

**GENERATION GOLD CORP.**  
**(Formerly Jessy Ventures Corp.)**  
**(An Exploration Stage Company)**

**Financial Statements**  
**For the Years Ended April 30, 2023 and 2022**  
(Expressed in Canadian dollars)

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of:  
Generation Gold Corp. (formerly Jessy Ventures Corp.)

### Opinion

We have audited the financial statements of Generation Gold Corp. (formerly Jessy Ventures Corp.) (the "Company"), which comprise the statements of financial position as at April 30, 2023 and 2022 and the statements 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 April 30, 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 audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 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 in the financial statements, which indicates that the Company incurred a net loss of \$191,250 during the year ended April 30, 2023 and, as of that date, the Company's total deficit was \$469,331. As stated in Note 1, these events and conditions, along with other matters as set forth in Note 1, 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 year. These matters were addressed in the context of our audit of the financial statements as a whole, prepared under the conditions mentioned above, 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 Management Discussion and Analysis. 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.

The engagement partner on the audit resulting in this independent auditor's report is Melyssa Charlton.

The image shows a handwritten signature in dark ink that reads "Charlton & Company". The signature is written in a cursive, flowing style.

**CHARTERED PROFESSIONAL ACCOUNTANTS**

Vancouver, BC  
August 28, 2023

**GENERATION GOLD CORP. (Formerly Jessy Ventures Corp.)**Statements of Financial Position  
(Expressed in Canadian dollars)

<b>As at</b>	<b>April 30, 2023</b>	<b>April 30, 2022</b>
	\$	\$
<b>Assets</b>		
Current assets		
Cash	<b>254,960</b>	261,550
Prepaid expense	<b>14,371</b>	-
	<b>269,331</b>	261,550
Exploration advance (Note 4)	<b>200,000</b>	-
Exploration and evaluation assets (Note 4)	<b>140,000</b>	10,000
<b>Total assets</b>	<b>609,331</b>	271,550
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	<b>61,254</b>	19,363
<b>Total liabilities</b>	<b>61,254</b>	19,363
<b>Shareholders' equity</b>		
Share capital (Note 5)	<b>977,508</b>	490,368
Reserves (Note 5)	<b>39,900</b>	39,900
Deficit	<b>(469,331)</b>	(278,081)
<b>Total shareholders' equity</b>	<b>548,077</b>	252,187
<b>Total liabilities and shareholders' equity</b>	<b>609,331</b>	271,550

Nature and continuance of operations (Note 1)

Approved and authorized for issuance on behalf of the Board of Directors on August 28, 2023, by:

*/s/ Christopher Reynolds*

Director

*/s/ Anthony Zelen*

Director

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

**GENERATION GOLD CORP. (Formerly Jessy Ventures Corp.)**Statements of Loss and Comprehensive Loss  
(Expressed in Canadian dollars)

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<b>For the years ended</b>	<b>April 30, 2023</b>	<b>April 30, 2022</b>
	\$	\$
<b>Expenses</b>		
Bank fees and interest	1,320	1,249
Consulting	30,800	-
Directors fees (Note 6)	2,000	-
Exploration costs	1,467	-
Filing fees	15,247	31,859
Office and general (Note 6)	9,035	-
Professional fees (Note 6)	131,381	86,917
<b>Loss and comprehensive loss for the year</b>	<b>(191,250)</b>	<b>(120,025)</b>
<b>Loss per share, basic and diluted</b>	<b>(0.02)</b>	<b>(0.02)</b>
<b>Weighted average shares outstanding, basic and diluted</b>	<b>8,536,661</b>	<b>5,857,794</b>

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

**GENERATION GOLD CORP. (Formerly Jessy Ventures Corp.)**  
**(An Exploration Stage Company)**

Statements of Changes in Shareholders' Equity  
(Expressed in Canadian dollars)

