

JG Wealth Inc.

(Formerly JG Wealth Management Corporation)

Consolidated Financial Statements

September 30, 2017 and 2016

(Expressed in Canadian Dollars)



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of JG Wealth Inc. (formerly JG Wealth Management Corporation)

We have audited the accompanying consolidated financial statements of JG Wealth Inc., which comprise of the consolidated statements of financial position as at September 30, 2017 and 2016, and the consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of JG Wealth Inc. as at September 30, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

A handwritten signature in black ink that reads "DMCL".

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
January 29, 2018

An independent firm associated with
Moore Stephens International Limited

MOORE STEPHENS

JG WEALTH INC.
(FORMERLY JG WEALTH MANAGEMENT CORPORATION)
CONSOLIDATION STATEMENTS OF FINANCIAL POSITION
As at
(Expressed in Canada Dollars)

	Note	September 30, 2017	September 30, 2016
		\$	\$
ASSETS			
Current assets			
Cash		469,311	25,287
Sales tax receivable		7,718	2,746
Investments	3, 9	3,563,188	2,724,846
Note receivable	4	-	853,563
Prepaid and deposit	5	525	133,958
TOTAL ASSETS		4,040,742	3,740,400
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	6	12,600	15,550
Due to related parties	9	121,923	84,650
Note payable	7	176,427	125,205
		310,950	225,405
Non-current			
Deferred tax liability	12	113,000	125,000
		423,950	350,405
Shareholders' equity			
Share capital	8	2,317,064	2,317,064
Other capital reserve	8	39,511	39,511
Retained earnings		1,260,217	1,033,420
TOTAL SHAREHOLDERS' EQUITY		3,616,792	3,389,995
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		4,040,742	3,740,400

Subsequent events (Notes 7 and 13)

"Sonny Janda"

Director

"Jatinder Bains"

Director

The accompanying notes are an integral part of these consolidated financial statements.

JG WEALTH INC.
(FORMERLY JG WEALTH MANAGEMENT CORPORATION)
CONSOLIDATION STATEMENTS OF COMPREHENSIVE INCOME
For the Years ended September 30,
(Expressed in Canada Dollars)

	Note	2017	2016
		\$	\$
REVENUE			
Rental income	9	-	13,274
Rental expenses		-	3,224
Net Rental income		-	10,050
OPERATING EXPENSES			
Consulting	9	25,000	68,000
Interest		6,848	2,785
Office and administration		21,903	23,139
Professional fees		19,290	24,930
Trust and filing fees		14,879	15,274
		87,920	134,128
OTHER ITEMS			
Realized gain (loss) on sale of investments	3,9	(120,098)	86,756
Interest income	4	8,593	3,563
Loss on sale of property		-	(1,490)
Service income		-	3,000
Unrealized gain on fair value of investments	3,9	414,222	712,000
Net income before tax		214,797	679,751
Deferred tax (expense) recovery	12	(12,000)	96,000
COMPREHENSIVE INCOME FOR THE YEAR		226,797	583,751
INCOME PER SHARE, BASIC AND DILUTED		0.00	0.01
WEIGHTED AVERAGE NUMBER OF OUTSTANDING SHARES, BASIC AND DILUTED		62,868,344	62,605,844

The accompanying notes are an integral part of these consolidated financial statements.

JG WEALTH INC.
(FORMERLY JG WEALTH MANAGEMENT CORPORATION)
CONSOLIDATION STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canada Dollars)

	<u>Common shares</u>		Other capital reserve	Subscription received in advance	Retained earnings	Total
	Number	Amount				
		\$	\$	\$	\$	\$
Balance, September 30, 2015	61,293,344	2,002,064	39,511	225,000	449,669	2,716,244
Issuance of common shares	1,575,000	315,000	-	(225,000)	-	90,000
Net income for the year	-	-	-	-	583,751	583,751
Balance, September 30, 2016	62,868,344	2,317,064	39,511	-	1,033,420	3,389,995
Net income for the year	-	-	-	-	226,797	226,797
Balance, September 30, 2017	62,868,344	2,317,064	39,511	-	1,260,217	3,616,792

The accompanying notes are an integral part of these consolidated financial statements.

