

**GOLDEN AGE EXPLORATION LTD.**

(An Exploration Stage Company)

**ANNUAL FINANCIAL STATEMENTS**

For the years ended February 28, 2023 and 2022

(Stated in Canadian Dollars)

## INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of Golden Age Exploration Ltd.**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Golden Age Exploration Ltd. (the "Company"), which comprise the statement of financial position as at February 28, 2023 and 2022 and the statement of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2023 and 2022 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

#### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Material Uncertainty Related to Going Concern**

We draw attention to Note 2 (b) in the financial statements, which indicates that the Company has not generated any revenue from operations. As stated in Note 2 (b), the Company's ability to continue as a going concern in the near term is primarily dependent upon its ability to obtain the necessary financing to continue the exploration and development of its property interests and to cover other operating costs. These matters, along with other matters as set forth in Note 2 (b), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no other key audit matters to communicate in our auditor's report.

#### **Other Information**

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis" but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is

a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe

these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is James D. Gray.

*De Visser Gray LLP*

**Chartered Professional Accountants**

Vancouver, BC, Canada  
June 8, 2023

**GOLDEN AGE EXPLORATION LTD.**

An Exploration Stage Company)

STATEMENT OF FINANCIAL POSITION

February 28, 2023 and 2022

(Stated in Canadian Dollars)

	<u>2023</u>	<u>2022</u>
<b><u>ASSETS</u></b>		
Current		
Cash and cash equivalents – Note 5	\$ 206,286	\$ 127,698
Amounts receivable	<u>19,560</u>	<u>1,139</u>
	225,846	128,837
Exploration and evaluation assets – Note 6	<u>44,041</u>	<u>57,987</u>
	<u>\$ 269,887</u>	<u>\$ 186,824</u>
<b><u>LIABILITIES</u></b>		
Current		
Accounts payables and accrued liabilities – Note 8	<u>36,275</u>	<u>24,100</u>
<b><u>SHAREHOLDERS' EQUITY</u></b>		
Share capital – Notes 6 and 7	414,426	204,000
Contributed surplus – Note 7	75,832	30,000
Accumulated deficit	<u>(256,646)</u>	<u>(71,276)</u>
	<u>233,612</u>	<u>162,724</u>
	<u>\$ 269,887</u>	<u>\$ 186,824</u>
Nature of Operations – Note 1		
Commitments – Notes 6 and 7		

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

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"Kevin Hanson" Director  
Kevin Hanson

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"Tibor Gajdics" Director  
Tibor Gajdics

**GOLDEN AGE EXPLORATION LTD.**  
 (An Exploration Stage Company)  
**STATEMENT OF LOSS AND COMPREHENSIVE LOSS**  
 for the years ended February 28, 2023 and 2022  
(Stated in Canadian Dollars)

	<u>2023</u>	<u>2022</u>
General and administrative expenses		
Accounting and audit fees	\$ 17,792	\$ 5,000
Bank charges	97	315
Consulting fees	-	2,000
Filing fees	31,431	-
Legal fees	83,313	16,272
Management fees – Note 9	13,500	12,000
Office	3,836	-
Stock-based payments – Note 7	29,702	30,000
Transfer agent	1,771	-
Website costs – Note 9	<u>4,257</u>	<u>5,689</u>
Loss before other item:	(185,699)	(71,276)
Other item:		
Interest income	<u>329</u>	<u>-</u>
Net loss and comprehensive loss for the year	<u>\$ (185,370)</u>	<u>\$ (71,276)</u>
Basic and diluted loss per common share	<u>\$ (0.02)</u>	<u>\$ (0.03)</u>
Weighted average number of common shares outstanding	<u>7,590,686</u>	<u>2,835,773</u>

**GOLDEN AGE EXPLORATION LTD.**  
(An Exploration Stage Company)  
**STATEMENT OF CASH FLOWS**  
for the years ended February 28, 2023 and 2022  
(Stated in Canadian Dollars)

