



**ADYTON RESOURCES CORPORATION (FORMERLY XIB I CAPITAL CORP)**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)**

**As at June 30, 2021**

## **NOTICE TO READER**

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The condensed interim consolidated financial statements of the Company for the quarter ended June 30, 2021 have been prepared by and are the responsibility of the Company's management.

The Company's independent auditors have not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed consolidated interim financial statements by an entity's auditor.

ADYTON RESOURCES CORPORATION (FORMERLY XIB I CAPITAL CORP.)  
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2021  
(Unaudited - Prepared by management)  
(Expressed in Canadian dollars)

	Notes	As at June 30, 2021 C\$	As at December 31, 2020 C\$ Restated*
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		5,592,156	79,641
Advances to related parties	4	-	1,229,808
Trade and other receivables	5	67,704	24,195
Prepayments	6	323,889	-
		<u>5,983,749</u>	<u>1,333,644</u>
<b>Non-current Assets</b>			
Exploration and evaluation expenditure	7	11,833,763	2,738,670
Property, plant and equipment	8	66,143	-
		<u>11,899,906</u>	<u>2,738,670</u>
<b>TOTAL ASSETS</b>		<u>17,883,655</u>	<u>4,072,314</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	9	1,494,546	42,447
Advances from related parties	4	-	7,921,678
Provisions		13,180	-
		<u>1,507,726</u>	<u>7,964,125</u>
<b>TOTAL LIABILITIES</b>		<u>1,507,726</u>	<u>7,964,125</u>
<b>NET ASSETS</b>		<u>16,375,929</u>	<u>(3,891,811)</u>
<b>SHAREHOLDERS' EQUITY</b>			
Issued capital	10	19,434,548	2,640,040
Accumulated losses		(3,217,550)	(6,492,921)
Reserves	11	158,931	(38,930)
		<u>16,375,929</u>	<u>(3,891,811)</u>

\* Comparative information has been restated to reflect a change in accounting policy arising from the change of presentation currency from Australian dollars to Canadian dollars. Refer Note 15 for additional information.

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

On behalf of the Board of Directors of Adyton Resources Corporation:

“Frank Terranova”  
\_\_\_\_\_  
Director

“Timothy Crossley”  
\_\_\_\_\_  
Director

ADYTON RESOURCES CORPORATION (FORMERLY XIB I CAPITAL CORP.)  
CONDENSED INTERIM CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS  
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021  
(Unaudited – prepared by management)  
(Expressed in Canadian dollars)

	Note	Three months ended June 30,		Six months ended June 30,	
		2021 C\$	2020 C\$	2021 C\$	2020 C\$
			<i>(Restated)*</i>		<i>(Restated)*</i>
<b>Revenue</b>					
Other income		-	-	<b>6,924,356</b>	-
		-	-	<b>6,924,356</b>	-
Listing and share registry expenses		<b>(50,775)</b>	-	<b>(50,775)</b>	-
Audit, legal and compliance expenses		<b>(72,065)</b>	(12,895)	<b>(183,511)</b>	(20,718)
Insurance		<b>(20,594)</b>	-	<b>(20,594)</b>	-
Foreign exchange		<b>(52,057)</b>	114,658	<b>(89,332)</b>	11,256
Director and key management personnel remuneration		<b>(254,412)</b>	-	<b>(665,551)</b>	(579)
Listing fee expense	<b>3(a)</b>	-	-	<b>(1,512,639)</b>	-
Marketing and investor relations expenses		<b>(252,413)</b>	-	<b>(374,492)</b>	-
Office and administrative expenses		<b>(67,998)</b>	(56)	<b>(82,736)</b>	(8,028)
Premises expenses		<b>(8,401)</b>	(13,632)	<b>(15,801)</b>	(42,155)
Share based payments expense	<b>11(b)</b>	<b>(451,938)</b>	-	<b>(624,914)</b>	-
Travel expenses		<b>(4,712)</b>	(2,183)	<b>(28,640)</b>	(8,505)
<b>Profit/(Loss) before income tax</b>		<b>(1,235,365)</b>	85,892	<b>3,275,371</b>	(68,729)
<b>Other comprehensive (loss)/profit</b>					
Exchange differences on translation to presentation currency		<b>(221,901)</b>	-	<b>(527,828)</b>	-
<b>Comprehensive profit /(loss)</b>		<b>(1,457,266)</b>	85,892	<b>2,747,543</b>	(68,729)
Basic and diluted loss per common share	<b>12</b>	(\$0.013)	\$0.001	\$0.051	\$0.001
Weighted average number of common shares outstanding	<b>12</b>	94,530,790	76,923,077	63,966,826	76,923,077

\* Comparative information has been restated to reflect a change in accounting policy arising from the change of presentation currency from Australian dollars to Canadian dollars. Refer Note 15 for additional information.

