



MANAGEMENT’S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2019

Date of Report: October 24, 2019

This Management’s Discussion and Analysis (“MD&A”) of the financial condition of GGX Gold Corp (formerly Revolver Resources Inc.) (“GGX” or the “Company”) and results of operations of the Company for the year ended June 30, 2019 and should be read in conjunction with the financial statements including the notes thereto for the year ended June 30, 2019. These financial statements have been prepared using accounting policies consistent with IFRS as issued by the International Accounting Standards Board (“IASB”)

The Financial Statements, together with the MD&A, are intended to provide investors with a reasonable basis for assessing the performance and potential future performance of the Company and are not necessarily indicative of the results that may be expected in future periods. The information in the MD&A may contain forward-looking statements, and the Company cautions investors that any forward looking statements by the Company are not guarantees of future performance, as they are subject to significant risks and uncertainties that may cause projected results or events to differ materially from actual results or events

All monetary amounts are in Canadian dollars unless otherwise specified. Additional information relating to the Company is available on SEDAR at www.sedar.com.

Description of Business

GGX Gold Corp. (formerly Revolver Resources Inc.) (the “Company”) was incorporated on May 10, 2007 under the British Columbia Business Corporations Act. The Company is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties. The Company is currently focusing its financial resources on conducting an exploration program in British Columbia.

The Company is a reporting issuer in British Columbia and Alberta and its shares are listed on the TSX Venture Exchange under the symbol GGX.V.

The Company has incurred losses since its inception and had an accumulated deficit of \$9,927,372 as at June 30, 2019 which has been funded primarily by the issuance of shares. The level of the Company’s future operations will be determined by the availability of capital resources, which will be derived from the issuance of special warrants and future financings. In addition, The Company has no source of operating cash flows and expects to incur further losses in the exploration and development of its mineral properties.

Overall Performance

The Company is currently focused on its recent acquisition of the Gold Drop Project and is actively pursuing other precious metal assets particularly in the province of British Columbia.

Share-Consolidation

On June 14, 2019, the Company consolidated the issued share capital on the basis of three (3) old common shares for one (1) new common share (the “Consolidation ratio”). Outstanding stock options, agent’s options and warrants were adjusted by the Consolidation ratio. All common shares and per common share amounts in these financial statements have been retroactively restated to reflect the share consolidation.

Shares Issued

In January 2019, the Company issued a total of 488,361 common shares (162,787 shares post consolidation) (fair valued at \$46,394) to settle accounts payable totaling \$54,240. Gain on the settlement of debt in the amount of \$7,846 was charged to operations.

In April 2019, the Company issued 5,100,000 flow-through units (1,700,000 flow-through units post consolidation) at \$0.10 per unit for total gross proceeds of \$510,000. Each unit consists of one flow-through common share and one share purchase warrant exercisable at \$0.12 (\$0.36 post consolidation) per share for a period of 18 months. Finders’ fees of \$24,800 were paid and 248,000 agents’ warrants (82,667 agents’ warrants post consolidation) were granted.

In June 2019, the Company issued 250,000 units at \$0.20 per unit for total gross proceeds of \$50,000. Each unit consists of one common share and one share purchase warrant exercisable at \$0.30 per share for a period of 18 months.

Deposits and Prepayments

| | 2019 | 2018 |
|-------------------------|----------|---------------|
| | \$ | \$ |
| Administrative Services | - | 19,153 |
| | <u>-</u> | <u>19,153</u> |

A prepayment was made for administrative services during the year ended June 30, 2018 for \$19,153. Services included office staffing and expenses, accounting and rent.

During the year ended June 30, 2019, all prepayments have been expensed.

Investment

The Company classifies its investments in shares of private companies as available-for-sale investments. They are carried at cost as they do not have a quoted price in an active market and their fair value cannot be reliably measured.

a) The J2 Syndicate

In July 2017, the Company acquired a 9% interest in the private J2 Syndicate (the “Syndicate”) for a cash payment of \$225,000. The Syndicate was formed to pool resources amongst its members, with the objective of identifying and exploring mineral properties in northwestern British Columbia and marketing any resulting property interest with the intention to option or sell the property interests.

