

Jayden Resources Inc.
Consolidated Financial Statements
For the years ended December 31,
2021 and 2020

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Management’s Responsibility

To the Shareholders of Jayden Resources Inc. (the “Company”):

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safe guarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board of Directors is also responsible for recommending the appointment of the Company’s external auditors.

MNP LLP is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

April 28, 2022

(signed)

David Eaton
CEO and director

(signed)

Herrick Lau
CFO

Independent Auditor's Report

To the Shareholders of Jayden Resources Inc.:

Opinion

We have audited the consolidated financial statements of Jayden Resources Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and December 31, 2020, and the consolidated statements of loss, consolidated statements of changes in equity and consolidated statements of 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 financial position of the Company as at December 31, 2021 and December 31, 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits 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 Company in accordance with the ethical requirements that are relevant to our audits 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(b) in the consolidated financial statements, which indicates that during the year ended December 31, 2021, the Company did not generate any revenue and, as at that date, had an accumulated deficit. As stated in Note 1(b), these events or conditions, along with other matters as set forth in Note 1(b), indicate that a material uncertainty exists that may cast significant doubt on the Company'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 Management's 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 audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's 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. 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 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 Company'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 Company'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 Company 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.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Jian-Kun Xu.

Vancouver, British Columbia
April 28, 2022


Chartered Professional Accountants

Jayden Resources Inc.
Consolidated Statements of Loss
(Expressed in Canadian dollars)

	Notes	Year Ended December 31	
		2021	2020
Expenses			
Administrative expenses	4	\$ (712,864)	\$ (205,281)
Operating loss for the year		(712,864)	(205,281)
Other income (loss)			
Interest income		-	165
Loss on debt settlement	7	-	(13,848)
Realized gain on disposal of mineral properties	6	341,050	-
Unrealized gain on marketable securities	5	18,750	-
Other income (loss) for the year		359,800	(13,683)
Net loss		\$ (353,064)	\$ (218,964)
Loss per share			
- Basic and diluted		\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding			
- Basic and diluted		38,068,437	30,875,029

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

Jayden Resources Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

As at	Notes	December 31, 2021	December 31, 2020
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		4,065,226	344,820
GST and QST receivables		383,553	4,840
Subscription receivables		21,000	-
Prepaid expenses		3,784	409
Marketable securities	5	360,000	-
		4,833,563	350,069
Non-current assets			
Exploration and evaluation assets	6	4,831,516	-
		4,831,516	-
Total Assets		9,665,079	350,069
Liabilities and Shareholders' Equity			
Current liabilities			
Account payable and accrued liabilities	8	2,221,871	77,217
Total Liabilities		2,221,871	77,217
Shareholders' Equity			
Share capital	7	54,685,816	47,304,195
Reserves		2,315,132	2,173,333
Accumulated deficit		(49,557,740)	(49,204,676)
Total equity		7,443,208	272,852
Total Liabilities and Shareholders' Equity		9,665,079	350,069

(Nature of operations and going concern – Note 1)

(Commitments – Note 12)

(Subsequent event – Note 14)

Approved on Behalf of the Board

"Denise Lok" Director

Denise Lok

"Queenie Kuang" Director

Queenie Kuang

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

Jayden Resources Inc.
Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars, except per share values)

	Number of issued shares	Share capital	Reserve Share-based payments reserve	Accumulated deficit	Total
		\$	\$	\$	\$
Balances, January 1, 2020	30,331,905	46,759,995	2,173,333	(48,985,712)	(52,384)
Private placement	3,099,999	465,000	-	-	465,000
Shares issued for debt settlement	440,000	79,200	-	-	79,200
Loss for the year	-	-	-	(218,964)	(218,964)
Balances, December 31, 2020	33,871,904	47,304,195	2,173,333	(49,204,676)	272,852
Balances, January 1, 2021	33,871,904	47,304,195	2,173,333	(49,204,676)	272,852
Private placement	12,388,498	5,464,220	90,720	-	5,554,940
Share issuance cost	-	(193,599)	51,079	-	(142,520)
Shares issued for property acquisition	2,200,000	2,090,000	-	-	2,090,000
Exercise of warrants	100,000	21,000	-	-	21,000
Loss for the year	-	-	-	(353,064)	(353,064)
Balances, December 31, 2021	48,560,402	54,685,816	2,315,132	(49,557,740)	7,443,208

