

Consolidated Financial Statements of



DISCOVERIES CORP.

(Formerly Duckworth Capital Corp.)

December 31, 2020 and 2019
(Prepared in Canadian dollars)

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Independent Auditor's Report

To the Shareholders of GoldSpot Discoveries Corp. (formerly Duckworth Capital Corp.):

Opinion

We have audited the consolidated financial statements of GoldSpot Discoveries Corp. (formerly Duckworth Capital Corp.) and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and December 31, 2019, and the consolidated statements of income (loss) and comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2020 and December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

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 Consolidated 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 consolidated 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.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. 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 Consolidated Financial Statements

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

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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 Marufur Raza.

Toronto, Ontario
April 7, 2021

MNP LLP
Chartered Professional Accountants
Licensed Public Accountants

GOLDSPOT DISCOVERIES CORP.
(Formerly Duckworth Capital Corp.)
Consolidated Statements of Financial Position
As at December 31, 2020 and 2019
(Prepared in Canadian dollars)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
Assets			
Current			
Cash and cash equivalents		\$ 4,467,177	\$ 4,762,213
Accounts receivable, net of expected credit losses (ECL)	6, 8, 22(a)	486,320	128,350
Investments, at fair value	7	17,820,973	4,872,104
Sales tax recoverable		-	61,632
Prepays		86,908	143,898
Assets held for sale	8	525,429	-
		<u>23,386,807</u>	<u>9,968,197</u>
Property and equipment	11	340,360	294,195
		<u>\$ 23,727,167</u>	<u>\$ 10,262,392</u>
Liabilities and Equity			
Current			
Accounts payable and accrued liabilities		\$ 302,299	\$ 286,144
Sales tax payable		223,022	-
Deferred revenue	12	3,119,439	2,229,903
Liabilities directly associated with the assets held for sale	8	11,463	-
Lease liabilities	13	101,390	60,221
		<u>3,757,613</u>	<u>2,576,268</u>
Deferred tax liabilities	14	1,399,246	-
Non-current lease liabilities	8	180,187	176,191
		<u>5,337,046</u>	<u>2,752,459</u>
Equity			
Share capital	16	12,978,924	12,978,924
Contributed surplus	16(d)	1,447,247	842,308
Warrants	16(e)	-	203,380
Retained earnings (accumulated deficit)		3,865,001	(6,514,679)
Total equity attributable to shareholders of the Company		<u>18,291,172</u>	<u>7,509,933</u>
Non-controlling interest		<u>98,949</u>	<u>-</u>
		<u>18,390,121</u>	<u>7,509,933</u>
		<u>\$ 23,727,167</u>	<u>\$ 10,262,392</u>

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

On behalf of the Board:

"Denis Laviolette" Director

"Gerry Feldman" Director

GOLDSPOT DISCOVERIES CORP.**(Formerly Duckworth Capital Corp.)****Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)****Years Ended December 31, 2020 and 2019****(Prepared in Canadian dollars)**

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
Revenue			
Consulting income	12, 15(e)	\$ 5,170,044	\$ 2,311,978
Net investment gains	18	12,273,066	491,149
Other income	19	16,470	156,461
		<u>17,459,580</u>	<u>2,959,588</u>
Expenses			
Operating, general and administrative	11, 20	5,588,846	6,684,885
Impairment of intangible assets	10	-	927,378
Finance expenses		31,824	36,406
		<u>5,620,670</u>	<u>7,648,669</u>
Income (loss) before income taxes from continuing operations		11,838,910	(4,689,081)
Income tax expense	14	1,399,246	-
Net income (loss) from continuing operations		10,439,664	(4,689,081)
Net loss from discontinued operations	8	(74,285)	-
Net income (loss) and comprehensive income (loss) for the year		\$ 10,365,379	\$ (4,689,081)
Comprehensive income (loss) attributed to:			
Shareholders of the Company		10,379,680	(4,689,081)
Non-controlling interest - on discontinued operations		(14,301)	-
		<u>\$ 10,365,379</u>	<u>\$ (4,689,081)</u>
<hr/>			
Basic earnings (loss) per common share for the year	16(f)		
Continuing operations		\$ 0.11	\$ (0.06)
Discontinued operations		(0.00)	-
Net income (loss) for the year		<u>\$ 0.11</u>	<u>\$ (0.06)</u>
Diluted earnings (loss) per common share for the year	16(f)		
Continuing operations		\$ 0.11	\$ (0.06)
Discontinued operations		(0.00)	-
Net income (loss) for the year		<u>\$ 0.11</u>	<u>\$ (0.06)</u>
<hr/>			
Weighted average number of common shares outstanding			
Basic	16(f)	94,724,876	84,602,405
Diluted	16(f)	95,098,503	84,602,405

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

GOLDSPOT DISCOVERIES CORP.**(Formerly Duckworth Capital Corp.)****Consolidated Statements of Changes in Equity****Years Ended December 31, 2020 and 2019****(Prepared in Canadian dollars)**

	Notes	Number of shares	Share capital	Contributed surplus	Warrants	Retained earnings (accumulated deficit)	Non-controlling interest	Total equity
Balance at December 31, 2018		839,736	\$ 3,683,380	\$ 224,267	\$ -	\$ (1,825,598)	\$ -	\$ 2,082,049
Net loss and comprehensive loss for the year		-	-	-	-	(4,689,081)	-	(4,689,081)
Issued pursuant to private placements, net	16(c)	228,453	6,752,174	-	203,380	-	-	6,955,554
Issued pursuant to services	16(c)	1,510	50,000	-	-	-	-	50,000
Shares issued pursuant to reverse acquisition	5, 16(a)	6,025,000	2,410,000	-	44,000	-	-	2,454,000
Shares exchange impacts related to reverse acquisition	16(a)	87,431,678	-	-	-	-	-	-
Issued pursuant to exercise of warrants		198,499	83,370	-	(43,670)	-	-	39,700
Reallocation of expired warrants		-	-	330	(330)	-	-	-
Stock-based compensation expense	16(d)	-	-	617,711	-	-	-	617,711
Balance at December 31, 2019		94,724,876	\$ 12,978,924	\$ 842,308	\$ 203,380	\$ (6,514,679)	\$ -	\$ 7,509,933
Net income and comprehensive income for the year		-	-	-	-	10,379,680	(14,301)	10,365,379
Reallocation of expired warrants		-	-	203,380	(203,380)	-	-	-
Stock-based compensation expense	16(d)	-	-	401,559	-	-	-	401,559
Issue of shares of subsidiary to non-controlling interests	8	-	-	-	-	-	113,250	113,250
Balance at December 31, 2020		94,724,876	\$ 12,978,924	\$ 1,447,247	\$ -	\$ 3,865,001	\$ 98,949	\$ 18,390,121

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

GOLDSPOT DISCOVERIES CORP.
(Formerly Duckworth Capital Corp.)
Consolidated Statements of Cash Flows
Years Ended December 31, 2020 and 2019
(Prepared in Canadian dollars)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
Cash flows from operating activities			
Net income (loss) for the year		\$ 10,365,379	\$ (4,689,081)
Items not affecting cash			
Net investment gains		(12,273,066)	(491,149)
Listing expense on reverse acquisition		-	1,931,983
Gain on sale of royalty interests		-	(100,000)
Stock-based compensation expense		401,559	617,711
Depreciation		98,059	70,028
Finance expense		31,824	36,406
Impairment of intangible assets		-	927,378
Deferred tax expense		1,399,246	-
		23,001	(1,696,724)
Changes in non-cash working capital balances			
Decrease (increase) in accounts receivable, net of expected credit losses (ECL)		(357,970)	369,250
Decrease in sales tax recoverable		61,632	142,689
Decrease (increase) in prepaids		56,990	(35,006)
Increase (decrease) in accounts payable and accrued liabilities		16,155	(303,674)
Liabilities assumed in reverse acquisition		-	(9,842)
Increase in sales tax payable		223,022	-
Increase in deferred revenue		889,536	2,196,803
Net cash flows from operating activities - continuing operations		912,366	663,496
Net cash flows used in operating activities - discontinued operations		(425,716)	-
		486,650	663,496
Cash flows from financing activities			
Proceeds pursuant to private placement financings, net		-	6,955,554
Proceeds pursuant to exercise of warrants		-	39,700
Principal payments of lease liabilities		(106,346)	(89,800)
Net cash flows from financing activities - continuing operations		(106,346)	6,905,454
Net cash flows from financing activities - discontinued operations		25,000	-
		(81,346)	6,905,454
Cash flows used in investing activities			
Cash acquired on reverse acquisition		-	531,859
Proceeds on disposition of investments		5,348,551	724,792
Purchases of investments		(6,024,354)	(4,950,747)
Purchases of property and equipment		(24,537)	(11,544)
Proceeds on sale of royalty interests		-	100,000
Expenditures on intangible assets		-	(569,063)
		(700,340)	(4,174,703)
Net increase (decrease) in cash and cash equivalents during the year		(295,036)	3,394,247
Cash and cash equivalents, beginning of year		4,762,213	1,367,966
Cash and cash equivalents, end of year		\$ 4,467,177	\$ 4,762,213

Supplemental cash flow information

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

GOLDSPOT DISCOVERIES CORP.
(Formerly Duckworth Capital Corp.)
Notes to the Consolidated Financial Statements
December 31, 2020 and 2019
(Prepared in Canadian dollars)

1. Nature of business:

GoldSpot Discoveries Corp. (formerly Duckworth Capital Corp.) ("GoldSpot" or the "Company") was incorporated under the *Canada Business Corporations Act* on May 1, 2017. On February 8, 2019, the Company completed a transaction with GoldSpot Discoveries Inc. ("GDI"), a private company continued under the *Business Corporations Act* (Ontario), which constituted a reverse takeover by GDI and changed its name to "GoldSpot Discoveries Corp." (Note 5). Because GDI is considered to be the acquirer, these consolidated financial statements are a continuation of the financial statements of GDI, adjusted to reflect the legal capital of the Company. On February 21, 2019, the Company commenced trading on the TSX Venture Exchange ("TSXV") under the symbol "SPOT". The Company's head office is at 69 Yonge Street, Suite 1010, Toronto, ON, M5E 1K3.