During the year ended June 30, 2017, the Company received \$27,000 and 891,100 units of Goliath Resources Inc with a fair value of \$89,100 for the option of four of Syndicate mineral properties. This Syndicate distribution represented the Company’s 9% share of the option payments and was recorded as a credit against the cost of the Syndicate investment.



In fiscal 2018, the Company received a disbursement of \$54,000 from the Syndicate, along with 1,476,000 shares of Juggernaut Exploration Ltd. (formerly Ardonblue Ventures Inc.), with a value of \$221,400. The Company recorded a gain of \$269,055 for the year ended June 30, 2018.

b) Goliath Resources Ltd.

The Company’s investment in Goliath Resources Ltd. consisted of 891,000 common shares with a value of \$45,090 and 891,000 warrants with a value of \$44,010. Goliath was a private junior exploration company in British Columbia and was acquired by Bitumen Capital Inc. (“Bitumen”), with the resulting entity being Goliath Resources Ltd. (“Goliath”).

These shares and warrants were received as a result of 891,000 units of Goliath being distributed from the Syndicate during the year ended June 30, 2017. The value of the units was determined to be \$0.10 per unit based on the most recent private placement subscription price of Goliath’s units on the date the units were issued. The unit value was first allocated to the attached warrants using the Black-Scholes option pricing model, and the balance was allocated to the shares.

On October 17, 2017, Goliath Resources Ltd. completed the reverse take-over and the Company received 1,376,550 common shares with a value of \$0.10 per unit and 1,376,550 warrants with a value of \$0.10 per unit. The 1,376,550 common shares and warrants are in replacement of 891,000 common shares and warrants subject to value escrow, released over 36 months, every six months in release of 10%, 15%, 15%, 15%, 15%, 15% and 15%.

Marketable Securities

Marketable securities consist of a portfolio of investments held for trading. The fair value of the marketable securities has been determined directly by reference to public price quotations in an active market. These marketable securities are comprised of common shares of publicly traded companies and are classified as fair value through profit or loss and measured at fair value with unrealized gains and losses recognized through the statement of operations.

| | 2019 | 2018 |
|--|---------------|----------------|
| | \$ | \$ |
| Opening Balance | 140,762 | - |
| Marketable Securities Received at their Fair Value | - | 226,215 |
| Marketable Securities Purchased (Cost) | 33,310 | 189,015 |
| Marketable Securities Sold (Cost) | (116,458) | (286,988) |
| Write-Up Marketable Securities to Market Value | (16,519) | 37,500 |
| | <u>41,095</u> | <u>165,742</u> |
| Advances from the Trading Account | 24,980 | (24,980) |
| | <u>66,075</u> | <u>140,762</u> |

As the shares held in Goliath Resources Limited are released from escrow every six months, a portion of shares that will not be received during fiscal 2020 have been recorded as restricted marketable securities on the balance sheet (\$16,519).



Property and Equipment

| | Vehicle \$ | Furniture and Equipment \$ | Total \$ |
|---------------------------------|---------------|----------------------------------|-------------|
| COST | | | |
| Balance, June 30, 2017 | 7,000 | 13,300 | 20,300 |
| Additions | - | 200,000 | 200,000 |
| Balance, June 30, 2018 | 7,000 | 213,300 | 200,300 |
| Additions | - | (200,000) | (200,000) |
| Balance, June 30, 2019 | 7,000 | 13,300 | 20,300 |
| ACCUMULATED DEPRECIATION | | | |
| Balance, June 30, 2017 | 1,050 | 1,330 | 2,380 |
| Depreciation | 1,594 | 27,221 | 28,815 |
| Balance, June 30, 2018 | 2,644 | 28,551 | 31,195 |
| Depreciation | 1,307 | (23,051) | (21,744) |
| Balance, June 30, 2019 | 3,951 | 5,500 | 9,451 |
| NET BOOK VALUE | | | |
| Balance, June 30, 2017 | 5,950 | 11,970 | 17,920 |
| Balance, June 30, 2018 | 4,356 | 184,749 | 189,105 |
| Balance, June 30, 2019 | 3,049 | 7,800 | 10,849 |

Mineral Property

Exploration and Evaluation Assets

The Company records its expenditures related to the acquisition, exploration, and development of mineral properties in profit or loss in the period in which they are incurred. Cumulative acquisition and exploration costs incurred by the Company to June 30, 2019 on its mineral property are summarized below.