	<u>2023</u>	<u>2022</u>
Operating Activities		
Loss for the year	\$ (185,370)	\$ (71,276)
Item not involving the use of cash:		
Stock-based payments – Note 7	29,702	30,000
Changes in working capital items related to operations:		
Amounts receivable	(4,475)	(1,139)
Accounts payable and accrued liabilities	<u>12,175</u>	<u>24,100</u>
	<u>(147,968)</u>	<u>(18,315)</u>
Financing Activity		
Shares issued for cash, net of issue costs	<u>226,556</u>	<u>200,000</u>
Investing Activity		
Exploration and evaluation costs	<u>-</u>	<u>(53,987)</u>
Cash and cash equivalents, beginning of the year	<u>127,698</u>	<u>-</u>
Cash and cash equivalents, end of the year	<u>\$ 206,286</u>	<u>\$ 127,698</u>
Cash and cash equivalents consist of:		
Cash	\$ 6,286	\$ 115,198
Cash held in trust	-	12,500
Guaranteed Investment Certificate	<u>200,000</u>	<u>-</u>
	<u>\$ 206,286</u>	<u>\$ 127,698</u>
Non-cash transactions:		
Shares issued for exploration and evaluation asset	<u>\$ -</u>	<u>\$ 4,000</u>
Mineral Exploration Tax Credits included in accounts receivable	<u>\$ 13,946</u>	<u>\$ -</u>
Fair value of agent’s warrants included in share issue costs	<u>\$ 16,130</u>	<u>\$ -</u>

**GOLDEN AGE EXPLORATION LTD.**  
(An Exploration Stage Company)  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
for the year ended February 28, 2023 and 2022  
(Stated in Canadian Dollars)

	<u>Number of Common Shares</u>	<u>Amount</u>	<u>Contributed Surplus</u>	<u>Deficit</u>	<u>Total</u>
Incorporator share – \$0.10	1	\$ -	\$ -	\$ -	-
For cash					
Seed shares – \$0.005 – Note 7	2,000,000	10,000	30,000	-	40,000
– \$0.02	2,000,000	40,000	-	-	40,000
Shares issued for property acquisition - \$0.02	200,000	4,000	-	-	4,000
For cash					
Seed shares – \$0.05	3,000,000	150,000	-	-	150,000
Net loss and comprehensive loss for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(71,276)</u>	<u>(71,276)</u>
Balance, February 28, 2022	7,200,001	204,000	30,000	(71,276)	162,724
For cash					
Initial Public Offering – \$0.10	3,000,000	300,000	-	-	300,000
Share issue costs – Note 7	-	(99,574)	16,130	-	(83,444)
Shares issued for corporate finance fee – \$0.10 - Note 7	100,000	10,000	-	-	10,000
Stock based payments – Note 7	-	-	29,702	-	29,702
Net loss and comprehensive loss for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(185,370)</u>	<u>(185,370)</u>
Balance, February 28, 2023	<u>10,300,001</u>	<u>\$ 414,426</u>	<u>\$ 75,832</u>	<u>\$ (256,646)</u>	<u>\$ 233,612</u>



# **GOLDEN AGE EXPLORATION LTD.**

(An Exploration Stage Company)

## **NOTES TO THE FINANCIAL STATEMENTS**

February 28, 2023 and 2022

(Stated in Canadian Dollars)

### Note 1 Nature of Operations

Golden Age Exploration Ltd. (the “Company”) is a mineral property exploration company whose common shares trade on the Canadian Securities Exchange (“CSE”). The Company filed a final prospectus with the BSCS, ASC and OSC (the “Regulatory Authorities”) on July 15, 2022, which was received on July 18, 2022. The Company filed an amended and restated prospectus with the Regulatory Authorities on October 17, 2022, which was received on October 17, 2022 and become a reporting issuer in British Columbia, Alberta and Ontario. The Company was listed for trading on January 12, 2023, completed its Initial Public Offering (the “IPO”) on January 13, 2023 and commenced trading on January 16, 2023 under the trading symbol “GDN”.

The Company has an option agreement to earn an interest in a mineral property located near Quesnel, British Columbia (Note 6) and has not yet determined whether this property contains mineral resources that are economically recoverable. The recoverability of amounts from the property is dependent upon the discovery of mineral resources that are economically recoverable, confirmation of the Company’s interest in the underlying property, the ability of the Company to obtain the necessary financing to satisfy the expenditure requirements under the property option agreement and to complete the development of the property and upon future profitable production or proceeds for the sale thereof.