JG WEALTH INC.
(FORMERLY JG WEALTH MANAGEMENT CORPORATION)
CONSOLIDATION STATEMENTS OF CASH FLOWS
For the Years ended September 30,
(Expressed in Canada Dollars)

	2017	2016
	\$	\$
Operating activities		
Income for the year	226,297	583,751
Items not involving cash :		
Loss from sale of property	-	1,490
Accrued interest	6,222	205
Deferred tax expense (recovery)	(12,000)	96,000
Interest income	(8,593)	(3,563)
Gain from sale of investments	120,098	(86,756)
Unrealized (gain) loss on fair value of investments	(414,222)	(712,000)
Changes in non-cash working capital items:		
Sales tax receivable	(4,971)	641
Accounts payable and accrued liabilities	(2,492)	(28,866)
Due to related parties	37,223	84,650
Prepaid and deposit	100	(625)
Cash provided by (used in) operating activities	(51,788)	(65,073)
Investing activities		
Proceeds from repayment of note receivable	862,156	-
Proceeds from sale of property	-	1,076,170
Proceeds from sale of investments	70,420	183,690
Purchase of investments	(481,764)	(449,654)
Deposit paid for acquisition of investment	-	(133,333)
Issuance of note receivable	-	(850,000)
Cash provided by (used in) investing activities	450,812	(173,127)
Financing activities		
Proceeds from issuance of note payable	45,000	125,000
Repayment of promissory note	-	(506,082)
Proceeds from issuance of common shares	-	90,000
Cash provided by (used in) financing activities	45,000	(291,082)
Increase of cash	444,024	(529,282)
Cash, beginning of year	25,287	554,569
Cash, end of year	469,311	25,287
Supplementary information:		
Cash paid for interest	12,156	2,580
Cash paid for income taxes	-	-

The accompanying notes are an integral part of these consolidated financial statements.

JG WEALTH INC.
(FORMERLY JG WEALTH MANAGEMENT CORPORATION)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended September 30, 2017 and 2016
(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

JG Wealth Inc. (formerly JG Wealth Management Corporation) (the “Company”) was incorporated on November 29, 2007 under the British Corporations Act of the Province of British Columbia and its principal business activity is investing in small capital resource sector public companies. On November 24, 2017, the Company changed its name from JG Wealth Management Corporation to JG Wealth Inc.

The Company is listed on the Canadian Securities Exchange (the “CSE”) and trades under the symbol “JGW”. The head office, principal address and records office of the Company are located at 4770-72nd Street, Delta, BC, V4K 3N3.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

These consolidated financial statements were reviewed and authorized for issue by the Board of Directors on January 29, 2018.

Basis of Preparation

These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, except for certain financial instruments measured at their fair value as explained in the accounting policies below. The financial statements are presented in Canadian dollars, unless otherwise noted.

Basis of Consolidation

These consolidated financial statements included the accounts of the Company and its wholly owned subsidiary. The results of each subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Entity	Incorporation	Status
1042484 B.C. Ltd. (formerly Acana Capital Corp.)	Canada	Inactive*

**Inactive throughout the year ended September 30, 2017 and 2016.*

JG WEALTH INC.
(FORMERLY JG WEALTH MANAGEMENT CORPORATION)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended September 30, 2017 and 2016
(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant Estimates and Assumptions

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments, the carrying values of the investments and the measurement of deferred tax liability.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements is the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

Earnings per share

Basic earnings per share is computed by dividing net income attributable to common shareholders by the weighted average number of shares outstanding in the period. Diluted earnings per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss (FVTPL), loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Fair value through profit or loss (FVTPL) - Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. They are subsequently measured at fair value with changes in fair value recognized in profit or loss. The Company designated its investments as fair value through profit or loss financial assets.