	Share capital		Reserves	Deficit	Total shareholders' equity
	Number	Amount			
		\$	\$	\$	\$
<b>Balance, April 30, 2021</b>	<b>4,000,000</b>	<b>245,118</b>	<b>39,900</b>	<b>(158,056)</b>	<b>126,962</b>
Private placement	2,718,332	244,650	-	-	244,650
Warrant exercise	6,000	600	-	-	600
Loss for the year	-	-	-	(120,025)	(120,025)
<b>Balance, April 30, 2022</b>	<b>6,724,332</b>	<b>490,368</b>	<b>39,900</b>	<b>(278,081)</b>	<b>252,187</b>
Private placement	3,800,000	380,000	-	-	380,000
Share issuance costs	-	(2,860)	-	-	(2,860)
Shares issued for exploration and evaluation asset	1,100,000	110,000	-	-	110,000
Loss for the year	-	-	-	(191,250)	(191,250)
<b>Balance, April 30, 2023</b>	<b>11,624,332</b>	<b>977,508</b>	<b>39,900</b>	<b>(469,331)</b>	<b>548,077</b>

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

**GENERATION GOLD CORP. (Formerly Jessy Ventures Corp.)****(An Exploration Stage Company)**Statements of Cash Flows  
(Expressed in Canadian dollars)

<b>For the years ended</b>	<b>April 30, 2023</b>	<b>April 30, 2022</b>
	\$	\$
<b>Cash flows from operating activities</b>		
Loss for the year	(191,250)	(120,025)
Changes in non-cash working capital items:		
Prepaid expenses	(14,371)	-
Accounts payable and accrued liabilities	41,891	8,534
<b>Net cash used in operating activities</b>	<b>(163,730)</b>	<b>(111,491)</b>
<b>Cash flows from investing activities</b>		
Acquisition of exploration and evaluation asset	(20,000)	(10,000)
Exploration advances	(200,000)	-
<b>Net cash used in investing activities</b>	<b>(220,000)</b>	<b>(10,000)</b>
<b>Cash flows from financing activities</b>		
Proceeds from private placement	380,000	244,650
Share issuance costs	(2,860)	-
Proceeds from warrant exercise	-	600
<b>Net cash provided by financing activities</b>	<b>377,140</b>	<b>245,250</b>
Change in cash	(6,590)	123,759
Cash, beginning of year	261,550	137,791
<b>Cash, end of year</b>	<b>254,960</b>	<b>261,550</b>

During the years ended April 30, 2023 and 2022 the Company paid cash payments of \$nil for interest and taxes.

The Company incurred the following non-cash financing and investing transaction:

- Shares issued on acquisition of exploration and evaluation asset of \$110,000 (April 30, 2022 - \$nil).

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

# **GENERATION GOLD CORP. (Formerly Jessy Ventures Corp.)**

## **(An Exploration Stage Company)**

Notes to the Annual Audited Financial Statements  
For the Year Ended April 30, 2023  
(Expressed in Canadian dollars)

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### **1. NATURE AND CONTINUANCE OF OPERATIONS**

Generation Gold Corp. (formerly Jessy Ventures Corp.) (the “Company”) was incorporated under the Business Corporations Act of British Columbia on November 21, 2018. The Company was formed for the primary purpose of completing an Initial Public Offering (“IPO”) on the TSX Venture Exchange (the “Exchange”) as a Capital Pool Corporation (“CPC”) as defined in Policy 2.4 of the Exchange. On October 8, 2019, the Company completed its IPO on the Exchange raising gross proceeds of \$200,000 through the issuance of 2,000,000 common shares at \$0.10 per common share. The Company’s common shares were approved for listing on the Exchange and commenced trading effective October 10, 2019 under the symbol “SARG.P”.

On December 28, 2022, the Exchange accepted the Company’s filing for its qualifying transaction which was based on an arm’s length mineral property option agreement with Origen Resources Inc. Upon the Exchange’s acceptance, the Company became a mineral resource gold and silver ore mining issuer and began trading under the symbol “GEN”. In addition, the Company changed its name from Jessy Ventures Corp. to Generation Gold Corp.

The registered and head office of the Company is located at PO Box 31880, Steveston Village, Richmond, BC, V7E 0B5.

#### **Going Concern**

These financial statements have been prepared on the 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. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. As at April 30, 2023, the Company had a working capital of \$208,077 (April 30, 2022 – \$242,187) and has an accumulated deficit of \$469,331 (April 30, 2022 - \$278,081). The Company has not generated any revenues from operations and during the year ended April 30, 2023 incurred a loss of \$191,250 (April 30, 2022 - \$120,025). The Company expects to incur further losses in the development of its business. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. These circumstances comprise a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. As a result, these financial statements do not reflect any adjustments to the carrying values of assets and liabilities, the reported expenses, and the balance sheet classifications used that may be necessary if the Company is unable to continue as a going concern.