Gold Drop Property, British Columbia, Canada

| | \$ |
|-------------------------------|-----------|
| Balance, June 30, 2017 | 665,177 |
| Acquisition Costs | 500,000 |
| Exploration Costs | 2,160,473 |
| Balance, June 30, 2018 | 3,325,650 |
| Acquisition Costs | - |
| Exploration Costs | 1,167,043 |
| Balance, June 30, 2019 | 4,492,693 |



On June 21, 2016, the Company entered into an option agreement with Ximen Mining Corp. (“Ximen”), a company with a common director and a common officer, to acquire a 100% interest in the Gold Drop Property located about nine kilometers northeast from Greenwood, British Columbia, in the Greenwood Gold Mining district. Pursuant to the option payments, the Company is required to make cash payments, issue shares, and meet exploration expenditure requirement as follows:

Cash Payments

| | |
|---|---------|
| | \$ |
| On Execution of the Agreement (Paid) | 50,000 |
| Upon TSX-V approval on July 26, 2016 (Paid) | 50,000 |
| On or Before July 26, 2017 (Paid) | 100,000 |
| On or Before July 26, 2018 (Equivalent value in stock issued) | 100,000 |
| On or Before July 26, 2019 (Paid subsequent to June 30, 19) | 100,000 |
| | 400,000 |

Share Issuances

Pursuant to the option agreement, the Company issued 1,000,000 (333,333 post-consolidated) common shares with a fair value of \$200,000 on July 27, 2016 following TSX Venture approval. In July 2017 and March 2018, the Company issued, respectively, 750,000 (250,000 post-consolidated) common shares with a fair value of \$150,000, and 2,500,000 (833,333 post-consolidated) common shares with a fair value of \$250,000. The Company is required to issue additional common shares with a value of \$150,000 on or before July 26, 2019. Subsequent to June 30, 2019, the Company issued 600,000 common shares with a fair value of \$150,000.

Exploration Expenditures

Work commitments of \$1,000,000 are required to be performed on or before July 26, 2019, but not less than \$150,000 per year on or before July 26, 2017, July 26, 2018 and July 26, 2019.

Ximen will retain a 2.5% net smelter return royalty (the “NSR Royalty”) which the Company may buy down 1% of the NSR Royalty by paying \$1,000,000. Upon completion of the option requirements by the Company, Ximen will have a right for nine months thereafter to elect to form a joint venture by paying the Company an amount of money equal to 30% of the total amount expended on the property by the Company. If Ximen exercises this joint-venture right, the Company and Ximen will enter into a joint venture for the exploration and development of the property.

Since acquiring the Gold Drop Property in 2016, the Company has conducted prospecting, rock / soil geochemical sampling, trenching and diamond drilling. The work has been focused in the Gold Drop Southwest Zone in the area of the COD and Everest gold and silver bearing quartz veins. All diamond drilling was conducted in the area of these veins. This consisted of 31 holes (1,517 meters) in 2017 and 79 holes (5,222 meters) in 2018. The trenches exposed gold bearing quartz veins. Chip samples collected in 2017 across the approximate 0.4 meter wide Everest Vein exposure returned up to 52.8 grams per tonne (g/t) gold (Au) and 377 g/t silver (Ag) while a grab sample of a quartz vein boulder broken off the outcrop by the excavator returned 81.8 g/t gold and 630 g/t silver. Numerous drill holes in the area of the trenches intersected significant mineralization. Some of the higher grade gold drilling intersections include (core length):

