

Jayden Resources Inc.
Consolidated Financial Statements
For the years ended December 31,
2017 and 2016

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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 consolidated 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 27, 2018

(signed)

David Eaton
CEO and director

(signed)

Herrick Lau
CFO

Independent Auditors' Report

To the Shareholders of Jayden Resources Inc.:

We have audited the accompanying consolidated financial statements of Jayden Resources Inc., and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of operations and comprehensive loss, changes in equity and cash flows for the 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.

Auditors' 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 an audit 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 auditors' 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 based on 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 consolidated financial position of Jayden Resources Inc. and its subsidiary as at December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1(b) in the consolidated financial statements which discloses matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

April 27, 2018
Vancouver, BC


Chartered Professional Accountants

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

	Notes	Years Ended December 31	
		2017	2016
Expenses			
Administrative expenses	4	\$ (1,143,105)	\$ (345,957)
Impairment loss on project deposit		(14,000)	-
Operating loss for the year		(1,157,105)	(345,957)
Other income			
Interest income		6,699	530
Realized gain on marketable securities	6	26,674	-
Loss for the year		(1,123,732)	(345,427)
Other comprehensive loss			
Item that may be reclassified subsequently to profit or loss :			
Unrealized gain on marketable securities		-	18,931
Comprehensive loss for the year		\$ (1,123,732)	\$ (326,496)
Loss per share			
- Basic and diluted		\$ (0.01)	\$ (0.00)
Weighted average number of common shares outstanding			
- Basic and diluted		85,571,602	70,105,027

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, 2017	December 31, 2016
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalent		571,285	1,265,859
GST receivables		37,416	5,763
Prepaid expenses		17,540	16,957
Marketable securities	6	-	22,861
		626,241	1,311,440
Non-current assets			
Property, plant and equipment	5	78,024	79,742
Total Assets		704,265	1,391,182
Liabilities and Shareholders' Equity			
Current liabilities			
Bank indebtedness		79,556	-
Accounts payable and accrued liabilities		17,225	12,255
Amounts due to related parties	8	29,780	29,780
Total Liabilities		126,561	42,035
Shareholders' Equity			
Share capital	7	46,233,799	45,862,579
Reserves		2,359,449	2,378,380
Deficit		(48,015,544)	(46,891,812)
Total equity		577,704	1,349,147
Total Liabilities and Shareholders' Equity		704,265	1,391,182

(Nature of operations and going concern – Note 1)

(Commitment – Note 14)

Approved on Behalf of the Board

"Denise Lok" Director
Denise Lok

"Savio Chiu" Director
Savio Chiu

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)

	Number of issued shares	Share capital	Reserve		Accumulated losses	Total
			Share-based payments reserve	Fair value reserve for marketable securities		
		\$	\$	\$	\$	\$
Balances, January 1, 2016	65,793,246	44,484,300	2,225,728	-	(46,546,385)	163,643
Private placement	15,000,000	1,200,000	-	-	-	1,200,000
Share issuance costs	-	(282,116)	-	-	-	(282,116)
Fair value of finder's warrants	-	-	186,116	-	-	186,116
Conversion of convertible debenture	1,700,000	256,395	(52,395)	-	-	204,000
Warrant conversion	1,700,000	204,000	-	-	-	204,000
Increase in fair value of marketable securities	-	-	-	18,931	-	18,931
Loss for the year	-	-	-	-	(345,427)	(345,427)
Balances, December 31, 2016	84,193,246	45,862,579	2,359,449	18,931	(46,891,812)	1,349,147
Balances, January 1, 2017	84,193,246	45,862,579	2,359,449	18,931	(46,891,812)	1,349,147
Warrant conversion (note 7)	3,968,500	371,220	-	-	-	371,220
Disposal of marketable securities	-	-	-	(18,931)	-	(18,931)
Loss for the year	-	-	-	-	(1,123,732)	(1,123,732)
Balances, December 31, 2017	88,161,746	46,233,799	2,359,449	-	(48,015,544)	577,704