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

Jayden Resources Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Year Ended December 31,	
	2021	2020
	\$	\$
Cash flows from operating activities		
Net loss for the year	(353,064)	(218,964)
Adjustments for:		
Loss on debt settlement	-	13,848
Gain on disposal of mineral property	(341,050)	-
Unrealised gain on marketable securities	(18,750)	-
Operating loss before working capital changes	(712,864)	(205,116)
Decrease (increase) in GST and QST receivable	(378,713)	703
Decrease (increase) in prepaid expenses	(3,375)	262
Increase (decrease) in accounts payables and accrued liabilities	2,144,654	32,778
Net cash provided by (used in) operating activities	1,049,702	(171,373)
Cash flows from investing activities		
Exploration and evaluation assets	(2,543,416)	-
Acquisition of exploration and evaluation assets	(225,300)	-
Proceeds from disposal of exploration and evaluation assets	27,000	-
Net cash used in investing activities	(2,741,716)	-
Cash flows from financing activities		
Proceeds from private placements	5,554,940	465,000
Share issue costs	(142,520)	-
Net cash provided by financing activities	5,412,420	465,000
Net increase in cash	3,720,406	293,627
Cash and cash equivalents, beginning of the year	344,820	51,193
Cash and cash equivalents, end of the year	4,065,226	344,820

(Supplementary disclosure – Note 13)

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

Jayden Resources Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

1. Nature of operations and going concern

(a) Nature of operations

Jayden Resources Inc. (the “Company”) was incorporated under the laws of the Province of British Columbia. On October 15, 2015, the Company’s common shares ceased trading on the TSE and began trading on the TSX Venture Exchange under the symbol JDN. On August 8, 2012, the Company changed its place of jurisdiction and was registered in the Cayman Islands as an exempted company with limited liability by way of continuation. Its subsidiary, Jayden Resources (Canada) Inc. (“Jayden Canada”) was disposed of during the year ended December 31, 2018, as such the financial statements have been deconsolidated in 2018. On September 2, 2021, the Company completed the continuation from the Companies Law (2021 Revision) of the Cayman Islands into the jurisdiction of British Columbia under the Business Corporations Act (British Columbia) with the intention to increase flexibility, and to reduce administrative costs. On December 17, 2021, the Company incorporated a wholly owned subsidiary, Jayden Resources (Quebec) Ltd. under the laws of the Province of Quebec.

The Company is principally engaged in the business of acquiring, exploring and developing interests in mining projects. To date, the Company has not generated revenues from its principal activities and is considered to be in the exploration stage.

The head office and principal address of the Company are located at 1500 Royal Centre P.O. Box 11117, 1055 West Georgia Street, Vancouver, BC, V6E 4N7. The registered and records office are located at Suite 2250, 1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9.

(b) Going concern

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a “going concern”, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operation, and do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements.

The Company has not generated any revenues and has incurred accumulated deficits of \$49,557,740 (2020: \$49,204,676) since inception. The Company has a net loss as at December 31, 2021 of \$353,064 (2020: \$218,964). The Company is not expected to generate cash inflow from its operation during the next twelve months and therefore must rely on securing additional funds from either debt or equity financings for cash consideration.

The Company’s continuing operations are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its mineral property interests, and on future profitable production or proceeds from the disposition of the mineral property interests. These matters and conditions, primarily as a result of the conditions described above, indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as going concern. If the going concern assumption is not appropriate, material adjustments to the consolidated financial statements could be required.

Jayden Resources Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

2. Basis of presentation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Boards ("IASB"), and interpretations of the International Financial Reporting Interpretations Committee. These consolidated financial statements were approved by the board of directors for issue on April 28, 2022.

(b) Basis of measurement

These consolidated financial statements have been prepared on a going concern basis, under the historical cost basis except for the financial instruments that are recorded at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Critical accounting judgements, estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations as of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Deferred taxes

The Company recognizes the deferred tax benefit related to deferred tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in the future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Critical judgments in applying the Company's accounting policies

The following is the critical judgment, apart from those involving estimations that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Going concern

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its consolidated financial statements for the year ended December 31, 2021. Management prepares the consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considered a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing. As a result of the assessment, management concluded the ultimate appropriateness of the use of accounting principles applicable to a going concern.