- COD17-14: 4.59 g/t Au over 16.03 meters.
- COD18-3: 14.62 g/t Au over 2.1 meters
- COD18-26: 10.3 g/t Au over 1.4 meter recovered core (within 2.35 meter interval)
- COD18-28: 11.3 g/t Au over 0.51 meters
- COD18-33: 8.65 g/t Au over 2.98 meters
- COD18-34: 6.16 g/t Au over 3.41 meters
- COD18-37: 8.23 g/t Au over 3.95 meters
- COD18-45: 50.1 g/t Au over 2.05 meters



| | |
|-----------|-------------------------------|
| COD18-46: | 54.9 g/t Au over 1.47 meters |
| COD18-49: | 9.52 g/t Au over 1.47 meters |
| COD18-54: | 7.60 g/t Au over 1.66 meters |
| EVE18-5: | 10.55 g/t Au over 0.45 meters |
| EVE18-12: | 12.45 g/t Au over 0.85 meters |

Prospecting during 2018 in the east region of the property yielded significant results including 297 g/t gold and 1290 g/t silver in a sample of quartz from a dump pile from what is believed to be the southern Silent Friend showing. Samples from a mineshaft dump pile north of this exposure returned 6.98 g/t gold and 38.6 g/t silver. A sample collected from a mineshaft speculated to be the Ken mineshaft returned 4.47 g/t gold and 23.0 g/t tonne silver.

Selected Annual Information

The following financial data is derived from the Company’s audited financial statements for the years ended June 30, 2019, 2018 and 2017.

| | 2019 | 2018 | 2017 |
|--|--------------------|--------------------|--------------------|
| | \$ | \$ | \$ |
| Financial Results: | | | |
| Net loss for the year | (1,800,801) | (2,992,289) | (1,803,916) |
| Basic and diluted loss per shares post-consolidation share | (0.12) | (0.29) | (0.12) |
| Financial Position | | | |
| Working Capital (Deficiency) | (1,061,522) | (118,877) | (38,647) |
| Total Assets | 124,161 | 627,659 | 365,367 |
| Total Liabilities | 1,158,315 | 495,486 | 188,094 |
| Share Capital | 8,402,797 | 7,834,925 | 5,079,500 |
| Share-Based Payment Reserve | 412,620 | 374,040 | 252,559 |
| Share Purchase Warrants Reserve | 57,801 | 52,512 | 129,492 |
| Deficit | <u>(9,927,372)</u> | <u>(8,129,304)</u> | <u>(5,284,278)</u> |

Results of Operations

Net Gain/Loss and Operating Expenses

During the year ended June 30, 2019 the Company reported a net loss of \$1,800,801 compared to \$2,992,289 in the previous year. The Company reduced spending in consulting fees, exploration expenses and office and travel. Increases were reported in advertising, management and professional fees. The Company offset their expenses with gains recognized on the sale of equipment, debt settlement, accounts payable write-offs and reversal of flow-through premium liability. The Company continues to be active in searching for mineral properties and raising money from private placements and advancing the Gold Drop Property.

Administrative and General Expenses

Expenses before other items for the year ended June 30, 2019 decreased by \$1,686,148 compared to the prior year operating results. A large decrease in exploration expenses (\$1,493,430) accounts for most of the decrease.



(formerly Revolver Resources Inc.)

Management Discussion & Analysis
For the Year Ended June 2019

| | Three Months Ended | | Year Ended | |
|------------------------------------|--------------------|------------------|-------------|------------------|
| | 2019 | June 30, 2018 | 2019 | June 30, 2018 |
| | \$ | \$ | \$ | \$ |
| Operating Expenses: | | | | |
| Advertising and Marketing | 65,299 | 47,796 | 294,616 | 258,278 |
| Consulting | 41,000 | 18,000 | 118,000 | 232,781 |
| Depreciation | 814 | 11,239 | 14,194 | 28,815 |
| Exploration Expenses | 525,369 | 1,181,993 | 1,167,043 | 2,660,473 |
| Insurance | 8,000 | - | 16,000 | - |
| Management and Administrative Fees | 54,900 | 25,900 | 130,600 | 107,100 |
| Office and Miscellaneous | 18,802 | 29,418 | 72,871 | 117,958 |
| Professional Fees | 35,332 | 19,289 | 76,907 | 33,167 |
| Rent | 10,500 | 9,000 | 39,000 | 47,292 |
| Share-Based Compensation | 38,580 | - | 38,580 | 149,012 |
| Transfer Agent and Regulatory Fees | 10,020 | 20,166 | 46,183 | 33,018 |
| Travel | 5,219 | 5,262 | 15,496 | 47,745 |
| | (814,335) | (1,368,063) | (2,029,490) | (3,715,638) |

