

## NOTE TO READER

At the request of staff of the Ontario Securities Commission, GoldSpot Discoveries Corp. (the "Company") has restated its previously filed management's discussion and analysis for the fiscal year ended December 31, 2020 (the "MD&A") which was originally filed on April 8, 2021, to add additional disclosure regarding the consulting fees and investment gains reported by the Company during the year. Specifically, the amended MD&A contains the following additional disclosure:

- additional disclosure regarding the nature of the Company's consulting contracts on pages 10, 11 and 12;
- identification of the material components of the Company's investment gains, including segregation into realized and unrealized gains, and key drivers of the value increase in such investments on pages 11, 12 and 13;
- the Company's strategy in sourcing new consulting clients on page 12; and
- additional disclosure regarding the Company's investment strategies on page 13.

There have been no other changes other than noted above. The amended MD&A as filed on May 26, 2021 replaces and supersedes the previously filed MD&A.



**(Formerly Duckworth Capital Corp.)  
Amended and Restated Management's Discussion and Analysis**

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**For the year ended:**            **December 31, 2020**

**Date of report:**                **April 7, 2021**

This amended and restated management's discussion and analysis ("MD&A") of the consolidated financial condition and results of operation of GoldSpot Discoveries Corp. (formerly Duckworth Capital Corp.) ("GoldSpot" or the "Company") should be read in conjunction with GoldSpot's annual audited consolidated financial statements ("Financial Statements") and notes thereto as at and for the year ended December 31, 2020. The accounting policies and methods of computation were followed in the preparation of the Financial Statements are described in note 3 of the Financial Statements.

Unless indicated otherwise, all financial data in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All dollar amounts in this MD&A are reported in Canadian dollars unless otherwise indicated.

**Caution Regarding Forward-Looking Information:**

Certain information contained in this MD&A constitutes forward-looking information, which is information relating to future events or the Company's future performance and which is inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information contained in this MD&A includes, but is not limited to the Company's anticipated investment activities and results and financing activities, the Company's future working capital requirements, the impact of changes in accounting policies and other factors on the Company's operating results, and the performance of global capital markets and interest rates, the exposure of its financial instruments to various risks and its ability to manage those risks, and the Company's ability to use tax resource pools and loss carry-forwards.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking information contained in this MD&A include, but are not limited to: risks relating

to the Company's ability to raise capital in order to fund obligations as they become due, the Company's ability to generate taxable income from operations, the strength of the Canadian, U.S. and other economies, foreign exchange fluctuations, political and economic conditions in the countries in which the Company's customers are located, and other risks included elsewhere in this MD&A under the heading "Other Risks".

Readers are cautioned that the foregoing lists of factors are not exhaustive. Although the Company has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. The forward-looking information contained in this MD&A are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

During Q1 of 2020, there was a global outbreak of the 2019 novel corona virus ("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 anticipate 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. The Company continues to implement certain procedures and actions which aligns with the recommendations of the health and government authorities in the locations which GoldSpot operates, including social distancing while continuing normal operations and sales through work-from-home policies and learn-from-home environments. While the Company is not immune to these challenging times, the Company believes that it can continue to serve its customers around the world with the tools and resources available in these challenging times.

## Overview of Business

### Nature of the Business:

GoldSpot Discoveries Corp. 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." Because GDI is considered the accounting acquirer, the audited financial statements as at and for the year ended December 31, 2019 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.

On February 8, 2019, in connection with the reverse takeover Transaction for which all outstanding GDI shares (the "GDI Shares") were exchanged on the basis of 82.73481801 Duckworth Capital Corp. ("Duckworth") shares (the "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 two 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.

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

On August 14, 2020, the Company incorporated a wholly-owned subsidiary, XCorp AI Ltd. ("XCorp") to acquire certain exploration and evaluation assets. 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.

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, the transaction closed on January 1, 2021 with GoldSpot and each of the other shareholders of XCorp exchanging their common shares of XCorp for shares of GPM. As a result, results for XCorp for the year ended December 31, 2020 have been reclassified as discontinued operations in the consolidated statement of income and comprehensive income. 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.

See "XCorp Business Combination" section elsewhere in this MD&A.

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.

Technology developed by GoldSpot is actively being used by producers and junior explorers. With its clients, GoldSpot develops and improves on current technology to make economical and more efficient discoveries.

#### Principal Business:

GoldSpot is a technology company that uses artificial intelligence ("AI") and traditional domain expertise to assist in discovering new mineral deposits for its clients. GoldSpot's consultancy remains an integral part of operations, working with producers provides revenue to offset general office expenses and research and development. However, GoldSpot's mandate has now evolved to include explorers. The use of machine learning allows the Company to find attractive explorers and valuable royalties earlier in the exploration process. GoldSpot makes strategic investments in these junior companies and can acquire royalties, while giving the issuer access to its geology and data science team. GoldSpot is building a basket of equities and royalties, allowing investors that invest in GoldSpot to gain exposure to AI-driven mining assets.

While the resource markets have been especially challenging, the consulting revenue stream accompanied by investing revenue will allow investors to experience the upside of a resource market by AI-driven equity and royalty assets. Furthermore, GoldSpot's expertise in AI and machine learning allows it to enter exploration partnerships with both industry and academic institutions.