JG WEALTH INC.
(FORMERLY JG WEALTH MANAGEMENT CORPORATION)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended September 30, 2017 and 2016
(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company has designated its cash, receivables, deposit and note receivable as loans and receivables.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities and that the Company intends to hold to maturity. These assets are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. The Company does not hold any held-to-maturity financial assets.

Available-for-sale – These consist of non-derivative financial assets that are designated as available-for sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets. The Company does not hold any available-for-sale financial assets.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost. Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the group commits to purchase the asset. The Company has classified its trade payables and note payable as financial liabilities.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. A financial asset is impaired and impairment losses are recognized only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably measured.

JG WEALTH INC.
(FORMERLY JG WEALTH MANAGEMENT CORPORATION)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional currency and foreign currency translation

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. These consolidated financial statements are presented in Canadian dollars which is the parent company's functional and presentation currency.

Transactions and balances:

Foreign currency transactions will be translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax:

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

JG WEALTH INC.
(FORMERLY JG WEALTH MANAGEMENT CORPORATION)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue Recognition

Rental and Service income is recognized when:

- the amount of revenue can be measured reliably;
- it is probably that the economic benefits associated with the revenue will flow to the Company;
- the stage of completion at the end of the reporting period can be measured reliably; and
- the costs incurred for and to complete the revenue can be measured reliably.

Fair value of Warrants

Proceeds from issuances of security units by the Company consisting of shares and warrants are allocated based on the residual method. The fair value of the warrants is determined to be the difference between gross proceeds over the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a fair value of \$Nil is assigned to the warrants.

Accounting standard issued but not yet applied

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended September 30, 2017, and have not been applied in preparing these financial statements.

New standard IFRS 9 “Financial Instruments”

This new standard is a partial replacement of IAS 39 “Financial Instruments: Recognition and Measurement”. IFRS 9 introduces new requirements for the classification and measurement of financial assets, additional changes relating to financial liabilities, a new general hedge accounting standard which will align hedge accounting more closely with risk management. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

New standard IFRS 15 “Revenue from Contracts with Customers”

This new standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

JG WEALTH INC.
(FORMERLY JG WEALTH MANAGEMENT CORPORATION)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company intends to adopt the standards when they become effective. The Company has not yet determined the impact of these standards on its financial statements, but does not anticipate that the impact will be significant.

Other accounting standards and amendments to existing accounting standards that have been issued and have future effective dates are not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

3. INVESTMENTS

As at September 30, 2017, the Company's investments comprise of common shares and share purchase warrants of Canadian public companies which are measured at fair value. The fair values of the shares and warrants are as follows:

	September 30, 2017	September 30, 2016
	\$	\$
Common shares	2,955,572	2,327,846
Warrants	607,616	397,000
	3,563,188	2,724,846

During the year ended September 30, 2017, the Company acquired 9,140,936 common shares and 2,250,000 warrants of Canadian public companies for the cost of \$615,097 and sold 1,314,500 common shares for the proceeds of \$70,420. Of \$615,097 paid, \$133,333 was prepaid during the year ended September 30, 2016. During the year ended September 30, 2017, the Company recorded realized loss of \$120,098 on disposition of shares and expiration of warrants, and recognized unrealized gain of \$414,222 on change in fair value of investments.

During the year ended September 30, 2016, the Company acquired 8,248,900 common shares and 3,800,000 warrants of Canadian public companies for the cost of \$449,654 and sold 2,308,960 common shares for the proceeds of \$183,690. During the year ended September 30, 2016, the Company recorded realized gain of \$86,756 on disposition of shares and expiration of warrants, and recognized unrealized gain of \$712,000 on change in fair value of investments

The fair value of the warrants was determined using the Black-Scholes option pricing model using the following weighted average assumptions:

	September 30, 2017	September 30, 2016
Expected life of warrants (years)	2.71 – 4.08	0.49 – 4.88
Annualized volatility	187% - 230%	132% - 220%
Risk-free interest rate	1.67%	0.60%
Dividend rate	0%	0%

The investments serves as security for a note payable (Note 7).