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

ADYTON RESOURCES CORPORATION (FORMERLY XIB I CAPITAL CORP.)  
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021  
(Unaudited – prepared by management)  
(Expressed in Canadian dollars)

Restated*	Share capital	Reserves	Accumulated losses	Total Shareholders' Equity
<b>Balance – December 31, 2019</b>	2,640,040	291,352	(6,349,762)	(3,418,370)
Loss for the year	-	-	(143,159)	(143,159)
Exchange differences on translation to presentation currency	-	(330,282)	-	(330,282)
<b>Total comprehensive loss</b>	-	(330,282)	(143,159)	(473,441)
<b>Balance, December 31, 2020</b>	<b>2,640,040</b>	<b>(38,930)</b>	<b>(6,492,921)</b>	<b>(3,891,811)</b>

	Share capital	Reserves	Accumulated losses	Total Shareholders' Equity
<b>Balance – December 31, 2020</b>	<b>2,640,040</b>	<b>(38,930)</b>	<b>(6,492,921)</b>	<b>(3,891,811)</b>
Profit for the year	-	-	3,275,371	3,275,371
Exchange differences on translation to presentation currency	-	(527,828)	-	(527,828)
<b>Total comprehensive loss</b>	-	<b>(527,828)</b>	<b>3,275,371</b>	<b>2,747,543</b>
Issued pursuant to acquisition	5,500,000	-	-	5,500,000
Issue pursuant to financings	10,747,666	-	-	10,747,666
Issued pursuant to RTO transaction	1,500,000	-	-	1,500,000
Share based payments	-	624,914	-	624,914
Capital raising costs	(953,158)	100,775	-	(852,383)
<b>Balance, June 30, 2021</b>	<b>19,434,548</b>	<b>158,931</b>	<b>(3,217,550)</b>	<b>16,375,929</b>

\* Comparative information has been restated to reflect a change in accounting policy arising from the change of presentation currency from Australian dollars to Canadian dollars. Refer Note 15 for additional information.

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

ADYTON RESOURCES CORPORATION (FORMERLY XIB I CAPITAL CORP.)  
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASHFLOWS  
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021  
(Unaudited – prepared by management)  
(Expressed in Canadian dollars)

	Three months ended		Six months ended	
	June 30,		June 30,	
Note	2021	2020	2021	2020
	C\$	C\$	C\$	C\$
Profit/(Loss) before income tax expense	(1,235,365)	85,892	3,275,371	(68,729)
<b>Adjustments for:</b>		Restated*		
- Gain on commercial debt forgiveness	-	-	(6,924,356)	-
- Listing fee expense	-	-	1,512,639	-
- Share based payments expense	451,938	-	624,914	-
- Unrealised foreign exchange (gain)/loss	52,057	(114,658)	89,332	(11,258)
Total adjustments	503,995	(114,658)	(4,697,471)	(11,258)
Operating cash flows before changes in working capital	(731,370)	(28,766)	(1,422,100)	(79,987)
<b>Changes in working capital:</b>				
(Increase) / decrease in other receivables	94,903	(467)	(367,398)	(2,975)
Increase / (decrease) in trade and other payables	(40,261)	9,157	716,008	(46,164)
Total changes in working capital	54,642	8,690	348,610	(49,139)
<b>Net cash flows used in operating activities</b>	<b>(676,728)</b>	<b>(20,076)</b>	<b>(1,073,490)</b>	<b>(129,126)</b>
<b>Cash flow from investing activities</b>				
Cash from acquisition of subsidiary	-	-	527,604	-
Payments to creditors from acquisition of subsidiary	-	-	(547,664)	-
Payments for exploration and evaluation expenditure	(2,481,332)	(31,006)	(3,049,296)	(62,426)
Payments for plant and equipment	(22,895)	-	(71,070)	-
Advances to related parties	23,653	(149,465)	23,653	(162,346)
<b>Net cash used in investing activities</b>	<b>(2,480,574)</b>	<b>(180,471)</b>	<b>(3,116,773)</b>	<b>(224,772)</b>
<b>Cash flow from financing activities</b>				
Advances from related parties	-	45,873	208,701	222,914
Repayments to related parties	-	-	-	-
Cash from share issuance	-	-	10,747,666	-
Capital raising costs	-	-	(1,054,179)	-
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>45,873</b>	<b>9,902,188</b>	<b>222,914</b>
<b>Reconciliation of cash and cash equivalents</b>				
Cash and cash equivalents at beginning of the period	9,023,415	75,212	79,641	157,212
Net increase/(decrease) in cash and cash equivalents	(3,157,302)	(154,674)	5,711,925	(130,984)
Foreign exchange difference on cash and cash equivalents	(273,957)	133,019	(199,410)	27,329
Cash and cash equivalents at end of the period	5,592,156	53,557	5,592,156	53,557

\* Comparative information has been restated to reflect a change in accounting policy arising from the change of presentation currency from Australian dollars to Canadian dollars. Refer Note 15.

