CANEX Metals Inc.

Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)
Three Months Ended December 31, 2018
(Unaudited)

February 27, 2019

MANAGEMENT'S RESPONSIBILITY FOR CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of CANEX Metals Inc. ("CANEX Metals") are the responsibility of the Board of Directors. The unaudited condensed interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These unaudited condensed interim consolidated financial statement do not include all of the disclosures required for annual financial statements and therefore should be read in conjunction with CANEX Metals' audited annual consolidated financial statements and notes thereto for the year ended September 30, 2018. These unaudited condensed interim consolidated financial statements follow the same significant accounting policies and methods of application as those included in CANEX Metals' most recent audited annual consolidated financial statements, except as described in Note 3 "Significant accounting policies". Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgements and estimates and the choice of accounting principles and methods that are appropriate to CANEX Metals' circumstances. In the opinion of management, the unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 "Interim Financial Reporting" using accounting policies consistent with IFRS appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that the periods presented by, the unaudited condensed interim consolidated financial statements and (ii) the unaudited operations and cash flows of CANEX Metals, as of the date of and for the period presented by the unaudited condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements and for ensuring that management fulfils its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the internal controls over the financial reporting process, the consolidated financial statements and the auditors' report. The Audit Committee also reviews CANEX Metals' Management's Discussion and Analysis to ensure that the financial information reported therein is consistent with the information presented in the consolidated financial statements. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements for issuance to the shareholder.

Management recognizes its responsibility for conducting CANEX Metals' affairs in compliance with established financial standards, and applicable laws and regulation, and for maintaining proper standards of conduct for its activities.

"Shane Ebert"	"Douglas Porter"
Shane Ebert	Douglas Porter
President/Director	Chief Financial Officer

<u>AUDITOR INVOLVEMENT</u>

The accompanying unaudited condensed interim consolidated financial statements of CANEX Metals have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements as at and for the three months ended December 31, 2018 has not been reviewed by CANEX Metals' auditors.

CANEX Metals Inc.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)
As at December 31, 2018 and September 30, 2018
(Unaudited - Prepared by Management)

		December 31 2018		September 30 2018
ASSETS				
Current Assets				
Cash (Note 5)	$	**135,096**	$	242,750
Accounts receivable (Note 6)		**12,423**		1,187
Mining exploration tax credit receivable (Note 8)		**29,598**		29,598
Prepaid expenses		**6,887**		10,352
Short-term investments (Note 7)		**304,550**		245,950
		488,554		529,837
Non-current Assets				
Exploration and evaluation asset advances and deposits (Note 8)		**10,000**		10,000
Exploration and evaluation assets (Note 8)		**464,401**		190,832
Equipment (Note 9)		**119**		132
		474,520		200,964
TOTAL ASSETS	$	**963,074**	$	730,801
EQUITY AND LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities (Note 10)	$	**48,881**	$	33,449
Non-current liabilities				
Decommissioning obligation (Note 11)		**15,000**		15,000
TOTAL LIABILITIES		**63,881**		48,449
EQUITY				
Share capital (Note 12)		**13,939,165**		13,835,176
Reserves		**2,074,349**		1,983,697
Deficit		**(15,114,321)**		(15,136,521)
TOTAL EQUITY		**899,193**		682,352
TOTAL EQUITY AND LIABILITIES	$	**963,074**	$	730,801

Nature of operations (Note 1)
Commitments (Note 18)

Approved by the Board

"Shane Ebert"
__________________________ **Director**

"Lesley Hayes"
__________________________ **Director**

See accompanying notes to the financial statements.

CANEX Metals Inc.
Condensed Interim Consolidated Statements of Income and Comprehensive Income
(Expressed in Canadian Dollars)
(Unaudited - Prepared by Management)
For the three months ended December 31

		2018		2017
Expenses				
General and administrative (Note 14)	**$**	**29,815**	$	20,032
Reporting to shareholders		**4,126**		3,924
Professional fees		**689**		6,662
Stock exchange and transfer agent fees		**1,826**		2,081
Depreciation		**13**		24
		36,469		32,723
Loss before other items		**(36,469)**		(32,723)
Other items				
Interest and other		**69**		20
Income from short-term investments (Note 7)		**58,600**		163,528
		58,669		163,548
Net income and comprehensive income for the period	**$**	**22,200**	$	130,825
Basic and diluted income per share (Note 15)	**$**	**0.00**	$	$0.01
Weighted average shares outstanding - basic and diluted (Note 15)		**25,602,295**		22,586,425

Nature of operations (Note 1)

See accompanying notes to the financial statements.

CANEX Metals Inc.