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

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

	Years Ended December 31,	
	2017	2016
	\$	\$
Cash flows from operating activities		
Loss for the year	(1,123,732)	(345,427)
Adjustments for:		
Depreciation	1,718	5,246
Bank interest income	(6,699)	(530)
Impairment loss on project deposit	14,000	-
Gain on sale of marketable securities	(26,674)	-
Convertible debenture interest expense	-	24,261
Operating loss before working capital changes	(1,141,387)	(316,450)
Increase in bank indebtedness	79,556	-
Increase in GST receivables	(31,653)	(4,673)
Decrease (increase) in prepaid expenses	(583)	2,194
Decrease in accounts payable and accrued liabilities	4,970	7,046
Net cash used in operating activities	(1,089,097)	(311,883)
Cash flows from investing activities		
Investment in deposits	(14,000)	-
Proceeds from selling marketable securities (note 6)	30,604	-
Interest received	6,699	530
Net cash generated from investing activities	23,303	530
Cash flows from financing activities		
Proceeds from private placement, net of share issuance costs	-	1,308,000
Proceeds from exercise of warrants	371,220	-
Loan received from former director	-	84,898
Loan repayment	-	(55,118)
Net cash generated from financing activities	371,220	1,337,780
Net increase in cash	(694,574)	1,026,427
Cash and cash equivalent, beginning of the year	1,265,859	239,432
Cash and cash equivalent, end of the year	571,285	1,265,859

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, 2017 and 2016

(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") still remains a BC Company. 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 Zephyr House, Mary Street, PO Box 709, Grand Cayman KY1-1107, Cayman Islands. The registered and records office are located at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7.

(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 an accumulated deficit of \$48,015,544 (2016: \$46,891,812) since inception. During the year ended December 31, 2017 the Company generated negative cash flows from operations of \$1,089,097 (2016: \$311,883). 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. During the year ended December 31, 2017, the Company received net cash proceeds of \$371,220 (2016: \$1,337,780) pursuant to financing activities. The business of exploring for and mining of minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. While the Company is expanding its best efforts to achieve the above plan, there is no assurance that any such activity will generate sufficient funds for future operations.

The continuation of the Company as a going concern is depend upon the Company's ability to satisfy its liabilities as they become due and to obtain the necessary financing to complete the exploration and development of its mineral property interests, the attainment of profitable mining operations or the receipt of proceeds from the disposition of its mineral property interest. The Company is in the process of exploring its mineral property interests and has not yet determined whether its mineral property interests contain mineral reserves that are economically recoverable. The Company's continuing operations, and the recoverability of the amounts shown for mineral properties 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, 2017 and 2016

(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 27, 2018.

(b) Basis of measurement

These consolidated financial statements have been prepared on a going concern basis, under the historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Jayden Canada. The Company consolidates the subsidiary on the basis that it controls the subsidiary. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through the power over the investee. All the intercompany transactions and balances have been eliminated on consolidation.

(d) 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.

Jayden Resources Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

2. Basis of presentation (continued)

(d) Critical accounting judgments, estimates and assumptions (continued)

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, 2016. Management prepares the 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.

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 Hong Kong dollars. At December 31, 2017 and 2016, the cash and cash equivalents held by the Company comprised bank balances and cashable guaranteed investment certificates ("GICs"). GICs are matured in one year and are eligible for immediate cancellation after a 30 day hold period with interest earned to the date of cancellation. The GICs earn respective interest prime – 2.10% and 0.6% per annum.

(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) Property, plant and equipment

Property, plant and equipment, other than land, is recorded at cost less accumulated depreciation. The cost of an item consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use.

Depreciation is calculated using the declining balance method to write off the cost of asset, less the estimated residual value, at the following rates:

Computer equipment	30%
Other equipment	20%
Software	100%
Building	4%

Jayden Resources Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2017 and 2016
(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

Land is stated at acquisition cost less any impairment losses. Land is not depreciated.

The asset's residual values, depreciation method and useful lives are reviewed and adjusted if appropriate at each reporting date.

An item is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain and loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognize in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

(e) Exploration and evaluation assets

Exploration and evaluation expenses are comprised costs that are directly attributable to:

- Research and analyzing exploration data;
- Conducting geological studies, exploratory drilling and sampling;
- Examining and testing extraction and treatment methods and;
- Activities in relation to evaluating the technical feasibility and commercially viability of extracting a mineral resource.