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

## 1. BASIS OF PREPARATION

Adyton Resources Corporation (formerly XIB I Capital Corp.) (the “Company”) was incorporated on March 8, 2018 under the laws of British Columbia. The Company’s head office address is Level 14, 167 Eagle Street, Brisbane QLD 4000. The Company’s registered and records office is located at 2800 Park Place, 666 Burrard Street, Vancouver, British Columbia, V6C 2Z7. To date the Company has not earned operating revenue.

On February 18, 2021 the Company completed a reverse takeover transaction (RTO Transaction) and several financings (collectively the “Qualifying Transaction”) as further described below and in Note 3. Through the Qualifying Transaction the Company acquired a number of copper and gold exploration projects in Papua New Guinea. On closing of the Qualifying Transaction, the Company changed its name to Adyton Resources Corporation and its shares recommenced trading on the TSX Venture Exchange (“TSXV”) under the symbol ADY on February 24, 2021.

### *RTO Transaction*

Adyton Resources Corporation acquired all of the issued capital of MR Exploration PNG Pte Ltd (MRE) on February 18, 2021. From a legal and taxation perspective, Adyton Resources Corporation is the acquiring entity pursuant to the Qualifying Transaction. However, the Qualifying Transaction has the features of a reverse acquisition as described in International Financial Reporting Standard 3 “Business Combinations” (IFRS3).

The transaction has therefore been accounted for as a reverse takeover transaction from a consolidated perspective, whereby MRE is the accounting acquirer and Adyton Resources Corporation is the legal acquirer. The financial report includes the consolidated financial statements of the new Adyton Resources Corporation Group (Resulting Issuer) for the period February 18, 2021 to June 30, 2021 and represents a continuation of MRE’s financial statements with the exception of the capital structure. Refer to Note 10 on issued capital and Note 3 on the accounting for the RTO Transaction.

Under the reverse takeover principles, the consideration provided by MRE for the acquisition of Adyton Resources Corporation was determined to be \$1,500,000 which is the deemed fair value of the 5,000,000 shares owned by the former XIB I Capital Corp shareholders at the completion of the acquisition, valued at the financing share price of \$0.30.

At the time of the reverse acquisition, the activities of Adyton Resources Corporation were limited to managing its cash balances, filing obligations and completion of a qualifying transaction. It is therefore considered that Adyton Resources Corporation was not a business for the purposes of IFRS3 as it had no processes or outputs. The excess of the deemed fair value of the shares owned by the former Adyton Resources Corporation shareholders and the fair value of the identifiable net assets of Adyton Resources Corporation immediately prior to the completion of the acquisition is accounted for under IFRS “Share Based Payments” and resulted in the recognition of \$1,512,639 being recorded as “Listing fee expense”.

Refer Note 3 for additional information in relation to accounting for the RTO Transaction.

## 1. BASIS OF PREPARATION (continued)

### *Acquisitions of Ballygowan Limited and Pacific Arc Aurum (Niugini) Limited*

Immediately prior to, and as a condition precedent to, the completion of the RTO Transaction on February 18, 2021, MRE completed the acquisition of Ballygowan Limited (Ballygowan) and Pacific Arc Aurum (Niugini) Limited (Pacific Arc) by purchasing all the issued and outstanding Ballygowan and Pacific Arc Shares from the shareholders of those entities. The consideration paid by MRE to the Vendors for the acquisition of MRE will Ballygowan and Pacific Arc consisted of the issuance of an aggregate of 26,442,308 MRE Shares to the former shareholders of Ballygowan and Pacific Arc.

Refer Note 3 for additional information in relation to accounting for the acquisition of Ballygowan and Pacific Arc.

### *The Financings*

In connection with the RTO Transaction and the acquisition of Ballygowan and Pacific Arc, and as a condition precedent to the completion of those transactions, Adyton completed financings to raise gross proceeds of \$10,747,666 by issuing 48,092,220 Adyton common shares (“Financings”).