JG WEALTH INC.
(FORMERLY JG WEALTH MANAGEMENT CORPORATION)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended September 30, 2017 and 2016
(Expressed in Canadian dollars)

4. NOTE RECEIVABLE

On August 10, 2016, the Company advanced \$850,000 to a company with common directors. The note bears interest at 3% per annum, was unsecured and due on demand. On February 2, 2017, the Company received \$862,156, consisting of the outstanding principal balance and accrued interest receivable.

As at September 30, 2017, the note receivable has been repaid in full and is no longer outstanding.

5. PREPAIDS AND DEPOSIT

	September 30, 2017	September 30, 2016
	\$	\$
Prepaid	525	625
Deposits	-	133,333
	525	133,958

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2017	September 30, 2016
	\$	\$
GST payable	-	150
Accrued liabilities	12,600	15,400
	12,600	15,550

7. NOTE PAYABLE

During the year ended September 30, 2016, the Company entered into a loan agreement with a company related to a former director of the Company (the "Creditor") for a principal of \$125,000 with a repayment date on or before September 15, 2017. The loan bears interest at 4% per annum, and the Company used a portion of its investments as collateral for the loan (Note 3). As at September 30, 2017, the balance outstanding including accrued interest is \$130,177 (September 30, 2016 - \$125,205). During the year ended September 30, 2017, the Company recorded interest expense of \$5,000 (2016 - \$205).

Subsequent to year ended September 30, 2017, the Company repaid the loan including accrued interest.

On October 27, 2016, the Company entered into a loan agreement with a relative of the CEO of the Company for \$45,000 with a repayment date on or before November 2, 2017 (Note 9). The loan bears interest at 3% per annum, and is unsecured. As at September 30, 2017, the balance outstanding including accrued interest is \$46,250 (September 30, 2016 - \$nil). As at the report date, the loan is in default.

JG WEALTH INC.
(FORMERLY JG WEALTH MANAGEMENT CORPORATION)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended September 30, 2017 and 2016
(Expressed in Canadian dollars)

8. SHARE CAPITAL

Authorized

Unlimited number of common shares without par value.

Share issuances

During the year ended September 30, 2017, there is no share capital issued.

In October 2015, the Company issued 1,575,000 common shares at \$0.20 per shares for proceeds of \$315,000 in a non-brokered private placement. Of the 1,575,000 common shares issued, 1,125,000 common shares were issued to Grand Peak Capital Corp., a company with common directors and 450,000 common shares were issued to the spouse of a former director of the Company. Of \$315,000 raised, \$225,000 was received in advance during the year ended September 30, 2015.

Share split

Effective December 13, 2017, the Company completed a split of its issued and outstanding shares on a one old share to two new shares basis (the "Share Split"). All common shares and per common share amounts reported in these consolidated financial statements have been retroactively restated to reflect the Share Split.

Other capital reserve

The other capital reserve records the difference between the fair value and the carrying value of the net assets transferred pursuant to the corporate restructuring executed during the year ended September 30, 2015.

9. RELATED PARTY TRANSACTIONS

Transactions with key management and directors

The Company had the following transactions with related parties:

	Nature of fees	September 30, 2017	September 30, 2016
		\$	\$
Former director of the Company	Consulting	-	50,000
An entity with a common director	Management	23,000	3,000
An entity with a common director	Rent	-	3,000

Due to related parties

As at September 30, 2017, the Company had a balance owing to the Company's former director of \$50,000 (September 30, 2016 - \$50,000) as a result of receiving marketable securities from the former director.

As at September 30, 2017, the Company owes \$37,273 (September 30, 2016 - \$nil) for management and consulting fees to a company with a common director.