Jayden Resources Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

3. Significant accounting policies

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, and short-term money market instruments with an original maturity of three months or less when acquired, which are readily convertible into a known amount of cash and which are subject to an insignificant risk of change in value. The cash and cash equivalents are mainly denominated in Canadian dollars and US dollars. As at December 31, 2021 and 2020, the cash and cash equivalents held by the Company comprised of bank balances only.

(b) Interest income

Interest income from financial assets is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's carrying amount.

(c) Financing costs

The costs related to equity transactions are deferred until the closing of the equity transactions. These costs are accounted for as a deduction from equity. Transaction costs of abandoned equity transactions are recognized in profit or loss.

(d) Exploration and evaluation assets

The Company's exploration and evaluation assets are intangible assets relating to mineral rights acquired and exploration and valuation expenditure capitalized in respect of projects that are at the exploration/predevelopment stage.

Exploration and evaluation expenditure related to an area of interest where the Company has tenure are capitalized on initial recognition at cost. Exploration and evaluation assets are subsequently stated at cost less any accumulated impairment losses and are not amortized. These assets are transferred to mine development assets in property, plant and equipment upon the commencement of mine development.

Exploration and evaluation expenditure in the relevant area of interest comprises costs which are directly attributable to:

- Acquisition;
- Surveying, geological, geochemical and geophysical;
- Exploratory drilling;
- Land maintenance;
- Sampling; and
- Assessing technical feasibility and commercial viability.

Exploration and evaluation expenditure also includes the costs incurred in acquiring mineral rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects. Capitalized costs, including general and administrative costs, are only allocated to the extent that those costs can be related directly to operation activities in the relevant area of interest. Proceeds received from government assistances in a property will be credited against the carrying value of the property, with any excess included in operations for the period.

Jayden Resources Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

(d) Exploration and evaluation assets (continued)

The carrying amount of the exploration and evaluation assets is reviewed whenever events or changes in circumstances indicate the recoverable value may be less than the carrying amount. Recoverable value determinations are based on management's estimates of discounted future net cash flows expected to be recovered from specific assets or groups of assets through use or future disposition. An impairment loss is recognized in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

(e) Share-based payment transactions

The share option plan allows the Company employees (including directors and senior executives) and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The charge or credit for a period recognized in profit or loss represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve. No expense is recognized for awards that do not ultimately vest.

At the time when the share options are exercised, the amount previously recognized in share option reserve is transferred to share capital. When vested options are forfeited or are not exercised at the expiry date the amount previously recognized in share option expenses is transferred to accumulated losses.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

The Company grants stock options to buy common shares of the Company to directors, officers and employees. The board of directors grants such options for periods of up to five years, which vest immediately and priced at the previous day's closing price.

Jayden Resources Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

(f) Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations. These equity financing transactions may involve issuance of common shares or units. Units typically comprise a certain number of common shares and share purchase warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a fixed price prior to expiry as stipulated by the terms of the transaction. Warrants that are part of units are assigned a value based on the residual value, if any, and included in reserves

. Warrants that are issued as payment for agency fee or other transactions costs are accounted for as share-based payments determined using the Black-Scholes method.

(g) Earnings(loss) per share

Basic earnings (loss) per share is calculated by dividing the earnings (loss) for the year by the weighted average number of shares outstanding during the year.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

(h) Translation of foreign currencies

The functional and presentation currency of the Company is the Canadian dollar as this is the principal currency of the economic environment in which they operate. Transactions in foreign currencies (currencies other than Canadian dollars) are initially recorded in the Company's functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the end of each reporting period. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

(i) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Jayden Resources Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

(i) Income taxes (continued)

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(j) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(k) Financial Instruments

Financial assets

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets are initially measured at fair value and are subsequently measured at either (i) amortized cost; (ii) fair value through other comprehensive income, or (iii) at fair value through profit or loss.

- Amortized cost

Financial assets classified and measured at amortized cost are those assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are SPPI. Financial assets classified at amortized cost are measured using the effective interest method. The Company's financial asset classified as amortized costs includes cash and cash equivalents and subscription receivables.

- Fair value through other comprehensive income ("FVTOCI")

Financial assets classified and measured at FVTOCI are those assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise to cash flows that are SPPI. This classification includes certain equity instruments where IFRS 9 allows an entity to make an irrevocable election to classify the equity instruments, on an instrument-by-instrument basis, that would otherwise be measured at fair value through profit or loss ("FVTPL") to present subsequent changes in FVTOCI.

