



## **GOLCAP RESOURCES CORP.**

Financial Statements  
(Expressed in Canadian Dollars)

For the years ended September 30, 2022 and 2021

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## INDEPENDENT AUDITORS' REPORT

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To the Shareholders and Directors of Golcap Resources Corp.

### Opinion

We have audited the financial statements of Golcap Resources Corp. (the "Company") which comprise the statements of financial position as at September 30, 2022 and 2021, and the statements of operations and comprehensive loss, changes in equity (deficiency) and cash flows for the years ended September 30, 2022 and 2021, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2022 and 2021, and its financial performance and its cash flows for the years ended September 30, 2022 and 2021 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' 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 audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

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 identified above 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 on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, 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.

## **Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

The engagement partner on the audit resulting in this independent auditors' report is Michael Ryan Ayre.

*Manning Elliott LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS  
Vancouver, British Columbia, Canada  
January 27, 2023

# GOLCAP RESOURCES CORP.

Statements of Financial Position  
(Expressed in Canadian dollars)  
As at September 30, 2022 and 2021

	September 30, 2022 \$	September 30, 2021 \$
Assets		
Current Assets		
Cash and cash equivalents	990	745,692
Amounts receivable (note 4)	7,924	9,644
Prepaid expenses (note 5)	5,000	-
Investments (note 6)	115,390	-
	129,304	755,336
Non-current Assets		
Exploration assets (note 7)	122,238	224,738
	251,542	980,074
Liabilities and Equity (Deficiency)		
Current Liabilities		
Accounts payable and accrued liabilities	265,476	31,088
Due to related party (note 13)	5,000	-
	270,476	31,088
Equity (Deficiency)		
Share capital (notes 9)	1,567,700	1,563,623
Reserve	164,848	166,129
Accumulated deficit	(1,751,482)	(780,766)
	(18,934)	948,986
	251,542	980,074
Going Concern (Note 1)		

Approved on behalf of the Board:

"Justin Corinella"  
Justin Corinella, CEO and Director

"Alan Tam"  
Alan Tam, CFO

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

# GOLCAP RESOURCES CORP.

Statements of Operations and Comprehensive Loss  
(Expressed in Canadian dollars)  
For the years ended September 30, 2022 and 2021

	September 30, 2022 \$	September 30, 2021 \$
Expenses:		
Consulting fees	168,000	104,645
CSE listing expense	-	154,294
General and administration	17,955	10,502
Management fees (note 10)	30,667	96,000
Professional fees (note 10)	71,923	107,224
Regulatory	32,159	64,427
Share-based compensation	-	150,261
Loss before other income (expense)	(320,704)	(687,353)
Interest income	1,070	80
Realized loss on sale of marketable securities (note 6)	(548,582)	-
Write off of exploration asset (note 7)	(102,500)	-
Net loss and comprehensive loss for the year	(970,716)	(687,273)
Net loss per share, basic and diluted (note 9)	(0.10)	(0.11)
Weighted average number of common shares outstanding:		
Basic and diluted	9,309,643	6,171,187

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

# GOLCAP RESOURCES CORP.

Statements of Changes in Equity (Deficiency)

(Expressed in Canadian dollars)

For the years ended September 30, 2022 and 2021

	Number of shares	Share capital \$	Reserve \$	Accumulated deficit \$	Total \$
Balance September 30, 2020	4,416,638	479,998	-	(93,493)	386,505
Issuance of IPO units brokered	958,333	287,500	-	-	287,500
Issuance of IPO advisory shares	333,333	100,000	-	-	100,000
Issuance of IPO units agent commission, net	95,833	(5,443)	5,443	-	-
Issuance of IPO warrants agent warrants	-	(13,177)	13,177	-	-
Share issuance cost of IPO unit	-	(58,723)	-	-	(58,723)
Grant of options	-	-	150,160	-	150,160
Issuance of common shares for additional Tulameen property options	83,333	102,500	-	-	102,500
Issuance of private placement units	3,333,333	600,000	-	-	600,000
Exercise warrants	81,052	70,968	(2,651)	-	68,317
Net loss for the year	-	-	-	(687,273)	(687,273)
Balance September 30, 2021	9,301,855	1,563,623	166,129	(780,766)	948,986
Exercise warrants	9,320	4,077	(2,681)	-	2,796
Net loss for the year	-	-	-	(970,716)	(970,716)
Balance September 30, 2022	9,311,175	1,567,700	164,848	(1,751,482)	(18,934)

