depending on stone sizes, color, texture, and translucency.

In order to generate an accurate determination of the volume of material extracted and provide the basis for measuring the recovered yields of gem Jade materials per unit volume or tonne, a high-resolution drone survey was conducted before and after field activities by a US based independent third-party mining consultancy firm to accurately measure the area tested by comparative photogrammetry. Based on this high resolution survey, Burgex Mining Consultants of Salt Lake City has reported to the Company a total modeled excavation volume of 7.57 cubic meters. Using a host rock specific gravity of 2.85, (as measured by the Company on a representative sample of the host quartz-epidote Jade host), this corresponds to the excavation and testing of 21.6 metric tonnes of material. From this, an overall 230 kg of Jade, (including 47 kg of weathered near-surface Jade), yielded 183 kg of gem-quality Sky Jade[®]. This results in a measured yield of 10.6 kg of Jade per tonne for this program from which an actual 8.47 kg per tonne of usable gem-grade Jade material was recovered.

The gross costs and impairments recorded for the Wyoming Jade Fields project at September 30, 2022 are \$676,115 and \$Nil, respectively (September 30, 2021 - \$640,293 and \$Nil respectively).

Tell, Yukon

Due to limited resources, the Company had not been able to fund exploration programs on Tell during recent years; however, it continued to investigate opportunities to option out the property in order to expand exploration on the project without additional financing being required. The Company had not been successful in attracting a purchaser or option partner for the property after continued efforts; therefore, during Q4 2021, the Company recognized an impairment equal to the full amount of the expenditures incurred on the property to September 30, 2021. During Q1 2022 and Q1 2023, the Company renewed existing claims for \$4,620 in each respective period, which will expire in October 2023, thus allowing the Company to continue to investigate opportunities to option the Tell property out. The gross costs and impairments to the Tell project at September 30, 2022 are \$456,737 and \$452,117, respectively (September 30, 2021 - \$452,117 and \$452,117 respectively).

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4) Operating Results

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

| | Three months ended September 30 | | Year ended September 30 | |
|---|------------------------------------|---------------------|----------------------------|---------------------|
| | 2022 | 2021 | 2022 | 2021 |
| General and administrative expenses | \$ (49,340) | \$ (113,113) | \$ (222,201) | \$ (286,316) |
| Reporting to shareholders | (2,174) | - | (15,653) | (15,265) |
| Professional fees | (27,990) | (25,528) | (40,942) | (49,781) |
| Stock exchange and transfer agent fees | (2,141) | (2,266) | (9,972) | (10,677) |
| Depreciation | (981) | (1,068) | (3,927) | (4,272) |
| Mineral production tax | - | - | (5,005) | - |
| Pre-acquisition expenses | - | - | (3,179) | - |
| Impairment | - | (452,117) | - | (452,117) |
| Sublease revenue | 4,697 | 4,698 | 18,789 | 18,789 |
| Interest and other | 1,094 | (141) | 935 | (349) |
| Gain (loss) from short-term investments | 560 | 1,320 | (1,040) | 3,120 |
| Legal settlement | - | - | - | (28,833) |
| Net and comprehensive loss | \$ (76,275) | \$ (588,215) | \$ (282,195) | \$ (825,701) |

Significant variances in results are discussed below.