The Financings were settled via a three-cornered amalgamation between Adyton Resources Finance Company Ltd. (“Adyton Financeco”), a special purpose subsidiary of Mayur Resources Pte Limited (the former parent entity of MRE), 1269592 B.C. Ltd. a special purpose entity established by certain financing parties (“Pre-Seed Financeco”), and a special purpose subsidiary of the Adyton, under which Adyton issued a total of 48,092,220 common shares to the shareholders of Adyton Financeco and Pre-Seed Financeco in exchange for the same number of common shares of Adyton Financeco and PreSeed Financeco, which had been issued on a one-for-one basis on conversion of subscription receipts issued by Adyton Financeco and Pre-Seed Financeco under private placement financings which raised aggregate gross proceeds of \$10,747,666.

### *Forgiveness of intercompany indebtedness*

Prior to, and as a condition to the completion of, the closing of the agreements, the net amount of advances to related parties and the advances from related parties recorded in the balance sheets of MRE and its subsidiary were the subject of a commercial debt forgiveness by Mayur Resources Pte Limited, the former parent entity of those companies. An amount of \$6,924,356 in relation to this commercial debt forgiveness is disclosed as other income in the Statement of Profit or Loss and Other Comprehensive Income.

### *COVID-19 Pandemic*

The COVID-19 pandemic has had a significant impact on the global economy. The duration of the COVID-19 pandemic and the resultant travel restrictions, social distancing, Government response actions, business closures and business disruptions, can all have an impact on the Company's operations and access to capital. There can be no assurance that the Company will not be further impacted by adverse consequences that may be brought about by the COVID-19 pandemic on global financial markets which may reduce metals prices, share prices and financial liquidity thereby severely limiting the financing capital available in the mineral exploration sector.



## 2. BASIS OF PRESENTATION

The Board of Directors of Adyton Resources Corporation approved these condensed interim consolidated financial statements on August 30, 2021.

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”.

The condensed interim consolidated financial statements do not include all note disclosures required by IFRS for annual financial statements and should be read in conjunction with the following financial statements prepared in accordance with IFRS as issued by the IASB and which were lodged on the Company’s SEDAR profile on April 30, 2021:

- i. The annual financial statements of Adyton Resources Corporation (formerly XIB I Capital Corp) for the year ended December 31, 2020.
- ii. The accounting acquirer financial statements of MR Exploration PNG Pte Ltd for the six months ended December 31, 2020.

The accounting policies adopted in the presentation of these financial statements are consistent with those disclosed in the accounting acquirer financial statements of MR Exploration PNG Pte Ltd for the six months ended December 31, 2020 except for:

- i. The adoption of all the new and revised accounting standards and Interpretations that are relevant to its operations and effective for financial periods commencing on or after January 1, 2021. The adoption of these new and revised accounting standards and interpretations did not have any material effect on the financial results or financial position of the Group or the Company for the reporting period.
- ii. The decision by the Directors to change the presentation currency for the financial statements from Australian dollars (A\$) to Canadian dollars (C\$). Refer Note 15 for further information regarding this change in accounting policy.

In the opinion of management, all adjustments considered necessary for the fair presentation of the Company’s financial position, results of operations and cash flows have been included. Operating results for the three-month and six-month periods ended June 30, 2021 are not necessarily indicative of the results that may be expected for the year ending December 31, 2021.

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at their fair value. In addition, the financial statements have been prepared using the accrual basis of accounting except for cash flow information.

### 3. SIGNIFICANT TRANSACTIONS – RTO TRANSACTION AND ACQUISITION OF BALLYGOWAN AND PACIFIC ARC

#### (a) RTO Transaction

On November 12, 2020, the Company entered into a Share Purchase Agreement pursuant to which the Company was to acquire all the issued and outstanding securities of MR Exploration PNG Pte Ltd (“MRE”) (“RTO Transaction”).

Under the RTO Transaction the Company:

- consolidated its 13,100,000 previously issued and outstanding common shares (“Common Shares”) on a 2.62-for-1 basis into 5,000,000 Common Shares issued and outstanding (the “Consolidation”) and changed its name to “Adyton Resources Corporation”;
- acquired all the issued shares in MRE from its shareholders in exchange for 71,666,666 post-Consolidation Common Shares in Adyton Resources Limited, after MRE first acquired all of the shares Ballygowan and Pacific Arc from their shareholders in return for shares of MRE: and
- reorganised its Board of Directors to consist of Frank Terranova, Rod Watt, Tim Crossley, Sinton Spence, Frederic Leigh Jr. and Nick Tintor, and its management to consist of Frank Terranova - Chairman, President and Chief Executive Officer, Stephen Kelly - Chief Financial Officer and Corporate Secretary, and Rod Watt, Chief Geologist.