Jayden Resources Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021 and 2020
(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

(k) Financial Instruments (continued)

- Fair value through profit or loss (“FVTPL”)

Financial assets classified and measured at FVTPL are those assets that do not meet the criteria to be classified at amortized cost or at FVTOCI. This category includes marketable securities and debt instruments whose cash flow characteristics are not SPPI or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell the financial asset. The Company’s financial asset classified as FVTPL includes marketable securities.

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than debt instruments measured at fair value through profit or loss and equity investments. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial liabilities

The Company’s financial liabilities are generally classified and measured at fair value at initial recognition and subsequently measured at amortized cost using effective interest method. The Company’s financial liabilities classified as amortized costs include accounts payable and accrued liabilities.

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

(l) Recent accounting pronouncements and future changes in accounting standards

There were no other new accounting standards or amendments to standards that were applicable to the Company for the year ended December 31, 2021 nor does the Company expect any that have not yet become effective to have a significant impact on its financial statements.

4. Administrative expenses

	Year Ended December 31,	
	2021	2020
	\$	\$
Consulting fees	237,000	126,000
Corporate administration	154,186	16,510
Net foreign exchange gain loss	88	635
Professional fees	135,591	31,514
Regulatory and shareholder services	185,999	30,622
	<u>712,864</u>	<u>205,281</u>

Jayden Resources Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021 and 2020
(Expressed in Canadian Dollars)

5. Marketable securities

During the year ended December 31, 2021, the Company entered into a termination agreement with Teuton and a quitclaim agreement (the "Quitclaim Agreement") with Optimum Ventures Ltd. ("Optimum") whereby the Company agreed with Teuton to terminate its Harry Property option agreement dated September 4, 2020, and simultaneously enter into the Quitclaim Agreement with Optimum allowing Teuton and Optimum to enter into a new option/sale agreement on the property. Under the terms of the Quitclaim Agreement, Optimum issued the Company 750,000 Optimum common shares valued at \$0.455/share and paid the Company's existing costs on the project which were \$27,000 (Note 6). On November 10, 2021, the transaction was closed.

		As at December 31,	
	Note	2021	2020
		\$	\$
Opening balance		-	-
Addition	6	341,250	-
Fair value change in P&L		18,750	-
Ending balance		360,000	-

6. Exploration and evaluation assets

Harry and Outland Silver Bar Properties

The Company has entered into a property option agreement (the "Agreement") with Teuton Resources Corp. ("Teuton") for the acquisition of the Harry and Outland Silver Bar properties (the "Property") on September 4, 2020. Pursuant to the terms of the Agreement, the Company may acquire an initial 55% interest in the Property.

An additional 20% interest in the Property can be acquired by Jayden taking the Property into commercial production on or before January 12, 2036. Teuton will retain a 2% net smelter royalty on the Property. The Company has received final acceptance from the TSX Venture Exchange on January 18, 2021 and the first payment of \$25,000 was paid on January 15, 2021.

On September 13, 2021, the Company entered into a termination agreement with Teuton and a quitclaim agreement (the "Quitclaim Agreement") with Optimum Ventures Ltd. ("Optimum") whereby the Company agreed with Teuton to terminate its Harry Property option agreement dated September 4, 2020, and simultaneously enter into the Quitclaim Agreement with Optimum allowing Teuton and Optimum to enter into a new option/sale agreement on the property. Under the terms of the Quitclaim Agreement, Optimum issued the Company 750,000 Optimum common shares and paid the Company's existing costs on the project which were \$27,000. On November 10, 2021, the transaction was closed. A realized gain of \$341,050 was recorded.

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6. Exploration and evaluation assets (continued)

Storm Lake Gold Property

On February 17, 2021, the Company entered into a property option agreement with three arm's length vendors (the "Optionors") to acquire a 100% interest in the Storm Lake Gold Property located in the Frotet-Evans Greenstone Belt in central Quebec. Under the terms of the agreement, the Company can acquire a 100% interest in the Storm Lake Gold Property by making cash and share payments to the Optionors totaling \$750,000 and 6,600,000 post-consolidation common shares respectively.

Upon TSXV approval of the transaction (the "Effective Date"), the Company will pay \$200,000 and issue 2,200,000 shares to the Optionors. On the nine (9) month anniversary of the Effective Date an additional 2,200,000 shares will be issued. On the fifteen (15) month anniversary of the Effective Date an additional \$300,000 and 2,200,000 shares; and on the thirty (30) month anniversary of the Effective Date a further \$250,000.