- Variances relating to general and administrative expenses are addressed below in more detail.
- Reporting to shareholders' expenditures during the three months ended September 30, 2022 include adjustments related to the Annual General Meeting ("AGM") relating to the fiscal 2020 and 2021 financial statements. There were no similar adjustments required during the three-month period ended September 30, 2021.
- Professional fees which consist of auditing fees, legal and other filing fees have increased by \$2,500 and decreased by \$8,800 from the comparative three and twelve month periods respectively. The increase in professional fees relating to the three-month comparatives is due to an increase in the audit fee accrual for 2022. Legal fees incurred during the year ended September 30, 2021 that were incurred in relation to a lawsuit that was filed against the Company had no counterpart in 2022 which contributed to the decrease in professional fees year-to-year. Refer to Section 14) "Legal settlement" for further information regarding this matter. The remaining expenditures included in professional fees consist of nominal legal fees relating to various business matters, filing fees primarily related to news releases issued during both the current and comparative periods.
- During the year ended September 30, 2022, the Company expended \$5,005 on mineral production taxes on its mineral properties held in the State of Wyoming, USA, (2021 \$Nil).
- Pre-acquisition expenditures relate to research conducted for potential Jade exploration opportunities. The Company incurred expenditures of \$Nil and \$3,179 during the three-month period and year ended September 30, 2022 (2021 - \$Nil), respectively.
- The impairment recorded in Q4 2021 related to the Tell Property, as the Company determined that it would no longer continue exploration on that property, nor was it successful in attracting a purchaser or option partner for the property after continued efforts; consequently, the Company recorded an impairment for the full amount of expenditures incurred. There were no impairments in the current year.
- The (loss) gain from short-term investments during the current three month and twelve month periods pertains to Mindset Pharma Inc. common shares. At the respective period ends, the shares were valued at fair value, based on the trading prices at these dates.
- During the twelve-month period ended September 30, 2021, the Company made a payment of US\$22,500 (CDN\$28,833) in respect of the legal dispute (Section 14) "Legal settlement") as part of the mutually agreed upon dispute resolution.

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

| | <u>Three months ended September 30</u> | | <u>Year ended September 30</u> | |
|--|--|-------------------|--------------------------------|-------------------|
| | <u>2022</u> | <u>2021</u> | <u>2022</u> | <u>2021</u> |
| Administrative consulting fees | \$ 11,435 | \$ 20,783 | \$ 56,755 | \$ 111,674 |
| Occupancy costs | 10,248 | 10,249 | 41,031 | 40,994 |
| Office, secretarial and supplies | 5,315 | 10,088 | 25,758 | 32,646 |
| Travel and promotion | 145 | 891 | 3,790 | 2,877 |
| Product promotion | 15,475 | - | 65,386 | 5,605 |
| Insurance | 5,633 | 5,000 | 21,384 | 18,484 |
| Computer network and website maintenance | 675 | 813 | 4,981 | 4,189 |
| Stock-based compensation | - | 64,432 | - | 64,432 |
| Miscellaneous | 414 | 857 | 3,116 | 5,415 |
| Total | \$ 49,340 | \$ 113,113 | \$ 222,201 | \$ 286,316 |

- Administrative consulting fees, which consist primarily of fees for the contract controller, CFO and President, have decreased by approximately \$54,900 from the comparative twelve-month period. Fees for the twelve months ended September 30, 2022 include fees of \$29,600, (2021 - \$87,000), to the president, \$22,000, (2021 - \$19,200), to the contract controller and \$5,200, (2021 - \$5,500) to the CFO. Fees for the three-month period ended September 30, 2022 have decreased by approximately \$9,300 and include fees to the president of \$7,500 (2021 - \$17,300), fees to the contract controller of \$3,100 (2021 - \$2,900), fees to the CFO of \$800 (2021 - \$600). The decrease in fees to the President during the three and twelve month periods ended September 30, 2022 has resulted because a portion of the President's consulting fees have been allocated to product promotion to reflect his time spent on marketing and product development.
- Office and secretarial fees, which relate primarily to contract administrative services and office supplies, have decreased by approximately \$4,800 during the three-month period ended September 30, 2022 and decreased by approximately \$6,900 during the twelve-month period ended September 30, 2022 from the respective three-month and twelve-month comparative periods. The decrease is primarily a result of a portion of the fiscal 2022 contract administrative fees being allocated to product promotion to reflect time spent on marketing and product development.
- Travel and promotional expenditures during the year ended September 30, 2022 include travel expenses related to engaging a consultant to provide advice with respect to marketing and promotion of the Company's Sky Jade® products as well as miscellaneous expenditures for meals and entertainment. The year ended September 30, 2021 includes miscellaneous expenditures for meals and entertainment.
- During fiscal 2020, the Company began the process of stone testing to assess quality and marketability of samples collected during previous field programs (refer to Section 3) "Mineral properties"). Results of the stone testing have been encouraging; consequently, the Company began a product development program using these materials to generate marketable finished product examples for test marketing in local and international markets. The costs of product development are recorded in product promotion costs during fiscal 2021 and fiscal 2022. Fiscal 2022 expenditures include \$58,000 for the President's consulting time and \$8,700 for the Corporate Secretary's consulting time, with respect to product promotion and/or sample preparation. During fiscal 2021 and 2022, the Company produced a number of promotional videos the costs of which are included in product promotion costs during both fiscal years.
- Insurance expenses have increased during the three-month and twelve-month periods ended September 30, 2022 from the comparative periods reflecting an increase in insurance rates that occurred upon renewal of insurance policies.
- During Q4 2021, the Company issued 1,255,000 options to officers, directors and consultants valued at \$64,432. There were no other options issued during the remainder of the year ended September 30, 2021 nor during the current three and twelve month periods.