## Summary:

- For the three months ended December 31, 2020, the Company has net income of \$4,503,438 (basic earnings per share of \$0.05) as compared to a net loss of \$543,370 (basic loss per share of \$0.01) for the three months ended December 31, 2019.
- For the year ended December 31, 2020, the Company has net income of \$10,365,379 (basic earnings per share of \$0.11) as compared to a net loss of \$4,689,081 (basic loss per share of \$0.06) for the year ended December 31, 2019.
- The Company's consulting revenue continues to grow, increasing by 164% to \$1,708,101 for the three months ended December 31, 2020 as compared to \$646,594 for the three months ended December 31, 2019; and increasing 124% to \$5,170,044 for the year ended December 31, 2020 as compared to \$2,311,978 for the year ended December 31, 2019.
- As at December 31, 2020, the Company has cash and cash equivalents and investments of \$22,288,150 as compared to \$9,634,317 as at December 31, 2019. In addition (as previously mentioned), the Company's majority owned subsidiary, XCorp, completed a business combination with GPM on January 1, 2021 and as a result, the fair value of the Company's investment in GPM is approximately \$8,075,000.
- In January 2020, the Company announced that its client, New Found Gold Corp. ("NFGC"), benefiting from GoldSpot's AI technology and exploration expertise, had reported a significant new high-grade gold discovery at its Linear (renamed "Queensway") project located in Central Newfoundland, west of the Town of Gander.
- In January 2020, the Company extended its services agreement with Pacton Gold Inc. to help Pacton target drilling and refine advanced exploration efforts on Pacton's Red Lake properties, located in Ontario. This services agreement was completed during 2020.
- In March 2020, the Company announced that it is partnering with Australia-based RSC Mining and Mineral Exploration ("RSC") to bring GoldSpot's technologies to the Australian mining and resource exploration sector. Under this arrangement, RSC will make GoldSpot's machine learning products accessible across the Australian mining value chain from regional greenfields exploration, through resource and reserve estimation and into active mining. This includes for example, advanced geometallurgical modelling to improve resource extraction at the mill. Based on the results of this initial partnership, GoldSpot and RSC will explore arrangements to formalize their business relationship for the longer term.
- In May 2020, GoldSpot's client, Manitou Gold Inc. drill target intercepts in drill hole MTU-20-14, located on the Patents property at the Goudreau project in Northeastern Ontario, provide early confirmation of GoldSpot's machine learning (artificial intelligence) prospectivity mapping in that area. The major structure intersected at the Patents Property is directly within GoldSpot's previously highlighted prospective zone and conforms to the Company's proprietary structural geology interpolation mapping techniques.
- In May 2020, GoldSpot announced that it had signed an agreement with Monarch Gold Corp. (TSX: MQR), following an investment from Caisse de depot et placement du Quebec (CDPQ), to

continue to advance the Beaufor mine, located on the prolific Abitibi greenstone belt in the province of Quebec. This project was completed during 2020.

- In June 2020, GoldSpot enters into strategic data & royalty relation with NV Gold Corp. to utilize GoldSpot's technologies and NV Gold's databases to generate new exploration targets.
- In June 2020, Yamana Gold reengages GoldSpot for its Cerro Moro gold and silver mine in Argentina after recent successes at Yamana's El Penon (Colombian property). By engaging GoldSpot, Yamana seeks to minimize exploration risk and mitigate exploration and drilling costs. This project was completed during 2020.
- In July 2020, GoldSpot announced that Firefox Gold Corp. (TSXV: FFOX) has engaged the Company to apply machine learning and its proprietary expertise to delineate new drill-ready targets for orogenic gold mineralization, as well as identify prospective areas regionally. The process will involve analyzing all available geological and remote sensing data from Firefox's properties, including information from the current field program such as the results of the continuing high-resolution airborne magnetics survey. This project was completed during 2020.
- In August 2020, GoldSpot announced that it has been engaged by AEX Gold Inc. (TSXV: AEX) to apply its proprietary workflow and machine learning to identify new exploration targets on AEX's licence portfolio in southern Greenland. GoldSpot will work with AEX's technical team to analyze all available geological and remote sensing data to create high-quality multivariate prospectivity maps, enhancing the exploration opportunities for gold mineralization at the properties.
- In August 2020, GoldSpot announced that it was engaged by Cassiar Gold Corp (formerly Margaux Resources Ltd.) (TSXV: GLDC) in May, 2020, to combine its proprietary machine learning techniques with the strong geoscientific framework developed for the area to help identify and rank drill targets at the Taurus property of the historic Cassiar gold camp. This project was completed during 2020.
- In August 2020, GoldSpot announced that it has been engaged by Tembo Gold Corp. (TSXV: TEM) to apply machine learning and its proprietary expertise to identify new exploration targets on Tembo's flagship project in the Sukumaland greenstone belt, located in Tanzania. In its analysis, GoldSpot will work with Tembo's technical team to analyze all available geological and remote sensing data to explore the potential for gold mineralization local to the properties.
- In September 2020, GoldSpot announced that it has been engaged by Cerrado Gold Inc. (a private exploration company) to apply machine learning and its proprietary data science expertise to identify new exploration targets on Cerrado's Minera Don Nicolas (MDN) project, located in Santa Cruz, Argentina. In its analysis, GoldSpot will work with Cerrado's technical team to integrate and analyze geological and remote sensing data available in the area. The process will explore the potential for gold mineralization within the MDN properties, to produce GoldSpot smart targets which fuse geoscience knowledge with data science insights.
- In September 2020, GoldSpot's client Quebec Precious Metals Corp. (TSXV: QPM) announced that it has successfully discovered a new polymetallic gold-rich vein system within one of GoldSpot's high-priority targets at the Elmer East project located in James Bay, Quebec. GoldSpot is a shareholder of QPM but does not own any direct interest in the underlying properties. The new discovery borders a regional-scale shear zone previously interpreted by GoldSpot, which opens new multikilometres of potential along strike.

- In October 2020, the Company announced that it has been engaged by Metallic Minerals Corp. (TSXV: MMG) to apply its proprietary machine learning technology and geoscience expertise on Metallic's flagship Keno silver project, located in Canada's Yukon Territory. GoldSpot will work closely with Metallic's technical team to analyze geological, geochemical and geophysical data covering the company's advanced and early-stage targets in the high-grade Keno Hill silver district.
- In October 2020, the Company announced that it has entered into a commercial agreement with Calibre Mining Corp. (TSX: CXB) to create prospectivity maps and 3-D targets for the Limon, Libertad and Pavon projects located in Nicaragua. GoldSpot will process, integrate and interpret underground and exploration drilling data in and around the Limon, Libertad and Pavon projects using its proprietary fusion combination of geoscience, data analytics and artificial intelligence algorithms. GoldSpot will process, integrate and interpret underground and exploration data, working to examine all available data, including geophysics, geochemistry, structural data and drill core photos.
- In October 2020, the Company announced that it has been engaged by Exploits Discovery Corp. (CSE: NFLD) to apply its proprietary machine learning technology and geoscience expertise on its district-scale, high-grade gold projects in Newfoundland, Canada. GoldSpot will work closely with the technical team at Exploits to analyze geological, geochemical and geophysical data extracted from early-stage targets across Exploits' multiple gold projects in Newfoundland.
- In December 2020, the Company announced that it has been engaged by Sterling Metals Corp. (TSXV: SAG) to apply its proprietary machine learning technology and geoscience expertise on Sterling's recently acquired Sail Pond silver-copper-lead-zinc project, located on the Great Northern Peninsula of Newfoundland. GoldSpot will work closely with the technical team at Sterling to analyze geological, geochemical and geophysical data.
- In January 2021, the Company announced that it has deployed its proprietary inversion process, MinusOne, on Northstar Gold Corp.'s (CSE: NSG) Miller gold project. This inversion, along with machine learning work, has aided Northstar to identify known lithologies. MinusOne, GoldSpot's inversion technology, will invert geophysical data using a deterministic and stochastic inversion method. With this technology, GoldSpot's team also applies a stochastic clustering method to provide probabilistic framework that helps to analyze uncertainty. MinusOne is one of the latest inventions from GoldSpot's research and development team, which routinely brings cutting-edge computer science and mathematical methods to solve practical exploration problems.
- In February 2021, the Company announced that it has been engaged by Fortuna Silver Mines Inc. (TSX: FVI) to create exploration prospectivity maps and 3-D targets for one of its mines. GoldSpot will process, integrate and interpret underground and exploration drilling data in the region, using its proprietary combination of geoscience, data analytics and artificial intelligence algorithms. The work program will include data quality assurance/quality control and compilation; geochemical interpretations; geophysical interpretations and inversions; 3-D data treatment and modelling; and conventional and machine learning target generation. The objective of GoldSpot's engagement will be to assist with exploration targeting on both a local scale and a regional scale.