Condensed Interim Consolidated Statements Cash Flows

(Expressed in Canadian Dollars)
(Unaudited - Prepared by Management)
For the three months ended December 31

		2018		2017
Increase (decrease) in cash				
Operating activities				
Cash paid to suppliers and contractors	**$**	**(28,795)**	$	(34,049)
Cash used in operating activities (Note 19)		**(28,795)**		(34, 049)
Investing activities				
Interest and other income received		**69**		20
Cash expended on exploration and evaluation asset additions		**(190,969)**		(3,642)
Cash used in investing activities		**(190,900)**		(3,622)
Financing activities				
Share capital and warrant issue proceeds		115,000		-
Share issue costs		(2,959)		-
Cash provided by financing activities		**112,041**		**-**
Decrease in cash		**(107,654)**		(37,671)
Cash:				
Beginning of period		**242,750**		289,930
End of period	**$**	**135,096**	$	252,259

Supplementary information:
Interest and taxes

During the three month periods ended December 31, 2018 and December 31, 2017, the Company did not expend cash on interest or taxes.

Non-cash transactions

2019
During the three month period ended December 31, 2018, the Company issued 1,180,000 common shares valued at $82,600 pursuant to an option agreement on the Gibson property. The acquisition was valued using the closing share price on the transaction date. See Note 8 – “Exploration and evaluation assets” for more information.

2018
During the three month period ended December 31, 2017, there were no non-cash transactions.

See accompanying notes to the financial statements.

CANEX Metals Inc.

Condensed Interim Consolidated Statement of Changes in Equity

(Expressed in Canadian Dollars)
(Unaudited - Prepared by Management)
As at December 31

	Common share capital $	Equity-settled share based payment $	Warrants $	Other Reserves* $	Total Reserves $	Deficit $	Total $
Balance, December 31, 2016	**13,767,552**	**5,000**	**33,120**	**1,881,077**	**1,919,197**	**(15,303,878)**	**382,871**
Net and comprehensive income for the period	-	-	-	-	-	109,625	109,625
Share issuance - property acquisition (Note 8)	78,750	-	-	-	-	-	78,750
Share issue and transactions costs	(9,093)	-	-	-	-	-	(9,093)
Options expired	-	(5,000)	-	5,000	-	-	-
Options issued	-	64,500	-	-	64,500	-	64,500
Balance, September 30, 2017	**13,837,209**	**64,500**	**33,120**	**1,886,077**	**1,983,697**	**(15,194,253)**	**626,653**
Net and comprehensive income for the period	-	-	-	-	-	130,825	130,825
Balance, December 31, 2017	**13,837,209**	**64,500**	**33,120**	**1,886,077**	**1,983,697**	**(15,063,428)**	**757,478**
Net and comprehensive loss for the period	-	-	-	-	-	(73,093)	(73,093)
Share issuance and transaction costs	(2,033)	-	-	-	-	-	(2,033)
Balance, September 30, 2018	**13,835,176**	**64,500**	**33,120**	**1,886,077**	**1,983,697**	**(15,136,521)**	**682,352**
Net and comprehensive income for the period	-	-	-	-	-	22,200	22,200
Share issuance - property acquisition (Note 8)	82,600	-	-	-	-	-	82,600
Private placement share and warrant issue	24,348	-	90,652	-	90,652	-	115,000
Share issuance and transactions costs	(2,959)	-	-	-	-	-	(2,959)
Balance, December 31, 2018	**13,939,165**	**64,500**	**123,772**	**1,886,077**	**2,074,349**	**(15,114,321)**	**899,193**

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

See accompanying notes to the financial statements

1. Nature of operations

CANEX Metals Inc. ("CANEX Metals" or the "Company") is engaged in the business of mineral exploration and development in Canada. The Company was originally incorporated under the laws of the Province of Quebec, Canada and has been continued under the Alberta Business Corporations Act, Canada. 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 under the symbol CANX.

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

Mineral properties are recognized in these financial statements in accordance with the accounting policies outlined in Note 3(f) "Exploration and evaluation assets" of the annual financial statements for the year ended September 30, 2018. Accordingly, their carrying values represent costs incurred to date, net of recoveries, abandonments and impairments. The recoverability of these amounts is dependent upon the existence of economically recoverable mineral reserves; the acquisition and maintenance of appropriate permits, licenses and rights; the ability of the Company to obtain necessary financing to complete the development of properties where necessary, and upon future profitable operations; or alternatively, upon the Company’s ability to recover its costs through a disposition of its interests.

2. Basis of presentation

a) Basis of presentation

These condensed interim consolidated financial statements are unaudited and have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting", using accounting policies consistent with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretation of the International Reporting Interpretations Committee ("IFRIC") and are presented in Canadian dollars.