In March 2020, the World Health Organization declared the outbreak of Covid-19 a global pandemic. The expected impacts on global commerce are far reaching. To date there have been significant stock market fluctuations, and the movement of people and goods has become restricted. As the Company does not have revenues, the ability to fund ongoing operations is affected by the availability of financing. Due to market uncertainty the Company may be restricted in its ability to raise additional funding. The impact of these factors on the Company is not yet determinable. However, they may have a material impact on the Company’s financial position, results of operations and cash flows in future periods. In particular, there may be heightened risk of asset impairment and liquidity or going concern uncertainty.

# **GENERATION GOLD CORP. (Formerly Jessy Ventures Corp.)**

## **(An Exploration Stage Company)**

Notes to the Annual Audited Financial Statements  
For the Year Ended April 30, 2023  
(Expressed in Canadian dollars)

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## **2. BASIS OF PRESENTATION**

### **Statement of Compliance**

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Financial Reporting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

### **Basis of Preparation**

These financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. The financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

### **Significant Accounting Judgments, Estimates and Assumptions**

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and reported amounts of expenses during the reporting year. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. Revisions to accounting estimates are recognized in the year in which the estimate is revised and future periods if the revision affects both current and future years. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### Critical Accounting Estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i) The carrying value and impairment charge, if any, of the exploration and evaluation assets.

### Critical Accounting Judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. The Company's management made the following critical accounting judgments:

- i) The Company's ability to continue as a going concern, as disclosed in Note 1.
- ii) The title and rights to exploration and evaluation assets.
- iii) The measurement and recognition of deferred income tax assets and liabilities.

# **GENERATION GOLD CORP. (Formerly Jessy Ventures Corp.)**

## **(An Exploration Stage Company)**

Notes to the Annual Audited Financial Statements  
For the Year Ended April 30, 2023  
(Expressed in Canadian dollars)

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### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **Exploration and evaluation assets**

The Company is in the exploration stage in respect to its exploration and evaluation assets.

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

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, geological and geophysical evaluation, surveying costs, drilling costs, payments made to contractors and depreciation on property and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur.

Where the Company has entered into option agreements for the acquisition of an interest in exploration and evaluation assets which provided for periodic payments, such unpaid amounts are not recorded as a liability since they are payable entirely at the Company's discretion. Although the Company has taken steps to verify title to the exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title. The exploration and evaluation assets may be subject to prior undetected agreements or transfers and title may be affected by such defects.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written-off to profit or loss. The Company assesses exploration and evaluation assets for impairment at each reporting date.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mine development cost". Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties. Any incidental revenue earned in connection with exploration activities is applied as a reduction to capitalized exploration costs. Any operational income earned in connection with exploration activities is recognized in profit or loss.

#### **Impairment of Non-Current Assets**

Non-current assets are evaluated at each reporting date by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is evaluated at the level of a cash generating unit ("CGU"), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent the carrying amount exceeds the recoverable amount.

In calculating recoverable amounts, if applicable, the Company uses discounted cash flow techniques to determine fair value when it is not possible to determine fair value either by quotes from an active market or a binding sales agreement. The determination of discounted cash flows is dependent on a number of factors, including future metal prices, the amount of reserves, the cost of bringing the project into production, production schedules, production costs, sustaining capital expenditures, and site closure, restoration and environmental rehabilitation costs. Additionally, the reviews take into account factors such as political, social, legal, and environmental regulations.

# **GENERATION GOLD CORP. (Formerly Jessy Ventures Corp.)**

## **(An Exploration Stage Company)**

Notes to the Annual Audited Financial Statements  
For the Year Ended April 30, 2023  
(Expressed in Canadian dollars)

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### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

These factors may change due to changing economic conditions or the accuracy of certain assumptions and, hence, affect the recoverable amount.

The Company uses its best efforts to fully understand all of the aforementioned to make an informed decision based upon historical and current facts surrounding the projects. Discounted cash flow techniques often require management to make estimates and assumptions concerning reserves and expected future production revenues and expenses.

#### Reversal of Impairment

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

#### **Provision for Environmental Rehabilitation**

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration 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 restoration asset will be depreciated on the same basis as other mining assets.

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

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to the statement of loss and comprehensive loss for the period.

