



June 30, 2020 and 2019

Financial Statements
(Expressed in Canadian Dollars)

- Independent Auditor's Report
- Statements of Financial Position
- Statements of Changes in Shareholders' Equity (Deficiency)
- Statements of Comprehensive Loss
- Statements of Cash Flows
- Notes to the Financial Statements

Independent Auditor's Report

To the Shareholders of:
GGX GOLD CORP.

Opinion

We have audited the financial statements of GGX Gold Corp. ("the Company"), which comprise the statements of financial position as at June 30, 2020 and June 30, 2019 and the statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2020 and June 30, 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of \$1,162,632 during the year ended June 30, 2020, and as of that date, had accumulated losses since inception of \$11,090,004. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

SERVICE

INTEGRITY

TRUST



SUITE 420

1501 WEST BROADWAY

VANCOUVER, BRITISH COLUMBIA

CANADA V6J 4Z6

TEL: (604) 428-1866

FAX: (604) 428-0513

WWW.WDMCA.COM

WDM

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

WDM

Chartered Professional Accountants

Vancouver, B.C.
October 20, 2020



GGX GOLD CORP.

Statements of Financial Position

As at June 30, 2020 and 2019
(Expressed in Canadian Dollars)

	Note	2020 \$	2019 \$
ASSETS			
CURRENT			
Cash		1,792	10,589
GST Recoverable		9,714	36,648
Prepaid Expenses		22,131	-
Marketable Securities	5	80,248	49,556
		<u>113,885</u>	<u>96,793</u>
NON-CURRENT			
Restricted Marketable Securities	5	-	16,519
Investments	6(b)	166,070	-
Property and Equipment	8	8,374	10,849
Reclamation Bond	7	21,500	-
Exploration and Evaluation Assets	9	-	-
		<u>309,829</u>	<u>124,161</u>
LIABILITIES			
CURRENT			
Accounts Payable and Accrued Liabilities		843,978	1,069,233
Due to Related Parties	12(b)	89,082	89,082
		<u>933,060</u>	<u>1,158,315</u>
SHAREHOLDERS' DEFICIENCY			
Share Capital	10	9,764,346	8,402,797
Share Subscriptions Received	10	-	20,000
Stock Options Reserve		618,612	412,620
Share Purchase Warrants Reserve		83,815	57,801
Deficit		(11,090,004)	(9,927,372)
		<u>(623,231)</u>	<u>(1,034,154)</u>
		<u>309,829</u>	<u>124,161</u>

Nature of Business and Ability to Continue as a Going Concern (Note 1)
Subsequent Events (Note 17)

The accompanying notes form an integral part of these financial statements

Approved on Behalf of the Board:

"Barry Brown"
Barry Brown, Director

"Scott Kent"
Scott Kent, Director

GGX GOLD CORP.

Statements of Changes in Shareholders' Equity (Deficiency)

For the Years Ended June 30, 2020 and 2019

(Expressed in Canadian Dollars)

	Note	Number of Post- Consolidated Common Shares	Share Capital \$	Share Subscriptions Received \$	Stock Options Reserve \$	Share Purchase Warrants Reserve \$	Deficit \$	Total Shareholders' Equity \$
Balance, June 30, 2018		15,128,981	7,834,925	-	374,040	52,512	(8,129,304)	132,173
Shares Issued for Cash	10(b)(i)	1,950,000	560,000	-	-	-	-	560,000
Share Subscriptions Received	10(b)(i)	-	-	20,000	-	-	-	20,000
Share Issuance Costs	10(b)(i)	-	(30,500)	-	-	-	-	(30,500)
Shares Issued for Debt	10(b)(i)	162,787	46,394	-	-	-	-	46,394
Fair Value of Agents' Warrants Issued	10(f)	-	(8,022)	-	-	8,022	-	-
Fair Value of Agents' Warrants Cancelled		-	-	-	-	(2,733)	2,733	-
Share-Based Compensation	10(f)	-	-	-	38,580	-	-	38,580
Net Comprehensive Loss		-	-	-	-	-	(1,800,801)	(1,800,801)
Balance, June 30, 2019		17,241,768	8,402,797	20,000	412,620	57,801	(9,927,372)	(1,034,154)
Shares Issued for Cash	10(b)(ii)	7,610,000	1,418,250	-	-	-	-	1,418,250
Flow-Through Share Premium	11	-	(146,250)	-	-	-	-	(146,250)
Share Subscriptions Received		-	-	(20,000)	-	-	-	(20,000)
Shares Issued for Exploration	10(b)(ii)	600,000	159,000	-	-	-	-	159,000
Share Issuance Costs	10(b)(ii)	-	(43,437)	-	-	-	-	(43,437)
Fair Value of Agents' Warrants Issued	10(f)	-	(26,014)	-	-	26,014	-	-
Share-Based Compensation	10(f)	-	-	-	205,992	-	-	205,992
Net Comprehensive Loss		-	-	-	-	-	(1,162,632)	(1,162,632)
Balance, June 30, 2020		25,451,768	9,764,346	-	618,612	83,815	(11,090,004)	(623,231)

The accompanying notes form an integral part of these financial statements

GGX GOLD CORP.