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

# GOLCAP RESOURCES CORP.

## Statements of Cash Flows

(Expressed in Canadian dollars)

For the years ended September 30, 2022 and 2021

	September 30, 2022 \$	September 30, 2021 \$
Cash (used in) provided by:		
Operating:		
Net loss	(970,716)	(687,273)
Items not involving cash:		
Write off of exploration asset	102,500	-
Realized loss on sale of marketable securities	548,582	-
Share-based compensation	-	150,160
Shares issued for listing expense	-	100,000
Changes in non-cash operating working capital:		
Amounts receivable	1,720	(9,060)
Prepaid expenses	(5,000)	10,000
Accounts payable and accrued liabilities	234,388	(534)
Due to related party	5,000	-
Cash used in operating activities	(83,526)	(436,707)
Financing:		
Issuance of common shares or units, net of share issuance costs	-	931,277
Exercise of warrants	2,796	68,317
Cash provided by financing activities	2,796	999,594
Investing:		
Purchase of marketable securities	(2,020,389)	-
Sale of marketable securities	1,356,417	-
Investment in exploration assets	-	(128,737)
Cash used in investing activity	(663,972)	(128,737)
Increase (decrease) in cash and cash equivalents	(744,702)	434,150
Cash and cash equivalents, beginning of year	745,692	311,542
Cash and cash equivalents, end of year	990	745,692
<b>Cash and cash equivalents consist of:</b>		
Bank deposits	990	145,692
Guaranteed investment certificates	-	600,000
	990	745,692

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

# GOLCAP RESOURCES CORP.

Notes to the Financial Statements

(Expressed in Canadian dollars)

For the years ended September 30, 2022 and 2021

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## 1. Nature of operations and going concern:

Golcap Resources Corp. ("Golcap" or "the Company") was incorporated on September 20, 2019 under the *Business Corporations Act* (British Columbia). The Company's registered office is located at #2080 – 777 Hornby Street, Vancouver, British Columbia, V6K 2A4. The Company's shares are listed on the CSE under the Symbol "GCP".

The Company is engaged in the exploration of mineral properties and has not yet determined whether any of its properties contain economically recoverable reserves. To date, the Company has not earned any operating revenue and is in the exploration stage. The mining exploration business involves a high degree of risk. The recoverability of the amounts expended on mineral interests by the Company is dependent upon the existence of economically viable reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of its mineral properties and upon future profitable production or proceeds from disposition of its mineral interest.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at September 30, 2022, the Company has no source of revenues, a working capital deficit of \$141,172 and an accumulated deficit of \$1,751,482 and as such present material uncertainty that casts significant doubt as to the Company's ability to continue as a going concern.

Since incorporation, the Company has raised equity financing from investors and expects these funds to provide for its early stage exploration and working capital needs for the next twelve months. Additional fundraising may involve further private placements, convertible debentures, third party earn-ins or joint ventures using debt or equity financing structures, to ensure the continuation of the Company's operations.

There can be no assurances that the Company will be successful in raising additional cash to finance operations or that the continued support of shareholders will be available. These financial statements have been prepared using the going concern assumption, which assumes that the Company will continue in operation for the foreseeable future. The financial statements do not include any adjustments relating to the recoverability of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.



# GOLCAP RESOURCES CORP.

Notes to the Financial Statements  
(Expressed in Canadian dollars)  
For the years ended September 30, 2022 and 2021

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## 2. Basis of preparation:

### (a) Statement of compliance:

The financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These financial statements were approved and authorized for issue by the Board of Directors on January 27, 2023.

### (b) Basis of measurement:

These financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are recorded at fair value.