All exploration and evaluation expenditures are expensed until properties are determined to contain economically viable reserves. When economically viable reserves have been determined, technical feasibility has been determined and the decision to proceed with development has been approved, the subsequent costs incurred for the development of that project are capitalized as mining properties, a component of property, plant and equipment.

Development expenditures are net of the proceeds of the sale of ore extracted during the development phase. Interest on borrowings related to the construction and development of assets are capitalized until substantially all the activities required to make the asset ready for its intended use are complete.

The costs of removing overburden to access ore are capitalized as pre-production stripping costs are classified as mineral interest.

Jayden Resources Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

(f) Impairment of non-current assets

Property, plant and equipment and exploration and evaluation assets are assessed for impairment when events or circumstances indicate that the carrying amounts of the assets may not be recoverable. An impairment loss is recognized for any amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Value in use is determined as the present value of the estimated future pre-tax cash flows expected to arise from the continued use of the asset in its present form and from its ultimate disposal. The Company reviews impairment on non-financial assets for possible reversal when events or circumstances warrant such consideration.

(g) Decommissioning and rehabilitation liabilities

Decommissioning and rehabilitation liabilities are recognized for future obligations to retire long-lived assets which include dismantling, removing facilities and restoring the affected areas to normal operations. The provision for future restoration costs is the best estimate of the present value of the cash flows required to settle the restoration obligation at the reporting date.

Upon initial recognition of the decommissioning and rehabilitation liability, the amount is capitalized to the carrying value of the related asset and amortized as an expense over the economic life of the asset. The liability increases in following periods as the accretion expenses are accounted for. The liability is adjusted annually for changes to factors such as expected amount of cash flows required to discharge the liability, the timing of such cash flows and the discount rate.

The Company did not have any significant decommissioning and restoration obligations at the reporting dates.

(h) 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.

Jayden Resources Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

(h) Share-based payment transactions (continued)

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.

(i) Warrants issued in equity financing transactions

The Company engages in equity financing transaction to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of common share and a certain number of warrant. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the transaction.

The carrying amount of the warrants that are part of units is determined based on any difference between gross proceeds and the estimated fair market value of the shares and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for agency fee or other transactions costs are accounted for as share-based payments.

(j) Loss per share

Basic loss per share is calculated by dividing the loss for the year by the weighted average number of shares outstanding during the year. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of shares outstanding used in the calculation of diluted loss per share assumes that the deemed proceeds received from the exercise of stock options, share purchase warrants and their equivalents would be used to repurchase common shares of the Company at the average market price during the year.

Existing stock options and share purchase warrants have not been included in the computation of diluted loss per share as to do so would be anti-dilutive. Accordingly, basic and diluted loss per share are the same.

(k) Translation of foreign currencies

The functional and presentation currency of the Company and its subsidiary are 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.

Jayden Resources Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

(l) 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.

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.

(m) Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories:

(i) Financial assets and liabilities at fair value through profit or loss ("FVTPL"):

A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term.

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the consolidated statement of operations. Gains and losses arising from changes in fair value are presented in the consolidated statement of operations within other gains and losses in the period in which they arise. Financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which is classified as non-current.

Jayden Resources Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

- (i) Financial assets and liabilities at fair value through profit or loss ("FVTPL") (continued):

The Company has classified its cash and cash equivalents as FVTPL.

- (ii) Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables are comprised of cash and cash equivalents, short-term investments, receivables, and deposits and amounts due from related parties.

Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

- (iii) Available-for-sale financial assets:

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other categories.

Available-for-sale assets are initially recorded at fair value plus transaction costs, and are subsequently carried at fair value. All unrealized gains and losses arising from changes in the fair value of assets classified as available-for-sale are recognized directly in other comprehensive income, except for unrealized foreign exchange gains or losses on monetary financial assets and impairment losses which are recognized in the consolidated statements of operations.

Any reversal of a previously recognized impairment loss on a non-monetary asset is recognized directly in other comprehensive income. Realized gains and losses from the derecognition of available-for-sale assets are recognized in the consolidated statement of operations in the period derecognized with any unrealized gains or losses being recycled from other comprehensive income. The Company has classified marketable securities as available-for-sale financial assets.