The RTO Transaction constituted the Company’s “Qualifying Transaction” pursuant to Policy 2.4 of the TSX Venture Exchange.

As described in Note 1, the transaction has been accounted for as a reverse takeover transaction from a consolidated perspective, whereby MR Exploration PNG Pte Ltd is the accounting acquirer and Adyton Resources Corporation is the legal acquirer.

Under the reverse acquisition principles, the consideration provided by MR Exploration PNG Pte Ltd for the acquisition of Adyton Resources Corporation was determined to be \$1,500,000 which is the deemed fair value of the 5,000,000 shares owned by the former XIB I Capital Corp shareholders at the completion of the acquisition, valued at the capital raising share price.

The excess of the deemed fair value of the shares owned by the former XIB I Capital Corp shareholders and the fair value of the identifiable net assets of Adyton Resources Corporation immediately prior to the completion of the acquisition is accounted for under IFRS ‘Share Based Payment’ and resulted in the recognition of \$1,512,639 being recorded as “Listing fee expense” as summarised in the table below:

**3. SIGNIFICANT TRANSACTIONS – RTO TRANSACTION AND ACQUISITION OF BALLYGOWAN AND PACIFIC ARC (continued)**

*(a) Reverse takeover (continued)*

	C\$
<b>Net assets at fair value of Adyton Resources Corporation as at 18 February 2021</b>	
Cash and cash equivalents	523,968
Other assets	11,057
Trade creditors and accruals	(547,664)
<b>Net assets acquired</b>	<b>(12,639)</b>
Fair value of consideration	1,500,000
<b>Excess of consideration over fair value of net assets acquired</b>	<b>1,512,639</b>

*(b) Acquisition of Ballygowan and Pacific Arc*

As described in Note 1, on February 18, 2021, MRE completed the acquisition of Ballygowan and Pacific Arc by purchasing all the issued and outstanding Ballygowan and Pacific Arc shares from the shareholders of those entities. The consideration paid by MRE to the vendors for the acquisition was the issuance of 26,442,308 MRE shares to the former shareholders of Ballygowan and Pacific Arc.

At the time of the acquisition, the activities of Ballygowan and Pacific were not considered to be businesses for the purposes of IFRS3 and as such the acquisition is accounted for under IFRS ‘Share Based Payments’ and resulted in an adjustment to the value of capitalised exploration and evaluation expenditure acquired as summarised below:

	Ballygowan C\$	Pacific Arc C\$
<b>Net assets at fair value as at 18 February 2021</b>		
Cash and cash equivalents	3,636	-
Other assets	18,286	-
Exploration and evaluation expenditure	315,157	203,095
Trade creditors and accruals	(5,943)	(9,985)
<b>Net assets acquired</b>	<b>331,136</b>	<b>193,110</b>
Fair value of consideration	4,400,000	1,100,000
<b>Excess of consideration over fair value of net assets acquired adjusted against exploration and evaluation expenditure</b>	<b>4,068,864</b>	<b>906,890</b>

#### 4. RELATED PARTY TRANSACTIONS

Parties are 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. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties.

The Company has identified the following as related parties:

- i. Its directors and officers as its key management personnel.
- ii. Mayur Resources Pte Limited and its related entities (Mayur). Mayur was formerly the parent entity of MRE and following completion of the qualifying transaction owns 42.75% of the issued common shares of Adyton. Frank Terranova and Timothy Crossley who are Directors of the Company are also Directors of Mayur.

##### *(a) Transactions with key management personnel*

Compensation recorded for key management personnel and companies related to them for the three-month period to June 30, 2021, was \$ 254,412 for the three months (2020: \$Nil) and \$665,511 for the six-month period ended June 30, 2021 (2020: \$579).

In addition, the Company recorded share-based payments expense of \$451,938 for the three months (2020: \$Nil) and \$624,914 for the six-month period ended June 30, 2021 (2020: \$Nil) in relation to options granted to Directors and key management personnel as remuneration (refer Note 11).

##### *(b) Transactions with Mayur*

Mayur has historically provided funding to MRE and its subsidiary as well as providing corporate and administrative support. Transactions between MRE and Mayur were conducted on commercial terms other than the provision of funding at a nil interest rate.

As a condition to the completion of, the closing of the Qualifying Transaction, the net number of Advances to Related Parties and the Advances from Related Parties recorded in the balance sheets of MR Exploration PNG Pte Ltd and its subsidiary were the subject of a commercial debt forgiveness by Mayur. An amount of \$6,924,356 in relation to this commercial debt forgiveness is disclosed as other income in the Statement of Profit or Loss and Other Comprehensive Income.