The Company was incorporated under the Business Corporations Act (British Columbia) on February 24, 2021, but did not commence active business activities until March, 2021. These financial statements are prepared as at February 28, 2023 and 2022 and for the years then ended. For ease of presentation and practical reporting purposes these financial statements refer to the ‘year’ ended February 28, 2022; however, technically they encompass the period from the date of incorporation, February 24, 2021, to February 28, 2022, a total of 370 days.

The address of the Company’s corporate office and principal place of business and records office is c/o Suite 501 – 815 Hornby Street, Vancouver, BC, V6Z 2E6.

### Note 2 Basis of Preparation

#### a) Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and which were in effect since incorporation on February 24, 2021.

The financial statements were authorized for issue by the Board of Directors on June 8, 2023.

**Golden Age Exploration Ltd.**  
(An Exploration Stage Company)  
Notes to the Financial Statements  
February 28, 2023 and 2022  
(Stated in Canadian Dollars)

Note 2     Basis of Preparation – (cont'd)

b) Going Concern

The Company has not generated revenue from operations. The Company recorded a net loss of \$185,370 for the year ended February 28, 2023, and, as of that date the Company's accumulated deficit was \$256,646. As the Company is in the exploration stage, the recoverability of the costs incurred to date on its exploration property is dependent upon the existence of mineral resources that are economically recoverable, the ability of the Company to obtain the necessary financing to complete the exploration and development of its property and upon future profitable production or proceeds from the disposition of its property and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. A 'going concern' assumption is suggestive that the Company's assets will continue to be realized and its liabilities met in the normal course of its business activities, and for the reasonably foreseeable future.

The Company believes it has sufficient funds to sustain planned operations for the next twelve months. However, there can be no assurance of such an outcome and therefore, in the context of other material uncertainties in respect to the availability of future financing, there exists significant doubt as to the Company's ability to continue on a going concern basis.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

c) Basis of Measurement

These financial statements have been prepared using the historical cost basis in Canadian dollars, which is the Company's functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Note 3      Significant Accounting Policies

The accounting policies set out below have been applied consistently to the years presented in these financial statements unless otherwise indicated.

a) Basic and Diluted Earnings per Share

Basic earnings per share are computed by dividing the earnings (or loss) for the period by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflect the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method and the effect of convertible securities by the “if converted” method.

Diluted amounts are not presented when the effect of the computations are anti-dilutive. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

b) Cash and Cash Equivalents

Cash and cash equivalents consist of cash held at Canadian banks and include highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

c) Exploration and Evaluation Assets

Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation costs

Once the legal right to explore a property has been acquired, exploration and evaluation expenditures are recognized and capitalized in addition to the acquisition costs. Mineral exploration costs are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. Once the technical feasibility and commercial viability of extraction of the mineral resources has been determined, the property is considered to be a property under development and is reclassified as such. Costs related to a producing mine are typically amortized on a unit-of-production method based on the estimated life of the ore reserves, while those costs for prospects abandoned are written off.

Impairment losses or write-downs in respect to exploration and evaluation costs are recorded in the event the net book value of such assets exceeds the estimated recoverable amount of such assets. When impairment indicators arise at a stage of development where a formal assessment of recoverability cannot be made with any precision, the Company would expect to consider whether a write down of materially all related deferred costs is appropriate. As further discussed below, such a decision involves significant professional judgement and is subject to inherent measurement uncertainty.

**Golden Age Exploration Ltd.**  
(An Exploration Stage Company)  
Notes to the Financial Statements  
February 28, 2023 and 2022  
(Stated in Canadian Dollars)

Note 3      Significant Accounting Policies – (cont'd)

c) Exploration and Evaluation Assets – (cont'd)

Exploration and evaluation costs – (cont'd)

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company has investigated title to its exploration and evaluation assets and, to the best of its knowledge, the title to its property is in good standing.

The recoverability of the amounts capitalized for the undeveloped exploration and evaluation assets is dependent upon the determination of mineral resources that are economically recoverable, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof.