- (iv) Financial liabilities at amortized cost:

Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

The Company has classified payables and accruals, amounts due to related parties and convertible debenture in this category.

Jayden Resources Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

(n) Impairment of Financial instruments

At each reporting date, the Company assesses whether there is objective evidence that a financial asset (other than a financial asset classified as fair value through profit or loss) is impaired.

The criteria used to determine if objective evidence of impairment exists include:

- (i) significant financial difficulty of the obligor;
- (ii) delinquencies in interest and principal payments; and
- (iii) it becomes probable that the borrower will enter bankruptcy or other financial reorganization.

For equity securities, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired.

Financial assets carried at amortized cost:

If evidence of impairment exists, the Company recognizes an impairment loss as the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

Impairment losses on financial assets carried at amortized cost and available-for-sale debt instruments are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

(o) 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.

(p) New and Revised IFRS Issued but Not Effective

Standards issued but not yet effective up to the date of issuance of the Company's consolidated financial statements are listed below except those which the Company does not expect any impacts on the consolidated financial statements.

IFRS 9 Financial Instruments

IFRS 9 was issued in November 2009 and subsequently amended as part of an ongoing project to replace IAS 39 Financial instruments: Recognition and measurement. The standard requires the classification of financial assets into two measurement categories based on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The two categories are those measured at fair value and those measured at amortized cost. The classification and measurement of financial liabilities is primarily unchanged from IAS 39. However, for financial liabilities measured at fair value, changes in the fair value attributable to changes in an entity's "own credit risk" is now recognized in other comprehensive income instead of in profit or loss. This new standard will also impact disclosures provided under IFRS 7 Financial instruments: disclosures.

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3. Significant accounting policies (continued)

(p) New and Revised IFRS Issued but Not Effective (continued)

In November 2013, the IASB amended IFRS 9 for the significant changes to hedge accounting. In addition, an entity can now apply the “own credit requirement” in isolation without the need to change any other accounting for financial instruments. The standard was initially effective for annual periods beginning on or after January 1, 2013, but the complete version of IFRS 9, issued in July 2014, moved the mandatory effective date to January 1, 2018. The Company does not expect this amendment to have a material impact on its consolidated financial statements

(q) Change in Accounting Policy

Under IFRS 6 – “Exploration and Evaluation of Mineral Resources” (“IFRS 6”), the Company had historically capitalized its expenditures on exploration and evaluation (“E&E”) activities.

On January 1, 2017, the Company adopted a voluntary change in accounting principle, as permitted and accepted under IFRS, with respect to exploration and evaluation assets. Previously, the Company capitalized exploration and evaluation expenditures directly related to specific mineral properties, net of recoveries received. Under the new policy, exploration and evaluation expenditures incurred prior to the determination of the economic feasibility of mining operations and a decision to proceed with development are expensed as incurred. Expenditures incurred subsequent to a development decision are capitalized and will be amortized on the unit of production method based upon estimated proven and probable reserves. The Company had determined that such a voluntary change in accounting policy results in financial statements providing more reliable and more relevant information. Management believes that this treatment provides a more accurate depiction of the asset base of the Company prior to establishing the economic feasibility of its resource base. The change in accounting policy is consistent with the accounting conceptual framework for the recognition of assets, and is an accepted accounting practice in the mining industry.

This change in accounting policy has been applied to all of the Company’s exploration activities for all properties

As provided by IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the Company has accounted for this change on a retrospective basis. As the assets were written off during December 31, 2015, there is no retrospective impact on the December 31, 2016 financial statements.