Other Items:

| | | | | |
|---|----------|-----------|----------|---------|
| Gain on the Sale of Equipment | - | - | 35,937 | - |
| Gain on Debt Settlement | - | - | 7,846 | - |
| Write-Off of Accounts Payable | 105,394 | - | 105,394 | - |
| Realized Gain on Marketable Securities | - | 313,496 | 35,697 | 313,495 |
| Realized Gain on Investment | - | (166,623) | - | 269,055 |
| Write-Up of Marketable Securities to Market | (16,519) | 43,875 | (16,519) | 37,500 |
| Reversal of Flow-Through Premium Liability | - | - | 60,333 | - |
| Mining Tax Credit | - | 103,299 | - | 103,299 |
| | 88,875 | 294,047 | 228,689 | 723,349 |

- Advertising and Marketing of \$294,616 (2018 - \$258,278) comprise of advertising and marketing fees.
- Consulting fees of \$118,000 (2018 - \$232,781) was paid to various consultants for strategic planning, as well as corporate financing and project evaluation.
- Management and administrative fees of \$130,600 (2018 - \$107,100) paid to companies for general administrative services, overseeing regulatory filings requirement, accounting fees and secretarial services.
- Office and miscellaneous of \$72,871 (2018 - \$117,958) included telephone, printing, shareholder costs, miscellaneous office expenses, interest and bank charges and foreign exchange.
- The Company incurred \$1,167,043 (2018 - \$2,660,473) of exploration expenditures and acquisition costs on the company's Gold Drop Property. *Exploration and Evaluation Expenditures see above.*
- Professional fees of \$76,907 (2018 - \$33,167) comprised of legal and audit accruals relating to the annual year-end audit and legal fees.
- Transfer agent and regulatory fees of \$46,183 (2018 - \$33,018) consisted of fees paid to regulatory bodies in Canada and the Company's transfer agent, includes filing fees for private placement and share consolidation.
- Travel and accommodations expenses of \$15,496 (2018 - \$47,745). Management traveled to visit the Company's property and attending various geological conferences and meetings.



- The Company recorded \$38,580 (2018 - \$149,012) of non-cash compensation cost due to the grant of 500,00 (2018 - 800,000) stock options.

Other Items

- BC mining exploration tax credit of \$Nil (2018 -\$103,299) in connection with qualifying exploration expenditures incurred in the Province of BC for the year ended June 30, 2019.
- The Company has realized gains in equipment sale (\$35,938). Settlement of debt (\$7,846), write-off of accounts payable (\$105,394), sale of marketable securities (\$35,697) and the reversal of flow-through premium liability (\$60,333).

Summary of Quarterly Reports

Results for the most recent quarters ending with the last quarter for the period ended June 30, 2018:

| | June 30, 2019 \$ | Three Months Ended March 31, 2019 \$ | December 31, 2019 \$ | September 30, 2019 \$ |
|----------------------------------|------------------------|---|----------------------------|-----------------------------|
| Revenue | Nil | Nil | Nil | Nil |
| Net Income (Loss) | (725,460) | (292,409) | (272,398) | (510,534) |
| Basic and diluted loss per share | (0.04) | (0.01) | (0.01) | (0.03) |

| | June 30, 2018 \$ | Three Months Ended March 31, 2018 \$ | December 31, 2018\$ | September 30, 2018 \$ |
|----------------------------------|------------------------|---|------------------------|-----------------------------|
| Revenue | Nil | Nil | Nil | Nil |
| Net Income (Loss) | (1,074,016) | (665,675) | (762,364) | (490,234) |
| Basic and diluted loss per share | (0.03) | (0.02) | (0.03) | (0.02) |

Mineral exploration is typically a seasonal business, and accordingly, the Company’s operating expenses, and cash requirements will fluctuate depending upon the season and the level of activity. The Company’s primary source of funding is through the issuance of share capital. When the capital markets are depressed, the Company’s activity level normally declines accordingly. As capital markets strengthen and the Company can secure equity financing with favorable terms, the Company’s activity levels, and the size and scope of planned exploration projects will typically increase.