GoldSpot is a technology company that leverages machine learning to reduce capital risk while working to increase efficiency and success rates in resource exploration and investment. GoldSpot combines proprietary technology with traditional domain expertise, offering a front-to-back service solution to its partners, and in some cases, capital to kickstart exploration programs. GoldSpot's solutions target big data problems, making full use of historically unutilized data to better comprehend resource property potential.

These consolidated financial statements were approved for issuance by the Company's board of directors on April 7, 2021.

2. Basis of preparation:

(a) Statement of compliance:

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Significant accounting estimates, judgments and assumptions used or exercised by management in the preparation of these consolidated financial statements are presented below.

(b) Basis of presentation:

These consolidated financial statements have been prepared using the historical cost convention except for certain financial instruments which have been measured at fair value. All monetary references expressed in these notes are references to Canadian dollar amounts ("\$").

(c) Basis of consolidation:

These consolidated financial statements include the financial statements of GoldSpot and its majority-owned subsidiary, XCorp AI Ltd. (XCorp) which was incorporated on August 14, 2020 to acquire certain exploration and evaluation assets. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. See Note 8 and 25.

GOLDSPOT DISCOVERIES CORP.
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2. Basis of preparation (continued):

The Company controls an investee if the Company has:

- (i) power over the investee;
- (ii) exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) the ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including but not limited to:

- (i) the contractual arrangement with the other vote holders of the investee;
- (ii) rights arising from other contractual arrangements; and
- (iii) the Company's potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in comprehensive income (loss) from the date that the Company gains control until the date that the Company ceases to control the subsidiary.

The financial statements of the subsidiary are prepared for the same reporting period as the Company's reporting period using consistent accounting policies. All inter-company account balances and transactions have been eliminated upon consolidation.

(d) Critical accounting judgments, estimates and assumptions:

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

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. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

GOLDSPOT DISCOVERIES CORP.
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2. Basis of preparation (continued):

The information about significant areas of estimation uncertainty considered by the Company preparing these consolidated financial statements are as follows:

(i) Provision for expected credit losses ("ECLs"):

The Company performs impairment testing annually for accounts receivable in accordance with IFRS 9. The ECL model requires considerable judgement, including consideration of how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. IFRS 9 outlines a three-stage approach to recognizing ECLs which is intended to reflect the increase in credit risks of a financial instrument based on 1) 12-month expected credit losses or 2) lifetime expected credit losses. The Company measures provision for ECLs at an amount equal to lifetime ECLs.

The Company applies the simplified approach to determine ECLs on trade receivables by using a provision matrix based on historical credit loss experiences. The historical results are used to calculate the run rates of default which are then applied over the expected life of the trade receivables, adjusted for forward looking estimates.

(ii) Stock-based compensation expense:

The Company uses the Black-Scholes option pricing model to determine the fair value of options in order to calculate stock-based compensation expense. The Black-Scholes model involves six key inputs to determine fair value of an option: risk-free interest rate, exercise price, market price at the date of issue, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are or could be affected by significant factors that are out of the Company's control.

The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of stock-based compensation expense. Refer to Note 16(d) for further details.

(iii) Shares issued for services:

From time to time, the Company issues common shares for services or non-cash assets. The Company's board of directors determines the fair market value of the services or non-cash assets received in exchange for the common shares. Usually, this transaction is based on the fair market value of the shares. However, when the fair market value of the shares cannot be determined, the fair market value of the assets or services received is estimated.

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2. Basis of preparation (continued):

- (iv) Fair value of investments in securities not quoted in an active market:

Where the fair values of financial assets and financial liabilities recorded on the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. Changes in estimates and assumptions about these inputs could affect the reported fair value. Refer to Note 7 for further details.

- (v) Fair value of financial derivatives:

The Company measures financial instruments, such as warrants, at fair value at each statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. Investments in warrants that are not traded on a recognized securities exchange do not have a readily available market value. When there are sufficient and reliable observable market inputs, an option pricing model is used. Changes in estimates and assumptions about these inputs could affect the reported fair value. Refer to Note 7 for further details.

- (vi) Progress towards satisfaction of performance obligations:

Revenue is recognized on service contracts based on the proportion of the number of labour hours incurred at the year-end date as a proportion of the total labour hours required to complete the contract. Management is required to make an estimate of the total number of labour hours required to complete the contract. These estimates will affect the reported amounts of revenue and deferred revenue.

The information about significant areas of judgment considered by management in preparing these consolidated financial statements are as follows:

- (i) Deferred tax assets:

Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent it is probable that taxable income will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future tax planning strategies. Refer to Note 14 for further details.

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2. Basis of preparation (continued):

- (ii) Useful lives and impairment of long-lived assets:

Management determines the useful lives of long-lived assets and performs an assessment to determine if any indicators of impairment exist on an annual basis. The determination of these factors are estimates which require management to exercise judgment in assessing the future use of an asset, its physical condition, technical innovations which may impact their use, changes in market conditions, or the economic and legal environments among other factors. These judgments will affect the reported amounts of depreciation expense, impairment expense, and the reported values of the assets.

3. Significant accounting policies:

The significant accounting policies used in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the periods presented.

- (a) Foreign currency:

- (i) Functional currency:

These consolidated financial statements are presented in Canadian dollars which is the functional currency.

- (ii) Transactions and balances:

Transactions in foreign currencies are initially recorded in the functional currency at the rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange in effect at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. All exchange differences are recorded in the profit and loss for the year.

- (b) Financial instruments:

- (i) Classification:

All financial assets not classified at amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

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3. Significant accounting policies (continued):

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

All financial instruments are initially recognized at fair value on the statements of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the statement of loss and comprehensive loss for the year. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method. The following table summarizes the classification and measurement changes under IFRS 9 for each financial instrument:

Classification	IFRS 9
Cash and cash equivalents	FVTPL
Accounts receivables	Amortized Cost
Investments, at fair value	FVTPL
Accounts payable and accrued liabilities	Amortized Cost
Current and long-term lease liability	Amortized Cost

(ii) Recognition, de-recognition and measurement:

Purchases and sales of investments are recognized on the settlement date.

Investments at fair value through profit or loss are initially recognized at fair value where reliable basis for determination exists. Transaction costs are expensed as incurred in the statements of loss and comprehensive loss.

Investments are derecognized when the rights to receive cash flows from the investments have expired or the Company has transferred the financial asset and the transfer qualifies for derecognition in accordance with IFRS 9, *Financial Instruments* ("IFRS 9") (2018).

Subsequent to initial recognition, all investments are measured at fair value. Gains and losses arising from changes in the fair value of the investments at fair value through profit or loss category are presented in the consolidated statements of income (loss) and comprehensive income (loss) within net change in unrealized gains or losses on investments in the period in which they arise.

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3. Significant accounting policies (continued):

All other financial assets (liabilities) are designated as at fair value through profit or loss. All financial assets (liabilities) are recognized initially at fair value plus, in the case of financial assets (liabilities) classified as subsequently measured at amortized cost, directly attributable transaction costs.

Financial assets (liabilities) at amortized cost are measured at initial cost plus interest calculated using the effective interest rate method less cumulative repayments and cumulative impairment losses. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period.

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred substantially all the risks and rewards of the asset. The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. For amounts deemed to be impaired, the impairment provision is based upon the expected loss.

(iii) Reclassification:

The Company would only reclassify a financial asset when the Company changes its business model for managing the financial asset. Reclassifications are recorded at fair value at the date of reclassification, which becomes the new carrying value.

(iv) Determination of fair value:

The determination of fair value requires judgment and is based on market information, where available and appropriate. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such valuations in the consolidated financial statements.

The Company is also required to disclose details of its investments (and other financial assets and liabilities reported at fair value) within three hierarchy levels (Level 1, 2, or 3) based on the transparency of inputs used in measuring the fair value, and to provide additional disclosure in connection therewith.