On July 5, 2021, the Company paid \$200,000 and issued 2,200,000 shares to the Optionors. The Company subsequently issued 2,200,000 shares to the Optionors at the nine-month anniversary on April 5, 2022.

Pursuant to the terms of the option agreement, the Company may acquire a 100% interest in the Property by making the following:

Date	Cash	Shares	Expenditures
Effective Date (paid and issued)	\$ 200,000	2,200,000	\$ -
Nine month anniversary of the Effective Date	-	2,200,000	-
One year anniversary of the Effective Date	-	-	150,000
Fifteen month anniversary of the Effective Date	300,000	2,200,000	-
Two year anniversary of the Effective Date	-	-	1,350,000
Thirty month anniversary of the Effective Date	250,000	-	-
Three year anniversary of the Effective Date	-	-	1,500,000
	<u>\$ 750,000</u>	<u>6,600,000</u>	<u>\$ 3,000,000</u>

The schedule below outlines the costs incurred on the Property as at December 31, 2021:

	As at December 31 2020	Additions/ (Writedowns)	As at December 31 2021
	\$	\$	\$
Acquisition			
Cash payment	-	200,300	200,300
Share issuance	-	2,090,000	2,090,000
	-	<u>2,290,300</u>	<u>2,290,300</u>

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6. Exploration and evaluation assets (continued)

Storm Lake Gold Property (continued)

	Cumulative to December 31, 2020	Expenditures during the period	Cumulative to December 31, 2021
	\$	\$	\$
Exploration and evaluation expenditures			
Camp construction	-	242,507	242,507
Drilling	-	1,835,094	1,835,094
Equipment and supplies	-	184,651	184,651
Field expenses	-	24,771	24,771
General administration	-	171,876	171,876
Geological consulting	-	53,206	53,206
Permitting	-	3,142	3,142
Surveys and geophysics	-	24,278	24,278
Travel and accommodation	-	1,691	1,691
Total exploration and evaluation expenditures	-	2,541,216	2,541,216
Total acquisition and exploration and evaluation expenditures			4,831,516

7. Share capital and stock options

(a) Share capital

The authorized share capital of the Company is 5,000,000,000 common shares without par value.

Fiscal 2021

On January 12, 2021, the Company had closed the second tranche of the Offering (as defined below) for gross proceeds of \$125,000 by issuing 833,334 units of the Company at a price of \$0.15 per unit. Each unit consisted of one common share of the Company and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional share of the Company at a price of \$0.21 per warrant share until January 12, 2023. No finder's fees or commissions were paid in relation to the Offering.

On June 3, 2021, the Company closed a private placement by issuing 2,483,164 units at a price of \$0.36 per unit for total proceeds of \$893,940 ("Offering"). Each unit consisted of one common share of the Company and one half of a transferable common share purchase warrant. Each whole warrant entitles the holder to purchase one additional share of the Company at a price of \$0.66 per warrant share until June 3, 2023. No finder's fees or commissions were paid in relation to the Offering.

Effective July 5, 2021, the Company consolidated its issued and outstanding share capital on the basis of one (1) post consolidation share for each three (3) pre-consolidation common shares. No fractional shares were issued. Any fractional shares resulting from the consolidation of the common shares were converted such that each fractional common share remaining after conversion that is less than one-half of a common share be cancelled and each fractional common share that was at least one-half of a common share be changed to one whole common share. Outstanding stock options and warrants were adjusted by the same consolidation ratio. All references to shares and per share amounts have been retroactively restated to give effect to the consolidation. After the consolidation, the authorized share capital was increased to 5,000,000,000 post consolidation shares without par value.

On July 5, 2021, the Company paid \$200,000 and issued 2,200,000 shares to the Optionors (Note 6).

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7. Share capital and stock options (continued)

(a) Share capital (continued)

On November 26, 2021, the Company issued a total of 9,072,000 units at a price of \$0.50 per unit, for gross proceeds of \$4,536,000. Each unit consists of one common share of the Company and one-half of a transferable common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of \$0.80 per warrant share until November 26, 2023.