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments described in Note 13 and decommissioning obligation described in Note 11. In addition, these statements have been prepared using the accrual basis of accounting except for cash flow information.

b) Principles of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its now dormant, wholly-owned US subsidiary, NAMCOEX Inc. NAMCOEX was incorporated by the Company during the year ended September 30, 2005 to acquire Nevada mineral property interests. 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 non-consolidated from the date control ceases.

3. Significant accounting polices

The financial framework and accounting policies applied in the preparation of these condensed interim consolidated financial statements are consistent with those as disclosed in its most recently completed audited annual consolidated financial statements for the year ended September 30, 2018.

a) New accounting policies

CANEX Metals did not adopt any new accounting policies during the three months ended December 31, 2018.

3. Significant accounting polices (continued)

b) New accounting standards and interpretations

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

IFRS 16 – Leases

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

4. Significant accounting judgments and estimates

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

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

Significant estimates include:

a) The carrying value of investments and the recoverability of the carrying value which is included in the statement of financial position, including the assumptions that are incorporated into the impairment assessments, and the amount of impairments that are included in the statement of profit or loss. (Refer to Note 1 – “Nature of operations”)
b) The estimate of the amount of decommissioning obligation and the inputs used in determining the net present value of the liabilities for decommissioning obligations included in the statement of financial position.
c) The estimated fair value of share purchase options requires determining the most appropriate model as well as the applicable inputs.
d) Judgement is required in determining whether or not deferred tax assets are recognized on the statement of financial position.
e) Estimates are required in determining the amount of government incentives. Judgement is also required to determine the recoverability of the government incentives.

(Expressed in Canadian Dollars)

5. Cash

Cash is comprised of:

		Dec 31, 2018		Sept 30, 2018
Current bank accounts	$	**135,081**	$	80,229
Cash investments		**15**		162,521
	$	**135,096**	$	242,750

6. Accounts receivable

		Dec 31, 2018		Sept 30, 2018
Due from related parties	$	**627**	$	332
Sales tax receivables		**11,796**		855
	$	**12,423**	$	1,187

7. Short-term investments

		Dec 31, 2018		Sept 30, 2018
Spruce Ridge Resources Ltd.				
Common shares (Dec 31, 2018 - 6,000,000, Sept 30, 2018 - 6,000,000)	$	**300,000**	$	240,000
Commander Resources Ltd.				
Common shares (Dec 31, 2018 - 100,000, Sept 30, 2018 - 100,000)		**1,400**		2,800
Maple Gold Mines Ltd. (formerly Aurvista Gold Corporation)				
Common shares (Dec 31, 2018 - 31,500, Sept 30, 2018 - 31,500)		**3,150**		3,150
	$	**304,550**	$	245,950

The common shares of Spruce Ridge Resources Ltd., Commander Resources Ltd. and Maple Gold Corporation were valued at their fair value, based on their respective period-end trading prices, at December 31, 2018 and September 30, 2018.

During the year ended September 30, 2018, the Company sold 5 million shares of Spruce Ridge Resources Ltd. ("Spruce Ridge") for cash proceeds of $150,000, to an arm's length party ("Purchaser"). It also approved the granting of an option to the Purchaser to sell an additional 3 million shares of Spruce Ridge at a set price of $0.06 per share until September 21, 2019 exercisable at the option of the Purchaser. The term is accelerated to expire within 2 weeks in the event that Spruce Ridge shares trade above $0.09 for 30 consecutive days. The fair value of the option at December 31, 2018 and September 30, 2018 was determined to be immaterial, using the Black-Scholes model and the following assumptions: risk free rate of 1.86% (September 30, 2018 - 1, volatility of 41% (September 30, 2018 - 57%), and dividend yield of nil.

On November 21, 2017, Aurvista Gold Corporation changed its name to "Maple Gold Mines Ltd.

(Expressed in Canadian Dollars)

8. Exploration and evaluation assets

Gibson Prospect, British Columbia

On April 4, 2017, the Company announced it had signed a Letter of Intent to acquire a 100% interest in the Gibson property from Altius Resources Inc. ("Altius"), a wholly held subsidiary of Altius Minerals (TSX:ALS), which is an arm's length party. Gibson is 887 Ha in size and located in central British Columbia, approximately 95 kilometres northwest of Fort St. James. The option purchase agreement (the "Agreement") was executed on May 12, 2017; and received Exchange approval on May 17, 2017. The Company also assumed the obligations of an underlying option agreement with Steven Scott, an arm's length party (the "Underlying Agreement").