	<b>June 30, 2021</b>	<b>December 31,</b>
	<b>C\$</b>	<b>2020</b>
		<b>C\$</b>
		<b>Restated</b>
Advances to related parties	-	1,229,808
Advances from related parties	-	7,921,678

The advances to and from related parties are unsecured, with no provisions for interest or repayment.

ADYTON RESOURCES CORPORATION (FORMERLY XIB I CAPITAL CORP.)  
 NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTHS ENDED JUNE 30, 2021  
 (Unaudited – prepared by management)  
 (Expressed in Canadian dollars)

5. TRADE AND OTHER RECEIVABLES

	June 30, 2021 C\$	December 31, 2020 C\$
		<i>Restated</i>
Trade and other receivables	<b>67,704</b>	24,195

Trade and other receivables comprise GST and VAT receivables that are expected to recover within twelve months.

6. PREPAYMENTS

	June 30, 2021 C\$	December 31, 2020 C\$
		<i>Restated</i>
Prepayments	<b>323,889</b>	-

Prepayments comprise prepaid insurance premiums and prepaid retainers to various service providers.

7. EXPLORATION AND EVALUATION EXPENDITURE

	June 30, 2021 C\$	December 31, 2020 C\$
		<i>Restated</i>
Exploration and evaluation phases	<b>11,833,763</b>	2,738,670

Movements in exploration and evaluation assets during the financial period are summarised below:

	June 30, 2021 C\$	December 31, 2020 C\$
		<i>Restated</i>
Balance at beginning of financial period	<b>2,738,670</b>	2,378,572
Exploration and evaluation expenditure capitalised during the financial period	<b>4,157,759</b>	127,758
Acquired on the acquisition of subsidiaries	<b>5,494,006</b>	-
Effect of changes in exchange rates	<b>(556,672)</b>	232,340
<b>Balance at end financial period</b>	<b>11,833,763</b>	2,738,670

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

ADYTON RESOURCES CORPORATION (FORMERLY XIB I CAPITAL CORP.)  
 NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTHS ENDED JUNE 30, 2021  
 (Unaudited – prepared by management)  
 (Expressed in Canadian dollars)

**8. PROPERTY, PLANT AND EQUIPMENT**

	June 30, 2021 C\$	December 31, 2020 C\$
		<i>Restated</i>
Property, plant and equipment – net book value	<u>66,143</u>	<u>-</u>

	June 30, 2021 C\$	December 31, 2020 C\$
		<i>Restated</i>
<b>Cost</b>		
Balance at beginning of financial period	48,174	-
Additions	22,896	-
<b>Balance at end financial period</b>	<u>71,070</u>	<u>-</u>
<b>Depreciation</b>		
Balance at beginning of financial period	-	-
Depreciation for the period	(4,927)	-
Balance at end financial period	<u>(4,927)</u>	<u>-</u>

**9. TRADE AND OTHER PAYABLES**

	June 30, 2021 C\$	December 31, 2020 C\$
		<i>Restated</i>
Trade and other payables	<u>1,494,546</u>	<u>42,447</u>

## 10. SHARE CAPITAL

### (a) Movements in issued capital

The following reconcile the movements in share capital during the period.

	2021		2020	
	No. of shares	C\$	No. of shares	C\$
Balance at the beginning of the reporting period <sup>MRE</sup>	76,923,077	2,640,040	76,923,077	<i>Restated</i> 2,640,040
Shares issued on the acquisition of Ballygowan and Pacific Arc <sup>MRE</sup>	26,442,308	5,500,000	-	-
Shares exchanged on RTO Transaction <sup>MRE</sup>	(103,365,385)	(21,500,000)	-	-
Shares on issue at beginning of period <sup>ADY</sup>	13,100,000	644,570	-	-
Reduction in shares on capital consolidation <sup>ADY</sup>	(8,100,000)	-	-	-
Elimination of ADY shares on issue prior to RTO Transaction <sup>ADY</sup>	-	(644,570)	-	-
Shares issued on RTO Transaction <sup>ADY</sup>	71,666,666	21,500,000	-	-
Shares issued pursuant to financings <sup>ADY</sup>	48,092,220	10,747,666	-	-
Notional issue of shares by accounting acquirer on RTO Transaction <sup>MRE</sup>	-	1,500,000	-	-
Capital raising costs <sup>ADY</sup>	-	(953,158)	-	-
	<b>124,758,886</b>	<b>19,434,548</b>	76,923,077	2,640,040

<sup>MRE</sup> Represent transactions relation to the capital structure of MR Exploration PNG Pte Ltd being the accounting acquirer pursuant to the RTO Transaction (refer Note 1 and Note 3).