JG WEALTH INC.
(FORMERLY JG WEALTH MANAGEMENT CORPORATION)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in Canadian dollars)

9. RELATED PARTY TRANSACTIONS (continued)

In August 2016, the Company undertook the collection of rental income on behalf of a company with a common director. In return, during the year ended September 30, 2017, the Company received \$nil (2016 - \$3,000) for service fee. For the year ended September 30, 2016, the Company collected \$34,650 of rent on behalf of the company with a common director and this full amount was to be turned to the entity subsequently. As at September 30, 2017, the rent collected on behalf of the related party of \$34,650 (September 30, 2016 - \$34,650) is still outstanding.

Amounts due to related parties are non-interest bearing, unsecured, with no terms of repayment.

Investments

During the year ended September 30, 2017, the Company made subscriptions of \$195,870 (September 30, 2016 - \$175,251) for common shares and share purchase warrants in private placements of Canadian public companies that have common directors.

As at September 30, 2017, common shares and warrants with a total cost of \$1,083,884 (September 30, 2016: \$913,612) and a total fair value of \$1,511,684 (September 30, 2016: \$2,028,769) are issued by Canadian public companies with common directors or officers of the Company (Note 3).

Note receivable

On August 10, 2016, the Company advanced \$850,000 to a company with common directors. The note bears interest at 3% per annum, was unsecured and due on demand. On February 2, 2017, the Company received \$862,156, consisting of the outstanding principal balance and accrued interest receivable (Note 4).

As at September 30, 2017, the note receivable has been paid in full and is no longer outstanding.

Note payable

During the year ended September 30, 2016, the Company entered into a loan agreement with a company related to a former director of the Company for a principal of \$125,000 with a repayment date on or before September 15, 2017 (Note 7). As of September 30, 2017, the balance outstanding including accrued interest is \$130,177 (2016 - \$125,205) (subsequently paid).

On October 27, 2016, the Company entered into a loan agreement with a relative of the CEO of the Company for a principal of \$45,000 with a repayment date on or before November 2, 2017 (Note 7). The loan bears interest at 3% per annum, and is unsecured. As at September 30, 2017, the balance outstanding including accrued interest is \$46,250 (September 30, 2016 - \$nil) (Note 7). As at the report date, the loan agreement is in default.

JG WEALTH INC.
(FORMERLY JG WEALTH MANAGEMENT CORPORATION)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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9. RELATED PARTY TRANSACTIONS (continued)

Revenue

During the year ended September 30, 2017, the Company earned gross rental revenue of \$nil (2016 - \$13,274) from a company with common directors.

Share Capital

During the year ended September 30, 2016, the Company issued 1,575,000 common shares at a fair value of \$0.20 per shares for proceeds of \$315,000 in a non-brokered private placement. Of the 1,575,000 common shares issued, 1,125,000 common shares were issued to Grand Peak Capital Corp., a company with common directors; 450,000 common shares were issued to the spouse of a former director of the Company. Of \$315,000 raised, \$225,000 was received in advance during the year ended September 30, 2015.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counter party limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Market risk

Market risk is the risk that the fair value of, or future cash flows from the Company's investments in common shares and share purchase warrants of Canadian public companies will significantly fluctuate because of changes in market prices. The Company is exposed to market risk or equity risk or equity price risk in trading its investment and unfavorable market conditions could result in dispositions of investments at less than favorable prices. Additionally, the Company marks its investments to market in accordance with the accounting policies at each reporting period. This process could result in significant write-downs of the Company's investment over one or more reporting periods, particularly during periods of declining markets.

Market risk includes price risk, interest rate risk and currency risk as well as factors specific to an individual investment or its issuer or risk specific to a certain market. Market risk is managed principally through diversification of investments. Management monitors the overall market risk position on a quarterly basis.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to price risk in relation to listed marketable securities held as FVTPL investment, assessed as high.