5) Liquidity and Capital Resources

As of September 30, 2022, the Company had a working capital balance of \$9,676 (2021 – \$115,645), a decrease of \$105,969. Changes to working capital in the current and comparative periods are discussed below:

- Operating expenditures for the year ended September 30, 2022 resulted in cash outflow of \$201,833 (2021 - \$276,441) a decrease of \$74,608. Approximately \$129,600 of working capital available during fiscal 2022 has been attributable to Mr. Jutras agreeing to allow the Company to defer payment of his billings for administrative consulting fees dating back to April, 2021. This arrangement will continue on a go forward basis until sufficient financing has been received or material sales have been achieved. During the year ended September 30, 2021, the Company paid US \$22,500, (CDN \$28,833) in respect of the legal dispute discussed in Section 14) “Legal settlement.” There was no similar amount in the current period. Overall, the results are consistent with activity levels during the current period and are related to factors discussed above in 4) “Operating results”.
- The Company expended \$92,258 on exploration and evaluation assets during the current year ended September 30, 2022, compared to \$47,811 in the comparative year. The majority of the current and comparative expenditures relate to the Company’s properties in Wyoming, USA; however, Q1 2022 expenditures include \$4,600 expended on the Tell property for claim renewals. In addition, the Company received \$15,386 (US\$10,824), (2021 - \$1,666 (US\$1,350)) as consideration for jade sample sales. These sales amounts have been credited against mineral property expenditures incurred on the Wyoming property as the Company has not reached the commercial production stage and these sales are considered incidental. Refer to Section 3) “Mineral properties” and Note 8 – “Exploration and evaluation assets” to the Audited Consolidated Financial Statements dated September 30, 2022, which accompany this document, for more information.
- During the year ended September 30, 2022, the Company closed a private placement financing for aggregate gross proceeds of \$225,000, (net \$221,488 after share issuance costs). During the year ended September 30, 2021, the Company closed a private placement financing for aggregate gross proceeds of \$261,015 (net \$257,376 after share issue costs). Refer to Note 12 - "Share capital, stock options and warrants" to the Audited Consolidated Financial Statements which accompany this document and section 6) "Financing" for further information.

The Company believes that it has sufficient working capital to finance general and administrative and other operating expenses for the next five-month period. Operating expenses beyond February, 2023, increases in expenditures over budget for the five-month period ended February 28, 2023, claim renewal fees for the US mineral properties estimated at \$26,000 due September 1, 2023, future exploration programs and new property acquisitions, will require additional financing, or possibly be positively influenced by material sales. There can be no assurance that management will be successful in obtaining financing, or that significant material sales will occur during the period. Refer to Note 1 - "Nature and continuance of operations" to the Audited Consolidated Financial Statements which accompany this document. With limited capital resources the Company will continue to prioritize non-discretionary operating costs, will cut back discretionary operating costs and will defer exploration programs until suitable financing can be procured.