In capitalizing of exploration and development costs management is making certain assumptions about the future recoverability of such costs which are subject to significant estimation uncertainty. Management's assessment of recoverability can be based on, among other things, the Company's estimate of current mineral resources and reserves, which are supported where practicable by geological estimates, estimated commodity prices, and the procurement of all necessary regulatory permits and approvals. These assumptions and estimates could change in the future and this could materially affect the carrying value and the ultimate recoverability of the amounts recorded for mineral properties.

Mineral exploration tax credits are recorded in the accounts when there is reasonable assurance that the Company has complied with, and will continue to comply with, all conditions needed to obtain the credits. These non-repayable mineral tax credits are earned in respect to exploration costs incurred in British Columbia, Canada and are recorded as a reduction of the related deferred exploration expenditures.

d) Rehabilitation Provisions

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of tangible long-lived assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates is capitalized to the amount of the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as the related asset. The liability is progressively increased each period as the effect of the discounting unwinds, creating an expense recognition in profit or loss.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the rehabilitation provision.

**Golden Age Exploration Ltd.**  
(An Exploration Stage Company)  
Notes to the Financial Statements  
February 28, 2023 and 2022  
(Stated in Canadian Dollars)

Note 3      Significant Accounting Policies – (cont'd)

d) Rehabilitation Provisions– (cont'd)

The Company's estimates are reviewed at each reporting date for changes in regulatory requirements, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to the statement of comprehensive loss for the period. As at February 28, 2023, the Company is not aware of any reclamation costs and no amounts have been recorded.

e) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants and flow-through shares are classified as equity instruments.

The fair value of common shares issued is measured with reference to the value associated with cash financings involving arm's length parties

Incremental costs directly attributable to the issue of new shares or options, when applicable, are shown in equity as a deduction, net of tax, from the proceeds.

Flow-through Shares

The Company will, from time to time, issue flow-through shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On the issuance of a flow-through share, it is bifurcated into equity (share) and liability (flow-through) components on the issue date using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and the residual proceeds is allocated to the liability. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

Note 3      Significant Accounting Policies – (cont'd)

f) Share-based Payments

Equity-settled share based payments for directors, officers and employees are measured at fair value at the date of grant and recorded as compensation expense in profit and loss. The fair value determined at the grant date of the equity-settled share based payments is expensed using the graded vesting method over the vesting period based on the Company's estimate of shares that will eventually vest. Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit and loss over the remaining vesting period.

Compensation expense on share purchase options granted to non-employees is measured at the earlier of the completion of performance and the date the options are vested using the fair value method and is recorded as an expense in the same period as if the Company had paid cash for the goods or services received.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a Black-Scholes valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital along with any consideration paid. If the options expire unexercised, the amount recorded remains in contributed surplus.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

g) Income Taxes

Income tax expense is comprised of current and deferred tax. Current and deferred income tax is recognized in the statement of comprehensive loss except to the extent that it relates to a business combination or items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current income taxes are the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

**Golden Age Exploration Ltd.**  
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Note 3      Significant Accounting Policies – (cont'd)

g) Income Taxes– (cont'd)

Deferred tax assets and liabilities are recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred income tax assets and liabilities are presented as non-current.

h) Financial Instruments

*Financial Assets*

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit and loss (“FVTPL”) are expensed in profit or loss. Financial assets are considered in the entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. The classification depends on the Company’s business model for managing the financial assets and contractual terms of the cash flows. These are the measurement categories under which the Company classifies its financial assets:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Note 3      Significant Accounting Policies – (cont'd)

h) Financial Instruments – (cont'd)

*Financial Assets* – (cont'd)

- Fair value through other comprehensive income (“FVOCI”): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income (“OCI”), except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is not reclassified from equity to profit or loss and remains in accumulated OCI. Interest income from these financial assets is included as finance income using the effective interest rate method.
- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as other income in the consolidated statement of loss in the period which it arises.

The Company’s cash and cash equivalents and amounts receivable are measured at amortized cost.

*Impairment of Financial Assets at Amortized Cost*

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses of the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

*Financial Liabilities*

The Company classifies its financial liabilities into the following categories: financial liabilities at FVTPL and amortized cost.