1. Publicly-traded investments:

- a. Securities, including shares, options, and warrants that are traded in an active market (such as on a recognized securities exchange) and for which no sales restrictions apply are presented at fair value based on quoted closing trade prices at the statements of financial position date or the closing trade price on the last day the security traded if there were no trades at the statements of financial position date. These investments are included in Level 1.

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3. Significant accounting policies (continued):

- b. Securities that are traded on a recognized securities exchange but which are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value using discounts for lack of marketability option pricing methods. In determining the discount for such investments, the Company considers the nature and length of the restriction. These investments are included in Level 2.
- c. For options and warrants that are not traded on a recognized securities exchange, no market value is readily available. When there are sufficient and reliable observable market inputs, an option pricing model is used to calculate fair value. These investments are included in Level 2.

2. Private company investments:

All privately-held investments (other than options and warrants) are initially recorded at the transaction price, being the fair value at the time of acquisition. Thereafter, at each reporting period, the fair value of an investment may, depending upon the circumstances, be adjusted using one or more of the valuation indicators. These investments would be included in Level 3 in Note 7.

The determinations of fair value of the Company's privately-held investments at other than initial cost are subject to certain limitations. Financial information for private companies in which the Company has investments may not be available and, even if available, that information may be limited and/or unreliable. Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized or realizable.

Company-specific information is considered when determining whether the fair value of a privately-held investment should be adjusted upward or downward at the end of each reporting period. In addition to company-specific information, the Company will take into account trends in general market conditions and the share performance of comparable publicly-traded companies when valuing privately-held investments.

The absence of the occurrence of any of these events, any significant change in trends in general market conditions, or any significant change in share performance of comparable publicly-traded companies indicates generally that the fair value of the investment has not materially changed.

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3. Significant accounting policies (continued):

The fair value of a privately-held investment may be adjusted if:

- a. there has been a significant subsequent equity financing provided by outside investors at a valuation different than the current value of the investee company, in which case the fair value of the investment is set to the value at which that financing took place;
- b. there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a material impact on the investee company's prospects and therefore its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be realized or realizable;
- c. the investee company is placed into receivership or bankruptcy;
- d. based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern;
- e. receipt/denial by the investee company of environmental, mining, aboriginal or similar approvals, which allow the investee company to proceed/prohibit with its project(s);
- f. filing by the investee company of a National Instrument 43-101 technical report in respect of a previously non-compliant resource;
- g. release by the investee company of positive/negative exploration results; and
- h. important positive/negative management changes by the investee company that the Company's management believes will have a very positive/negative impact on the investee company's ability to achieve its objectives and build value for shareholders.

Adjustments to the fair value of a privately-held investment will be based upon management's judgment and any value estimated may not be realized or realizable. The resulting values for non-publicly traded investments may differ from values that would be realized if a ready market existed. In addition, the amounts at which the Company's privately-held investments could be disposed of currently may differ from the carrying value assigned.

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3. Significant accounting policies (continued):

(v) Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(c) Non-monetary transactions:

Transactions in which shares or other non-cash consideration are exchanged for assets or services are valued at the fair value of the assets or services involved.

(d) Revenue recognition:

Revenue is earned by providing consulting services to mining and exploration companies by utilizing machine learning to target exploration on a regional and localized scale. Revenue is recognized as the Company satisfies performance obligation over time and is measured at the fair value of consideration received or receivable for the rendering of services. The Company estimates progress towards complete satisfaction of a performance obligation satisfied over time utilizing the input method of labour hours incurred. Revenue is recognized based on the number of labour hours incurred at the statement of financial position date as a proportion of the total labour hours required to complete the contract.

There may be differences between the timing of billings and the number of labour hours incurred at a point in time. Where revenue recognized exceeds the amounts billed to customers, the difference is recorded as revenue. Where amounts billed to customers exceed revenue recognized, the difference is recorded as deferred revenue.

Purchases and sales of investments are recognized on the settlement date. Realized gains and losses on disposal of investments and unrealized gains and losses in the value of investments are reflected in the statement of loss and comprehensive loss. Upon disposal of an investment, previously recognized unrealized gains or losses are reversed so as to recognize the full realized gain or loss in the period of disposition. All transaction costs associated with the acquisition and disposition of investments are expensed to the consolidated statements of income (loss) and comprehensive income (loss) as incurred.

(e) Income taxes:

(i) Current income tax:

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

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Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts and the intention is to settle on a net basis, or to realize the asset and settle the liability simultaneously. Current income tax relating to items recognized directly in equity is recognized in equity and not through profit or loss.

(ii) Deferred tax:

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that profit will be available against which the deductible temporary difference and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date. Deferred tax relating to items recognized directly in equity is also recognized in equity and not in the consolidated statements of income (loss) and comprehensive income (loss).

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at each statement of financial position date and are recognized to the extent that it has become probable that future profit will allow the deferred tax asset to be recovered. The Company does not record deferred tax assets to the extent that it considers deductible temporary differences, the carry-forward of unused tax credits and unused tax losses cannot be utilized.

(f) Earnings (loss) per common share:

Basic earnings (loss) per common share is determined by dividing net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the period.

Diluted earnings (loss) per common share is calculated in accordance with the treasury stock method and based on the weighted average number of common shares and dilutive common share equivalents outstanding. Instruments which would be anti-dilutive are not included in the calculation of the diluted earnings (loss) per common share.

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3. Significant accounting policies (continued):

(g) Segment reporting:

Operating segments are reported in a manner consistent with the internal reporting used by management. The Company has a single reportable geographic segment in Canada.

(h) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand and short-term investments with remaining maturities of less than three months at the date of acquisition. Cash and cash equivalents include accrued interest on short-term investments.

(i) Intangible assets (research and development):

The Company incurs costs associated with the design and development of its artificial intelligence investment decision platform. Expenditures on research activities are recognized in the consolidated statements of comprehensive income (loss) as incurred. Expenditures during the development phase are capitalized if the Company can demonstrate each of the following criteria: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) its intention to complete the intangible asset and use or sell it; (iii) its ability to use or sell the intangible asset; (iv) how the intangible asset will generate probable future economic benefits; (v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development. Otherwise, they are recognized in the consolidated statements of income (loss) and comprehensive income (loss) as incurred.

Subsequent to initial recognition, capitalized development expenditures are measured at cost less accumulated amortization and any accumulated impairment losses. Amortization is provided at rates designed to amortize the cost of the assets over their estimated useful lives on a straight line basis which is expected to be 5 years.

(j) Property and equipment:

Property and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is provided at rates designed to depreciate the cost of the assets over their estimated useful lives as follows:

	Rate	Basis
Furniture and fixtures	20%	Declining balance
Computer equipment	30%	Declining balance
Right-of-use assets	3-5 years	Straight-line over term of lease

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3. Significant accounting policies (continued):

(k) Royalty interests:

Royalty interests consist of acquired net smelter royalty interests (“NSR”) in producing, development and exploration and evaluation stage properties. Currently, the Company’s only NSRs are with exploration and evaluation stage companies which have properties that are not yet in the development, permitting or feasibility stage; or that are speculative in nature and are expected to require several years to generate revenue, if ever; or that are currently not active.

(l) Impairment of financial assets:

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions. The Company applies the simplified approach for trade receivables. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets’ contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the statements of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

(m) Impairment of long-lived assets:

The carrying values of property and equipment are assessed for impairment when indicators of such impairment exist, or when annual impairment testing for an asset is required. Long-lived assets are comprised of exploration and evaluation assets, intangible assets, and property and equipment.

If any indication of impairment exists, an estimate of the asset’s recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs to sell for the asset and the asset’s value in use.

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3. Significant accounting policies (continued):

If the carrying amount of the asset exceeds its recoverable amount, the asset is deemed impaired and an impairment loss is charged to the consolidated statements of income (loss) and comprehensive income (loss). A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of income (loss) and comprehensive income (loss).

(n) Government grants:

The Company recognizes government grants when it is reasonably assured that it will comply with the conditions attached to them and the grants will be received. Government grants include wage subsidies under the Canada Emergency Wage Subsidy ("CEWS") program. Wage subsidies received under CEWS were deducted from the salaries and consulting fees in the combined consolidated statements of income (loss) and comprehensive income (loss).

4. Changes in accounting policies:

Effective January 1, 2020, the Company adopted amendments to International Accounting Standards ("IAS") 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* which were issued in October 2018. The amendments are effective for annual periods beginning on or after January 1, 2020 and are to be applied prospectively. The amendments update the definition of material.

The adoption of these amendments did not have any impact on the Company's consolidated financial statements.

5. Acquisition of GoldSpot Discoveries Inc.:

On June 18, 2018, Duckworth Capital Corp. ("Duckworth") had entered into an amalgamation agreement with GoldSpot Discoveries Inc. ("GDI"), an arm's length party, and 2639781 Ontario Inc., a wholly owned subsidiary of Duckworth ("Subco"), whereby Duckworth would acquire all of GDI's common shares.