6) Financing

2022

On November 17, 2021, the Company closed a non-brokered private placement share and warrant issue for 3,214,285 units at a price of \$0.07 per unit comprised of 3,214,285 common shares and 1,607,142 common share purchase warrants for gross aggregate proceeds of \$225,000. Each common unit was comprised of one common share and one half of one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one additional common share at a price of \$0.14 per share until November 17, 2023. 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 142.23%, a risk-free rate of 1.05%, a 2-year warrant life and a 0% dividend rate. The total value assigned to the warrants issued was \$89,132.

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2021

On August 12, 2021, the Company closed a non-brokered private placement share and warrant issue for 5,220,300 common units at \$0.05 per unit comprised of 5,220,300 common shares and 2,610,150 common share purchase warrants for gross aggregate proceeds of \$261,015. Each common unit was comprised of one common share and one half of one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one additional common share at a price of \$0.10 per share until August 12, 2023. 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 132%, a risk free rate of 0.46%, a 2-year warrant life and a 0% dividend rate. Related parties, comprised of officers and directors, acquired 800,000 of the total units.

7) Exploration Expenditures

Refer to Note 8 "Exploration and evaluation assets" to the Audited Consolidated Financial Statements for the year ended September 30, 2022.

8) Selected Annual Financial Information

The following selected financial data has been extracted from the Consolidated Financial Statements, for the fiscal years ended September 30, 2022, 2021 and 2020 and should be read in conjunction with those Consolidated Financial Statements.

| For the years ended or as at September 30 | 2022 | 2021 | 2020 |
|--|--------------|--------------|--------------|
| Financial Results | \$ | \$ | \$ |
| Sublease revenue | 18,789 | 18,789 | 18,348 |
| Interest and other | 935 | (349) | (643) |
| (Loss) gain from short-term investments | (1,040) | 3,120 | - |
| Legal settlement | - | (28,833) | - |
| Net loss and comprehensive loss for the year | (282,195) | (825,701) | (400,849) |
| Basic and diluted loss per share | 0.00 | (0.02) | (0.01) |
| Financial Position | | | |
| Working capital | 9,676 | 115,645 | 257,716 |
| Total assets | 1,437,990 | 1,465,126 | 1,888,643 |
| Capital stock | 14,516,707 | 14,384,351 | 14,234,128 |
| Reserves | 3,535,243 | 3,446,111 | 3,274,526 |
| Deficit | (16,782,566) | (16,500,371) | (15,674,670) |

Net and comprehensive loss for 2022 includes a non-cash charge for share-based payment transactions of \$Nil (2021 - \$64,432, 2020 - \$50,980), and impairments of \$Nil (2021 - \$452,117, 2020- \$Nil) which account for the bulk of the variations in net loss and comprehensive loss from year-to-year.

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9) Selected Quarterly Financial Information

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

| Three months ended: | Sep 30 2022 (Q4 2022) | Jun 30 2022 (Q3 2022) | Mar 31, 2022 (Q2 2022) | Dec 31, 2021 (Q1 2022) | Sep 30, 2021 (Q4 2021) | Jun 30 2021 (Q3 2021) | Mar 31, 2021 (Q2 2021) | Dec 31, 2020 (Q1 2021) |
|---|-----------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|-----------------------------|------------------------------|------------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Loss before impairment of exploration and evaluation assets and other items | (82,626) | (49,571) | (90,142) | (78,540) | (141,975) | (62,944) | (70,074) | (91,318) |
| Impairment | - | - | - | - | (452,117) | - | - | - |
| Loss before other items | (82,626) | (49,571) | (90,142) | (78,540) | (594,092) | (62,944) | (70,074) | (91,318) |
| Sublease revenue | 4,697 | 4,698 | 4,697 | 4,697 | 4,698 | 4,697 | 4,697 | 4,697 |
| Interest and other income | 1,094 | 505 | (1,025) | 361 | (141) | (132) | (363) | 287 |
| Gain (loss) from investments held for sale | 560 | (760) | (1,120) | 280 | 1,320 | (840) | (1,120) | 3,760 |
| Legal settlement | - | - | - | - | - | - | (28,833) | - |
| Net and comprehensive loss | (76,275) | (45,128) | (87,590) | (73,202) | (588,215) | (59,219) | (95,693) | (82,574) |
| Basic and diluted loss per share | 0.00 | 0.00 | 0.00 | 0.00 | (0.02) | 0.00 | 0.00 | 0.00 |