The warrants will be subject to an acceleration clause whereby, commencing on the date that is four months and one day following the closing date (March 27, 2022), the Company may, in its sole discretion, provide notice to warrant holders to shorten the warrant expiry date to 30 days from the notice date if the daily volume weighted average closing price of the Company's shares is greater than \$1.00 for the 10 consecutive trading days preceding the notice date.

The Company also paid finder's fees totaling \$142,520 in cash equal to 7% of the proceeds raised by the finders and issued a total of 142,520 whole finder's warrants equal to 3.5% of the number of units sold by the finders. The finder's warrants are exercisable on the same terms as above and are subject to the acceleration clause.

During the year ended December 31, 2021, the Company issued 100,000 shares for the exercise of warrants with exercise price of \$0.21 per share. The total proceeds of \$21,000 was received subsequent to the year end, therefore was recorded as subscription receivables as of December 31, 2021.

Fiscal 2020

On November 5, 2020, the Company issued 3,099,999 units of the Company at a price of \$0.15 per unit for gross proceeds of \$465,000 for the first tranche of private placement ("Offering"). Each unit consisted of one common share of the Company and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional share of the Company at a price of \$0.21 per warrant share until November 5, 2022.

During the year ended December 31, 2020, the Company also settled debt owing to its creditors in the amount of \$65,352. The Company issued an aggregate of 440,000 common shares of the Company at a value of \$0.18 per share in settlement of the debt. The debt has been completely satisfied and extinguished upon the issuance of the shares. The Company recognized a loss of \$13,848 at the time of the settlement.

(b) Stock options

The Company has a stock option plan whereby the maximum number of shares subject to the plan, in the aggregate, shall not exceed 10% of the Company's issued and outstanding shares. The maximum term of any option will be ten years and the vesting is at the direction of the board, however, options granted to consultants performing "investor relations' activities" must at a minimum vest in stages over a period of not less than twelve months, with no more than $\frac{1}{4}$ of the options vesting in any three month period or such longer period as the board determines. The exercise price shall be no less than the discount market price as determined in accordance with TSE policies.

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7. Share capital and stock options (continued)

(b) Stock options (continued)

There were no stock option transactions for the year ended December 31, 2021.

There were no stock option transactions for the year ended December 31, 2020

The Company had no stock options outstanding as at December 31, 2021 and December 31, 2020.

(c) Share purchase warrants

On January 12, 2021, as part of the second tranche of the Offering, the Company issued 833,334 warrants which were valued at \$nil. Each warrant entitles the holder to purchase one additional share of the Company at a price of \$0.21 per warrant share until January 12, 2023.

On June 3, 2021, as part of the private placement, the Company issued 1,241,584 warrants which were valued at \$nil. Each whole warrant entitles the holder to purchase one additional share of the Company at a price of \$0.66 per warrant share until June 3, 2023.

On November 26, 2021, as part of the private placement, the Company issued 4,536,000 warrants which were valued at \$90,720. Each whole warrant entitles the holder to purchase one additional share of the Company at a price of \$0.80 per warrant share until November 26, 2023. The Company also paid finder's fees by issuing a total of 142,520 whole finder's warrants. The finder's warrants are exercisable on the same terms as above. The Company used the Black-Scholes to estimate the fair value of the finder's warrants for \$51,079 using the following assumptions: share price of \$0.49; risk free interest rate of 0.93%; dividend yield of 0%; expected volatility of 175.64%; and expected life of 2 years.

During the year ended December 31, 2021, 6,753,438 warrants were granted and 100,000 warrants were exercised.

During the year ended December 31, 2020, 3,099,999 warrants were granted at an exercise price of \$0.21 per warrant share until November 5, 2022. These warrants were valued at \$nil.

Share purchase warrant transactions during the years ended December 31, 2021 and 2020 are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2019	-	\$ -
Granted During the Year	3,099,999	\$ 0.21
Balance, December 31, 2020	3,099,999	\$ 0.21
Granted During the Year	6,753,438	\$ 0.70
Exercised	(100,000)	\$ 0.21
Balance, December 31, 2021	9,753,437	\$ 0.55

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9. Income Taxes

The following table reconciles the expected income tax (expense) recovery at BC statutory income tax rates to the amounts recognized in the statements of income (loss) for the years ended December 31, 2021 and 2020:

	2021	2020
	\$	\$
Income (loss) before taxes	(353,064)	(218,964)
Statutory tax rate	27.00%	0.00%
Expected income tax (recovery)	(95,327)	-
Non-deductible items and other	(2,164)	-
Share Issuance cost	(52,272)	1
Change in deferred tax asset not recognized	149,763	-
	<u>-</u>	<u>1</u>

On August 8, 2012, the Company changed its tax residency by registering in the Cayman Islands as an exempted company with limited liability by way of continuation. The statutory rate has increased to 27% as the Company completed its continuation into the jurisdiction of British Columbia under the Business Corporations Act (British Columbia) during the year.