On February 8, 2019, Duckworth completed the transaction with GDI. The transaction was completed by way of a statutory amalgamation whereby GDI amalgamated with Subco and all of the outstanding common shares of GDI were exchanged for common shares of Duckworth (the "Duckworth Shares") on the basis of 82.73481801 Duckworth Shares for each one GDI Share held (the "Transaction"). As a result, 177,002,870 Duckworth Shares were issued to former GDI shareholders on a pre-consolidated basis and not including any Duckworth Shares, which on closing represented 93.6% of the total issued and outstanding shares. GDI's stock options and compensation options were exchanged for GoldSpot's on the basis of the same ratio as the common shares.

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5. Acquisition of GoldSpot Discoveries Inc. (continued):

The Transaction has been accounted for in accordance with IFRS 2, *Share-based payments*. The Transaction is considered to be a reverse takeover of Duckworth by GDI. A reverse takeover transaction involving a non-public operating entity and a non-operating public company is in substance a shared based payment transaction rather than a business combination. The Transaction is equivalent to the issuance of common shares by the non-public operating entity, GDI, for the net assets and the listing status of the non-operating public company, Duckworth. The fair value of the common shares issued was determined based on the fair value of the common shares issued by Duckworth. For financial reporting purposes, the Company is considered a continuation of GDI, the legal subsidiary. The Transaction was negotiated and completed at arm's length. The combined results of operations are included from February 8, 2019.

In connection with the Transaction, GDI changed its name to GoldSpot Holdings Inc., and Duckworth changed its name to GoldSpot Discoveries Corp. and consolidated all of the issued and outstanding Duckworth shares by exchanging two old Duckworth shares for one new Duckworth share. Upon completion of the consolidation, the 189,052,785 issued and outstanding Duckworth shares were consolidated into approximately 94,526,377 common shares. The Company commenced trading on the TSXV on February 21, 2019 under the symbol "SPOT".

On February 1, 2019, in connection with the reverse-takeover transaction, GDI completed a brokered private placement financing raising gross proceeds of \$7,561,794 through the issuance and sale of 228,453 subscription receipts (on a pre-exchange basis) at a price of \$33.10 per subscription receipt. As consideration for the services provided by the agents and certain other persons in connection with the offering: (i) the agents and certain other finders received \$524,944 in cash commissions; (ii) issuance of 1,510 subscription receipts as partial payment of agent fees; and (iii) the agents will receive 15,859 compensation options upon the closing of the transaction. Each compensation option shall be exercisable into one GDI share at an exercise price of \$33.10 per GDI share expiring on February 8, 2020. The subscription receipts and compensation options were exchanged on the same basis as the common shares of GDI for Duckworth shares.

At acquisition date on February 8, 2019, the transaction was recorded as follows:

Purchase Price	
Fair value of common shares	\$ 2,410,000
Fair value of warrants	44,000
Total purchase price	<u>2,454,000</u>
Net Assets Acquired	
Cash	531,859
Accounts payable and accrued liabilities	(9,842)
Net assets acquired	<u>522,017</u>
Listing expense	<u>\$ 1,931,983</u>

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5. Acquisition of GoldSpot Discoveries Inc. (continued):

Fair Value of Duckworth Shares

Number of pre-consolidation Duckworth shares	12,050,000
Consolidation of Duckworth shares	2
Number of post-consolidation Duckworth shares	6,025,000
Share value as determined (\$33.10 per share on pre-exchange basis)	\$ 0.40
Value of GoldSpot shares that would have been issued to obtain the same ownership percentage	\$ 2,410,000

The outstanding Duckworth warrants were assigned a grant date value of \$44,000 as estimated by using the Black-Scholes valuation model with the following assumptions: exercise price of \$0.20, share price of \$0.40, expected dividend yield of 0%, expected volatility of 100%, risk-free rate of return of 1.77%, and an expected maturity of 0.54 years.

The excess of fair value of net assets assumed over purchase price is considered an expense of acquiring a public listing and as a result, the listing fee expense is \$1,931,983.

On July 24, 2019, GoldSpot Discoveries Corp completed a short-form amalgamation with GoldSpot Holdings Inc. There was no impact on the current financial results or for future periods as the entities were presented on a consolidated basis before the amalgamation.

6. Accounts receivable, net of expected credit losses:

As at December 31, 2020, accounts receivable consists of receivables relating to consulting services to 18 (2019 - 7) mining and exploration companies located in Canada. See Note 23(a).

Accounts receivable, net of expected credit losses consist of the following as at December 31:

	2020	2019
Accounts receivable	\$ 541,848	\$ 179,200
Expected credit loss provision	(55,528)	(50,850)
	\$ 486,320	\$ 128,350

7. Investments, at fair value and financial instruments hierarchy:

(a) The fair value and cost of investments, at fair value are as follows as at December 31:

	Fair Value	Cost
2020	\$ 17,820,973	\$ 6,696,813
2019	\$ 4,872,104	\$ 4,370,927

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7. Investments at fair value and financial instruments hierarchy (continued):

(b) As at December 31, 2020, included in investments, at fair value were securities of private companies with a fair value totaling \$1,150,625 (cost of \$976,756) (2019 – fair value of \$905,000 (cost of \$826,600) measured in accordance with the company's accounting policy for private company investments.

(c) Financial instruments hierarchy:

The fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The level in the hierarchy within which the fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The fair value hierarchy has the following levels:

- (i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- (ii) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- (iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. Investments which are in Level 3 and become public issuers during the period are transferred to Level 1 or 2.

The following table presents the Company's investments, measured at fair value and categorized into levels of the fair value hierarchy on the consolidated statements of financial position as at December 31, 2020 and 2019:

Investments, at fair value	Level 1	Level 2	Level 3	Total
	Quoted market price	Valuation technique – observable market inputs	Valuation technique – non-observable market inputs	
2020	\$ 10,995,774	\$ 5,674,574	\$ 1,150,625	\$ 17,820,973
2019	\$ 1,481,250	\$ 2,485,855	\$ 905,000	\$ 4,872,105

Level 2 includes warrants of public issuers and common stock of public issuers, whose resale is currently restricted. These securities typically have a 120-day hold period and are valued by applying a discount against the price of the unrestricted public stock price. Once the restriction has elapsed, these securities will become Level 1 securities.

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7. Investments at fair value and financial instruments hierarchy (continued):

The following table presents the changes in fair value measurements of financial instruments classified as Level 3 for the year ended December 31, 2020 and 2019. These financial instruments are measured at fair value utilizing non-observable market inputs based on specific company information and general market conditions. The net change in unrealized gains are recognized in the consolidated statements of income (loss) and comprehensive income (loss).

	Opening balance at January 1,	Purchases	Transfer to Level 1 or 2	Net unrealized gains	Ending balance
2020	\$ 905,000	\$ 1,420,516	\$ (1,270,360)	\$ 95,469	\$ 1,150,625
2019	\$ 155,000	\$ 750,000	\$ -	\$ -	\$ 905,000

Investments which are in Level 3 and become public issuers during the period are transferred to Level 1 or 2. These represents the only type of transfer between Levels during the reporting year.

Significant unobservable inputs used in the fair value measurement of Level 3 investments were:

Description	Fair value at December 31, 2020	Valuation technique	Unobservable input	% of Investments	Sensitivity to changes in significant unobservable inputs (%)
Unlisted private equities	\$ 884,025	Grey market activity	New investment during the period	5.0	Additional grey market activity
Unlisted private equities	266,600	Grey market activity	Recent transaction price	1.5	Additional grey market activity
	\$ 1,150,625			6.5	

Description	Fair value at December 31, 2019	Valuation technique	Unobservable input	% of Investments	Sensitivity to changes in significant unobservable inputs (%)
Unlisted private equities	\$ 905,000	Grey market activity	Recent transaction price	18.6	Additional grey market activity
	\$ 905,000			18.6	

For investments valued based on trends in comparable publicly traded companies, general market conditions and specific company information, the inputs used can be highly judgmental. A +/- 25% change on the fair value of this investment will result in a corresponding +/- \$287,656 (2019 - \$226,250) change in the total fair value of the investments.

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7. Investments at fair value and financial instruments hierarchy (continued):

While this illustrates the overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different terms and circumstances.

The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions, and its results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of this investment. Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of this investment. Any management actions that may be taken to mitigate the inherent risks are not reflected in this analysis.

8. Discontinued operations:

On August 14, 2020, the Company incorporated a wholly-owned subsidiary, XCorp AI Ltd. ("XCorp") to acquire certain exploration and evaluation assets. XCorp was formed as an initiative between the Company and Hanging Wall Metals Inc. ("Hanging Wall"), a private exploration company, and it currently holds an option to acquire a 100% interest in the Rider Block Project (located in central British Columbia, Canada) pursuant to an option agreement dated October 9, 2020 with Hanging Wall (the "Option Agreement"). GoldSpot has invested an aggregate of \$475,001 in XCorp, and as at December 31, 2020 held approximately 80.7% of the outstanding shares of XCorp. During the year ended December 31, 2020, XCorp also completed a private placement in the amount of \$25,000 for 500,000 common shares (Note 15(f)). In addition, XCorp issued 1,765,000 common shares to acquire the Rider Block Project pursuant to the Option Agreement. Such shares issued were measured at \$88,250 based on the fair value of common shares of XCorp issued. As at December 31, 2020, Hanging Wall and Envision Geoscience Inc. ("Envision") held approximately 15.0% and 4.3%, respectively, of the outstanding shares of XCorp. Envision is a private company controlled by Shawn Hood, who is the Chief Technology Officer of the Company.