Quarterly net losses are influenced by many factors from period to period and are significantly affected by the amount of activity in the junior mining sector, the Company's working capital position, the potential exploration opportunities as well as timing of certain expenditures including the timing of the AGM. The Q4 2021 loss includes stock-based compensation of \$64,432 which is a non-cash charge that causes large fluctuations in earnings. During fiscal 2021, the Company's earnings were impacted by legal fees of \$14,400 for the entire year, and a cash settlement payment of \$28,833 (US\$22,500) made during Q2 2021, resulting from a legal dispute as outlined in Section 14) "Legal settlement." The Company reduced discretionary expenditures during fiscal 2021 due to reduced cash balances and limitations put in place by the Novel Coronavirus Pandemic. During Q4 2021 the Company completed a private placement financing providing working capital for the Fall 2021 field program and general administration and operations going forward into fiscal 2022. During Q1 2022 the Company completed an additional private placement financing providing additional working capital for general administration and operations for fiscal 2022.

During Q4 2021, the Company recognized an impairment of \$452,117, 100% of the expenditures incurred to September 30, 2021 for its Tell property. Refer to Section 3) Mineral properties, Tell, Yukon, for more information.

"Interest and other" included interest earned on the Company's high interest bank account and foreign exchange gains and losses incurred during those periods.

10) Off-Balance Sheet Transactions

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

11) Directors and Officers

| | | | |
|--------------------|--------------------------------|-----------------|----------------------------|
| Jean Pierre Jutras | <i>Director and President</i> | Barbara O'Neill | <i>Corporate Secretary</i> |
| Shari Difley | <i>Chief Financial Officer</i> | Shane Ebert | <i>Director</i> |
| Cornell McDowell | <i>Director</i> | Peter Megaw | <i>Director</i> |

12) Related Party Transactions

Transactions for the year ended September 30, 2022 are disclosed and explained in Note 18 "Related party balances and transactions and key management remuneration" to the Audited Consolidated Financial Statements for the year ended September 30, 2022 which accompany this MD&A.

13) Share capital, warrants, and stock options

Refer to Note 12 "Share capital, stock options and warrants" to the Consolidated Financial Statements for the year ended September 30, 2022 and the Statement of Changes in Equity for common share capital, stock option and warrant transactions during the year ended September 30, 2022 and balances as at that date.

During the period from October 1, 2022 to December 19, 2022, the date of this report, no shares were issued, cancelled or returned to treasury. On October 19, 2022, 125,000 options exercisable at \$0.14 per share and on November 19, 2022, 125,000 options exercisable at \$0.225 per share, expired without exercise. Further, on November 14, 2022, 2,250,000 options were granted exercisable at \$0.05 per share. Refer to 21 b) Subsequent Events for details of the options granted including expiries and valuations. There were no further changes to options issued, exercised or expired except as disclosed above. During this subsequent period, no warrants were issued or exercised and none expired.

14) Legal settlement

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 was seeking to claim ownership of some of the Jade samples collected during the 2019 trenching program in Wyoming.

During the year ended September 30, 2021, an agreement was reached between the parties, payments were advanced, and the case was dismissed. Pursuant to the mutually agreed upon dispute resolution, the plaintiff was paid a sum of money including a payment from the Company in the amount of US\$22,500 (CDN\$28,833). As part of the agreement, the plaintiff also transferred to the Company two placer claims, and relinquished his royalty interest in the lode claim previously sold to the Company (refer to Note 8 – "Exploration and evaluation assets" to the Audited Consolidated Financial Statements which accompany this document).