Under the terms of the Agreement, the Company is committed to issue a maximum of 3,545,000 common shares to Altius in three stages plus incur minimum exploration expenditures up to $500,000 within 18 months, and make $90,000 in cash payments to Steven Scott. Upon approval of the Agreement, the Company issued 1,125,000 common shares to Altius valued at $78,750 and paid $5,000 to Steven Scott. On February 14, 2018, the Company paid $15,000 to Steven Scott pursuant to the Underlying Agreement. On October 5, 2018, the Company issued 1,180,000 common shares to Altius valued at $82,600 pursuant to the Agreement. On November 12, 2018, the Company was granted an extension to meet its minimum exploration expenditures of $500,000 by November 12, 2018 to July 15, 2019, as lack of access during 2018, in part, prevented the Company from completing the required expenditures within the allotted time. All other terms of the Agreement remain unchanged. The gross costs and impairments recorded to the Gibson Prospect as at December 31, 2018 are $448,970 and $nil, respectively (September 30, 2018 - $177,234 and $nil).

As at December 31, 2018, under the terms of the Agreement, the Company is committed to the following share issuances, cash payments and minimum exploration expenditures:

	Altius		**Underlying option agreement with Steven Scott**	
Remaining commitments under the terms of the Agreement are as follows:	Share issues	Minimum Exploration Expenditures	Cash or share equivalent payments	Minimum exploration expenditures*
		($)	($)	($)
Expenditure Commitment on or before July 15, 2019	-	500,000	-	-
Following the completion of the Expenditure Commitment	1,240,000	-	-	-
On or before March 9, 2019	-	-	20,000	20,000
On or before March 9, 2020	-	-	25,000	30,000
On or before March 9, 2021	-	-	25,000	50,000
Total	1,240,000	500,000	70,000	100,000

* - included in total minimum exploration expenditure commitments

Shane Ebert through his company, Vector Resources Inc. (see Note 17 - "Related parties and transactions and key management remuneration"), provides consulting services to Altius regarding British Columbia project generation activities. Vector Resources Inc. is entitled to 5% of the compensation, 177,250 shares, due to Altius under the Gibson agreement.

8. Exploration and evaluation assets (continued)
Gibson Prospect, British Columbia (continued)

In addition, Altius will retain a right to purchase an underlying 1.5% Net Smelter Royalty ("NSR") and preferential rights on any future royalties or streams granted on the Property. If the Company achieves measured and indicated mineral resources in excess of 1 million gold equivalent ounces, a Milestone Payment of 1,275,000 shares will be issued to Altius. Altius will have a pro rata right to participate in future equity financings of the Company for two years. Pursuant to the Underlying Agreement, Steven Scott is also entitled to the additional milestone bonuses 1) $25,000 in cash or securities upon a Bankable Feasibility Study; and 2) $50,000 in cash or securities upon Commercial Production.

Echo, Fulton, Red and Beal properties, British Columbia

On June 21, 2018, the Company signed a Definitive Agreement granting the Company an option to acquire a 100% interest in five mineral exploration properties in British Columbia from Altius Resources Inc. ("Altius"), a wholly-owned subsidiary of Altius Minerals Corp. (TSX:ALS). The five properties are named Ace, Echo, Fulton, Red and Beal. Pursuant to the Definitive Agreement, the acquisition of the Ace property was conditional upon satisfactory resolution of a property access issue by August 15, 2018. Since the access issue remained unresolved, the Ace Property was dropped from the Definitive Agreement. All other terms of the agreement remain unchanged. There are no financing obligations attached to the Definitive Agreement.

The terms of the agreement are summarized below:

To acquire a 100% interest in the Echo, Fulton, Beal and Red properties, the Company must spend a minimum of $30,000 on exploration within 15 months (on or before September 21, 2019) of closing the definitive agreement and issue to Altius 500,000 common shares for each project. In addition, Altius will retain a 1.75% Gross Smelter Royalty ("GSR") on all properties within a 5 km area of interest. For each property that achieves a measured and indicated mineral resource in excess of 0.5 million gold equivalent ounces, a Milestone Payment of 1.5 million shares will be issued to Altius.

The Company has continued to move forward with evaluations of the Echo, Beal, Fulton and Red properties. The gross costs and impairments recorded to the Echo, Fulton, Red and Beal properties combined as at December 31, 2018 are $9,523 and $nil, respectively (September 30, 2018 - $7,690 and $nil).