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. Details of deferred tax assets (liabilities) are as follows:

	2021	2020
	\$	\$
Non-capital losses carryforwards	94,642	-
Exploration and evaluation assets	(92,084)	-
Marketable securities	(2,558)	-
Net deferred tax assets (liabilities)	<u>-</u>	<u>-</u>

The unrecognized deductible temporary differences as at December 31, 2021 and 2020 are comprised of the following:

	2021	2020
	\$	\$
Non-capital loss carry-forwards	638,458	238,661
Share issuance costs	154,879	-
Total unrecognized deductible temporary differences	<u>793,337</u>	<u>238,661</u>

The Company has unrecognized non-capital loss carryforwards of approximately \$638,458 (2020: \$238,661) which may be carried forward to apply against future income for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Expiry	\$
2041	638,458
Total	638,458

The Company was required to file Canadian tax returns for December 31, 2019 and 2020 taxation years.

Jayden Resources Inc.

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10. Financial instruments

The Company is exposed to financial risks through its use of financial instruments in its ordinary course of operations. The financial risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company does not have any written risk management policies and guidelines. However, the board of directors meets regularly and co-operates closely with key management to identify and evaluate risks and to formulate strategies to manage financial risks. The Company has not used any derivatives or other instruments for hedging purposes and does not hold or issue derivative financial instruments for trading purposes. The most significant risks to which the Company is exposed to are described below.

(i) Currency risk

Some of the operating expenses and cash and cash equivalents held are denominated in foreign currencies and as such are subject to currency risk. The Company does not enter into derivative financial instruments to mitigate this risk but the Company does not believe its net exposure to foreign exchange risk is significant as most funds are held by the Company in Canadian dollars.

(ii) Credit risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. The Company's credit risk arises primarily with respect to subscription receivables.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has interest-bearing assets in relation to cash at banks and cash equivalents carried at floating interest rates with reference to the market and non-interest bearing director's loans. The Company's operating cash flows are substantially independent of changes in market interest rates. The Company has not used any financial instrument to hedge potential fluctuations in interest rates. The exposure to interest rates for the Company is considered minimal. The Company has no interest bearing borrowings.

The policies to manage interest rate risk have been followed by the Company since prior years and are considered to be effective.

(iv) Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company has a working capital as at December 31, 2021 of \$2,611,692 (2020: \$272,852). The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the board of directors are actively involved in the review, planning and approval of significant expenditures and commitments.

The liquidity policies have been followed by the Company since prior years and are considered to have been effective in managing liquidity risk.

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Notes to the Consolidated Financial Statements

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10. Financial instruments (continued)

(v) Fair value measurements

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets. The fair value hierarchy has the following three levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets;

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the asset that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset is categorized in its entirety is based on the lowest level of input that is significant to the fair value measurement.

There have been no significant transfers between levels 1 and 2 in the respective reporting periods. The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods. Marketable securities are measured at fair value using level 1.

Financial instruments that are not measured at fair value on the balance sheet are represented by cash and cash equivalents, subscription receivables and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying value due to their short-term nature.

11. Capital risk management

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern so as to benefit from its operations to provide an adequate return for its shareholders.

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company in order to support the acquisition, exploration and development of mineral properties. The Company defines capital that it manages as its shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company has historically relied on the equity markets to fund the acquisition, exploration and development of mineral properties. In addition, the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements.

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12. Commitments

Refer to Note 6.

13. Supplementary cash flow information

During the years ended December 31, 2021 and 2020, there were no non-cash financing activities transactions.

14. Subsequent events

Refer to Note 6. As per the property option agreement with three arm's length vendors (the "Optionors") to acquire a 100% interest in the Storm Lake Gold Property located in the Frotet-Evans Greenstone Belt in central Quebec, the Company subsequently issued 2,200,000 shares to the Optionors at the nine-month anniversary on April 5, 2022.