<sup>ADY</sup> Represent transactions relation to the capital structure of Adyton Resources Corporation (formerly XIB I Capital Corp) being the legal acquirer pursuant to the RTO Transaction (refer Note 1 and Note 3).

### (b) Options on issue

The following options over common shares were on issue:

	June 30, 2021 Number	December 31, 2020 Number
On issue at the beginning of the period	-	300,000
Options issued to Directors and key management personnel	10,237,944	-
Options issued to Brokers	1,119,675	-
Expired without being exercised	-	(300,000)
	<b>11,357,619</b>	-

**11. RESERVES**

	June 30, 2021 C\$	December 31, 2020 C\$
		<i>Restated</i>
Share based payments reserve	725,686	-
Foreign currency translation reserve	(594,978)	(67,153)
Other reserves	28,223	28,223
	<u>158,931</u>	<u>(38,930)</u>

*(a) Foreign currency translation reserve*

The foreign currency translation reserve is used to record the cumulative effect of the translation of the financial statements of group companies that have a functional currency other than Canadian dollars into Canadian dollars which is the presentation currency for these condensed interim consolidated financial statements.

*(b) Share based payments reserve*

The Share based payment reserve is used to record the fair value of share-based payments made by the Company.

The following share-based payment transactions were recognised during the period:

	June 30, 2021 C\$	June 30, 2020 C\$
		<i>Restated</i>
Options issued to Directors and key management personnel (i)	624,911	-
Options issued to brokers (ii)	100,775	-
<b>Total share-based payments for the year</b>	<u>725,686</u>	-
<b>Recognised as:</b>		
Capital raising costs	100,775	-
Share based payments expense	624,911	-
	<u>725,686</u>	-

- (i) On February 18, 2021, the Company issued options to the brokers as partial consideration for services provided to the Company in relation to the Financings (Broker Options). The options were issued with an exercise price of \$0.30 and an expiry date of February 18, 2023. The options vested immediately.

The value of the services received has been estimated by reference to the fair value of the options granted as the fair value of the services received cannot be reliably estimated. The fair value of the options at grant date has been used to determine the estimated using the Black Scholes valuation model, considering the terms and conditions upon which the options were granted.



## 11. RESERVES (continued)

### (a) Share based payments reserve (continued)

- (ii) On February 18, 2021, the Company issued options to Directors and key management personnel as remuneration (Management Options). The options had an exercise price of \$0.30 and an expiry of February 18, 2028. The options vest one year from the date of issue.

The fair value of the options at grant date has been estimated using the Black Scholes valuation model, considering the terms and conditions upon which the options were granted. The following assumptions were used:

	Broker Options	Management Options
Exercise price	\$0.30	\$0.30
Expected volatility	57%	57%
Risk-free interest rate	0.22%	0.75%
Expected life of share options (years)	2	7
Grant date share price	\$0.30	\$0.30
Fair value per option	\$0.094	\$0.1683

## 12. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the three-month period ended June 30, 2021, was based on the loss attributable to common shareholders of \$1,235,365 (three months ended June 30, 2020 - profit of \$85,893) and the weighted average number of common shares outstanding of 94,530,790 (2020 – 76,923,077).

The calculation of basic and diluted profit per share for the six-month period ended June 30, 2021, was based on the profit attributable to common shareholders of \$3,275,371 (six months ended June 30, 2020 - loss of \$68,729) and the weighted average number of common shares outstanding of 63,966,826 (2020 – 76,923,077).

## 13. FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

### Market Risk

Market risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market prices or prevailing conditions. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk and are disclosed as follows:

### 13. FINANCIAL INSTRUMENTS (continued)

#### (i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to currency risk as it raises equity funds in C\$ and utilises those funds to undertake exploration and evaluation activities on its mineral exploration projects in Papua New Guinea. Expenditure related to those exploration and evaluation activities is funded primarily in A\$ and Papua New Guinea Kina (PGK).