Cariboo Gold Property, British Columbia

During the year ended September 30, 2015, the Company staked the Cariboo Gold Property located in central British Columbia. The Cariboo Gold Property is 30 kilometres southeast of Quesnel, B.C. with good road access, located in the heart of the Cariboo gold fields which have produced several million ounces of gold from both placer and lode deposits. Major deposits located south and southeast of the Cariboo Gold Property include the QR Mine, the Gibraltar Mine, the Mt. Polley Mine, and the Spanish Mountain and Woodjam projects. The Cariboo Gold Property has seen significant historic exploration including geophysical and geochemical surveys and drilling. The property is known to contain gold skarn style mineralization similar to the nearby QR deposit, along with epithermal Au mineralization. Historic drilling has also encountered high temperature potassic alteration along with intrusive rocks and breccias indicating potential for Cu-Au porphyry style mineralization. The gross costs and impairments recorded to the Cariboo Gold Property as at December 31, 2018 are $5,908 and $nil, respectively (September 30, 2018 - $5,908 and $nil).

(Expressed in Canadian Dollars)

8. Exploration and evaluation assets (continued)

A summary of exploration and evaluation expenditures by category for the three months ended December 31, 2018 and the year ended September 30, 2018 appear below:

		British Columbia			
Three months ended December 31, 2018	**Total**	**Gibson Property**	**Cariboo Gold Property**	**Echo Property**	**Fulton Property**
	$	$	$	$	$
Exploration expenditures:					
Balance, September 30, 2018	**84,588**	78,484	2,243	1,546	2,315
Geological consulting	**23,440**	22,090	-	1,350	-
Field costs	**2,655**	2,655	-	-	-
Travel	**10,869**	10,869	-	-	-
Geochemical	**9,439**	8,956	-	-	483
Excavating	**12,482**	12,482	-	-	-
Drilling	**128,000**	128,000	-	-	-
Equipment rental	**4,084**	4,084	-	-	-
Balance, December 31, 2018	**275,557**	**267,620**	**2,243**	**2,896**	**2,798**
Property acquisition costs					
Balance, September 30, 2018	106,244	98,750	3,665	3,307	522
Acquisition costs incurred	82,600	82,600	-	-	-
Balance, December 31, 2018	**188,844**	**181,350**	**3,665**	**3,307**	**522**
Total exploration and evaluation assets, December 31, 2018	**464,401**	**448,970**	**5,908**	**6,203**	**3,320**

		British Columbia			
Year ended September 30, 2018	**Total**	**Gibson Property**	**Cariboo Gold Property**	**Echo Property**	**Fulton Property**
	$	$	$	$	$
Exploration expenditures:					
Balance, September 30, 2017	**75,762**	75,237	525	-	-
Geological consulting	**9,735**	4,700	1,585	1,200	2,250
Field costs	**663**	-	-	663	-
Travel	**531**	-	302	88	141
Geochemical	**380**	(62)	399	-	43
Equipment rental	**1,011**	-	141	258	612
Fuel	**261**	-	-	-	261
Expediting	**27**	-	27	-	-
BC Mining exploration tax credit	**(3,782)**	(1,391)	(736)	(663)	(992)
Balance, September 30, 2018	**84,588**	**78,484**	**2,243**	**1,546**	**2,315**
Property acquisition costs					
Balance, September 30, 2017	87,415	83,750	3,665	-	-
Acquisition costs incurred	18,829	15,000	-	3,307	522
Balance, September 30, 2018	**106,244**	**98,750**	**3,665**	**3,307**	**522**
Total exploration and evaluation assets, September 30, 2018	**190,832**	**177,234**	**5,908**	**4,853**	**2,837**

From time to time the Company is required to advance amounts to service providers prior to their commencing exploration work on the mineral interest. The advance is applied to the invoiced services, generally through the final invoice. As these advances pertain to costs that form part of the long-term exploration and evaluation assets, they are classified as long-term. At December 31, 2018, the Company held $10,000 in respect of the Gibson Prospect in exploration and evaluation asset advances and deposits (September 30, 2018 - $10,000).

(Expressed in Canadian Dollars)

9. Equipment

Computer equipment and software		**Dec 31, 2018**		**Sept 30, 2018**
Cost				
Balance, beginning of period and end of period	**$**	**9,685**	$	9,685
Accumulated depreciation				
Balance, beginning of period		**9,553**		9,458
Depreciation		**13**		95
Balance, end of period		**9,566**		9,553
Net book value	**$**	**119**	$	132

10. Accounts payable and accrued liabilities

		Dec 31, 2018		**Sept 30, 2018**
Trade payables	**$**	**25,423**	$	762
Due to related parties		**18,628**		9,671
Accrued liabilities		**4,800**		23,000
Commodity taxes payable		**30**		16
	$	**48,881**	$	33,449

11. Decommissioning obligation

Changes in the decommissioning obligation:

		Dec 31, 2018		**Sept 30, 2018**
Balance, beginning of year	**$**	**15,000**	**$**	15,000
Additions		**-**		-
Balance, end of year	**$**	**15,000**	**$**	15,000

The above noted provision represents estimated costs to restore the Company's mineral property which includes the cost of filling trenches and revegetation as applicable. Management believes that there are no other significant legal obligations as at the respective period end dates for current and future decommissioning obligations. The period end present value of the decommissioning obligation was determined using a risk-free rate of 1.86% (September 30, 2018 – 2.21 %). The estimated total undiscounted amount, using an inflation rate of 1.99% (September 30, 2018 – 2.36%) for the three month period ended December 31, 2018 is $17,500 (year ended September 30, 2018 - $17,500). 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, at which time the reclamation has to have been completed. No accretion expense has been recorded in the current period because the amount is considered to be immaterial.