### (c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the functional currency for the Company.

### (d) Use of estimates and judgments:

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Significant judgments made by management in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements include the recoverability of exploration assets and the application of the going concern assumption.

## 3. Significant accounting policies:

### (a) Cash and cash equivalents:

Cash includes cash on hand and balances with banks, consisting primarily of operating bank accounts and short-term financial instruments subject to an insignificant risk of change in value.

### (b) Exploration and evaluation assets:

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of mineral properties are capitalized. Costs not directly attributable to exploration and evaluation activities, including general and administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation costs, in excess of estimated recoveries, are written off to the statement of operations and comprehensive loss.

# GOLCAP RESOURCES CORP.

Notes to the Financial Statements

(Expressed in Canadian dollars)

For the years ended September 30, 2022 and 2021

## 3. Significant accounting policies (continued):

### (b) Exploration and evaluation assets (continued):

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

### (c) Financial instruments:

#### (i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by instrument basis) to designate them as FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

The following table shows the classification of financial instruments under IFRS 9:

Cash	FVTPL
Investments	FVTPL
Accounts payable	Amortized cost
Due to related party	Amortized cost

#### (ii) Measurement

##### Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

##### Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

# GOLCAP RESOURCES CORP.

Notes to the Financial Statements  
(Expressed in Canadian dollars)  
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## 3. Significant accounting policies (continued):

### (ii) Measurement (continued)

#### Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit and loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit and loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

### (iii) 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 if 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 and 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.

### (iv) Derecognition

#### Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit and loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

#### Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid or payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit and loss.

# GOLCAP RESOURCES CORP.

Notes to the Financial Statements

(Expressed in Canadian dollars)

For the years ended September 30, 2022 and 2021

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## 3. Significant accounting policies (continued):

### (d) Loss per share:

Basic loss per share is calculated using the weighted average number of shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized based on the use of proceeds that could be obtained upon exercise of such options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. This calculation generally produces an anti-dilutive effect for loss years.

### (e) Income taxes:

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in earnings except to the extent that they relate to a business combination, or to items recognized directly in other comprehensive income.

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

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable earnings on the acquisition date.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

# GOLCAP RESOURCES CORP.

Notes to the Financial Statements

(Expressed in Canadian dollars)

For the years ended September 30, 2022 and 2021

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## 3. Significant accounting policies (continued):

### (f) Share-based payment transactions:

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

### (g) Share capital

The proceeds from the exercise of stock options, warrants and escrow shares are recorded as share capital in the amount for which the option, warrant or escrow share enabled the holder to purchase a share in the Company.

Depending on the terms and conditions of each financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are accounted for using the residual method, following an allocation of the unit price to the fair value of the common shares that were concurrently issued. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

Commissions paid to agents and other related share issue costs are charged directly to share capital.

## 4. Amounts receivable:

Amounts receivable is comprised of GST input tax credits receivable.

## 5. Prepaid:

The prepaid amount is comprised of a \$5,000 retainer paid to a law firm.

## 6. Investments:

Investments relate to an equity portfolio at a brokerage firm. The Company has elected to classify these financial assets at fair value through profit and loss ("FVTPL"). Therefore, they have been initially recognized at fair value and will be subsequently measured at fair value with gains and losses recognized in other comprehensive income (loss).

# GOLCAP RESOURCES CORP.

Notes to the Financial Statements

(Expressed in Canadian dollars)

For the years ended September 30, 2022 and 2021

## 7. Exploration assets:

	Tulameen Property \$
Opening balance	224,738
Write off:	(102,500)
Balance, September 30, 2022	122,238
Comprised of:	
Geological and geophysical costs	99,850
Staking costs	2,456
Survey costs	19,932
Balance, September 30, 2022	122,238
	Tulameen Property \$
Opening balance	96,001
Additions:	
Acquisition costs	102,500
Geological and geophysical costs	12,050
Survey costs	14,187
Balance, September 30, 2021	224,738
Comprised of:	
Acquisition costs	102,500
Geological and geophysical costs	99,850
Staking costs	2,456
Survey costs	19,932
Balance, September 30, 2021	224,738

The Tulameen property (the "Property") consists of two mineral claims totalling 1,738.29 hectares situated west of Otter Lake in southern British Columbia.