Fourth Quarter

During the fourth quarter, the Company reported a net loss of \$725,460 compared to a loss of \$1,074,016 for the same quarter in 2018. The Company cut its exploration expenses in half for the period, however had higher expenses in the areas of advertising, consulting and professional fees. Non-cash stock-based compensation expense was also recorded in the fourth quarter of 2019 compared to \$Nil in 2018 adding to non-operating expenses. The Company showed a 32% decline in reported loss for the final quarter of the year. The Company continues to concentrate its efforts on the Gold Drop Property



Liquidity and Capital Resources

At June 30, 2019, the Company had cash of \$10,589 (2018 - \$214,384) and working capital deficiency of \$1,061,522 (2018 - \$118,877).

| | June 30, 2019 \$ | June 30, 2018 \$ |
|-----------------------------------|------------------------|------------------------|
| Total Assets | 124,161 | 627,659 |
| Total Liabilities | 1,158,315 | 495,486 |
| Shareholders' Equity (Deficiency) | (1,034,154) | 132,173 |
| Working Capital (Deficiency) | (1,061,522) | (118,877) |

The Company does not generate enough cash flow from operations to fund its exploration activities, its acquisitions and its administration costs. The Company is reliant on equity financing to provide the necessary cash to continue its operations.

| | 2019 \$ | 2018 \$ |
|---------------------------------------|------------|-------------|
| Cash Used in Operating Activities | (847,160) | (2,511,038) |
| Cash Used in Investing Activities | 93,865 | 358,233 |
| Cash Provided by Financing Activities | 549,500 | 2,308,510 |
| Change in Cash | (203,795) | 155,705 |

During the year ended June 30, 2019:

In January 2019, the Company issued a total of 488,361 common shares (162,787 shares post consolidation) (fair valued at \$46,394) to settle accounts payable totaling \$54,240.

In April 2019, the Company issued 5,100,000 flow-through units (1,700,000 flow-through units post consolidation) at \$0.10 per unit for total gross proceeds of \$510,000.

In June 2019, the Company issued 250,000 units at \$0.20 per unit for total gross proceeds of \$50,000.

Transactions with Related Parties

At the Report Date, key management consists of Barry Brown (CEO and Director of the Company), George Sookochoff (President of the Company), Nicolette Keith (CFO of the Company), Quinn Field-Dyde and Scott Kent (independent, Directors of the Company).

Compensation of Key Management Personnel

| | 2019 \$ | 2018 \$ |
|--|------------|------------|
| Management and Administrative Fees (i) | 43,000 | 16,000 |
| Share-Based Compensation (ii) | 21,219 | 46,566 |
| | 64,219 | 62,566 |

- i) During the year ended June 30, 2019, the Company incurred management and administrative fees of \$14,000 (2018 – \$16,000) to a director and officer (Barry Brown). Management fees of \$29,000 (2018 - \$Nil) were also paid to George Sookochoff for the year ended 2019.
- ii) During the year ended June 30, 2019, the Company incurred share-based compensation of \$21,219 (2018 – \$46,566) to directors and officers. A total of 275,000 (91,667 post consolidation) stock options (2018 – 250,000, 83,333 post consolidation) were granted to these related parties.
- iii) During the year ended June 30, 2019 a director and an officer participated in a private placement offering for a total of \$80,000 (Barry Brown for \$50,000 and George Sookochoff for \$30,000).

Subsequent Events

- a) Subsequent to year end, the Company issued 2,685,000 non-flow-through units at \$0.20 per unit for total proceeds of \$537,000. One unit consists of one common share and one share purchase warrant exercisable at \$0.30 per share for a period of 18 months after closing. The term of the warrants may be accelerated.

Subsequent to year end, the Company issued 500,000 flow-through units at \$0.30 per unit for total proceeds of \$150,000, and 2,425,000 flow-through units at \$0.25 for total proceeds of \$606,250. One flow-through unit consist of one flow-through common share and one-half share purchase warrant. One flow-through warrant will entitle the holder to purchase one additional non flow-through common share at a price of \$0.35 for 18 months after closing. The term of the warrants may be accelerated.