## Acquisition of GoldSpot Discoveries Inc.

On June 18, 2018, Duckworth Capital Corp. 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.

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:

<b>Purchase Price</b>	
Fair value of common shares	<b>\$ 2,410,000</b>
Fair value of warrants	<b>44,000</b>
<b>Total purchase price</b>	<b><u>2,454,000</u></b>

<b>Net Assets Acquired</b>	
Cash	531,859
Accounts payable and accrued liabilities	(9,842)
<b>Net assets acquired</b>	<u>522,017</u>
<b>Listing expense</b>	<u>\$ 1,931,983</u>
<b>Fair Value of Duckworth Shares</b>	
Number of pre-consolidation Duckworth shares	12,050,000
Consolidation of Duckworth shares	2
Number of post-consolidation Duckworth shares	<u>6,025,000</u>
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	<u>\$ 2,410,000</u>

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.

### **XCorp Business Combination**

On August 14, 2020, the Company incorporated a wholly-owned subsidiary, 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. 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.

Subsequent to December 31, 2020, the Company completed the business combination of its majority owned subsidiary, XCorp with GPM effective January 1, 2021 (the "Business Combination"). Pursuant to the Business Combination, (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. Pursuant to the Business Combination, 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 Business Combination, 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 Business Combination, 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.

## Results of Operations

Selected financial information for the Company for its three most recently completed fiscal years and for the years ending December 31 is provided below:

	2020	2019	2018
Consulting income	\$ 5,170,044	\$ 2,311,978	\$ 1,242,544
Net investment gains	12,273,066	491,149	78,400
Operating, general and administrative	(5,588,846)	(6,684,885)	(2,611,749)
Impairment of intangible assets	-	(927,378)	-
Income tax expense	(1,399,246)	-	-
Net income (loss) from continuing operations	10,439,664	(4,689,081)	(1,290,805)
Net income (loss) and comprehensive income (loss) for the year	10,365,379	(4,689,081)	(1,290,805)
Basic earnings (loss) per common share for the year	0.11	(0.06)	(1.57)
Diluted earnings (loss) per common share for the year	0.11	(0.06)	(1.57)

As at December 31	2020	2019	2018
Cash and cash equivalents	\$ 4,467,177	\$ 4,762,213	\$ 1,367,966
Investments	17,820,973	4,872,104	155,000
Intangible assets	-	-	334,015
Total assets	23,727,167	10,262,392	2,754,967
Deferred revenue	3,119,439	2,229,903	33,100
Deferred tax liabilities	1,399,246	-	-
Total liabilities	5,337,046	2,752,459	672,918
Equity	18,390,121	7,509,933	2,082,049

The Company did not declare any dividends during any of the years indicated.

The Company's selected quarterly results for the most recently completed interim financial periods are as follows:

	Quarter ended			
	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Consulting income	\$ 1,708,101	\$ 1,586,121	\$ 937,202	\$ 938,620
Net investment gains	5,786,078	2,924,514	3,193,711	368,763
Operating, general and administrative	(1,511,712)	(1,542,105)	(1,284,230)	(1,250,799)
Net income from continuing operations	4,577,723	2,962,300	2,840,204	59,437
Net income and comprehensive income for the period	4,503,438	2,962,300	2,840,204	59,437
Earnings (loss) per common share based on net income (loss) for the period – basic and diluted	0.05	0.03	0.03	0.00
	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Consulting income	\$ 646,594	\$ 750,911	\$ 399,673	\$ 514,800
Net investment gains (losses)	158,524	(13,625)	658,000	(311,750)
Operating, general and administrative	(1,341,207)	(1,186,885)	(1,145,027)	(3,011,766)
Impairment of intangible assets	-	(927,378)	-	-
Net loss and comprehensive loss for the period	(543,370)	(1,362,253)	(74,013)	(2,709,445)
Loss per common share based on net loss for the period – basic and diluted	(0.01)	(0.01)	(0.00)	(0.05)

### Three months ended December 31, 2020 and 2019:

For the three months ended December 31, 2020, the Company recorded consulting income of \$1,708,101 as compared to \$646,594 for the three months ended December 31, 2019, a significant increase of 164%. For the second straight quarter, the Company's consulting revenue was greater than its operating, general and administrative expenses. The Company continues to attract new customers with 12 new consulting income customers during the three months ended December 31, 2020 (three months ended December 31, 2019 – four new consulting income customers). The Company's customers are generally from junior mining exploration issuers, however, the Company

currently has five customers who are senior mining companies. The Company's consulting revenue continues to be greater than its operating, general and administrative expenses.

For the three months ended December 31, 2020, the Company reported net investment gains of \$5,786,078 as compared to \$158,524 for the three months ended December 31, 2019, primarily related to the net unrealized gains on investments of \$5,055,179 (three months ended December 31, 2019 - \$90,152) on the Company's investment in accordance with the Company's accounting policy for investments and by realized gains of \$730,899 (three months ended December 31, 2019 - \$68,372) on the disposition of investments. For the three months ended December 31, 2020, the write-up to fair value on investments was primarily from unrealized gains of \$3,244,224 on the Company's investment in NFGC (see Related party transaction section) and included net unrealized gains of \$656,147 on the Company's warrant holdings. See also the Investments section and Investment Risks section elsewhere in this MD&A.

For the three months ended December 31, 2020, the Company reported other income of \$1,565 as compared to \$14,900 for the three months ended December 31, 2019. Other income consisted of interest income earned on the Company's cash and money market deposits. In the prior year quarter, the interest rate on money market deposits was significantly higher which earned higher interest income.