On October 10, 2019, the Company staked the Redcap tenure consisting of 1,403.33 hectares and on October 19, 2019, staked the SGBG TIP tenure consisting of 334.96 hectares.

# GOLCAP RESOURCES CORP.

Notes to the Financial Statements

(Expressed in Canadian dollars)

For the years ended September 30, 2022 and 2021

## 7. Exploration assets (continued):

On February 22, 2021, the Company entered into an option agreement with a third party to increase the Property land package to 3,938 hectares. Under the agreement, the Company had the exclusive right and option to acquire 100% interest by issuing shares and incurring exploration expenditures under the following schedule:

Date	Shares	Exploration Expenditures
On the Effective Date	250,000 (issued)	Nil
Year 1 Anniversary Date	500,000	Greater of \$25,000 or amount required to keep the Property in good standing
Year 2 Anniversary Date	750,000	Greater of \$50,000 or amount required to keep the Property in good standing
Year 3 Anniversary Date	1,000,000	\$100,000
Total	2,500,000	\$175,000

Prior to the Year 1 Anniversary Date, the Company abandoned further exploration due to results of poor preliminary mineral samples and the acquisition amount of \$102,500 was written off. No other payments are required.

## 8. Financial instruments:

### (a) Fair values

Assets and liabilities measured at fair value on a recurring basis are presented on the Company's statement of financial position as at September 30, 2022 as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Balance as at September 30, 2022
	\$	\$	\$	\$
Cash and cash equivalents	990	-	-	990
Investments	115,390	-	-	115,390

The fair values of other financial instruments, which include accounts payable and due to related party, approximate their carrying values due to the nature and relatively short-term maturity of these instruments.

# GOLCAP RESOURCES CORP.

Notes to the Financial Statements  
(Expressed in Canadian dollars)  
For the years ended September 30, 2022 and 2021

## 8. Financial instruments (continued):

### (b) Financial risk management:

The following provides disclosures relating to the nature and extent of the Company's exposure to risks arising from financial instruments, including credit risk, liquidity risk, foreign currency risk and interest rate risk, and how the Company manages those risks.

#### (i) Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's maximum credit risk is equal to the carrying values of cash and cash equivalents and investments.

The Company manages such risk by holding cash as operating bank accounts with Canadian chartered banks with minimum DBRS ratings of AA (S&P AA-) and marketable securities in a brokerage account with Research Capital Corporation.

#### (ii) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

All of the Company's contractual obligations have maturities of one year or less:

	Carrying Amount	Contractual Cash Flows	Within 1 year	Within 2 years	Within 3 years
	\$	\$	\$	\$	\$
<i>As at September 30, 2022</i>					
Accounts payable	206,425	206,425	206,425	–	–
Due to related party	5,000	5,000	5,000	–	–
<b>Total</b>	<b>211,425</b>	<b>211,425</b>	<b>211,425</b>	<b>–</b>	<b>–</b>
<i>As at September 30, 2021</i>					
Accounts payable	31,088	31,088	31,088	–	–
<b>Total</b>	<b>31,088</b>	<b>31,088</b>	<b>31,088</b>	<b>–</b>	<b>–</b>

#### (iii) Currency risk:

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company does not have any significant transactions in foreign currencies and therefore is not exposed to significant currency risk.

#### (iv) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is not exposed to significant interest rate risk.



# GOLCAP RESOURCES CORP.

Notes to the Financial Statements  
(Expressed in Canadian dollars)  
For the years ended September 30, 2022 and 2021

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## 9. Share capital:

### (a) Authorized and outstanding share capital:

Unlimited voting, participating common shares, with no par value.

As at September 30, 2022, there were 9,311,175 common shares outstanding of which 525,000 common shares are being held in escrow. Effective at the opening for trading on May 10, 2022 the shares of the Company commenced trading on a 3:1 consolidated basis and is reflected as such throughout these financial statements.