The Company's exposure to currency risk as at June 30, 2021 and December 31, 2020 is summarised as follows:

	C\$ Denominated Balances	A\$ Denominated Balances	PGK Denominated Balances	TOTAL June 30, 2021
<b>June 30, 2021</b>				
Cash and cash equivalents	5,383,569	-	208,587	5,592,156
Trade and other receivables	26,345	41,359	-	67,704
<i>Total assets</i>	<b>5,409,914</b>	<b>41,359</b>	<b>208,587</b>	<b>5,659,860</b>
Trade and other payables	(40,280)	(911,617)	(542,649)	(1,494,546)
<i>Net exposure</i>	<b>5,369,634</b>	<b>(870,258)</b>	<b>(334,062)</b>	<b>4,165,314</b>
	C\$ Denominated Balances	A\$ Denominated Balances	PGK Denominated Balances	TOTAL December 31, 2020
<b>December 31, 2020</b>				
Cash and cash equivalents	-	-	79,641	79,641
Trade and other receivables	-	-	24,195	24,195
Advances to related parties	-	-	1,229,808	1,229,808
<i>Total assets</i>	-	-	<b>1,333,644</b>	<b>1,333,644</b>
Trade and other payables	-	(31,360)	(11,087)	(42,447)
Advances from related parties	-	(7,921,678)	-	(7,921,678)
<i>Net exposure</i>	-	<b>(7,953,038)</b>	<b>1,322,557</b>	<b>(6,630,481)</b>

#### (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market interest rates. The Company's sensitivity to interest rates relative to its cash balances is currently immaterial. The Company also has no long-term debt with variable interest rates, so it has no negative exposure to changes in the market interest rate.

#### (iii) Price rate risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Management closely monitors individual equity movements and the stock market to determine the appropriate course of action

### **13. FINANCIAL INSTRUMENTS (continued)**

to be taken by the Company. Given the Company's limited market exposure at this time it has assessed there to be a low level of price rate risk.

#### **Credit Risk**

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fail to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions. Management believes that the credit risk related to its cash is negligible.

#### **Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. At June 30, 2021, the Company has no sources of revenue but has a cash balance of \$5,592,156 to settle current liabilities of \$1,507,726. As such, management feels the Company has sufficient cash to fund corporate overhead costs for the next year. The Company's exposure to liquidity risk is currently negligible.

#### **Fair Value Measurements**

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

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and
- Level 3 – Inputs that are not based on observable market data. The fair value of cash is determined based on Level 1 inputs, which consist of quoted prices in active markets for identical assets.

### **14. SEGMENT NOTE**

The Company currently operates in one operating segment, being the acquisition, exploration and evaluation of copper and gold properties in Papua New Guinea. As at June 30, 2021 all material non-current assets of the company were located in Papua New Guinea.

### **15. CHANGE OF ACCOUNTING POLICY**

Effective February 18, 2021 the Group changed its presentation from Australian dollars (A\$) to Canadian dollars (C\$), following the completion of the RTO Transaction and related Financings. The change in presentation currency is to better reflect the Group's listing on the TSX Venture exchange, the raising of capital in C\$, and to improve investors' ability to compare the Group's financial results with other publicly traded businesses on the TSX Venture Exchange.

## 15. CHANGE OF ACCOUNTING POLICY (continued)

In making this change in presentation currency, the Group followed the recommendations set out in IFRS21, The Effects of Change in Foreign Exchange Rates. In accordance with IFRS21, the financial report has been restated to \$C using the procedures outlined below:

1. The Statement of Profit and Loss and Other Comprehensive Income and the Statement of Cash Flows have been translated into C\$ using average foreign currency rates prevailing for the relevant period.
2. Assets and liabilities in the Statement of Financial Position have been translated into C\$ at the closing foreign currency rates on the relevant balance sheet dates.
3. The equity section of the Statement of Financial Position, including foreign currency translation reserve, retained earnings, share capital and the other reserves, have been translated into C\$ using historical rates.
4. Earnings per share disclosures have also been restated to C\$ to reflect the change in presentation currency.

The functional currency of the Resulting Issuer is Australian dollars, whilst the presentation currency of the Group is now in Canadian dollars. Some subsidiaries have a functional currency other than C\$ dollars which is translated to the presentation currency.

Transactions in currencies other than an entity's functional currency are initially recorded in the functional currency by applying the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than an entity's functional currency are retranslated at the foreign exchange rate ruling at the reporting date. Foreign exchange differences arising on translation are recognised in the income statement.

Foreign exchange differences that arise on the translation of monetary items that form part of the net investment in a foreign operation are recognised in the translation reserve in the consolidated financial statements.

Currency translated to CAD	As of June 30, 2021	As of March 31, 2021	As of December 31, 2020	As of December 31, 2019
Australian dollars	1.0757	1.0481	1.0963	1.1132

The results of subsidiaries with a functional currency other than C\$ (the presentation currency of the Group) are translated to C\$ in line with the procedures outlined above. The cumulative effect of the change in presentation currency is recognised in the foreign currency translation reserve

## 16. SUBSEQUENT EVENTS

There has been no other matter or circumstance which has arisen since the end of the period that has significantly affected, or may significantly affect the Group's operations, the result of those operations or the Group's state of affairs.