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

	<b>Three months ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Salaries and consulting fees	<b>\$ 1,057,144</b>	\$ 792,073
Professional fees	<b>113,786</b>	77,111
Stock-based compensation expense	<b>105,703</b>	119,921
Other employee benefits	<b>52,256</b>	42,265
Software licensing fees	<b>44,116</b>	42,879
Other office and general	<b>30,346</b>	41,067
Directors' fees	<b>30,000</b>	(6,750)
Depreciation	<b>29,255</b>	13,993
Transaction costs	<b>20,045</b>	11,358
Operating lease payments	<b>12,552</b>	22,941
Travel and promotion	<b>8,278</b>	60,416
Shareholder relations and filing fees	<b>5,679</b>	67,704
Foreign exchange expense	<b>2,552</b>	5,379
Provision for expected credit losses	<b>-</b>	50,850
	<b>\$ 1,511,712</b>	<b>\$ 1,341,207</b>

For the three months ended December 31, 2020, the Company had operating, general and administrative expenses of \$1,511,712 as compared to \$1,341,207 for the three months ended December 31, 2019, primarily due to an increase in operating activities which resulted in additional staff and other expenses relating to a public company. For the three months ended December 31, 2020, included in salaries and consulting fees were cash bonuses of \$209,500 paid to employees and consultants. The Company expects a continued increase in salaries and consulting fees due to an increase in hiring to support the increase in number of clients and revenue. These increases were offset by a decrease in shareholder relations and filing fees and travel and promotion due to a decrease in marketing and the number of conferences the Company attended. For the three months ended

December 31, 2019, the Company also recorded a provision for credit losses of \$50,850 on one of its customers which has been outstanding for over 90 days.

For the three months ended December 31, 2020, the Company had recorded finance expenses of \$7,063 as compared to \$22,181 for the three months ended December 31, 2019. The finance expenses relate to lease liabilities and the amount is the difference between lease payments and the net present value that has been accrued in accordance with the accounting policy for leases.

For the three months ended December 31, 2020, the Company had recorded income tax expense of \$1,399,246 as compared to \$nil for the three months ended December 31, 2019. The income tax expense for the current period related to net deferred tax liabilities primary due to the Company's unrealized gains on its investments and investment in XCorp.

Net income from continuing operations for the three months ended December 31, 2020, was \$4,577,723 (\$0.05 per share) as compared to net loss from continuing operations of \$543,370 (\$0.01 per share) for the three months December 31, 2019.

For the three months ended December 31, 2020, the Company had recorded a net loss from discontinued operations of 74,285, relating to the operating loss from XCorp. As a result, net income and comprehensive income for the three months ended December 31, 2020 was \$4,503,438 as compared to a net loss and comprehensive loss of \$543,370 for the three months ended December 31, 2019.

#### **Year ended December 31, 2020 and 2019:**

The Company's consulting revenue continues to improve year over year. For the year ended December 31, 2020, the Company recorded consulting income of \$5,170,044 as compared to \$2,311,978 for the year ended December 31, 2019, an increase of 124%. Of the total consulting income for the current year, \$166,450 (2019 - \$453,443) were earned from customers who had a director or officer who is also a director or officer of the Company. The Company continues to attract new customers with 29 new consulting income customers during the year ended December 31, 2021 (2020 – nine new consulting income customers). The average length of a service contract is typically between 6 to 18 months, and the Company's customers are generally junior mining exploration issuers, however, the Company currently has five customers who are senior mining companies. The contracts are typically on a project-to-project basis, thus junior mining exploration contracts are generally non-reoccurring. However, the Company has been reengaged several times by the same junior mining exploration company when more data is collected and GoldSpot's services are required. For senior mining companies, the Company has a track record of being reengaged by the same company for different mines. Thus, senior miners with more assets provide longer-term relationships and thus longer revenue streams. The Company also relies upon its contacts within the junior exploration sector and referrals from its existing client base, coupled with its track record of success, in order to generate new clients and grow its consumer base. For the year ended December 31, 2020, 8.5% (\$441,875) of the total consulting income was from reoccurring customers (2019 – 5.2% (\$119,600)).

For the year ended December 31, 2020, the Company reported net investment gains of \$12,273,066 as compared to \$491,149 for the year ended December 31, 2019, primarily from the net write-up to the fair value on the Company's investment in accordance with the Company's accounting policy for investments. For the year ended December 31, 2020, net investment gains included realized gains on the disposition of investments of \$1,650,083 (2019 - \$68,372) and a net change in unrealized gains on investments of \$10,622,983 (2019 - \$422,777). For the year ended December 31, 2020, the write-up

to fair value on investments was primarily from unrealized gains of \$6,201,199 on the Company's investment in NFGC (see Related party transaction section) and included a net unrealized gains of \$1,567,141 on the Company's warrant holdings. See also the Investments section and Investment Risks section elsewhere in this MD&A.

The net investment gains reported by the Company for the year ended December 31, 2020 primarily resulted from increases in the fair value of its investments in junior mining companies during the year. For example, the Company's investment in NFGC was initially valued at \$750,000 (as at December 31, 2019), and increased to a fair value of \$6,877,079 as at December 31, 2020. As discussed above, the Company's business has evolved to include investments in junior mineral exploration companies. Such investments are principally comprised of junior resource issuers who also retain the Company for its consulting services. The decision to invest in these junior mining exploration companies is made by Management on a case by case basis, where it deems such investments to be prudent based upon the location and prospectivity of the projects in question, the available cash on hand of the Company at the time of investment, and the cash funding required for the Company's other operations. The Company does not have a firm policy regarding (i) the extent of its investments in its clients; (ii) the percentage of issued and outstanding shares that it may acquire in any given client; or (iii) the timing of disposition of any of its investments. The Company does not seek to acquire any particular level of ownership in order to exert influence over any of its investees, and treats such holdings as passive investments. The Company may opt to hold, decrease or increase its position in any investee company at any time based upon market forces, management's assessment of the investment in question and the funding needs of the Company.

The Company believes that the increase in value of NFGC and the Company's other investments during the fiscal year ended December 31, 2020 was based upon a strong market for the junior resource sector during the period, as well as from the successful mineral exploration activities of NFGC. The value of any particular investee company will be effected by its operations and general market fluctuations, each of which are beyond the control of the Company. Accordingly, the value of the Company's investments could increase or decrease at any time, and the Company may not realize upon any unrealized gains which it has reported, depending upon the nature and timing of its disposal of any such investments.