In order to earn its interest in the Rider Block project, XCorp is required to (i) make cash payments aggregating \$240,000 over two years, (ii) incur aggregate exploration expenditures of \$3,000,000 on the property over three years, (iii) issue shares aggregating 15 per cent of the issued and outstanding shares of XCorp (which have been issued) and (iv) issue stock options to acquire such number of shares of XCorp as are equal to 3% of the outstanding shares of XCorp after giving effect to an initial minimum financing of \$2,500,000.

On December 14, 2020, the Company entered into a definitive agreement ("Definitive Agreement") with Golden Planet Mining Corp. ("GPM"), a private mining exploration company. Pursuant to the Definitive Agreement (i) GoldSpot and each of the other shareholders of XCorp will exchange their common shares of XCorp ("XCorp Shares") on the basis of 1.6999431 common shares of GPM ("GPM Shares") for each one (1) XCorp Share held; and (ii) XCorp will become a wholly-owned subsidiary of GPM. GPM holds 146,000 ha of prospective property located south-east of La Ronge, Saskatchewan. See Note 25.

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8. Discontinued operations (continued):

As a result, results for XCorp for the year ended December 31, 2020 have been reclassified as a loss from discontinued operations in the consolidated statements of income (loss) and comprehensive income (loss).

The assets and liabilities have been classified as assets held for sale and liabilities of assets held for sale, respectively, in the consolidated statement of financial position as at December 31, 2020.

Assets and liabilities related to XCorp have been reclassified as assets held for sale and liabilities associated with assets held for sale:

	As at December 31, 2020
Cash	\$ 267,162
Sales tax recoverable	7,499
Prepays	21,000
Exploration and evaluation assets	229,768
Assets held for sale	\$ 525,429
Accounts payable and accrued liabilities	\$ 11,463
Liabilities held for sale	\$ 11,463

The results of discontinued operations are as follows:

	From incorporation (August 14, 2020 to December 31, 2020)
Expenses:	
Professional fees	\$ 46,783
Exploration and evaluation expenditures	20,879
Consulting fees	4,648
Other office and general	1,475
Shareholder relations and filing fees	500
Net loss from discontinued operations	\$ 74,285
Net loss from discontinued operations attributable to non-controlling interests	\$ 14,301

9. Financial assets and (liabilities) other than investments at fair value:

Financial assets and liabilities other than investments at fair value are as follows as at December 31:

	2020	2019
Cash and cash equivalents	\$ 4,467,177	\$ 4,762,213
Accounts receivable, net of expected credit losses	486,320	128,350
Accounts payable and accrued liabilities	(302,299)	(286,144)
Current lease liability	(101,390)	(60,221)
Non-current lease liability	(180,187)	(176,191)
	\$ 4,369,621	\$ 4,368,007

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9. Financial assets and (liabilities) other than investments at fair value (continued):

The carrying values of cash and cash equivalents, accounts receivable, net of expected credit losses, accounts payable and accrued liabilities and current lease liability approximate their fair values due to the short term to maturity for these instruments. Non-current lease liability approximate its fair value given the market rate of interest.

Cash and cash equivalents consist of the following as at December 31:

	2020	2019
Cash	\$ 1,645,149	\$ 1,302,933
Cash equivalents	2,822,028	3,459,280
	\$ 4,467,177	\$ 4,762,213

As at December 31, 2020 and 2019, cash equivalents were comprised of Guarantee Investment Certificates and money market funds which are cashable at any time.

10. Intangible assets:

As at December 31, 2018, the Company had recorded costs of \$334,015 which were incurred directly in the development of Resource Quantamental, which is an internally generated intangible asset. During the year ended December 31, 2019, the Company incurred an additional \$593,363 in costs relating to Resource Quantamental. Resource Quantamental is an artificial intelligence investment decision-making platform being developed by the Company, which makes use of various datasets to better comprehend resource property potential. The Company has completed the development of Resource Quantamental to a minimum viable product but requires a significant amount of development work to create the product to the point of being commercial viable.

The Company intends to defer the development of Resource Quantamental to preserve its cash resources until a future date. As a result, the Company does not meet the criteria under IAS 38 to capitalize the intangible assets and during the year ended December 31, 2019, the Company has impaired the intangible assets by \$927,378 to \$nil in the consolidated statements of income (loss) and comprehensive income (loss).

11. Property and equipment:

Property and equipment are as follows as at December 31, 2020 and 2019:

Cost	Furniture and fixtures	Computer equipment	Right-of-use assets	Total
Balance – December 31, 2018	\$ 18,047	\$ 46,645	\$ -	\$ 64,692
Additions	-	11,544	323,856	335,400
Capitalized to intangible assets	-	-	(24,300)	(24,300)
Balance – December 31, 2019	\$ 18,047	\$ 58,189	\$ 299,556	\$ 375,792
Additions	-	24,537	119,687	144,224
Balance – December 31, 2020	\$ 18,047	\$ 82,726	\$ 419,243	\$ 520,016

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11. Property and equipment (continued):

Accumulated Depreciation	Furniture and fixtures	Computer equipment	Right-of-use assets	Total
Balance – December 31, 2018	\$ 4,064	\$ 7,505	\$ -	\$ 11,569
Depreciation	2,796	13,806	77,726	94,328
Capitalized to intangible assets	-	-	(24,300)	(24,300)
Balance – December 31, 2019	\$ 6,860	\$ 21,311	\$ 53,426	\$ 81,597
Depreciation	2,238	12,655	83,166	98,059
Balance – December 31, 2020	\$ 9,098	\$ 33,966	\$ 136,592	\$ 179,656

Carrying Value	Furniture and fixtures	Computer equipment	Right-of-use assets	Total
Balance – December 31, 2019	\$ 11,187	\$ 36,878	\$ 246,130	\$ 294,195
Balance – December 31, 2020	\$ 8,949	\$ 48,760	\$ 282,651	\$ 340,360

12. Deferred revenue:

Revenue is recognized on service contracts based on the proportion of the number of labour hours incurred as a proportion of the total labour hours required to complete the contract. There may be differences between the timing of billings and the number of labour hours incurred at a point in time. Where revenue recognized exceeds the amounts billed to customers, the difference is recorded as revenue. Where amounts billed to customers exceed revenue recognized, the difference is recorded as deferred revenue.

The following table summarizes the changes in the Company's deferred revenue during the years ended December 31:

	2020	2019
Deferred revenue, at beginning of year	\$ 2,229,903	\$ 33,100
Prior year unbilled revenue	-	(37,500)
Revenue billed	6,059,580	4,546,281
Revenue recognized	(5,170,044)	(2,311,977)
Deferred revenue, at the end of year	\$ 3,119,439	\$ 2,229,903

13. Lease liabilities:

In February 2018, the Company signed a lease for new premises in Montreal, Quebec, which started March 1, 2018 for annual payments of approximately \$96,000 (\$8,000 monthly, increased by 2.5% each year) plus applicable taxes until February 28, 2023.

In November 2020, the Company signed a lease for premises in Toronto, Ontario which started December 1, 2020 for annual payments of \$42,900 plus operating costs and applicable taxes until April 30, 2024.

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13. Lease liabilities (continued):

The following table summarizes the changes in the Company's lease liabilities during the years ended December 31:

	2020	2019
Opening balance at January 1	\$ 236,412	\$ -
Additions	119,687	289,806
Repayments	(106,346)	(89,800)
Finance expense	31,824	36,406
Ending balance at December 31	<u>\$ 281,577</u>	<u>\$ 236,412</u>
Current lease liabilities	101,390	60,221
Non-current lease liabilities	180,187	176,191
Total lease liabilities	<u>\$ 281,577</u>	<u>\$ 236,412</u>

As at December 31, 2020, future minimum annual lease payments under operating leases for premises are approximately as follows:

2021	\$ 145,860
2022	148,430
2023	60,560
2024	14,300
Prepaid rent deposits	(28,170)
Total lease obligations	<u>\$ 340,980</u>
Discount at effective interest rates of 15%	(59,403)
Net lease liabilities, as at December 31, 2020	<u>\$ 281,577</u>
Non-current lease liability, as at December 31, 2020	(180,187)
Current lease liability, as at December 31, 2020	<u>\$ 101,390</u>

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14. Income tax expense and deferred tax assets (liabilities):

- (a) Income tax expense attributable to loss before income taxes differs from the amounts computed by applying the combined federal and provincial tax rate of 26.5% (2019 – 26.5%) of pre-tax income as a result of the following for the years ended December 31:

	2020	2019
Income (loss) before income taxes	\$ 11,764,625	\$ (4,689,081)
Computed "expected" income tax expense (recovery)	\$ 3,117,626	\$ (1,242,606)
Non-taxable net investment gains	(1,626,181)	(65,077)
Non-taxable listing fees	-	511,975
Non-deductible expenses and other adjustments	124,427	266,631
Prior period adjustment	62,687	-
Net deferred tax assets not recognized (recognition of tax benefit not previously recognized)	(1,286,288)	529,077
Deferred tax liability on investment in a subsidiary not previously recognized	1,006,975	-
Income tax expense	\$ 1,399,246	\$ -

- (b) Significant components of the income tax expense for the years ended December 31 are as follows:

	2020	2019
Current income tax expense	\$ -	\$ -
Deferred taxes		
Income taxes – origination and reversal of temporary differences	1,399,246	(529,077)
Relating to unrecognized temporary differences	-	529,077
	1,399,246	-
Income tax expense	\$ 1,399,246	\$ -

- (c) The following table summarizes the components of deferred tax assets (liabilities) for the years ended December 31:

	2020	2019
Non-capital losses	\$ 981,539	\$ 135,271
Share issuance costs and net other assets	100,426	-
Investments	(1,473,951)	(132,695)
Deferred tax liability on investment in a subsidiary	(1,006,975)	-
Right-of-use assets	(285)	(2,575)
Net deferred tax liabilities	\$ (1,399,246)	\$ -

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14. Income tax expense and deferred tax assets (liabilities) (continued):

The following net deferred tax assets are not recognized in the statements of financial position due to the unpredictability of future income are presented below as at December 31:

	2020	2019
Non-capital losses	\$ -	\$ 4,092,204
Share issuance costs and other	-	585,631
Investments	-	-
Net deferred tax assets	\$ -	\$ 4,677,835

As at December 31, 2020, the Company has approximately \$3,703,900 (2019 - \$4,602,600) of non-capital losses carried forward which will expire as follows:

2038	\$ 1,102,700
2039	2,601,200
	\$ 3,703,900

15. Related party transactions:

All transactions with related parties have occurred in the normal course of operations.

- (a) During the year ended December 31, 2020, key management personnel are defined as those individuals having authority and responsibility for planning, directing, and controlling the activities of the Company. GoldSpot considers Denis Laviolette, its Executive Chairman and President ("EC&P"), Vincent Dube-Bourgeois, its Chief Executive Officer ("CEO"), Binh Quach, its Chief Financial Officer and Corporate Secretary ("CFO"), Cejay Kim, its Chief Business Officer, and Shawn Hood, its Chief Technology Officer (who was appointed on July 15, 2020) to be its key management personnel, in addition to its board of directors.

Compensation of key management is included in the consolidated statements of income (loss) and comprehensive income (loss) as follows:

	2020	2019
Salaries and consulting fees	\$ 861,500	\$ 488,000
Directors fees	159,730	112,000
Stock-based compensation expense	302,632	351,193
Employee benefits	12,986	4,851
	\$ 1,336,848	\$ 956,044

- (b) On March 18, 2019, the Company granted 2,200,000 options to directors of the Company, exercisable at \$0.40 per share, vesting annually over 2 years and expiring on March 18, 2022.

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15. Related party transactions (continued):

- (c) During the year ended December 31, 2019, the Company's CEO, CFO, COO, and VP subscribed for a total of 2,462 subscription receipts (203,690 shares on post-exchange basis) of the Company for gross proceeds of \$81,492 pursuant to the Company's private placement in February 2019.
- (d) On July 15, 2020, the Company granted 2,250,000 options to directors and officers of the Company, exercisable at \$0.18 per share and expiring on July 15, 2025.
- (e) During the year ended December 31, 2020, the Company recorded consulting revenue of \$136,450 (2019 - \$121,500) from New Found Gold Corp ("NFGC"), a mineral exploration company trading on the TSX Venture Exchange under the symbol "NFG". As at December 31, 2020, the Company also has an investment in NFGC with a fair value of \$6,877,079 (December 31, 2019 - \$750,000). The Company's EC&P is also a director and President of NFGC.
- (f) In October 2020, Envision acquired 500,000 shares of XCorp at a cost of \$25,000. Envision is a private company controlled by the Chief Technology Officer of the Company.
- (g) As at December 31, 2019, included in accounts payable and accrued liabilities is accrued salary, consulting and directors fees of \$44,500 payable to directors and officers of the Company.
- (h) As at December 31, 2020, included in accounts payable and accrued liabilities is \$3,874 (2019 - \$nil) due to the Chief Business Officer, relating to reimbursement of expenses.

16. Equity:

- (a) Authorized: unlimited number of common shares (no par value).

On February 8, 2019, in connection with the reverse takeover Transaction for which all outstanding GDI shares were exchanged on the basis of 82.73481801 Duckworth Shares for each one GDI Share held, the Company also filed articles of amendment to consolidate its issued and outstanding common shares on the basis of one new common share for every 2 existing common shares, and to change the name of the Company to GoldSpot Discoveries Corp. All figures and comparative figures reflect the one for every two common shares consolidation, retroactively.

- (b) In connection with the reverse-takeover Transaction, the Company issued 177,002,870 common shares (pre-consolidation basis) to former shareholders of GDI, Note 5.
- (c) On February 1, 2019, in connection with the reverse-takeover transaction, the Company completed a brokered private placement financing raising gross proceeds of \$7,561,794 through the issuance and sale of 228,453 common shares at a price of \$33.10 per share (on a pre-Transaction basis).

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16. Equity (continued):

As consideration for the services provided by the agents and certain other persons in connection with the offering: (i) the Company paid cash commissions and share issuance costs of \$606,240; (ii) issuance of 1,510 common shares totaling \$50,000 as partial payment of agent fees; and (iii) the agents receive 15,859 compensation options upon the closing of the transaction. Each compensation option shall be exercisable into one common share at an exercise price of \$33.10 per share expiring on February 8, 2020.

The compensation options were valued using the Black-Scholes option pricing model with the following assumptions: expected volatility of 100%; dividend yield of 0%; risk-free interest rate of 1.77%; and an expected life of 1.0 years. The expected volatility is based on the historical volatility of comparable companies over the life of the compensation options. The Company has not paid any cash dividends historically and has no plans to pay cash dividends in the foreseeable future. The risk-free interest rate is based on the yield of Canadian Benchmark Bonds with equivalent terms. The expected option life in years represents the period of time that the compensation options are expected to be outstanding. The value (net of share issuance costs) assigned to the compensation options was \$203,380.

(d) Stock options:

The Company grants stock options to eligible directors, officers, key employees and consultants under its 2018 stock option plan to enable them to purchase common shares of the Company. Under the terms of the plan, the number of common shares that may be issued pursuant to the exercise of options granted under the plan may not exceed 10% of the number of common shares outstanding at the time of grant.

The exercise price of an option granted under the plan cannot be less than the closing price of the common shares on the last day on which the common shares trade prior to the grant date of the option. An individual can receive grants of no more than 5% of the outstanding shares of the Company on a yearly basis and options are exercisable over a period not exceeding five years. Options granted are accounted for by the fair value method of accounting for stock-based compensation. The Company records compensation expense and credits contributed surplus for all options granted.

On July 15, 2020, the Company granted 2,920,000 stock options to directors, officers, and employees of the Company, exercisable at \$0.18 per share expiring on July 15, 2025. The stock options granted to directors vest as: (i) 25% immediately; (ii) 25% on October 15, 2020; 25% on January 15, 2021; and 25% on April 15, 2021. The stock options granted to officers and employees vest as: (i) 33.3% immediately; (ii) 33.3% on the first anniversary of the date of grant; and (iii) 33.3% on the second anniversary of the date of grant.

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16. Equity (continued):

The fair value of the options granted on July 15, 2020 was estimated at the date of grant using the Black-Scholes option valuation model with the following assumptions:

Black-Scholes option valuation model assumptions used (weighted average)	
Expected volatility	131%
Expected dividend yield	0%
Risk-free interest rate	0.35%
Expected option life in years	5 years
Expected forfeiture rate	0%
Fair value per stock option granted on July 15, 2020	\$ 0.154

On March 18, 2019, the Company granted 3,681,000 stock options to directors, employees and consultants of the Company, exercisable at \$0.40 per share expiring on March 18, 2022. The stock options vest as: (i) 33.3% immediately; (ii) 33.3% on the first anniversary of the date of grant; and (iii) 33.3% on the second anniversary of the date of grant.

The fair value of the options granted on March 18, 2019 was estimated at the date of grant using the Black-Scholes option valuation model with the following assumptions:

Black-Scholes option valuation model assumptions used (weighted average)	
Expected volatility	100%
Expected dividend yield	0%
Risk-free interest rate	1.6%
Expected option life in years	3 years
Expected forfeiture rate	0%
Fair value per stock option granted on March 18, 2019	\$ 0.16

The expected volatility is based on the historical volatility of comparable companies over the life of the options. The Company has not paid any cash dividends historically and has no plans to pay cash dividends in the foreseeable future. The risk-free interest rate is based on the yield of Canadian Benchmark Bonds with equivalent terms. The expected option life in years represents the period of time that options granted are expected to be outstanding based on the vesting dates.