12. Share capital, stock options and warrants

a) Authorized

Unlimited number of common shares without par value

(Expressed in Canadian Dollars)

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

b) Issued and outstanding common share capital

	Shares	Value $
Balance, as at September 30, 2018	**22,586,425**	**13,835,176**
Share issuance – property acquisition	1,180,000	82,600
Private Placement – October 16, 2018	2,300,000	115,000
Value of warrants included in private placement	-	(90,652)
Share issuance costs	-	(2,959)
Balance, as at December 31, 2018	**26,066,425**	**13,939,165**

	Shares	Value $
Balance, as at September 30, 2017	**22,586,425**	**13,837,209**
Share issuance costs	-	(2,033)
Balance, as at September 30, 2018	**22,586,425**	**13,835,176**

On October 5, 2018, the Company issued 1,180,000 common shares valued at $82,600 pursuant to an option agreement on the Gibson property. The acquisition was valued using the closing share price on the transaction date. See Note 8 - "Exploration and evaluation assets" for more information.

On October 16, 2018, the Company closed a non-brokered private placement share and warrant issue for aggregate gross proceeds of $115,000. The placement was comprised of 2,300,000 common units at $0.05 per unit. Each common unit was comprised of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one additional common share at a price of $0.10 per share until October 16, 2020. In valuing the warrants, the Company used a proration of proceeds method to the components including the use of the Black-Scholes Pricing model assuming a volatility of 242.39%, a risk free rate of 2.15%, a two year warrant life and a 0% dividend rate.

During the period ended December 31, 2017, there were no shares issued or cancelled and returned to treasury.

Subsequent to December 31, 2018 and the approval date of these financial statements, the Company issued 400,000 common shares valued at $20,000 pursuant to an underlying option agreement on the Gibson Property. The shares were valued using the market price at the time of issuance. See Note 8 – "Exploration and evaluation assets" for more information.

c) Stock options outstanding

	Number of options		Exercise
Expiry	**Dec 31, 2018**	**Sept 30, 2018**	**Price**
June 26, 2022	**1,175,000**	1,175,000	$0.06

The Company has an option plan (the Plan), under which up to 10% of the issued and outstanding common shares are reserved for issuance. Under the Plan, the options that have been granted expire at the earlier of five years from the grant date, the date at which the Directors determine, or 60 days from the date on which the optionee ceases to be a director, officer, employee or consultant. The exercise price of the options granted under the Plan will not be less than that from time to time permitted under the rules of the stock exchange or exchanges on which the shares are then listed, which price reflects trading values at that time. All of the options outstanding at the respective period ends have vested.

(Expressed in Canadian Dollars)

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

d) Stock option transactions

	Number of options	Weighted average exercise price
Balance, September 30, 2018 and December 31, 2018	1,175,000	$0.06

During the three month period ended December 31, 2018, there were no stock option transactions. Subsequent to December 31, 2018 and the approval date of these financial statements, no stock options were issued, expired or cancelled.

e) Warrant transactions and warrants outstanding

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

Three month period ended December 31, 2018:

Exercise Price	Expiry	Balance Sept 30, 2018	Warrants Issued	Warrants Expired	Balance Dec 31, 2018
$0.25	March 23, 2021	460,000	-	-	460,000
$0.10	October 16, 2020	-	2,300,000	-	2,300,000
		460,000	2,300,000	-	2,760,000

Year ended September 30, 2018:

Exercise Price	Expiry	Balance Sept 30, 2017	Warrants Issued	Warrants Expired	Balance Sept 30, 2018
$0.25	March 23, 2021	460,000	-	-	460,000

Subsequent to December 31, 2018 and the approval date of these financial statements, no warrants were issued or expired.

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 option disclosed in short-term investments is categorized as Level 2.