For the year ended December 31, 2020, the Company reported other income of \$16,470 as compared to \$156,461 for the year ended December 31, 2019. Other income consisted of interest income earned on the Company's cash and money market deposits. In the prior year, other income included \$100,000 on the sale of royalty interests (in respect to 50% of future mineral interests that are acquired by GoldSpot). In the prior year, the interest rate on money market deposits was significantly higher which earned higher interest income. The Company expects to earn minimal interest income on its cash deposits in the near future.

Included in operating, general, and administrative expenses for the year ended December 31 are as follows:

	2020	2019
Salaries and consulting fees	\$ 3,424,771	\$ 2,318,795
Professional fees	554,352	346,380
Stock-based compensation expense	401,559	617,711
Software licensing fees	245,586	197,109
Other employee benefits	219,185	172,434
Directors' fees	159,730	112,000
Other office and general	122,482	201,696
Shareholder relations and filing fees	98,166	415,200
Depreciation	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	4,140	50,850
Listing fees	-	1,931,983
Foreign exchange expense (gain)	(3,620)	12,239
	<b>\$ 5,588,846</b>	<b>\$ 6,684,885</b>

For the year ended December 31, 2020, the Company had operating, general and administrative expenses of \$5,588,846 as compared to \$6,684,885 for the year ended December 31, 2019. In the current year, the expenses increased from prior year and were primarily from salaries and consulting fees (\$3,424,771), professional fees (\$554,352) and transaction costs (\$83,872). The increase in salaries and consulting fees was attributable to an increase in the number of employees and consultants hired compared to the same period last year which corresponds to an increase in revenue for the current year period. For the year ended December 31, 2020, the Company also paid cash bonuses of \$209,500 to employees and consultants. The increase in professional fees was due to multiple revisions of the management information circular for the annual and special shareholder's meeting held on June 25, 2020, and finalizing contracts for officers and employees, and other general corporate activities. The Company believes most of these additional legal fees and other expenses, totaling \$393,735 are non-recurring. In the prior year period, the total expenses were primarily from listing fees (\$1,931,983), salaries and consulting fees (\$2,318,795), stock-based compensation expense (\$617,711), shareholder relations and filing fees (\$415,200) and professional fees (\$346,380). The listing fees of \$1,931,983 related to the reverse-takeover transaction in February 2019 which is not expected to reoccur. Stock-based compensation expense will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date. Stock options are accounted for in accordance with the fair value method of accounting for stock-based compensation. The fair value of these options is estimated at the date of grant using the Black-Scholes option pricing model, and expensed over the vesting periods based on the graded method. Unvested forfeited stock options are not expensed during the period. During the year ended December 31, 2020, 2,920,000 options were granted exercisable at \$0.18 per share, expiring on July 15, 2025 and 3,269,166 options were cancelled/forfeited.

The Company expects that salaries and consulting fees will continue to increase in the near future as the Consulting Services Division takes on more servicing contracts. Consulting fees will continue to increase due to the Company's requirement to seek out and retain highly skilled technical personnel, to operate successfully and manage its potential future growth.

For the year ended December 31, 2019, the Company recorded an impairment of the intangible assets (development costs of Resource Quantamental ("RQ")) of \$927,378. In previous periods, the Company

had capitalized intangible assets from the development costs associated with RQ in accordance with International Accounting Standards 38, *intangible assets* ("IAS 38). The Company still believes that RQ has incredible merit and potential, but it would require significant cash resources and a longer time frame to become commercially viable. The Company intends to defer the development of Resource Quantamental to preserve its cash resources until a future date. As at September 30, 2019, the Company did not meet the criteria under IAS 38 to capitalize the intangible assets and as a result, the Company had impaired the intangible assets to \$0.

For the year ended December 31, 2020, the Company had recorded finance expenses of \$31,824 as compared to \$36,406 for the year ended December 31, 2019. The finance expenses relate to lease expense and the amount is the difference between lease payments and the net present value that has been accrued in accordance with the accounting policy for leases.

For the year ended December 31, 2020, the Company had recorded income tax expense of \$1,399,246 as compared to \$nil for the year ended December 31, 2019. The income tax expense for the current year period related to net deferred tax liabilities primary due to the Company's unrealized gains on its investments and investment in XCorp.

Net income from continuing operations for the year ended December 31, 2020, was \$10,439,664 (\$0.11 per share) as compared to net loss from continuing operations of \$4,689,081 (\$0.06 per share) for the year ended December 31, 2019.

For the year ended December 31, 2020, the Company had recorded a net loss from discontinued operations of 74,285, relating to the operating loss from XCorp. As a result, net income and comprehensive income for the year ended December 31, 2020, was \$10,365,379 (\$0.11 per share) as compared to net loss and comprehensive loss of \$4,689,081 (\$0.06 per share) for the year ended December 31, 2019. The Company's increase in net income was primarily a result of an increase in consulting income and net investment gains.

## **Cash Flows**

### **Year ended December 31, 2020 and 2019:**

During the year ended December 31, 2020, the Company generated cash of \$486,650 in operating activities as compared to \$663,496 for the year ended December 31, 2019. For the year ended December 31, 2020, the Company had significant non-cash items relating to deferred tax liabilities of \$1,399,246 (none in 2019) and stock-based compensation expense of \$401,559. For the year ended December 31, 2019, the Company had significant non-cash items relating to listing fee expense of \$1,931,983 on the reverse-takeover transaction, impairment of intangible assets of \$927,378 and stock-based compensation expense of \$617,711. For the year ended December 31, 2020, deferred revenue increased by \$889,536 and sales tax payable increased by \$223,022 offset by an increase in accounts receivable, net of expected credit losses increased by \$357,970. The increase in deferred revenue were a result of the Company's continued active operating activities derived from its consulting services division.

During the year ended December 31, 2020, the Company used net cash of \$81,346 in financing activities as compared to generating cash of \$6,905,454 during the year ended December 31, 2019. During the year ended December 31, 2020, the Company used cash of \$106,346 (2019 - \$89,800) for principal payments of lease liabilities. During the year ended December 31, 2019, the Company completed a brokered private placement financing in connection with the reverse-takeover transaction for gross

proceeds of \$7,561,794 (net proceeds of \$6,955,554). During the year ended December 31, 2019, the Company received proceeds of \$39,700 from the exercise of 189,499 warrants at \$0.20 per share.

During the year ended December 31, 2020, cash used in investing activities was \$700,340 as compared to \$4,174,703 during the year ended December 31, 2019. During the year ended December 31, 2020, the Company purchased investments totalling \$6,024,354 (2019 - \$4,950,747) and received proceeds on disposition of investments totalling \$5,348,551 (2019 -\$724,792). During the year ended December 31, 2019, upon completion of the reverse-takeover transaction, the Company acquired cash of \$531,859 and the Company capitalized intangible assets (development costs for its Resource Quantamental division) totaling \$569,063 which has been impaired to \$nil. As previously discussed, in the year ended December 31, 2019, the Company received \$100,000 on the sale of royalty interests (in respect to 50% of future mineral interests that are acquired by GoldSpot).