4. Administrative expenses

	Years Ended December 31,	
	2017	2016
	\$	\$
Net foreign exchange loss	-	610
Investor relations	608	250
Depreciation (note 5)	1,718	5,246
Regulatory and shareholder services	27,863	40,190
Professional fees	44,359	40,370
Consulting Fees	68,303	98,425
Corporate administration	210,145	89,676
Exploration expenditures	790,109	71,190
	<u>1,143,105</u>	<u>345,957</u>

Jayden Resources Inc.
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5. Property, plant and equipment

	Computer equipment	Other equipment	Software	Building	Land	Total
	\$	\$	\$	\$	\$	\$
Cost						
As at December 31, 2015, 2016 and 2017	6,652	12,597	4,145	59,100	36,138	118,632
Accumulated depreciation						
As at December 31, 2015	5,166	10,626	4,145	13,707	-	33,644
Depreciation	-	-	-	1,789	-	1,789
Write-off	1,486	1,971	-	-	-	3,457
As at December 31, 2016	6,652	12,597	4,145	15,496	-	38,890
Depreciation	-	-	-	1,718	-	1,718
As at December 31, 2017	6,652	12,597	4,145	17,214	-	40,608
Net book value						
As at December 31, 2015	1,486	1,971	-	45,393	36,138	84,988
As at December 31, 2016	-	-	-	43,604	36,138	79,742
As at December 31, 2017	-	-	-	41,886	36,138	78,024

6. Marketable securities

	Years Ended December 31,	
	2017	2016
	\$	\$
Mountain Boy Minerals Ltd.	-	19,563
Great Bear Resources Ltd.	-	3,298
	-	22,861

For the year ended December 31, 2017, the Company sold shares with a carrying amount of \$22,861 and received proceeds of \$30,604. The related fair value reserve for marketable securities of \$18,931 has been reclassified to profit and loss and a gain of \$26,674 has been recorded.

Jayden Resources Inc.
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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.

On September 30, 2016, the Company closed a non-brokered private placement consisting of 15,000,000 units (the "Units") at a price of \$0.08 per Unit for gross proceeds of \$1,200,000. Each Unit consists of one common share of the Company (a "Share") and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one additional Share (a "Warrant Share") of the Company at a price of \$0.12 per Warrant Share until September 30, 2019. The fair value of the common share component of the Units at the date of issuance was \$0.185, being lower than market price therefore the Company allocated the entire \$1,200,000 to common shares and \$nil to warrants. The Company paid a finder's fee in the amount of \$96,000 and 1,200,000 finder's warrants at a price of \$0.12 per Warrant Share until September 30, 2018 (see note 7c).

During the year ended December 31, 2017, 3,968,500 warrants were exercised resulting in \$371,220 proceeds raised. (See note 7c)

(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 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.

Stock option transactions and the number of stock options outstanding and exercisable as at December 31, 2017 and 2016 are summarized as follows:

	Year ended December 31, 2017		Year ended December 31, 2016	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Options outstanding, beginning of the year	1,845,000	0.43	1,845,000	0.43
Expired	(420,000)	1.50	-	-
Options outstanding, end of the year	1,425,000	0.11	1,845,000	0.43

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7. Share capital and stock options (continued)

(b) Stock options (continued)

Options outstanding and exercisable		
Number outstanding	Expiry date	Exercise price
		\$
1,425,000	April 4, 2019	0.11

(c) Share purchase warrants

Share purchase warrant transactions and the number of share purchase warrants outstanding as at December 31, 2017 and 2016 are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life (in Years)
Balance, December 31, 2015	13,000,000	\$ 0.10	
Expired During the Year	(5,700,000)	0.12	
Granted During the Year	16,200,000	0.12	
Balance, December 31, 2016	23,500,000	0.11	
Exercised During the Year	(3,968,500)	0.09	
Expired During the Year	(3,800,000)	0.09	
Balance, December 31, 2017	15,731,500	\$ 0.12	1.67

Number outstanding	Expiry date	Exercise price
		\$
1,200,000	September 30, 2018	0.12
14,531,500	September 30, 2019	0.12

The finders' warrants issued on September 30, 2016 were valued at \$186,116 using the Black-Scholes pricing model with an expected volatility of 179.81%, an expected term of two (2) years, a risk-free interest rate of 0.51%, and a dividend yield of 0%.

During the year ended December 31, 2017, the warrant holders exercised 3,500,000 and 468,500 warrants into common shares at the price of \$0.09 and \$0.12, respectively, which resulted in the issuance of 3,968,500 common shares and proceeds of \$371,220 (2016: Nil).