A financial liability is classified as FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows: the amount of change in fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not designate any financial liabilities at FVTPL.



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Note 3      Significant Accounting Policies – (cont'd)

h) Financial Instruments – (cont'd)

*Financial Liabilities* – (cont'd)

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method. The Company classifies its accounts payable and accrued liabilities and due to related parties, as financial liabilities held at amortized cost.

i) Accounting standards and amendments

The following new standards and/or amendments are not yet effective and have not been applied in preparing these financial statements. The Company does not expect the adoption of this standard and/or amendment to have a significant impact on the financial statements.

*Classification of Liabilities as Current or Non-current (Amendments to IAS 1)*

The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023.

Note 4      Use of Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is as follows:

i) Exploration and evaluation expenditure

The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position, utilize the cost model and the carrying value of the exploration and evaluation assets is based on the expenditures incurred. Management tests for recoverability whenever events or changes in circumstances indicate there are indicators of impairment and that its carrying amount may not be recoverable. Impairment of exploration and evaluation assets is generally considered to have occurred if one of the following factors are present: the rights to explore have expired or are near to expiry with no expectation of renewal, no further substantive expenditures are planned, exploration and evaluation work is discontinued in an area for which commercially viable quantities have not been discovered, indications in an area with development likely to proceed that the carrying amount is unlikely to be recovered in full by development or by sale.

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Note 4      Use of Estimates and Judgments – (cont'd)

ii) Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility, dividend yield, forfeiture rate and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 7.

iii) Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its operating expenditures, meet its liabilities for the subsequent year, and to fund planned contractual exploration programs, involves significant judgement based on historical experiences and other factors including expectation of future events that are believed to be reasonable under the circumstances.

iv) Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped. Certain tests include the recoverability of deferred income tax assets to the extent that the deductible temporary differences will reverse in the foreseeable future and that the Company will have future taxable income.

Note 5      Cash and Cash Equivalents

Cash at banks and on hand earn interest at floating rates based on daily bank deposit rates. Guaranteed Investment Certificates ("GIC") that the Company held bore interest at 4.0% (2022: NIL) per annum and were cashable at any time after 30 days. As at February 28, 2023, the Company held \$200,000 (2022: \$NIL) in a GIC.

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Note 6 Exploration and Evaluation Assets

<u>Magic Property</u>	<u>2023</u>	<u>2022</u>
Acquisition cost – cash	\$ 7,500	\$ 7,500
– common shares	<u>4,000</u>	<u>4,000</u>
	<u>11,500</u>	<u>11,500</u>
Deferred exploration costs		
Assays	8,869	8,869
Equipment rental	3,519	3,519
Geological	29,450	29,450
Supplies	<u>4,649</u>	<u>4,649</u>
	<u>46,487</u>	<u>46,487</u>
Mineral Exploration Tax Credits	<u>(13,946)</u>	<u>-</u>
Balance, ending	<u>\$ 44,041</u>	<u>\$ 57,987</u>

By a mineral property option agreement dated June 9, 2021 and amended on August 27, 2021, September 30, 2022 and February 7, 2023, the Company may acquire up to an 80% interest in the Magic Property. This property consists of four mineral tenures and is located approximately 80 kilometres west southwest of Quesnel, British Columbia.

In order to earn a 50.1% interest in the Magic Property, the Company shall pay \$12,500 in cash, issue 500,000 common shares and incur \$296,487 in exploration work as follows:

<u>Date</u>	<u>Cash</u>	<u>Common Shares</u>	<u>Exploration Work</u>
On or before July 9, 2021 (paid and issued)	\$ 7,500	200,000	\$ -
On or before September 30, 2022 (incurred)	-	-	46,487
On or before December 9, 2023	5,000	-	-
On or before December 9, 2024	<u>-</u>	<u>300,000</u>	<u>250,000</u>
	<u>\$ 12,500</u>	<u>500,000</u>	<u>\$ 296,487</u>

The Company may earn an additional 14.9% interest in the Magic Property by paying an additional \$5,000 in cash, issuing to the Optioners an additional 500,000 in common shares and incurring an additional \$500,000 in exploration expenses on or before December 9, 2025.