For the year ended December 31, 2020, the Company had a net decrease in cash and cash equivalents of \$295,036 as compared to a net increase of \$3,394,247 for the year ended December 31, 2019. As a result, the Company had a cash and cash equivalents balance of \$4,467,177 as at December 31, 2020 as compared to \$4,762,213 as at December 31, 2019.

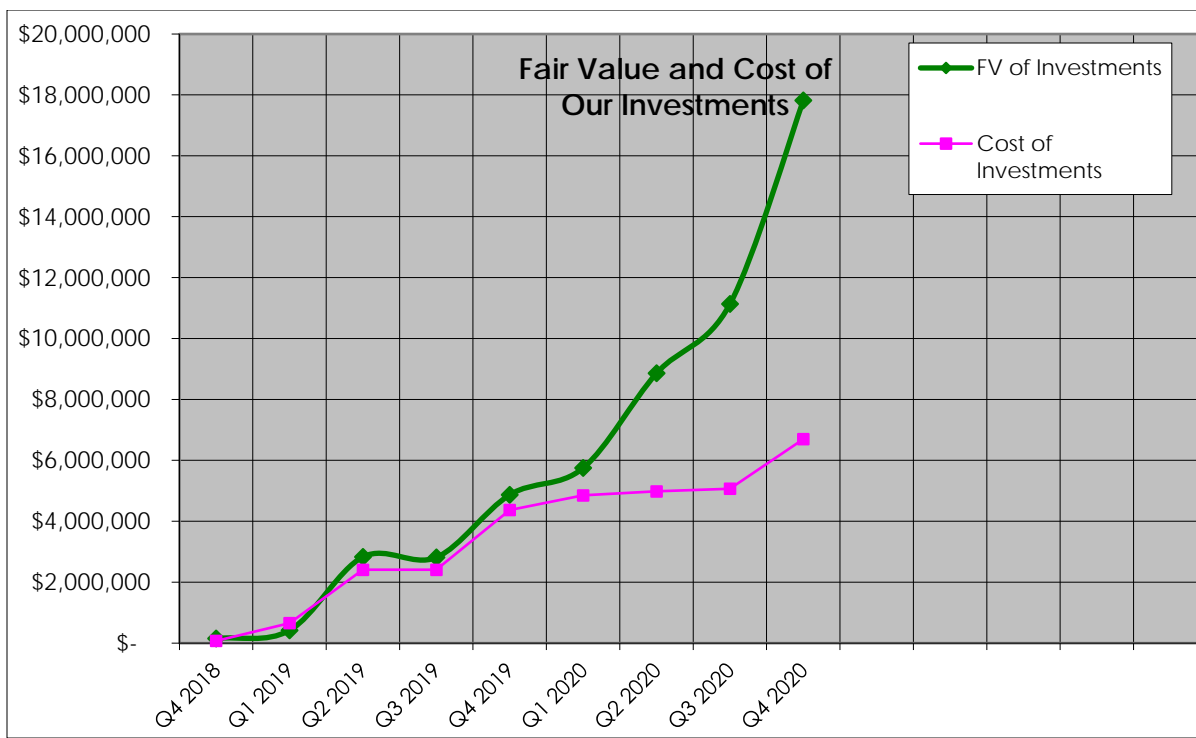
### Investments:

The fair value and cost of investments are as at December 31, 2020 and 2019 as follows:

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

As at December 31, 2020, the fair value of investments exceeded original cost by \$11,124,160 as compared to \$501,177 as at December 31, 2019. The increase for the year end December 31, 2020 was primarily due to the net change in unrealized gains on investments of \$10,622,983 for the current year.

Following chart shows the fair value and cost of our investments over the last nine quarters:



The fair value of the Company's investments as reflected in its financial statements and calculated in accordance with IFRS and its accounting policies may differ from the actual proceeds of disposition that would be realized by the Company. For example, the amounts at which the Company's publicly-traded investments could be disposed of currently may differ from fair values based on market quotes, as the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity.

As at December 31, 2020, total investments included securities of private companies with a fair value totalling \$1,150,625 (7% of total fair value of the Company's investments; cost of \$976,756). As at December 31, 2019, total investments included securities of private companies with a fair value totalling \$905,000 (19% of total fair value of the Company's investments; cost of \$826,600). The fair value was determined in accordance with the Company's accounting policy for private company investments. The amounts at which the Company's private company investments could be disposed of currently may differ significantly from their carrying values since there is no active market to dispose of these investments.

**Segmented information:**

Reportable segments are defined as components of an enterprise about which separate financial information is available, that are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

The Company has a single reportable geographic segment, Canada, and all of the Company's property and equipment are located in Canada.

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

**Liquidity and capital resources:**

<b>Statement of financial position highlights</b>	<b>December 31, 2020</b>	December 31, 2019
Cash and cash equivalents	\$ 4,467,177	\$ 4,762,213
Accounts receivable, net of expected credit losses	486,320	128,350
Investments, at fair value	17,820,973	4,872,104
Assets held for sale	525,429	-
Total assets	23,727,167	10,262,392
Deferred revenue	3,119,439	2,229,903
Liabilities held for sale	11,463	-
Deferred tax liabilities	1,399,246	-
Total liabilities	5,337,046	2,752,459
Share capital, contributed surplus, and warrants	14,426,171	14,024,612
Retained earnings (accumulated deficit)	3,865,001	(6,514,679)
Non-controlling interest	98,949	-

As at December 31, 2020, the Company's cash position was \$4,467,177 as compared to \$4,762,213 as at December 31, 2019. As at December 31, 2020, total liabilities increased by \$2,587,587 to \$5,337,046 as compared to \$2,752,459 as at December 31, 2019, primarily due to an increase in deferred revenue, deferred tax liabilities and an increase in sales tax payable which will be paid in the first quarter of 2021. As at December 31, 2020, total liabilities consisted of accounts payable and accrued liabilities of \$302,299, sales tax payable of \$223,022, lease liability of \$281,577, deferred tax liabilities of \$1,399,246 and deferred revenue of \$3,119,439, which will be recognized in the consolidated statements of income (loss) and comprehensive income (loss) in the coming quarters. The deferred tax liabilities for the current year related to the Company's unrealized gains on its investments and investment in XCorp.