For the year ended December 31, 2020, included in the consolidated statements of income (loss) and comprehensive income (loss) is stock-based compensation expense of \$401,559 (2019 - \$617,711) relating to the stock options granted to directors, officers, employees and consultants of the Company.

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16. Equity (continued):

A summary of the status of the Company's stock options as at December 31, 2020 and 2019 and changes during the years then ended is presented below:

	December 31, 2020		December 31, 2019	
	# of options	Weighted average exercise price	# of options	Weighted average exercise price
Stock options				
Outstanding, at beginning of year	7,370,732	\$ 0.32	45,000	\$ 20.00
Option exchange impacts related to reverse acquisition	-	-	3,678,066	-
Granted	2,920,000	0.18	3,681,000	0.40
Cancelled/forfeited	(3,269,166)	0.40	(33,334)	0.40
Outstanding, at end of year	7,021,566	\$ 0.22	7,370,732	\$ 0.32
Exercisable, at end of year	2,281,416	\$ 0.23	1,599,307	\$ 0.36

As at December 31, 2020, the weighted average remaining life of the stock options was 4.1 years (2019 – 3.7 years).

The following table summarizes information about stock options outstanding and exercisable as at December 31, 2020:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
3,723,066	930,757	\$ 0.24	February 1, 2025
378,500	252,330	0.40	March 18, 2022
2,920,000	1,098,329	0.18	July 15, 2025
7,021,566	2,281,416		

(e) Broker warrants/compensation options:

	December 31, 2020		December 31, 2019	
	# of warrants	Weighted average exercise price	# of warrants	Weighted average exercise price
Broker warrants				
Outstanding, at beginning of year	1,312,130	\$ 0.40	-	\$ -
Issued	-	-	1,512,130	0.37
Exercised	-	-	(198,499)	0.20
Expired	(1,312,130)	0.40	(1,501)	0.20
Outstanding, at end of year	-	\$ -	1,312,130	\$ 0.40

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16. Equity (continued):

- (f) Basic and diluted loss per common share based on net loss for the years ended December 31:

Numerator:	2020	2019
Net income (loss) from continuing operations	\$ 10,439,664	\$ (4,689,081)
Net loss from discontinued operations	(74,285)	-
Net income (loss) for the year	\$ 10,365,379	\$ (4,689,081)
Denominator:	2020	2019
Weighted average number of common shares outstanding – basic	94,724,876	84,602,405
Weighted average effect of diluted stock options and warrants (i)	373,627	-
Weighted average number of common shares outstanding – diluted	95,098,503	84,602,405
Basic earnings (loss) per common share for the year:	2020	2019
Continuing operations	\$ 0.11	\$ (0.06)
Discontinued operations	0.00	-
Net income (loss) for the year	\$ 0.11	\$ (0.06)
Diluted earnings (loss) per common share for the year:	2020	2019
Continuing operations	\$ 0.11	\$ (0.06)
Discontinued operations	0.00	-
Net income (loss) for the year	\$ 0.11	\$ (0.06)

- (i) The determination of the weighted average number of common shares outstanding – diluted excludes 6,647,939 shares related to convertible securities that were anti-dilutive for the year ended December 31, 2019 (2019 – 8,682,862).

- (g) Maximum share dilution:

The following table presents the maximum number of shares that would be outstanding if all outstanding convertible securities were exercised as at December 31:

	2020	2019
Common shares outstanding	94,724,876	94,724,876
Stock options to purchase common shares	7,021,566	7,370,732
Broker warrants to purchase common shares	-	1,312,130
Fully diluted common shares outstanding	101,746,442	103,407,738

17. Segmented information:

The management of the Company is responsible for the Company's sales and considers the business to have a single operating segment. The Company has a single reportable geographic segment, Canada, and all of the Company's assets are located in Canada.

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17. Segmented information (continued):

The internal reporting provided to the management of the Company's assets, liabilities, and performance is prepared consistently with the measurement and recognition principles of IFRS. There were no changes in the reportable segments during the year ended December 31, 2020.

18. Net investment gains:

Net investment gains comprises of the following for the year ended December 31:

	2020	2019
Net realized gains on disposal of investments	\$ 1,650,083	\$ 68,372
Net change in unrealized gains on investments	10,622,983	422,777
	\$ 12,273,066	\$ 491,149

19. Other income:

Other income comprises of the following for the year ended December 31:

	2020	2019
Gain on sale of royalty interests	\$ -	\$ 100,000
Interest income	16,470	56,461
	\$ 16,470	\$ 156,461

20. Expenses by nature:

Included in operating, general, and administrative expenses for the years ended December 31 are the following expenses:

	Notes	2020	2019
Salaries and consulting fees	15(a)	\$ 3,424,771	\$ 2,318,795
Professional fees		554,352	346,380
Stock-based compensation expense	16(d)	401,559	617,711
Software licensing fees		245,586	197,109
Other employee benefits		219,185	172,434
Directors' fees	15(a)	159,730	112,000
Other office and general		122,482	201,696
Shareholder relations and filing fees		98,166	415,200
Depreciation	11	98,058	70,028
Operating lease payments		92,473	42,443
Travel and promotion		88,092	184,659
Transaction costs		83,872	11,358
Provision for ECLs	6	4,140	50,850
Listing fees	5	-	1,931,983
Foreign exchange expense (gain)		(3,620)	12,239
		\$ 5,588,846	\$ 6,684,885

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21. Supplemental disclosure of cash flow information:

The following table shows the supplemental cash flow information for the year ended December 31:

	2020	2019
Prepaid rent deposit allocated to right-of-use assets	\$ 10,725	\$ 34,050
Issuance of shares pursuant to services	-	50,000

22. Management of capital:

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may borrow from its shareholders or raise additional funds. The Company considers its capital to include total equity attributable to shareholders of the Company which amounts to \$18,291,172 on December 31, 2020 (2019 – \$7,509,933). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders.

The Company's objectives when managing capital are:

- (a) to ensure that the Company maintains the level of capital necessary to meet its working capital;
- (b) to give shareholders sustained growth in shareholder value by increasing shareholders' equity; and
- (c) to maintain a flexible capital structure that optimizes the cost of capital at acceptable levels of risk.

The Company maintains or adjusts its capital level to enable it to meet its objectives by:

- (a) maintaining a pipeline of customer orders;
- (b) realizing proceeds from the disposition of its investments; and
- (c) raising capital through share or debt financings.

There were no changes in the Company's approach to capital management during the year ended December 31, 2020. Since inception, the Company has not declared any cash dividends to its shareholders as part of its capital management program. The Company's current capital resources are sufficient to discharge its current liabilities as at December 31, 2020.

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23. Financial instruments and financial risk management:

Financial instruments

The carrying amounts of accounts receivable, net of ECLs, accounts payable and accrued liabilities, and current lease liabilities approximate their fair value due to their short periods to maturity.

Financial risk management

The Company has exposure to credit risk, market risk, liquidity risk, and currency risk associated with its financial assets and liabilities.

There were no significant or material changes to the Company's risk management during the year ended December 31, 2020. A discussion of the Company's use of financial instruments and other associated risks is as follows.

(a) Credit risk:

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company.

Financial instruments which potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents and accounts receivable. All funds in cash are held in financial institutions that have a credit rating above AA and the Company believes the risk of loss to be remote.

The Company has accounts receivable from mining and exploration companies. The Company's credit risk arises from the possibility that a counterparty which owes the Company money is unable or unwilling to meet its obligations in accordance with the terms and conditions in the contracts with the Company, which would result in a financial loss to the Company. These specific mining and exploration companies may be affected by economic factors and government factors which may impact accounts receivable. Management does not believe that a single industry or geographic region represents significant credit risk. This risk is mitigated through established credit management techniques, including monitoring counterparty creditworthiness, setting exposure limits and monitoring exposure against these customer credit limits.

The maximum exposure to credit risk is the carrying amount of the Company's cash and cash equivalents and accounts receivable, net of ECLs which total \$4,953,497 as at December 31, 2020 (2019 - \$4,890,563).

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23. Financial instruments and financial risk management (continued):

An aging of accounts receivable, net of expected credit losses are as follows as at December 31:

	2020	2019
Accounts receivable aging:		
0-30 days	\$ 325,890	\$ 106,315
31-60 days	144,716	22,035
61-90 days	-	-
Greater than 90 days	71,242	50,850
	\$ 541,848	\$ 179,200
Expected credit loss provision	(55,528)	(50,850)
Accounts receivable, net of expected credit losses	\$ 486,320	\$ 128,350

The movement in the expected credit loss provision can be reconciled as follows as at December 31:

	2020	2019
Expected credit loss provision:		
Expected credit loss provision, beginning balance	\$ (50,850)	\$ -
Net provision used (recorded) during the year	(4,678)	(50,850)
Expected credit loss provision, ending balance	\$ (55,528)	\$ (50,850)

The following default rates are used to calculate the expected credit loss provision on accounts receivable as at December 31, 2020:

	Total	0-30 days	31-60 days	61-90 days	Greater than 90 days
Default rates		-%	-%	-%	78%
Accounts receivable	\$ 541,848	\$ 325,890	\$ 144,716	\$ -	\$ 71,242
Expected credit loss provisions	\$ 55,528	\$ -	\$ -	\$ -	\$ 55,528

The following default rates are used to calculate the expected credit loss provision on accounts receivable as at December 31, 2019:

	Total	0-30 days	31-60 days	61-90 days	Greater than 90 days
Default rates		-%	-%	-%	100%
Accounts receivable	\$ 179,200	\$ 106,315	\$ 22,035	\$ -	\$ 50,850
Expected credit loss provisions	\$ 50,850	\$ -	\$ -	\$ -	\$ 50,850

The Company does not have collateral to any of its receivable balances.