Interest rate risk

Interest risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is minimal.

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10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Currency risk

Currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to currency risk as the Company does not hold financial instrument denominated in foreign currency.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by two banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its note receivable due from a company with common directors. The borrower does not currently have sources of revenue from operations; however, management considers that it holds sufficient liquid assets to repay the balance on demand.

Liquidity risk

Liquidity risk is the risk that the Company may be unable to meet its financial obligations as they fall due. The Company reviews its working capital position regularly to ensure there is sufficient capital in order to meet short-term business requirements, taking into account its anticipated cash flows from operations and its holding of cash.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	September 30, 2017	September 30, 2016
	\$	\$
Loans and receivables		
Cash	469,311	25,287
Note receivable	-	853,563
FVTPL		
Investments	3,563,188	2,724,846
	4,032,499	3,603,696

Financial liabilities included in the statement of financial position are as follows:

	September 30, 2017	September 30, 2016
	\$	\$
Non-derivative financial liabilities:		
Trade payables	-	150
Due to related parties	121,923	84,650
Note payable	176,427	125,205
	298,350	210,005

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10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Fair value

The fair values of the Company's financial assets and liabilities approximates the carrying amounts either due to their short-term nature or because the interest rates applied to measure their carrying amount approximate current market rates.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Investments consist of common shares and share purchase warrants of Canadian public companies (Note 3). The fair value measurement of the common shares is classified as level 1. The fair value measure of the share purchase warrants is classified as level 3 as the fair value estimate incorporates expected future volatility which is not based on observable market data. A 10% increase in the volatility rate for the share purchase warrants would increase the fair value estimate of the warrants by approximately \$3,500.

11. CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence, safeguard the Company's ability to sustain future development of the business. The capital structure of the Company consists of cash, marketable securities, and common shares as capital.

There are no restrictions on the Company's capital and there have been no changes in the Company's approach to capital management.

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12. INCOME TAX

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	September 30, 2017	September 30, 2016
	\$	\$
Net income before taxes	214,797	679,751
Statutory tax rate	26%	26%
Expected income tax expense at the statutory tax rate	56,000	177,000
Non-taxable items and other	(23,000)	(104,000)
Adjustments to prior years provision versus stator tax returns	(10,000)	14,000
Temporary differences not recognized	(35,000)	9,000
Deferred income tax	(12,000)	96,000

The Company has the following deferred tax assets and liability:

	September 30, 2017	September 30, 2016
	\$	\$
Non-capital loss carry-forwards	71,000	44,000
Investments	(184,000)	(169,000)
Net deferred tax liability	(113,000)	(125,000)

As at September 30, 2017, the Company has non-capital losses totaling \$271,000 that may be carried forward to reduce taxable income derived in future years from 2025 to 2037.

Tax attributes are subject to review, and potential adjustment, by tax authorities.

13. SUBSEQUENT EVENTS

On October 24, 2017, the Company entered into a Financing Agreement with Dragon Wave-X Canada, Inc. (“DWX”) and Transform-X Inc. whereby the Company made a secured loan of US\$4,000,000 to DWX. The principal balance plus interest of \$400,000 is repayable on the 90th day following the date when the payment was advanced (January 22, 2018). The Company holds the inventory and equipment of DWX and all proceeds as collateral for the loan. As at the report date, the loan is in default.

On November 8, 2017, the Company closed a non-brokered private placement for gross proceeds of \$4,740,000 (the “Offering”) by the issuance of convertible debentures for gross proceeds of \$2,340,000 and by the issuance of 24,000,000 common shares at a price of \$0.10 per share for gross proceeds of \$2,400,000. The convertible debentures are repayable on year from the date of issuance and bear an interest rate of 10% per annum. The principal amounts may be converted into common shares at the option of the holder at a price of \$0.50 per share. The interest amounts may be converted into common share at the option of the Company. The gross proceeds from the Offering are used by the Company for future potential investment and for general working capital purposes.