The Company paid finder's fees totalling \$30,380 and issued 127,000 agents' warrants exercisable at \$0.35 per share for a period of 18 months after closing

- b) In August 2019, the Company issued 600,000 common shares with a fair value of \$150,000 pursuant to the option agreement for the Gold Drop Property.

Off Balance Sheet Agreements

The Company has not entered into any material off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative instrument obligations, or with respect to any obligations under a variable interest entity arrangement.

Critical Accounting Policies and Estimates

The details of GGX's accounting policies are presented in Note 2 of the financial statements for the year ended June 30, 2019. These policies are considered by management to be essential to understanding the processes and reasoning that go into the preparation of the Company's financial statements and the uncertainties that could have a bearing on its financial results.



Changes in Accounting Policies and Accounting Pronouncements

Effective July 1, 2015, the Company changed its accounting policy, whereby upon the expiry or cancellation of stock options and share purchase warrants, their fair value previously recorded in reserve is transferred to deficit. Prior to this change in policy, the fair value of options and warrants remained in reserve upon expiry or cancellation.

These financial statements reflect the retroactive application of this accounting policy change. The impact of this retroactive application was as follows:

| | <u>As Reported</u> | | <u>Adjustments</u> | | <u>Restated</u> | |
|---------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | June 30, 2015 \$ | June 30, 2014 \$ | June 30, 2015 \$ | June 30, 2014 \$ | June 30, 2015 \$ | June 30, 2014 \$ |
| Contributed Surplus | 281,595 | 281,595 | (281,595) | (281,595) | - | - |
| Stock Options Reserve | - | - | 102,230 | 102,230 | 102,230 | 102,230 |
| Share Purchase Warrants Reserve | - | - | - | 57,333 | - | 57,333 |
| Deficit | <u>(3,814,956)</u> | <u>(2,598,852)</u> | <u>179,365</u> | <u>122,032</u> | <u>(3,635,591)</u> | <u>(2,476,820)</u> |

Accounting Standard Issued but Not Yet Effective

Several new accounting standards, amendments to standards, and interpretations have been issued but not yet effective up to the date of issuance of the Company’s financial statements. The Company intends to adopt the following standards when they become effective.

IFRS 16 – Leases

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting remains largely unchanged from IAS 17 “Leases”, and the distinction between operating and finance leases is retained. The standard is effective for annual period beginning on or after January 1, 2019. The Company has determined there is no impact of this standard on its financial statements.

Financial Instruments and Risk Management

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The carrying values of cash and accounts payable and accrued liabilities approximate their fair values because of the short-term nature of these financial instruments.

The Company's financial instruments are exposed to the following financial risks

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company ensures, as far as reasonably possible, that it will have enough capital in order to meet short-term business requirements, after considering cash flows from operations and the Company's holdings of cash.

As at June 30, 2019, the Company had a cash balance of \$10,589 to settle current liabilities of \$1,155,701. Management expects to fund those liabilities through the issuance of common shares and loans from related parties over the coming year. There can be no assurance that the Company will be successful with generating and maintaining profitable operations or will be able to secure future debt or equity financing for its working capital and exploration activities.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. Management believes that its credit risk is not significant.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's amounts due to related parties are non-interest bearing, and as such, the Company is not exposed to significant interest rate risk.

Foreign Currency Risk

The Company is exposed to foreign currency risk on fluctuations related to cash and accounts payable and accrued liabilities that are denominated in U.S. Dollars. The Company's financial instruments denoted in U.S. Dollars are insignificant and any fluctuation in foreign currency exchange rates would have no significant impact.

Commodity Price Risk

The Company is subject to price risk from fluctuations in the market prices of commodities as it relates to the possible underlying values of its commodity based mineral properties and the corresponding ability to raise funds for future operations. Management closely monitors commodity prices to determine the appropriate course of actions to be taken in its investing and financing activities. As the Company has not yet developed commercial mineral interests, it is not exposed to significant commodity price risk.

Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to support the acquisition, exploration, and development of its exploration and evaluation assets.

The Company manages its share capital as capital, which as at June 30, 2019, was \$8,402,797 (2018 – \$7,834,925). The Company manages the capital structure and adjusts it considering changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue common shares or dispose of assets.