(Expressed in Canadian Dollars)

13. Financial instruments (continued)

The following summarizes the categories of the various financial instruments:

		Dec 31, 2018		Sept 30, 2018
		Carrying Value		
Financial Assets				
Financial assets measured at fair value:				
Short-term investments	**$**	**304,550**	$	245,950
Financial asset measured at amortized cost:				
Cash		**135,096**		242,750
Accounts receivable		**627**		332
	$	**135,723**	$	243,082
Financial Liabilities				
Financial liabilities measured at amortized cost:				
Accounts payable and accrued liabilities	**$**	**48,851**	$	33,433

The above noted financial instruments are exclusive of any sales tax. The carrying value of financial assets and liabilities measured at amortized cost approximates fair value due to the short-term nature of the instruments.

14. General and administrative

Three months ended		Dec 31, 2018		Dec 31, 2017
Administrative consulting fees	**$**	**11,990**	$	7,075
Occupancy costs		**4,697**		4,697
Office, secretarial and supplies		**8,238**		5,568
Travel and promotion		**1,069**		-
Insurance		**2,166**		2,166
Directors' fees		**600**		300
Computer network and website maintenance		**1,055**		226
	$	**29,815**	$	20,032

15. Income per share

Basic income per share is calculated using the weighted average number of common shares outstanding during the period. Diluted income per share is computed using the treasury stock method. Stock options and warrants outstanding are not included in the computation of diluted loss per share if their inclusion would be anti-dilutive. The following adjustments were made in arriving at diluted weighted average number of common shares for the period ended December 31:

Weighted average number of common shares:		2018		2017
Basic		**25,602,295**		22,586,425
Effect of dilutive securities:				
Stock options		**-**		-
Warrants		**-**		-
Basic and Diluted		**25,602,295**		22,586,425
Income per share				
Basic	**$**	**0.00**	$	0.01
Diluted	**$**	**0.00**	$	0.01

(Expressed in Canadian Dollars)

16. Income tax information

The estimated taxable income for the three months ended December 31, 2018 is $nil. Based on the level of historical taxable income it cannot be reasonably estimated at this time if it is more likely than not the Company will realize the benefits from future income tax assets or the amounts owing from future income tax liabilities. Consequently, the future recovery or loss arising from differences in tax values and accounting values has been reduced by an equivalent estimated taxable temporary difference valuation allowance. The estimated taxable temporary difference valuation allowance will be adjusted in the period in which it is determined that it is more likely than not that some portion or all of the future tax assets or future tax liabilities will be realized.

For further information on the Company's actual losses for tax purposes, refer to the September 30, 2018 audited financial statements. The benefit of these losses and the estimated loss for the period ended have not been recognized in these financial statements.

17. Related party balances and transactions and key management remuneration

The Company is considered a related party to Jade Leader Corp. ("Jade Leader") (formerly Manson Creek Resources Ltd.) because of its common directors, officers and key management personnel that have some direct financial interest in both the Company and Jade Leader. In addition, related parties include members of the Board of directors, officers and their close family members. Vector Resources Inc., a company controlled by Shane Ebert, President and director, is considered a related party. The Company incurred the following amounts charged to (by) related parties:

Three months ended:			**Dec 31, 2018**		**Dec 31, 2017**
Key management remuneration:					
President and director	a	**$**	**(20,400)**	$	(5,500)
Corporate secretary	b		**(4,849)**		(3,555)
Director's fees	c		**(600)**		(300)
		$	**(25,849)**	$	(9,355)
Other related party transactions:					
Jade Leader					
Office rent and operating costs paid	d	**$**	**(4,697)**	$	(4,697)
General, administrative and secretarial costs paid	d	**$**	**(2,572)**	$	(746)
General, administrative and secretarial costs received	d	**$**	**597**		215

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

			Dec 31, 2018		**Sept 30, 2018**
Balances receivable (owing)					
Consulting fees:					
President and director	a	**$**	**(4,725)**	$	(4,500)
Corporate secretary	b	**$**	**(1,406)**	$	(1,485)
Office rent and operating costs					
Jade Leader	d	**$**	**(4,932)**	$	-
General and administrative and secretarial costs:					
Jade Leader	d	**$**	**(2,700)**	$	(1,280)
Jade Leader	d	**$**	**627**	$	332

(Expressed in Canadian Dollars)

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

Management compensation payable to "key management personnel" during the respective three month periods is reflected in the table above and consists of consulting fees paid to the President, the CFO, the Corporate Secretary and directors' fees. Officers and directors are also compensated through the granting of options from time-to-time. There were no options granted to officers and directors during the three month periods ended December 31, 2018 or December 31, 2017. Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the Company.

a) The President and director of the Company billed for consulting services that were either expensed or, when his services related directly to mineral property exploration, capitalized to exploration and evaluation assets. During the three months ended December 31, 2018, $6,600 (2017 - $2,875), was expensed through general and administrative expenses and $13,800 (2017 - $2,625), was capitalized to exploration and evaluation assets.