### (b) Issued share capital:

On December 22, 2020, the Company completed an initial public offering for gross proceeds of \$287,500 by the issuance of 958,333 units of the Company at a price of \$0.30. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.90 per warrant for a period of 12 months from the date of grant.

Pursuant to the terms of the agreement, the Company paid the Agent a commission representing 10% of the gross proceeds through the issuance of the 95,833 Agent's units with the same terms. In addition, the Company paid the Corporate Finance Fee in the amount of \$20,000 and issued 333,333 Advisory Shares. The Agent also received 95,833 non-transferable agent's warrants to acquire up to 95,833 shares at a price of \$0.30 per share until December 22, 2021. As a consequence, the Company recognized \$5,443 as fair value for the Agent's commission units, \$100,000 as fair value for the Advisory Shares, and \$13,176 as fair value for the non-transferrable agent's warrants.

On February 1, 2021, the Company extended the expiry period of warrants previously issued on April 30, 2020 and June 30, 2020 prior to completing its initial public offering on December 22, 2020. A total of 1,016,666 warrants exercisable at \$0.90, price unchanged, will now expire on December 22, 2021.

On February 22, 2021, the Company issued 83,333 common shares to a third party as settlement for signing the new Tulameen option agreement.

From February 5, 2021 to March 22, 2021, the Company issued 76,215 common shares for the exercise of 76,215 warrants and realized gross proceeds of \$66,864.

On July 19, 2021, the Company issued 4,841 common shares for the exercise of 4,841 warrants and realized gross proceeds of \$1,453.

On July 28, 2021, the Company closed a non-brokered private placement of 3,333,333 units at a price of \$0.18 per Unit, for gross proceeds of \$600,000. Each Unit consists of one common share of the Company and one common share purchase warrant exercisable into one common share of the Company at a price of \$0.225 per warrant for a period of 60 months from the closing date.

On December 1, 2021, the Company issued 9,320 common shares for the exercise of 9,320 warrants and realized gross proceeds of \$2,796.

# GOLCAP RESOURCES CORP.

Notes to the Financial Statements  
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For the years ended September 30, 2022 and 2021

## 9. Share capital (continued):

### (c) Loss per share computation:

The following table sets forth the computation of loss per common share:

	Year ended September 30, 2022	Year ended September 30, 2021
Loss for the year	\$ (970,716)	\$ (687,273)
Weighted average, common shares outstanding	9,309,643	6,171,187
Loss per share, basic and diluted	\$ (0.10)	\$ (0.11)

### (d) Share Purchase Warrants:

A summary of the warrant transactions during the year ended September 30, 2022 and 2021 is as follows:

	Number of Warrants	Weighted Average Exercise Price \$
Balance September 30, 2020	1,083,333	0.90
Issued during the period		
IPO offering warrants	958,333	0.30
Agent's commission warrants	95,833	0.90
Agent's warrants	95,833	0.30
Exercise of private placement warrants	(66,666)	0.90
Exercise of IPO warrants	(6,666)	0.90
Exercise of agent warrants	(7,723)	0.30
Private placement unit warrants	3,333,333	0.225
Balance September 30, 2021	5,485,610	0.48
Exercised warrants	(9,320)	0.30
Expired warrants	(2,142,957)	0.88
Balance September 30, 2022	3,333,333	0.225

The following warrants are outstanding at September 30, 2022:

Number of warrants	Exercise price per warrant \$	Expiry date
3,333,333	0.225	July 28, 2026

As at September 30, 2022, the weighted average life of warrants outstanding was 3.83 years.

# GOLCAP RESOURCES CORP.

Notes to the Financial Statements

(Expressed in Canadian dollars)

For the years ended September 30, 2022 and 2021

## 9. Share capital (continued):

### (e) Share Purchase Options:

On December 22, 2020, the Company granted 553,333 incentive stock options to the directors and officers of the Company. The stock options are exercisable into 553,333 common shares at a price of \$0.30 per share for a period of five years. As a consequence, the Company recognized \$137,593 as share based compensation.