During the years ended April 30, 2023 and 2022, the Company recorded \$nil in decommissioning obligations.

#### **Income Taxes**

Deferred income tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for which relate to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

# **GENERATION GOLD CORP. (Formerly Jessy Ventures Corp.)**

## **(An Exploration Stage Company)**

Notes to the Annual Audited Financial Statements  
For the Year Ended April 30, 2023  
(Expressed in Canadian dollars)

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### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **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. The Company's common shares, share warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Common shares issued for non-monetary consideration are recorded at their fair market value based upon the trading price of the Company's shares on the Exchange on the date of issuance. The Company applies the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in private placements to be the more easily measurable component of unit offerings and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to any attached warrants or other features. Any fair value attributed to warrants is recorded as reserves.

Costs directly attributable to the raising of capital are charged against the related share capital. Costs related to shares not yet issued are recorded as deferred share issuance costs. These costs are deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share capital or charged to operations if the shares are not issued.

#### **Earnings (Loss) per Share**

The Company applies the treasury stock method to calculate its loss per common share. Under this method, the basic loss per share is calculated based on the weighted average aggregate number of common shares outstanding during each period. The diluted loss per share assumes that the outstanding stock options and share purchase warrants had been exercised at the beginning of the period and proceeds from dilutive instruments are assumed to be used to purchase common shares at the average market price during the period. Diluted earnings (loss) per share exclude all dilutive potential common shares if their effect is anti-dilutive. As at April 30, 2023 and 2022, the assumed conversion of outstanding common share warrants and options had an anti-dilutive impact and were excluded from the diluted loss per share calculation.

#### **Share-Based Payments**

The Company may grant stock options to acquire common shares of the Company to directors, officers, employees and consultants. Stock options granted to directors, officers and employees are measured at their fair values determined on their grant date, using the Black-Scholes option pricing model, and are recognized as an expense over the vesting periods of the options on a graded basis. Options granted to consultants or other non-insiders are measured at the fair value of goods or services received from these parties, or at their Black-Scholes fair values if the fair value of goods or services received cannot be reliably measured. A corresponding increase is recorded to equity reserves for share-based compensation recorded.

When stock options are exercised, the cash proceeds along with the amount previously recorded as equity reserves are recorded as share capital. When the right to receive options is forfeited before the options have vested, any expense previously recorded is reversed.

# GENERATION GOLD CORP. (Formerly Jessy Ventures Corp.) (An Exploration Stage Company)

Notes to the Annual Audited Financial Statements  
For the Year Ended April 30, 2023  
(Expressed in Canadian dollars)

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## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

#### i) Financial assets

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (“OCI”) or through profit or loss); and
- those to be measured at amortized cost.

The classification depends on the Company’s business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses are either recorded in profit or loss or OCI.

At present, the Company classifies all financial assets as held at amortized cost.

#### Measurement

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 (“FVTPL”), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. There are three 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 as finance income using the effective interest rate method.
- **Fair value through OCI (“FVOCI”):** Debt instruments that are held for collection of contractual cash flows and for selling the debt instruments, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through 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 debt instrument is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these debt instruments is included as finance income using the effective interest rate method.

# **GENERATION GOLD CORP. (Formerly Jessy Ventures Corp.)**

## **(An Exploration Stage Company)**

Notes to the Annual Audited Financial Statements  
For the Year Ended April 30, 2023  
(Expressed in Canadian dollars)

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### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

- 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 revenue in the statement of loss and comprehensive loss in the period in which it arises.

#### ii) Financial liabilities

A financial liability is classified as at 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: where the Company optionally designates financial liabilities at FVTPL the amount of change in the 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.

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 method.

At present, the Company classifies all of its financial liabilities as held at amortized cost. These financial liabilities are classified as current liabilities as the payment is due within 12 months.

#### **Related parties**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

#### **Leases**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset over a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether it has the right to obtain substantially all of the economic benefits from the use of the asset during the term of the contract and it has the right to direct the use of the asset.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. The right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by the interest rate implicit in the lease or, if that rate cannot be readily determined the incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments, and amounts expected to be payable at the end of the lease term.

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

The Company does not recognize the right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less. The lease payments associated with these leases are charged directly to income on a straight-line basis over the lease term.