The Company may earn an additional 15% interest in the Magic Property by paying an additional \$5,000 in cash, issuing to the Optioners an additional 1,000,000 in common shares and incurring an additional \$1,000,000 in exploration expenses on or before December 9, 2026.

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Note 7     Share Capital

a) Authorized:

Unlimited common shares without par value

b) Issued:

On February 24, 2021, the Company issued 1 common share for total proceeds of \$0.10.

On June 29, 2021, the Company issued 2,000,000 common shares at \$0.005 per share for total proceeds of \$10,000. The shares were considered to have a fair value of \$40,000 and therefore the Company has recorded a stock-based charge of \$30,000 in respect to their issuance.

On July 7, 2021, the Company issued 2,000,000 common shares at \$0.02 per share for total proceeds of \$40,000.

On July 7, 2021, the Company issued 200,000 common shares pursuant to the Magic property option agreement at a deemed price of \$0.02 per share.

On October 25, 2021, the Company issued 200,000 common shares at \$0.05 per share for total proceeds of \$10,000.

On February 23, 2022, the Company issued 2,800,000 common shares at \$0.05 per share for total proceeds of \$140,000.

On March 1, 2022, the Company entered into an agreement with Research Capital Corporation (the "Agent") to complete an IPO for the issue of up to 3,000,000 common shares of the Company at \$0.10 per share for gross proceeds of up to \$300,000. The Company completed the IPO on January 13, 2023 and issued 3,000,000 common shares, paid the Agent a cash commission of \$30,000 and issued to the Agent broker warrants to purchase up to 300,000 common shares at \$0.10 per share until January 13, 2025. In addition, the Company granted the Agent an over-allotment option exercisable for 30 calendar days after closing to sell up to an additional 450,000 common shares at \$0.10 per share to cover over-allocation positions, if any. The over-allotment option expired unexercised on February 11, 2023.

The Company recorded a fair value of the agent's broker warrants of \$16,130 utilizing the Black-Scholes option pricing model with the following assumptions – Risk-free interest rate of 3.56%, dividend yield of Nil; expected volatility of 100%; and expected life of 2 years. The forfeiture rate was 0%.

The Company also paid the Agent a corporate finance fee of \$22,500, of which \$10,000 of this fee was paid by the issuance of 100,000 common shares of the Company at \$0.10 per share. The Company also paid expenses related to the offering, including legal fees and disbursements totalling \$30,944.

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Note 7 Share Capital – (cont’d)

b) Issued: - (cont’d)

Total cost of the offering:

Agent’s commission	\$ 30,000
Agent’s broker warrants	16,130
Corporate finance fee	22,500
Other offering expenses	<u>30,944</u>
	<u>\$ 99,574</u>

c) Escrow:

Pursuant to an escrow agreement dated July 15, 2022, 4,400,001 common shares were placed in escrow to be released as to 10% on the Listing Date with the remaining 90% to be released in equal tranches at six-month intervals over the 36 months following the Listing Date.

As at February 28, 2023, there were 3,960,001 common shares held in escrow.

d) Share Purchase Options:

The Company has a share-based payment plan whereby share purchase options are granted in accordance with the policies of regulatory authorities at an exercise price equal to the market price of the Company’s shares on the date of the grant and, unless otherwise stated, vest on the grant date and with a term not to exceed ten years. Under the plan, the board of directors may grant up to 10% of the issued number of shares outstanding as at the date of the share purchase option grant.

By agreements dated April 18, 2022, the Company granted share purchase options to directors and an officer of the Company entitling the holders thereof the right to purchase up to a total of 800,000 common shares at \$0.10 per share. These options expire on January 13, 2028 and are subject to vesting as to 25% on the date of listing and 25% every three months thereafter until fully vested. The fair value of the stock options of \$60,800 was determined using the Black-Scholes option pricing model with the following assumptions: share price on the effective date of the grant (January 12, 2023) was \$0.10; risk-free rate of 2.88%; estimated life of 5 years; volatility of 100%; dividend yield of 0%; and forfeiture rate of 0%. During the year ended February 28, 2023, the Company recorded \$29,702 or \$0.037 per option in share-based payments. Since the Company does not have enough history of trading prices, the Company utilized annualized volatility of comparable startup companies.