The Company's cash and cash equivalents and investments as at December 31, 2020 is sufficient to meet the Company's current liabilities. The Company continues to have no long-term debt (other than non-current lease liabilities) and is well positioned to meet its operating expenditure obligations as they become due and to fund its investing activities.

In February 2018, the Company signed a lease for new premises in Montreal, Quebec, which started on March 1, 2018 for annual payments of approximately \$96,000 in the first year; \$98,400 in the second year; \$100,860 in the third year; \$103,380 in the fourth year; and \$105,960 in the fifth 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.

**Related party transactions:**

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

- (a) 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 and directors are included in the consolidated statements of income (loss) comprehensive income (loss) as follows for the year ended December 31:

	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
	<b>\$ 1,336,848</b>	<b>\$ 956,044</b>

- (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.
- (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 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 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.

### **Off-Balance Sheet arrangements:**

In January 2019, the Company entered into a Mineral Interest Purchase Agreement (the "Agreement") with a wholly-owned subsidiary of Triple Flag Mining Finance Bermuda Ltd. ("Triple Flag"), a company that focuses on financing and investing in the mining sector. In connection with the Agreement, Triple Flag has acquired 50% of certain mineral interests held or to be acquired by GoldSpot, and certain rights with respect to future mineral interests that are acquired by GoldSpot, for cash consideration of \$100,000, which was included in other income in the statement of loss and comprehensive loss for the year ended December 31, 2019. The Company also has net smelter royalties agreements with various junior mining companies in connection with service contracts with them.

As at December 31, 2020, there were no other off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of GoldSpot.

### **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.

## Financial instruments and financial risk management:

### *Financial instruments*

The carrying amounts of accounts receivable, net of ECL, 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).

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
	<b>\$ 541,848</b>	<b>\$ 179,200</b>
Expected credit loss provision	<b>(55,528)</b>	<b>(50,850)</b>
Accounts receivable, net of expected credit losses	<b>\$ 486,320</b>	<b>\$ 128,350</b>

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.

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 Canada Emergency Wage Subsidy ("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)

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				
	Total	Less than 1 year	1 – 3 years	4 – 5 years	Non-cash payable
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	-	-
	<b>\$ 5,337,046</b>	<b>\$ 638,174</b>	<b>\$ 180,187</b>	<b>\$ -</b>	<b>\$ 4,518,685</b>

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	-	-
	<b>\$ 2,816,797</b>	<b>\$ 378,189</b>	<b>\$ 208,705</b>	<b>\$ -</b>	<b>\$ 2,229,903</b>

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
	<b>\$ 23,727,167</b>	<b>\$ 23,299,899</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 427,268</b>

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
	<b>\$ 10,262,392</b>	<b>\$ 9,824,299</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 438,093</b>

(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.

**Other Risks:**

The Company's financial condition, results of operation and business are subject to certain risks, which may negatively affect them. Certain of these risks are described below in addition to elsewhere in this MD&A.

(a) Cash flows from consulting income:

The Company currently generates revenue and cash flows from its consulting services. The availability of these sources of funds and the Company's ability to maintain a network and attract additional customers will depend on a number of factors, many of which are outside of the Company's control. A significant portion of the Company's revenues have come from four customers in short-term contracts. The Company's contracts are generally short-term and the Company is actively seeking to diversify its customer base with longer-term contracts, the loss of any one of its customers or the inability to attract additional customers will result in a material adverse effect on the business and may adversely affect revenues going forward.

(b) Dependence on management and key personnel:

GoldSpot's future growth and its ability to develop, depend, to a significant extent, on its ability to attract and retain highly qualified staff. GoldSpot relies on a limited number of key employees, consultants and members of senior management, and there is no assurance that the Company will be able to retain such personnel. The loss of one or more key employees, consultants or members of senior management, if such persons are not replaced, could have a material adverse effect on GoldSpot's business, financial condition and prospects. To operate successfully and manage its potential future growth, GoldSpot must attract and retain highly qualified engineering, managerial and financial staff. Competition for its personnel can be intense, and the Company cannot ensure that it will be able to bring in and retain highly skilled technical and management staff in the future. In addition, the Company may be obligated to increase the compensation paid to current or new staff, which could substantially increase operating expenses.

(c) Technological changes:

The Company's consulting services and investing divisions operate in business segments that are entirely dependent on technology and the internet. As such, technological change will impact the ability of the Company to expand and grow its business and will affect the costs and expenses incurred by the Company, including capital requirements. The Company's products and services rely heavily on third-party software. There is a risk that new technologies and standards may render the Company's software applications obsolete. The Company may be required to invest significant capital in new technology and software development to remain competitive.

(d) Investment risks:

Through its investing division, the Company will acquire securities of public and private companies from time to time, which are primarily junior or small-cap companies. Poor investment performance could impair revenues and growth. The market values of the securities can experience significant fluctuations in the short and long term due to factors beyond the Company's control. Market value can be reflective of the actual or anticipated operating results of the companies and/or the general market conditions in a specific sector as a whole, such as fluctuations in commodity prices and global political and economic conditions. The Company's investments will be carried at fair value, and unrealized gains/losses on the securities and realized losses on the securities sold could have a material adverse impact on the Company's operating results. There is no assurance that GoldSpot will be able to achieve or maintain any particular level investment return, which may have a material adverse impact on its ability to attract investors. Furthermore, the junior mining space tends to be more volatile than the general market indices. This volatility combined with negative or poor performance could combine to lead to a reduction in investor interest.

(e) Private issuers and illiquid securities:

The Company invests in securities of private issuers. Investments in private issuers cannot be resold without a prospectus, an available exemption or an appropriate ruling under relevant securities legislation and there may not be any market for such securities. These limitations may impair the Company's ability to react quickly to market conditions or negotiate the most favourable terms for exiting such investments. Investments in private issuers may offer relatively high potential returns, but will also be subject to a relatively high degree of risk. There can be no assurance that a public market will develop for any of the Company's private company investments or that the Company will otherwise be able to realize a return on such investments. The Company also invests in illiquid securities of public issuers. A considerable period of time may elapse between the time a decision is made to sell such securities and the time the Company is able to do so, and the value of such securities could decline during such period. Illiquid investments are subject to various risks, particularly the risk that the Company will be unable to realize the Company's investment objectives by sale or other disposition at attractive prices or otherwise be unable to complete any exit strategy. In some cases, the Company may be prohibited by contract or by law from selling such securities for a period of time or otherwise be restricted from disposing of such securities. Furthermore, the types of investments made may require a substantial length of time to liquidate.