During the year ended April 30, 2023 the Company recorded rent expense of \$8,768 (2022 - \$nil) for short-term leases.

**New accounting standards interpretations issued and applicable but not yet adopted**

IAS 1 – Presentation of Financial Statements (“IAS 1”), has been amended to clarify how to classify debt and other liabilities as either current or non-current. The amendment to IAS 1 is effective for the years beginning on or after January 1, 2023, with early application permitted. The adoption of the standard will not have a significant impact on the Company’s financial statements.

**4. EXPLORATION AND EVALUATION ASSET**

On September 17, 2021, the Company entered into a Definitive Agreement (“Agreement”) with Origen Resources Inc. to acquire an undivided 60% interest in the Arlington Property comprising five mineral claims within the Arrow Boundary District of south-central British Columbia, Canada.

In order to exercise the option, the Company must pay \$185,000 and issue an aggregate of 2,000,000 common shares as follows:

- i) Pay \$10,000 in cash upon execution of the Agreement (paid) and issue 200,000 common shares (issued with a fair value of \$20,000 (Note 5)) on Exchange approval of the Agreement;
- ii) Pay \$25,000 in cash and issue 300,000 common shares on or before December 28, 2023;
- iii) Pay \$50,000 in cash and issue 500,000 common shares on or before December 28, 2024; and
- iv) Pay \$100,000 in cash and issue 1,000,000 common shares on or before December 28, 2025.

In addition, the Company must incur \$750,000 in exploration expenditures as follows:

- i) \$125,000 on or before December 28, 2023;
- ii) \$250,000 on or before December 28, 2024; and
- iii) \$375,000 on or before December 28, 2025.

In addition, the Company must reimburse Origen Resources Inc. for \$110,000 for its recently completed exploration program by issuing 900,000 common shares (issued with a fair value of \$90,000 (Note 5)) and by paying \$20,000 in cash (paid).

As at April 30, 2023, the Company had capitalized \$140,000 (April 30, 2022 - \$10,000) in acquisition costs to exploration and evaluation assets and had paid exploration advances of \$200,000 (April 30, 2022 - \$nil).

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## 5. SHARE CAPITAL

### Authorized share capital

Unlimited common shares, without par value.

### Share issuances

#### For the year ended April 30, 2023

On December 16, 2022, the Company closed a non-brokered private placement of 3,800,000 units at a price of \$0.10 per unit for gross proceeds of \$380,000. Each unit consisted of one common share and one share purchase warrant. The warrants are exercisable at \$0.125 for a period of three years from the date of grant. The Company applied a residual value of \$nil to the warrants. In connection with the financing, the Company paid share issuance costs of \$2,860.

Pursuant to the closing of the Company's qualifying transaction, the Company issued 1,100,000 common shares to Origen Resources Inc. with a fair value of \$110,000 for exploration programs and acquisition costs (Note 4).

#### For the year ended April 30, 2022

On August 24, 2021, the Company closed a non-brokered private placement of 2,718,332 common shares issued at a price of \$0.09 per common share for gross proceeds of \$244,650.

On October 7, 2021, 6,000 warrants were exercised into common shares at a price of \$0.10 per share for gross proceeds of \$600.

#### Escrow shares

As at April 30, 2023, the Company held 2,625,000 (April 30, 2022 – 1,500,000) shares in escrow.

### Equity reserves

#### Stock options

The Company has adopted an incentive stock option plan which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable options to purchase its common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares at the closing of the IPO, exercisable for a period of up to ten years from the date of grant. The vesting conditions, if any, for stock options granted are determined at the discretion of the Company's Board of Directors.

A summary of the Company's stock option activity is as follows:

	Number of options	Weighted average exercise price (\$)
Balance, April 30, 2021	400,000	0.10
Cancelled	(266,668)	(0.10)
<b>Balance, April 30, 2022 and 2023</b>	<b>133,332</b>	<b>0.10</b>

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**5. SHARE CAPITAL (continued)**

As at April 30, 2023, there were 133,332 stock options outstanding and exercisable at an exercise price of \$0.10 per common share. The stock options have an expiry date of October 8, 2024 and a remaining life of 1.44 years.