15) Financial Instruments

The carrying value of the Company's financial instruments, consisting of cash, accounts receivable (net of sales tax), short-term investments, and accounts payable and accrued liabilities (net of sales tax), approximate their fair value due to the short-term nature of the instruments. 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 undertakes transactions denominated in US currency through its exploration in the US; consequently, it is exposed to exchange rate fluctuations. The Company will acquire US funds from time to time to settle US\$ denominated liabilities. At September 30, 2022, the Company had US\$10,983 (CDN\$15,054) (September 30, 2021 - US\$15,688 (CDN\$19,988)) in a US denominated bank account. The effect of a foreign currency increase or decrease of 10% on this cash holding would result in an increase or decrease of CDN\$1,505 (September 30, 2021 – CDN \$1,999). Additionally, at September 30, 2022, accounts payable and accrued liabilities include liabilities of US \$Nil (CDN \$Nil) (September 30, 2021 – US \$28,931 (CDN \$36,861)) that must be settled in US\$. The effect of a foreign currency increase or decrease of 10% on this liability would result in an increase or decrease of CDN \$Nil (September 30, 2021 – CDN \$3,686) to the amount payable.

16) Financial Risk Management

a) Credit risk

Credit risk is the risk of financial loss to the Company if counterparties to a financial instrument fail to meet their contractual obligations. The Company's financial instruments that could be subject to credit risk consist of accounts receivable, (excluding sales tax). The Company has had a history of prompt receipt of their receivables and considers credit risk to be low on these instruments as at September 30, 2022 and September 30, 2021. The Company's cash at bank is currently held with one financial institution.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they 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 several factors including market acceptance, stock price and exploration results. The Company is continually investigating financing options. The continuing operations of the Company are dependent upon its ability to continue to obtain adequate financing or to commence profitable operations in the future. The Company believes that it has sufficient working capital to finance general and administrative and other operating expenses for the next five-month period ending February 28, 2023. However, increases in expenditures above and beyond budgeted expenditures, including new property acquisitions and exploration programs as well as claim renewal fees for the US mineral properties estimated at \$26,000 due September 1, 2023, will require additional financing. There can be no assurance that the Company will be successful in obtaining financing (refer to Note 1 - "Nature and continuance of operations" of the Audited Consolidated Financial Statements which accompany this document).

c) Market risk

The Company 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. During the year ended September 30, 2022, the market price fluctuation on the investments held resulted in a net loss of \$1,040 (September 30, 2021 – net gain of \$3,120) on short-term investments. In 2022, a 10% positive or negative change in fair value of the Company's marketable investments would result in a positive or negative change to income of \$208 (September 30, 2021 - \$312).

d) Interest rate risk

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

e) Foreign exchange risk

The Company undertakes transactions denominated in US currency; consequently, it is exposed to exchange rate fluctuations. The effect of a foreign currency increase or decrease of 10% on the US denominated cash balance and liabilities has been disclosed in Section 15) – "Financial instruments".