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Note 8 Income Taxes

The Company has Canadian exploration and development expenses of approximately \$44,000 that are available to carry forward and offset future years' income at various rates. These pools carry forward indefinitely.

The Company has non-capital losses of approximately \$214,000, which may be carried forward to offset future years' income. The non-capital losses expire on February 28, 2043.

The Company has undeducted share issue cost of approximately \$66,800 which may be carried forward to offset future years' income. The undeducted share issue cost expire on February 28, 2027.

A reconciliation of income taxes at statutory rates is as follows:

	<u>2023</u>	<u>2022</u>
Loss before income taxes	\$ (185,370)	\$ (71,276)
Statutory income tax rates	<u>27%</u>	<u>27%</u>
Computed income tax recovery	\$ (50,100)	\$ (19,200)
Net effect of deductible and non-deductible amounts	(14,600)	8,100
Changes in unrecognized deferred tax assets	<u>64,700</u>	<u>11,100</u>
Total current and deferred income tax recovery	\$ <u>-</u>	\$ <u>-</u>

Significant components of the Company's deferred tax assets and liabilities, after applying enacted corporate income tax rates, are as follows:

	<u>2023</u>	<u>2022</u>
Deferred income tax asset (liability)		
Non-capital loss carry-forwards	\$ 57,800	\$ 11,100
Share issuance costs	18,000	-
Valuation allowance	<u>(75,800)</u>	<u>(11,100)</u>
Deferred income tax asset, net	\$ <u>-</u>	\$ <u>-</u>

The Company has recorded a valuation allowance against its deferred income tax assets based on the extent to which it is probable that future taxable profit will be available against which the deferred asset can be utilized.

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Note 9 Related Party Transactions

During the year ended February 28, 2023, a private company controlled by a director of the Company charged a total of \$13,500 in management fees (2022: \$12,000). Total outstanding due to this company at February 28, 2023 was \$26,775 (February 28, 2022 - 12,600). On August 31, 2022 this company agreed to defer payment of \$10,000 of the total due until January 1, 2024 and this deferral is non-interest bearing and is unsecured.

During the year ended February 28, 2023, a spouse of a director of the Company was paid a total of \$2,470 (2022: \$4,350) for website development.

The transactions above are in the normal course of operations and are measured at the agreed to value which represents the amount of consideration established and agreed to by the related parties.

Note 10 Financial Instruments and Risk Management

The Company is exposed through its operations to the following financial risks:

Market Risk  
Credit Risk  
Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and process for managing those risks or the methods used to measure them from previous years unless otherwise stated in this note.

a) Market Risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices and are comprised of foreign currency risk and interest rate risk.

b) Foreign Currency Risk:

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and other foreign currencies will affect the Company's operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuation.

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Note 10 Financial Instruments and Risk Management – (cont'd)

c) Interest Rate Risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. The risk that the Company will realize a loss as a result of a decline in the fair value of the cash equivalents is limited because of the short-term nature of the investments.

d) Credit Risk:

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consists primarily of cash and cash equivalents. Cash and cash equivalents are maintained with financial institutions of reputable credit and may be redeemed upon demand. The Company considers this risk to be minimal.

e) Liquidity Risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases. The Company manages liquidity risk through the management of its capital structure (Note 11).

Accounts payable and accrued liabilities and due to related parties are due within the current operating year.

As at February 28, 2023, the Company had a working capital surplus of \$175,625. The Company does not currently operate any producing properties and as such, may be dependent upon issuance of new equity to advance its exploration properties. If equity financing is required, failure to obtain financing on a timely basis may cause the Company to postpone exploration plans, reduce or terminate its operations.

Determination of Fair Value:

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The financial position carrying amounts for cash and cash equivalents, accounts payable and accrued liabilities approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.



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Note 10 Financial Instruments and Risk Management – (cont'd)

Fair Value Hierarchy:

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- Level 3 – Applies to assets or liabilities for which there are unobservable market data.

Note 11 Management of Capital Risk

The Company manages its cash and cash equivalents, and common shares as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.