On August 20, 2021, the Company granted 25,000 incentive stock options to an officer of the Company. The stock options are exercisable onto 75,000 common shares at a price of \$0.51 per share for a period of five years. As a consequence, the Company has recognized \$12,567 as share based compensation.

A summary of the option transactions during the year ended September 30, 2021 and 2022 is as follows:

	Number of Options	Weighted Average Exercise Price \$
Balance, September 30, 2020	-	-
Issued during the year	-	-
Management and consultant options	553,333	0.30
Management options	25,000	0.51
Balance, September 30, 2021 and 2022	578,333	0.31

The following options are outstanding at September 30, 2022:

Number of options	Exercise price per option \$	Expiry date
553,333	0.30	December 22, 2025
25,000	0.51	August 20, 2026
578,333		

As at September 30, 2022, the weighted average life of options outstanding was 3.26 years.

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## 10. Related party transactions and balances:

Key management personnel include the Company's CEO, CFO, and directors.

### (a) Balances with related parties:

As at September 30, 2022, there was \$8,000 owed to the CEO, \$5,250 owed to a company controlled by the CFO and \$18,860 owed to a related company Crest Resources Inc. (a company with a common CFO), in accounts payable and accrued liabilities. There are no balances owing to or from related parties as at September 30, 2021.

### (b) Compensation paid to key management personnel during the years ended September 30, 2022 and 2021 was:

	Year ended September 30, 2022 \$	Year ended September 30, 2021 \$
Consulting fees	-	7,500
Management fees (former CEO)	(17,333)	96,000
Management fees (current CEO)	48,000	-
Professional fees	30,000	51,320
Rent (in General and Administration)	13,200	-
Exploration asset – geological and geophysical costs	-	13,587
Stock-based compensation	-	82,887

On December 22, 2020 of the total 553,333 incentive stock options granted, 333,333 incentive stock options were issued to directors of the Company.

On November 12, 2021, the former CEO returned a portion of the prior year management fee termination benefit back to the Company.

The management fees recovery is a result of the return of \$17,333 in prior year May 31, 2021 management fees (net of GST), which was negotiated after the resignation of the former CEO.

The related party transactions are in the normal course of operations and have been measured at the amount of consideration established and agreed to by the related parties.

## 11. Capital management:

Since inception, the Company's objective in managing capital is to ensure sufficient liquidity to finance its exploration and evaluation activities and general and administrative expenses. The Company is not exposed to external requirements by regulatory agencies or third parties regarding its capital. The Company considers capital to include all components of equity.

To maintain or adjust the capital structure, the Company may attempt to issue new shares or issue new debt.

# GOLCAP RESOURCES CORP.

Notes to the Financial Statements  
(Expressed in Canadian dollars)  
For the years ended September 30, 2022 and 2021

## 12. Income tax:

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

	Year Ended September 30, 2022	Year Ended September 30, 2021
Loss for the year	\$ (970,716)	\$ (687,273)
Canadian statutory income tax rate	27%	27%
Expected income tax recovery	(262,000)	(185,564)
Permanent differences and other	1,000	24,915
Change in unrecognized deferred tax assets	261,000	160,649
Income tax expense (recovery)	\$ -	\$ -

The significant components of the Company's deferred tax assets and liabilities are as follows:

	2022	2021
Deferred income tax assets (liabilities):		
Non-capital loss carry forward	\$ 410,000	\$ 173,000
Mineral properties	28,000	-
Financing costs	9,000	13,000
Unrecognized deferred income tax assets	447,000	186,000
Net deferred income tax assets	\$ -	\$ -

The Company has approximately \$1,520,000 of non-capital losses for tax purposes which may be used to reduce income taxes of future years and will expire from 2039 to 2042. The Company has approximately \$225,000 in resource pools that can be used to reduce income taxes of future years relating to the Company's exploration assets.

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

## 13. Subsequent events:

The Company received an additional related party loan amount of \$21,150 from Crest Resources Inc. subsequent to year end. The loan is payable on demand, with no set term and bears no interest.