17) Outlook

- Injections of working capital from the August, 2021 and November, 2021 financings referred to in Section 6) "Financing" above, financed operations to the end of the fiscal year while the Company worked on preparing samples for sale to establish values for the Jade in its discoveries. Future operations and exploration programs will be dependent upon additional successful financing and market acceptance of the Company's sample products produced for future product sales. When further financing is obtained, after accounting for operating requirements, priority for exploration will be established amongst the properties as a function of market acceptance of the Company's respective sample products.
- The Company worked on increasing visibility and exposure and conducting pre-marketing in international communities through attendance at various trade events in the USA and China during fiscal 2019. During fiscal 2020, the Company attended conferences in the US and Canada increasing its exposure to the international jade and investing community. During fiscal 2021, while continuing efforts to increase exposure to the international jade and investing community, the Company also turned its attention to sample product development. These efforts included the preparation of selective stone samples, thought to be representative of the Company's collection to date. In addition, the Company produced a number of promotional videos which were released in Q2 and Q3 2021, presenting a history of Jade in the Wyoming region, rough samples of Jade collected in the Wyoming region through the various field programs conducted by the Company, and a demonstration of the size and quality of samples collected and polished to date. The objective of these videos was to solidify market acceptance of the Company's products.
- During Q4, 2021, the Company had initial sales of 2.8 kg of Jade materials mined from its Wyoming properties, for gross proceeds of US\$1,350 with prices ranging between US\$0.25 per gram (US\$250 per kg) to US\$1.00 per gram (US\$1,000 per kg). During Q2 2022, the Company had approximately \$1,600 in product sales. During Q3 2022, the Company incurred the first major sale of Wyoming Sky Jades[®] to a major, well-established European jewellery manufacturer, marking the first sale of materials to an institutional/wholesale customer. The lot weight was 6.5 kilograms, and the total consideration was US\$10,500, representing an average realized price of US\$1,620 per kilogram. These sales are important as they allow the Company to begin to establish a market valuation for Jade recovered from its Wyoming properties.
- During fiscal 2022, the Company launched an e-commerce site to facilitate product sales, while continuing to focus its marketing activities within the national and international Jade community. The e-commerce website, www.jadeleader.shop, offers approximately 150 items for sale, ranging in price from US\$20 to US\$18,000. Items for sale are categorized into 6 product lines including: specimens, tumbled, slabs, hand gems, carving blocks and finished jewellery.
- All Wyoming Jade Fields projects are still active. During Q4 2021 and Q1 2022 the Company completed a mechanized bulk sampling program in the Wyoming Sky Zone. The Company's immediate focus will be to continue to evaluate materials recovered and to test the market for the Jade recovered. With information gained through market response and potential sales, the Company will evaluate how best to target the various types of jade in the continuation of its field activities.
- The work conducted in 2019 on the DJ Washington property has increased the exploration potential of the Lode 2 target which was initially drilled over 30 meters of strike length. The trenching and sampling program in Washington confirmed a new in-situ surface nephrite jade occurrence, the widest found on the property to date. The drilling program conducted in October/November 2018 confirmed consistent intersections of Jade that correlates well with mapped surficial Jade. The Company was excited by the discovery of large masses of Rhodonite during its summer 2019 Jade exploration program. If the large block which was shipped to a renowned stone sculptor is considered suitable for carving, and results in a marketable piece of art being created, the Company will be able to begin to establish a value for this Rhodonite. A positive reception from the lapidary/carving industry would lead to further Rhodonite extraction on site.

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- During the year ended September 30, 2022, the Company began to more closely examine jade specimens harvested from the DJ jade project, in previously conducted exploration programs, focusing on the “colour change phenomenon” of certain specimens, which exhibit a unique colour change phenomenon, whereby the colour can shift from white to blues to dark green as the viewer’s eye moves in relation to the stones. These characteristics are often referred to by gemmologists as “phenomenon stones”, because of their unusual optical effects such as colour change, chatoyancy or asterism; characteristics which can be highly prized by collectors and specialty jewellers. The Jade material exhibiting the colour change phenomenon described above has been found in surface trenches at the Lode 2 Jade occurrence. In order to capitalize on this new knowledge and potential opportunity, the Company initiated a field trenching program targeting the collection of further nephrite Jade exhibiting the desired characteristics, with the objective to determine potential yields through trenching along the known occurrence, and to provide additional materials to bring to market. The materials collected from this program are currently undergoing evaluation.

The next phase of work on the DJ property, which is contingent upon the receipt of sufficient financing, would likely consist of a one week to ten-day mechanized bulk sample (backhoe) program, aiming to recover a sufficient amount of jade materials for evaluation and marketing from the road accessible Lode 2 target, where unique colour change materials have been found to date. Such a program would have a budget of approximately \$35,000-\$45,000. Permitting for this stage may be required if a notice level exemption cannot be obtained from BLM for this planned next phase of work. The Company is currently evaluating chatoyant and colour change materials collected during previous exploration programs with the view to test for market acceptance of these samples.

- In recent years, there had been an increase in interest in the Rackla belt, which hosts the Tell property, as a result of significant silver, lead and zinc discoveries in the area. Jade Leader was optimistic that if the company that was exploring in the same geological belt as Tell continued to have drilling success, there was good potential for the Tell property to attract third party financing or partners to take the property forward based on those results. However, the Company had not been successful in attracting a purchaser or option partner for the property after continued efforts; therefore, during Q4 2021, the Company recognized an impairment equal to the full amount of the expenditures incurred on the property to September 30, 2021. Jade Leader continues to hold core claims which will expire in October 2023, thus allowing the Company to continue to investigate opportunities to option out the Tell property.
- The Company will also work to expand current and potential investors’ awareness of the Company’s activities through social media, including its website which hosts videos and other relevant information.