(f) COVID-19 (coronavirus):

GoldSpot's employees, contractors and suppliers could be affected by contagious diseases, including COVID-19, that could result in a reduction in our workforce due to illness or quarantine,

transportation and travel restrictions, and other factors beyond our control specifically, the restrictions put in place by the Canadian, provincial and municipal governments regarding isolation/quarantine orders. While the extent of the impact is unknown and cannot be predicted with confidence, these and other factors could negatively affect the Company's business and financial condition. In March 2020, the Company implemented certain procedures and actions, including social distancing as mandated by government authorities and cost cutting measures by laying off a minimal number of staff but maintaining sufficient staff to continue normal operations and sales. In May 2020, as a result of additional sales and the sales in the Company's pipeline, the Company has recalled a majority of the staff which were temporarily laid off in March 2020.

### **Significant Accounting Policies:**

Refer to Note 2 of the Notes to the consolidated financial statements as at and for year ended December 31, 2020, for details of the Company's basis of preparation of the consolidated financial statements.

Refer to Note 3 of the Notes to the financial statements as at and for the year ended December 31, 2020, for details of the Company's 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.

### **Critical accounting estimates:**

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Critical accounting estimates used in the preparation of the Company's consolidated financial statements include the Company's provision for expected credit losses, valuation of privately-held companies, estimate of recoverable fair value on exploration and evaluation assets, the valuation related to the Company's deferred tax assets ("DTA"), the valuation of stock-based compensation expense and the valuation of unlisted warrants of investees.

#### Provision for expected credit losses (ECL):

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. Management is required to make the judgment whether a receivable balance is collectible based on their relationship with the client and knowledge of the client's financial position. These judgments will affect the reported amounts of accounts receivable and provision for expected credit losses. If the economic conditions of the debtors of the Company were to deteriorate, resulting in an impairment of their ability to make payments, additional provisions might be required.

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)
	<b>\$ 486,320</b>	<b>\$ 128,350</b>

Valuation of privately-held investments:

The valuation of these investments ("private investments") requires management to assess the current financial status and prospects of private investments based upon potentially incomplete or unaudited financial information provided by the investee company, on management's general knowledge of the private investment's activities, and on any political or economic events that may impact upon the private investment specifically, and to attempt to quantify the impact of such events on the fair value of the investment. In addition to any events or circumstances that may affect the fair value of a particular private investment, management can consider general market conditions that may affect the fair value either of a specific private investment or of a group, segment or complete portfolio of private investments.

As at December 31, 2020, the Company had three private investees (December 31, 2019 – two private investees), with the following changes in its private investment categorized as level 3 in the financial instrument hierarchy:

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

During the year ended December 31, 2020, two of the Company's investees was transferred from Level 3 to Level 1 when the investee became a reporting issuer and started trading on the TSXV. The net unrealized gains primarily reflect recent transaction prices.

Deferred tax assets ("DTA") and Deferred tax liabilities ("DTL"):

Deferred tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

DTL are recognized for all taxable temporary differences and DTA are recognized for all temporary deductible differences, carry forward of unused tax credits and unused tax losses. The Company does not record DTA to the extent that it considers it is not more likely than not that temporary deductible differences, the carry forward of unused tax credits and unused tax losses can be utilized.

As at December 31, 2020, the Company recorded a DTL of \$1,399,246 (2019 - \$nil) relating to taxable temporary differences associated with the unrealized gains on investments and the Company's investment in its majority owned subsidiary, XCorp.

Stock-based Compensation Expense:

The Company uses the Black-Scholes option pricing model to calculate stock-based compensation expense and the fair value of the warrants and broker warrants issued under the Company's private placements. The model requires six key inputs: exercise price, the market price at the date of issue, risk-free interest rate, expected dividend yield, expected life and expected volatility. The first two inputs are facts rather than estimates, while the risk-free interest rate, expected life, expected volatility and expected dividend yield (estimated at 0% based on the Company's history of not paying any dividends) are based on the Company's estimates. A shorter expected life of the option, lower volatility number or higher dividend yield used would result in a decrease in stock-based compensation expense. A longer expected life of the option or a higher volatility number used would result in an increase in stock-based compensation expense. 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. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

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.

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	<b>131%</b>
Expected dividend yield	<b>0%</b>
Risk-free interest rate	<b>0.35%</b>
Expected option life in years	<b>5 years</b>
Expected forfeiture rate	<b>0%</b>
Fair value per stock option granted on July 15, 2020	<b>\$ 0.154</b>

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	<b>100%</b>
Expected dividend yield	<b>0%</b>
Risk-free interest rate	<b>1.6%</b>
Expected option life in years	<b>3 years</b>
Expected forfeiture rate	<b>0%</b>
Fair value per stock option granted on March 18, 2019	<b>\$ 0.16</b>

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 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.

Valuation of unlisted warrants of Public Issuers:

The Company uses the Black-Scholes option pricing model to calculate the fair value of unlisted warrants of public companies if there are sufficient and reliable observable market inputs; if no such market inputs are available, the warrants are valued at intrinsic value. The model requires six key inputs: i) risk free interest rate; ii) exercise price; iii) market price at date of issue; iv) expected dividend yield; v) expected life; and vi) expected volatility. The first four inputs are facts rather than estimates, while the expected life, expected volatility and expected dividend yield (estimated at 0% based on the Company's history of not paying any dividends) are based on the Company's estimates. A shorter expected life of the warrant, lower volatility number or higher dividend yield used would result in a decrease in the fair value of the warrant. A longer expected life of the warrant or a higher volatility number used would result in an increase in the fair value of the warrant. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. As at December 31, 2020, the fair value of unlisted warrants were \$2,788,842 (December 31, 2019 – \$425,337).

**Outstanding Share Data:**

As at the date of this MD&A, the number of common shares of the Company outstanding and the number of common shares issuable pursuant to other outstanding securities of GoldSpot are as follows:

	<b>Number of securities outstanding</b>	<b>Number of securities exercisable</b>
<b>Common shares</b>		
Outstanding	<b>94,724,876</b>	<b>94,724,876</b>
Issuable under the exercise of options	<b>7,021,566</b>	<b>3,339,694</b>
<b>Total diluted common shares</b>	<b>101,746,442</b>	<b>98,064,570</b>

Refer to Note 15 of the Notes to the consolidated financial statements as at and for the year ended December 31, 2020, for details of the Company's share capital as at December 31, 2020.

**Additional Information:**

Additional information relating to GoldSpot may be found on the Company's website at [www.GoldSpot.ca](http://www.GoldSpot.ca) and the Company's profile on Sedar at [www.sedar.com](http://www.sedar.com).