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8. Related party balances and transactions

(a) Related party transactions

The Company entered into the following material related party transactions during the following periods:

Services provided for the year ended December 31, 2017	Management services
	\$
Baron Global Financial Canada Ltd. (1)	60,000
Services provided for the year ended December 31, 2016	Management services
	\$
Baron Global Financial Canada Ltd. (1)	15,000
Transmax Investing (2)	60,000

(1) Mr. Herrick Lau Mong Tak, officer of the Company, is the managing director of Baron Global Financial Canada Ltd.

(2) Mr. David Eaton, officer of the Company, is the owner of Transmax Investing.

- (b) During the year of 2016, the Company's former director provided a loan of \$84,898 to the Company. The company made payments for a total of \$55,118 to the former director. As at December 31, 2017 and 2016, the Company owed \$29,780 to the former director. The amounts due are unsecured, non-interest bearing and payable on demand.

9. Income Taxes

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the consolidated statements of operations and comprehensive loss for the years ended December 31, 2017 and 2016:

	2017 \$	2016 \$
Income (loss) before taxes	(1,123,732)	(345,427)
Statutory tax rate	26%	26%
Expected income tax (recovery)	(292,170)	(89,811)
Non-deductible expenses (non-taxable income)	(2,661)	8,854
Change in unrecognized deferred tax assets	294,831	80,957
Total income tax expense (recovery)	-	-

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9. Income Taxes (continued)

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their corresponding values for tax purposes. Details of deferred tax assets (liabilities) as at December 31, 2017 and 2016 are as follows:

	2017	2016
	\$	\$
Non-capital losses carry-forwards	3,573	4,588
Marketable securities	-	(701)
Unrealized foreign exchange gain	(152)	(146)
Property, plant and equipment	(3,421)	(3,741)
Net deferred tax assets (liabilities)	-	-

The unrecognized deductible temporary differences at December 31, 2017 and 2016 are as follows:

	2017	2016
	\$	\$
Mineral property	19,871,376	19,152,457
Non-capital losses	3,944,249	3,521,649
Investment tax credit	356,648	356,648
Financing cost	169,270	225,693
Capital losses	562	562
Total unrecognized deductible temporary differences	24,342,105	23,257,009

As at December 31, 2017, the Company has not recognized a deferred tax asset in respect of non-capital loss carryforwards of approximately \$3,944,249 (2016: \$3,521,649) which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Expires in:	\$
2030	279,647
2031	882,346
2032	645,008
2033	873,348
2034	398,844
2035	164,569
2036	295,151
2037	405,336
	<u>3,944,249</u>

The deferred tax assets have not been recognized at this stage of the Company's development, as it is not probable that future taxable profit will be available against which the Company can utilize such deferred tax assets.

Jayden Resources Inc.

Notes to the Consolidated Financial Statements

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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 & 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 CAD.

(ii) Credit risk

The Company's cash and cash equivalents are held in authorized Canadian and Hong Kong financial institutions. Management believes that the credit risk concentration with respect to its financial instruments is minimal. The Company adopts conservative investment strategies. Usually investments are in liquid securities quoted on recognized stock exchanges. No margin trading is allowed. Loans and financial guarantees to individuals on non-Group entities have to be approved by the board of directors. The board monitors the Company's overall investment position and exposure on a day to day basis. The credit and investment policies have been followed by the Company since prior years and are considered to have been effective in limiting the Company's exposure to credit risk to a desirable level.

(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 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.

Jayden Resources Inc.

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.

The cash and cash equivalents and marketable securities are grouped into level 1 as at December 31, 2017 and 2016.

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.

Financial instruments that are not measured at fair value on the balance sheet are represented by amounts due to related parties, 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 insure 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 properties in which the Company currently has an interest are in the exploration stage; as such, the Company has historically relied on the equity markets to fund its activities. 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. Supplementary cash flow Information

	Year Ended December 31,	
	2017	2016
	\$	\$
Non-cash Financing activities		
Finder's fees on private placement settled by issuance of warrants	-	186,116
Issuance of shares through exercise of convertible debenture	-	256,395

13. Commitment

The Company entered into consulting contracts providing the following services:

	<u>Monthly Fee</u>	<u>Service Provided</u>
	\$	
Baron Global Financial Canada Ltd.	5,000	Corporate Advisor
Andrew Michaels & Company	6,000	Consultant