18) Risks

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

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

- **Exploration, development and operating risks**
The Company is in the process of exploring its properties and has not yet determined whether its properties contain economically recoverable reserves and, therefore, does not generate revenues from commercial production. The recovery of expenditures on mineral properties and the related deferred

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exploration expenditures are dependent on the existence of economically recoverable mineralization, the ability of the Company to obtain financing necessary to complete the exploration and development of its properties, and upon future profitable production, or alternatively, on the sufficiency of proceeds from disposition. Mineral exploration is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that exploration efforts will be successful.

- **Substantial capital requirements and liquidity**

Substantial additional funds to pursue the Company's potential mineral exploration beyond currently planned expenditures may be required should exploration results indicate that future work may be warranted on any one project, and should any such funding not be fully generated from operations. No assurances can be given that the Company will be able to raise the additional funds that may be required for such activities, should such funds not be fully generated from operations. Mineral prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures and operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operation and pursue only those projects that can be funded through cash flows generated from its existing operations, if any.

- **Fluctuating mineral prices**

The economics of mineral exploration are affected by many factors beyond the Company's control, including commodity prices, the cost of operations, variations in the grade of minerals explored and fluctuations in the market price of minerals. Depending on the price of minerals, the Company may determine that it is impractical to continue a mineral exploration operation. Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production and the importing and exporting of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any minerals found on the Company's properties.

- **Regulatory, permit and license requirements**

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

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

- **Financing risks and dilution to shareholders**

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

- **Title to properties**

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

- **Competition**

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

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

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

- **Environmental risks**

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

- **Conflicts of interest**

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

- **Uninsurable risks**

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

- **Litigation**

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

19) Critical Accounting Estimates

The most significant accounting estimate for the Company relates to the carrying value of its exploration and evaluation assets. Exploration and evaluation assets consist of the capitalized costs of exploration on, and acquisition of, mining concessions. Acquisition and leasehold costs and exploration costs are capitalized and deferred until such time as the property is put into production or the properties are disposed of either through sales or abandonments. The estimated values of exploration and evaluation assets are evaluated by management on a regular basis to determine whether facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. Reference is made to project economics, including the timing of the exploration and/or development work, the work programs and exploration results experienced by the Company and others, financing, the extent to which optionees have committed, or are expected to commit to, exploration on the property and the imminent expiry of right to explore, among other factors. When it becomes apparent that the carrying value of a specific property will not be realized an impairment provision is made for the estimated decline in value.

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

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

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

20) New Accounting Policies

Jade Leader did not adopt any new accounting policies during the year ended September 30, 2022.

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21) Subsequent events

- a) Subsequent to September 30, 2022 and before December 19, 2022, 250,000 stock options with an aggregate value of \$36,265 expired without exercise as follows:

| <u>Number of shares</u> | <u>Exercise price</u> | <u>Expiry date</u> | <u>Value</u> |
|-------------------------|-----------------------|--------------------------|-----------------|
| 125,000 | \$0.14 | October 19, 2022 | \$16,125 |
| <u>125,000</u> | <u>\$0.225</u> | <u>November 19, 2022</u> | <u>\$20,140</u> |
| <u>250,000</u> | | | <u>\$36,265</u> |

- b) On November 14, 2022, the Company issued 2,100,000 options that may be exercised at \$0.05 per share to November 14, 2027. The options were valued at \$71,896 incorporating the Black-Scholes Options Pricing model assuming a 5-year term, volatility of 132%, a risk-free discount rate of 3.33% and a dividend rate of 0%.

On November 14, 2022, the Company issued 150,000 options that may be exercised at \$0.05 per share to November 14, 2026. The options were valued at \$4,806 incorporating the Black-Scholes Options Pricing model assuming a 4-year term, volatility of 131%, a risk-free discount rate of 3.33% and a dividend rate of 0%.