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23. Financial instruments and financial risk management (continued):

During the year ended December 31, 2020, the Canadian federal government made certain government support programs available to eligible entities as part of its COVID-19 economic response plan. The Company applied and received support under the CEWS. Each applicant's eligibility for these programs is subject to validation and detailed verification by the federal government. Due to nature of the eligibility requirements and related calculations, it is possible that the eligibility requirements may not be considered to be met upon validation, and as such the benefits received may be repayable. During the year ended December 31, 2020, the Company received the following benefits from the government program of CEWS:

- \$189,959 of wage subsidies in connection with the CEWS program

(b) Market risk:

Market risk is the risk that the fair value of future cash flows from the Company's financial instruments will significantly fluctuate because of changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices.

Additionally, the Company adjusts its investments to fair value at the end of each reporting period. This process could result in significant write-downs of the Company's investments over one or more reporting periods, particularly during periods of overall market instability, which would have a significant unfavourable effect on the Company's financial position. As at December 31, 2020, the Company held some U.S. denominated investments (2019 – none) therefore market risk also includes currency risk.

There were no changes in the way the Company manages market risk during the years ended December 31, 2020 and 2019.

The following table shows the estimated sensitivity of the Company's after-tax net income for the year ended December 31, 2020 from a change in the fair value price of the Company's investments with all other variables held constant as at December 31, 2020:

Percentage of change in closing trade price	Increase in after-tax net income from % increase in closing trade price	Decrease in after-tax net income from % decrease in closing trade price
2%	\$ 309,194	\$ (309,194)
4%	618,388	(618,388)
6%	927,582	(927,582)
8%	1,236,776	(1,236,776)
10%	1,545,969	(1,545,969)

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23. Financial instruments and financial risk management (continued):

The following table shows the estimated sensitivity of the Company's after-tax net loss for the year ended December 31, 2019 from a change in the fair value price of the Company's investments with all other variables held constant as at December 31, 2019:

Percentage of change in closing trade price	Decrease in after-tax net loss from % increase in closing trade price	Increase in after-tax net loss from % decrease in closing trade price
2%	\$ 84,531	\$ (84,531)
4%	169,062	(169,062)
6%	253,593	(253,593)
8%	338,124	(338,124)
10%	422,655	(422,655)

(c) Liquidity risk:

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they become due. The Company's management is responsible for reviewing liquidity resources to ensure funds are available to meet financial obligations as they become due, as well as ensuring funds exist to support business strategies and operating growth.

There were no changes to the way that the Company manages liquidity risk during the year ended December 31, 2020. The Company's accounts payable and accrued liabilities are due within less than 1 year as at December 31, 2020 and 2019. The Company's cash and cash equivalents balance is sufficient to meet the Company's current liabilities.

The following table shows the Company's liabilities and potential due dates related to liquidity risk as at December 31, 2020:

Liabilities and obligations	Payments due by period				Non-cash payable
	Total	Less than 1 year	1 – 3 years	4 – 5 years	
Accounts payable and accrued liabilities	\$ 302,299	\$ 302,299	\$ -	\$ -	\$ -
Sales tax payable	223,022	223,022	-	-	-
Deferred revenue	3,119,439	-	-	-	3,119,439
Liabilities held for sale	11,463	11,463	-	-	-
Deferred tax liabilities	1,399,246	-	-	-	1,399,246
Office lease payments	281,577	101,390	180,187	-	-
	\$ 5,337,046	\$ 638,174	\$ 180,187	\$ -	\$ 4,518,685

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23. Financial instruments and financial risk management (continued):

The following table shows the Company's liabilities and potential due dates related to liquidity risk as at December 31, 2019:

Liabilities and obligations	Payments due by period				
	Total	Less than 1 year	1 – 3 years	4 – 5 years	Non-cash payable
Accounts payable and accrued liabilities	\$ 286,144	\$ 286,144	\$ -	\$ -	\$ -
Deferred revenue	2,229,903	-	-	-	2,229,903
Office lease payments	300,750	92,045	208,705	-	-
	\$ 2,816,797	\$ 378,189	\$ 208,705	\$ -	\$ 2,229,903

The following table shows the Company's source of liquidity by assets as at December 31, 2020:

Assets	Liquidity by period				
	Total	Less than 1 year	1 – 3 years	After 4 years	Non-liquid assets
Cash and cash equivalents	\$ 4,467,177	\$ 4,467,177	\$ -	\$ -	\$ -
Accounts receivable, net of ECLs	486,320	486,320	-	-	-
Investments, at fair value	17,820,973	17,820,973	-	-	-
Prepays	86,908	-	-	-	86,908
Assets held for sale	525,429	525,429	-	-	-
Property and equipment	340,360	-	-	-	340,360
	\$ 23,727,167	\$ 23,299,899	\$ -	\$ -	\$ 427,268

The following table shows the Company's source of liquidity by assets as at December 31, 2019:

Assets	Liquidity by period				
	Total	Less than 1 year	1 – 3 years	After 4 years	Non-liquid assets
Cash and cash equivalents	\$ 4,762,213	\$ 4,762,213	\$ -	\$ -	\$ -
Accounts receivable, net of ECLs	128,350	128,350	-	-	-
Investments, at fair value	4,872,104	4,872,104	-	-	-
Sales tax recoverable	61,632	61,632	-	-	-
Prepays	143,898	-	-	-	143,898
Property and equipment	294,195	-	-	-	294,195
	\$ 10,262,392	\$ 9,824,299	\$ -	\$ -	\$ 438,093

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23. Financial instruments and financial risk management (continued):

(d) Currency risk:

Currency risk is the risk of loss from the Canadian dollar depreciating when it fluctuates against other foreign currencies. The Company presently holds funds in Canadian dollars but some of its receivables are denominated in U.S. dollars. The Company does not engage in any hedging activities to mitigate its foreign exchange risk. A change in the foreign exchange rate of the Canadian dollar versus another currency may increase or decrease the value of the Company's financial instruments.

As at December 31, 2020, the Company had \$368,951 (US\$289,783) in cash and accounts receivable (2019 - \$305,578 (US\$235,277) in cash) and had the Canadian dollar strengthened or declined by 5% in relation to the U.S. dollar, with all other variables held constant, net income (loss) and comprehensive income (loss) for the year would have decreased or increased, respectively, by approximately \$14,489 (2019 - \$11,764). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

24. Other risks:

During the first quarter of 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the true extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

While the extent of the impact is unknown, the Company anticipates this outbreak may cause reduced sales/customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which will negatively impact the Company's business and financial condition. To mitigate the current and potential fallout should the outbreak should last an extended period, GoldSpot has already implemented certain procedures and actions, including cost cutting measures and cancelling the attendance of certain conferences.

25. Subsequent events:

Subsequent to December 31, 2020, the Company completed the business combination of its majority owned subsidiary, XCorp with GPM effective January 1, 2021 (the "Transaction"). Pursuant to the Transaction, (i) GoldSpot and each of the other shareholders of XCorp. exchanged their common shares of XCorp ("XCorp Shares") on the basis of 1.6999431 common shares of GPM ("GPM Shares") for each one (1) XCorp Share held; and (ii) XCorp became a wholly-owned subsidiary of GPM.

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25. Subsequent events (continued):

Pursuant to the Transaction, an aggregate of 1,547,850 stock options of GPM were issued to Hanging Wall in full satisfaction of the Option Requirement, each exercisable to acquire one (1) GPM Share at an exercise price of \$0.50 for a period of 5 years (the "GPM Options").

Contemporaneously with the closing of the Transaction, GPM closed a concurrent non-brokered private placement financing pursuant to which it issued an aggregate of 8,095,000 GPM Shares at \$0.50 per share and 3,500,000 "flow-through" GPM Shares at \$0.68 per share to raise aggregate gross proceeds of \$6,427,500 (the "Private Placement"). Immediately following the Transaction, GoldSpot holds an aggregate of 16,149,629 GPM Shares representing 31.3% of all issued and outstanding GPM Shares on a non-diluted basis (or 30.4% on a fully diluted basis assuming exercise of the GPM Options), entailing a fair value of approximately \$8,075,000. Since the Company will be deemed to have significant influence over GPM, the Company will be required to account for its GPM holdings using the equity method of accounting under IFRS and the fair value of the holdings would not be included in its investment assets on the statement of financial position. The Company anticipates that further GPM financings will dilute its holdings in GPM below 20%, whereby the Company will be able to fair value its investment in GPM.