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

c) The Company pays directors who are not officers of the Company $500 for meeting attendance in person and $300 for meeting attendance by telephone. There are two directors who are not officers and the amounts above reflect directors' fees paid/payable for meetings attended during the above-noted periods.

d) Jade Leader incurred certain administrative expenses on the Company's behalf that were subsequently billed to the Company on a quarterly basis. Further, the Company incurred certain administrative costs on behalf of Jade Leader that were billed on a quarterly basis. Effective April 1, 2015, the Company commenced to lease office space from Jade Leader. Jade Leader and the Company share two common officers and two common directors.

Related party receivables pertain to billings plus applicable sales taxes for which payment has not been received and related party payables reflect billings plus applicable sales taxes that were not yet paid by the Company at the respective period ends. Related party transactions were measured at the amounts agreed to by the transacting parties.

18. Commitments

Pursuant to a lease agreement for office space, the Company is committed to pay $1,566 per month until April 30, 2020. As at December 31, 2018, the committed base lease costs to the termination of the lease are as follows:

January 1, 2019 – September 30, 2019	$	14,094
October 1, 2019 – April 30, 2019		10,962
Total to lease termination	$	25,056

(Expressed in Canadian Dollars)

19. Supplemental disclosure statement of cash flows

Reconciliation of cash used in operating activities to operating loss.

		Three months ended Dec 31, 2018		Three months ended Dec 31, 2017
Income and comprehensive income	**$**	**22,200**	$	130,825
Depreciation		**13**		24
Interest and other income		**(69)**		(20)
Gain on short-term investments		**(58,600)**		(163,528)
Changes in assets and liabilities pertaining to operations:				
Accounts receivable		**(11,236)**		2,078
Prepaid expenses		**3,465**		3,466
Accounts payable and accrued liabilities		**15,432**		(6,894)
Cash used in operating activities	**$**	**(28,795)**	$	34,049

20. Segment disclosures

During the current period ended December 31, 2018 and the comparative period ended December 31, 2017 as well as during the year ended September 30, 2018, the Company was only engaged in mineral exploration and all exploration activities were undertaken in Canada. Consequently, segmented information is not presented in these financial statements.

21. Capital

The Company's objective when managing capital is to continue as a going concern so that it can provide value to shareholders by acquiring and conducting exploration on mineral exploration properties with the ultimate objective of finding commercial quantities of base and/or precious metals. Capital is defined as capital stock, warrants, contributed surplus and deficit. The Company has traditionally financed through equity issues rather than debt and does not anticipate using debt to finance its continuing grass roots exploration. Should the Company evolve to the point where it is developing or operating a mine, debt options will 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 until such time as it is required to pay operating expenses and mineral property costs, including option payments (Note 8). The Company objective is to manage its capital to safeguard its cash and its ability to continue as a going concern, and to utilize as much of its available capital.

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 receivables, 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 December 31, 2018 and September 30, 2018.

22. Financial risk management (continued)

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 continuing operations of the Company are dependent upon its ability to obtain adequate financing or to commence profitable operations in the future. The Company feels that it has sufficient working capital to finance general and administration and other operating expenses for 12 months assuming similar activity levels to the previous period. However, increases in activity levels, new property acquisitions and increased levels of exploration on its mineral properties may require additional financing. There can be no assurance that the Company will be successful in obtaining financing. Refer to Note 1 "Nature of operations"

The Company's significant remaining contractual maturities for financial liabilities at December 31, 2018 and September 30, 2018 are as follows:

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

c) Market risk

The Company's equity investments are subject to market price risk. The investments in common shares are recorded at fair value at the respective period ends with the resultant gains or losses recorded in earnings. The price value of these investments can vary from period to period. During the three month period ended December 31, 2018, the market price fluctuation resulted in a net gain of $58,600 (year ended September 30, 2018 - net gain of $520,288) on short-term investments. In 2019, a 10% change in fair value of the Company's marketable investments would result in a charge to income of $30,455 (2018 - $24,595). The Company does not intend to hold these investments for more than one year.

The Company has not yet developed producing mineral interests; it is not exposed to commodity price risk associated with developed properties at this time.

d) Interest rate risk

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

e) Foreign exchange risk

There were no foreign currency denominated transactions during the periods disclosed and the Company did not hold cash balances in foreign currencies. As a result the Company is not exposed to foreign currency exchange risk at this time.

23. Subsequent events

On February 21, 2019, the Company issued 400,000 common shares valued at $20,000 pursuant to an underlying option agreement. For more information refer to Note 8 – "Exploration and evaluation assets" and Note 12 – "Share capital, stock options and warrants".