The Company does not have any externally imposed capital requirements to which it is subject. There were no changes in the Company's approach to capital management during the year ended June 30, 2019.

Risk and Uncertainties

The Company's Operations and results are subject to a number of different risks at any given time. These factors include but are not limited to disclosure regarding exploration, additional financing, project delay, titles to properties, price fluctuations and share price volatility, operating hazards, insurable risk and limitations of insurance, management, foreign country and regulatory requirements, currency fluctuations and environmental regulation risk.

- (a) the state of the capital markets, which will affect the ability of the Company to finance further mineral property acquisitions and expand its contemplated exploration programs;
- (b) the prevailing market prices for base metals and precious metals;
- (c) the consolidation and potential abandonment of the Company's property as exploration results provide further information relating to the underlying value of the property;
- (d) the ability of the Company to identify and successfully acquire additional mineral properties in which the Company may acquire an interest whether by option, joint venture or otherwise, in addition to or as an alternative to the property;

Internal Control over Financial Reporting

In connection with National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

Forward-Looking Statements

This MD&A, which contains certain forward-looking statements, are intended to provide readers with a reasonable basis for assessing the financial performance of the Company. All statements, other than statements of historical fact, are forward-looking statements. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward looking statements. Forward looking statements are necessarily based upon several estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies.

Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, fluctuations in the currency markets such as Canadian dollar, and U.S. dollar, fluctuations in the prices of commodities, changes in government legislation, taxation, controls, regulations and political or economic developments in Canada, the United States, or other countries in which the Company carries or may carry on business in the future, risks associated with mining or development activities, the speculative nature of exploration and development, including the risk of obtaining necessary licenses and permits, and quantities or grades of reserves. Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company.

Readers are cautioned that forward-looking statements are not guarantees of future performance. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those acknowledged in such statements. Specific reference is made to the Company's most recent Annual Information Form on file with Canadian provincial securities regulatory authorities for a discussion of some of the factors underlying forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable laws.



Additional Information in relation to the Company

Additional information relating to the Company is available:

- (a) On SEDAR at www.sedar.com
- (b) On the Company’s website at www.ggxgold.com
- (c) In the Company’s annual audited financial statements for the year ended June 30, 2019.

On June 14, 2019, the Company consolidated its share capital, options, warrants at a ratio of three old common shares to one new common share. The financial statements reflect the retroactive application of this share consolidation

Outstanding Shares Data

| | Number | Exercise Price \$ | Expiry Date |
|----------------------------------|------------|----------------------|-------------------|
| Common Shares (October 24, 2019) | 23,451,767 | n/a | n/a |
| Stock Options | 31,667 | 0.300 | March 7, 2021 |
| Stock Options | 183,333 | 0.795 | October 27, 2021 |
| Stock Options | 283,333 | 0.300 | April 10, 2022 |
| Stock Options | 250,000 | 0.600 | August 1, 2022 |
| Stock Options | 166,667 | 0.300 | April 25, 2024 |
| Warrants | 1,033,000 | 0.360 | October 10, 2020 |
| Warrants | 666,667 | 0.360 | October 18, 2020 |
| Warrants | 1,350,000 | 0.450 | December 12, 2020 |
| Warrants | 250,000 | 0.300 | December 26, 2020 |
| Warrants | 40,000 | 0.240 | February 19, 2021 |
| Warrants | 216,666 | 0.450 | April 05, 2021 |
| Warrants | 900,000 | 0.450 | April 06, 2021 |
| Warrants | 73,333 | 0.450 | April 15, 2021 |
| Warrants | 936,389 | 0.450 | May 24, 2021 |
| Warrants | 162,500 | 0.450 | June 04, 2021 |
| Warrants | 233,333 | 0.600 | July 05, 2022 |
| Warrants | 783,333 | 0.750 | August 17, 2022 |
| Agents’ Warrants | 82,667 | 0.360 | October 10, 2020 |
| Agents’ Warrants | 54,667 | 0.450 | December 12, 2020 |
| Agents’ Warrants | 1,000 | 0.600 | July 5, 2022 |
| Agents’ Warrants | 69,167 | 0.750 | August 27, 2022 |