Warrants

A summary of the Company's stock option activity is as follows:

	<b>Number of warrants</b>	<b>Weighted average exercise price (\$)</b>
<b>Balance, April 30, 2021</b>	200,000	0.10
Exercised	(6,000)	(0.10)
Expired	(194,000)	(0.10)
<b>Balance, April 30, 2022</b>	-	-
Granted	3,800,000	0.125
<b>Balance, April 30, 2023</b>	<b>3,800,000</b>	<b>0.125</b>

As at April 30, 2023, there were 3,800,000 warrants outstanding at an exercise price of \$0.125 per common share. The warrants have an expiry date of December 16, 2025 and a remaining life of 2.63 years.

**6. RELATED PARTY TRANSACTIONS**

Related parties are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as persons performing similar functions.

During the year ended April 30, 2023, the Company incurred \$33,500 (April 30, 2022 - \$16,275) in professional fees for the current and former CFO.

During the year ended April 30, 2023, the Company incurred \$2,000 (April 30, 2022 - \$nil) in directors' fees which were paid to a director of the Company.

During the year ended April 30, 2023, the Company paid \$8,768 in rent expense (April 30, 2022 - \$nil) to a Company owned by the former CFO.

As at April 30, 2023, there was \$32,069 (April 30, 2022 - \$nil) owing to related parties included in accounts payable and accrued liabilities.

On January 15, 2023, the Company entered into an agreement with an officer of the Company whereby the officer agreed to provide management services to the Company. In the event of termination of the agreement without cause, the Company must pay severance of \$30,000. In the event of termination of the agreement due to change in control of the Company, the Company must pay severance of \$250,000.

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### **7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

#### **Capital Management**

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company includes share capital in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners. The Company is not subject to externally imposed capital requirements.

#### **Fair Values of Financial Instruments**

As at April 30, 2023, the Company's financial instruments consist of cash and accounts payable and accrued liabilities.

- Level 1 – fair values based on unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – fair values based on inputs that are observable for the asset or liability, either directly or indirectly;
- Level 3 – fair values based on inputs for the asset or liability that are not based on observable market data.

The Company's policy for determining when a transfer occurs between levels in the fair value hierarchy is to assess the impact at the date of the event or the change in circumstances that could result in a transfer. As at April 30, 2023 and April 30, 2022, the Company did not have any financial instruments classified at FVTPL.

The Company's financial instruments, consisting of cash, and accounts payable and accrued liabilities, approximate their fair values due to the relatively short-term maturities of the instruments. All are measured at amortized cost. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

#### **Credit Risk**

Credit risk refers to the risk that the counterparty will default on its contractual obligation resulting in financial loss to the Company. Credit risk is primarily related to the Company's cash. To minimize this risk, cash has been placed with a major Canadian financial institution.

#### **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company ensures that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash. As at April 30, 2023, the Company had accounts payable and accrued liabilities of \$61,254 (April 30, 2022 - \$19,363) due within 12 months and had cash of \$254,960 (April 30, 2022 - \$261,550) to meet its current obligations. As a result, the Company has minimal liquidity risk.

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**7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

**Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or value of its holdings or financial instruments. The Company's activities have only been transacted in Canadian dollars since incorporation; in addition, the Company carries no interest-bearing debt. As such, the Company has minimal market risks facing it at present.

**8. DEFERRED INCOME TAXES**

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

	<b>April 30, 2023</b>	April 30, 2022
Loss for the year	\$ (191,250)	\$ (120,025)
Statutory tax rate	<b>27.00%</b>	27.00%
Expected recovery of income taxes	<b>(52,000)</b>	(32,000)
Change in other items	<b>1,000</b>	(3,000)
Change in unrecognized deductible temporary differences	<b>51,000</b>	35,000
Deferred income tax recovery	\$ -	\$ -

The significant components of the Company's deferred tax assets that have not been included on the statements of financial position are as follows:

	<b>April 30, 2023</b>	April 30, 2022
Non-capital loss carry forwards	\$ <b>126,000</b>	\$ 74,000
Share issuance costs	<b>1,000</b>	3,000
Unrecognized deferred tax assets	\$ <b>127,000</b>	\$ 77,000

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statement of financial position are as follows:

	<b>April 30, 2023</b>		April 30, 2022	
Temporary differences	\$	\$		
Share issuance costs	<b>4,000</b>	<b>2024 to 2027</b>	10,000	2024
Non-capital losses available for future periods	<b>467,000</b>	<b>2039 to 2043</b>	273,000	2039 to 2042

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