Statements of Comprehensive Loss

For the Years Ended June 30, 2020 and 2019

(Expressed in Canadian Dollars)

	Note	2020 \$	2019 \$
EXPENSES			
Advertising and Marketing		43,187	294,616
Consulting		72,076	118,000
Depreciation		2,475	14,194
Exploration	9	931,843	1,167,043
Insurance		1,781	16,000
Management and Administrative Fees	12(a)(i)	124,400	130,600
Office		17,846	72,871
Professional Fees		30,978	76,907
Rent		42,000	39,000
Share-Based Compensation	12(a)(ii)	205,992	38,580
Transfer Agent and Regulatory Fees		50,883	46,183
Travel		1,810	15,496
		<hr/>	<hr/>
LOSS BEFORE OTHER ITEMS		(1,525,271)	(2,029,490)
(Loss) Gain on Sale of Marketable Securities	5	(20,216)	35,697
Gain on Sale of Equipment	8	-	35,938
Gain on Settlement of Debt		-	7,846
Gain on Write-Off of Accounts Payable		730	105,394
Syndicate Investment Income	6	61,686	-
Reversal of Flow-Through Share Premium Liability	11	146,250	60,333
Write-Up (Down) of Marketable Securities and Investments to Market Value	5	174,189	(16,519)
		<hr/>	<hr/>
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR		(1,162,632)	(1,800,801)
		<hr/>	<hr/>
Basic and Diluted Loss per share		(0.05)	(0.12)
		<hr/>	<hr/>
Weighted Average Number of Common Shares Outstanding		22,927,860	15,561,714
		<hr/>	<hr/>

The accompanying notes form an integral part of these financial statements

GGX GOLD CORP.

Statements of Cash Flows

For the Years Ended June 30, 2020 and 2019

(Expressed in Canadian Dollars)

	2020	2019
	\$	\$
OPERATING ACTIVITIES		
Net Loss for the Year	(1,162,632)	(1,800,801)
Items Not Affecting Cash:		
Depreciation	2,475	14,194
Share-Based Compensation	205,992	38,580
Shares Received from Investments	(61,686)	-
Shares Issued for Exploration and Evaluation Assets	159,000	-
Equipment Sold for Exploration and Evaluation Assets Services	-	147,670
Gain on Sale of Equipment	-	(35,938)
Gain on Settlement of Debt	-	(7,846)
Gain on Write-Off of Accounts Payable	(730)	(105,394)
Loss (Gain) on Sale of Marketable Securities	20,216	(35,697)
Reversal of Flow-Through Premium Liability	(146,250)	(60,333)
Write-(Up) Down of Marketable Securities and Investments to Market Value	(174,189)	16,519
	(1,157,804)	(1,829,046)
Changes in Non-Cash Working Capital Items:		
GST Recoverable	26,934	27,607
Prepaid Expenses and Deposits	(22,131)	19,153
Accounts Payable and Accrued Liabilities	(224,525)	935,126
	(1,377,526)	(847,160)
FINANCING ACTIVITIES		
Shares Issued for Cash	1,418,250	560,000
Share Issuance Costs	(43,437)	(30,500)
Share Subscriptions Received	(20,000)	20,000
	1,354,813	549,500
INVESTING ACTIVITIES		
Purchases of Marketable Securities, Net of Trading Account Advances	-	(33,310)
Proceeds from the Sale of Marketable Securities	35,416	127,175
Reclamation Bond	(21,500)	-
	13,916	93,865
DECREASE IN CASH	(8,797)	(203,795)
Cash, Beginning of Year	10,589	214,384
CASH, END OF YEAR	1,792	10,589

Supplemental Cash Flow Information (Note 14)

The accompanying notes form an integral part of these financial statements

GGX GOLD CORP.

Notes to the Financial Statements

June 30, 2020 and 2019

(Expressed in Canadian Dollars)

NOTE 1 – NATURE OF BUSINESS AND ABILITY TO CONTINUE AS A GOING CONCERN

GGX Gold Corp. (the “Company”) was incorporated on May 10, 2007 under the British Columbia Business Corporations Act. The Company’s principal business activities include the acquisition, exploration and development of mineral properties. The address of the Company’s corporate office and its principal place of business is 888 Dunsmuir Street, Suite 888, Vancouver, BC, V6C 3K4. The Company is a reporting issuer and trades on the TSX Venture Exchange (“TSX-V”) in Canada under the symbol “GGX”. On October 11, 2016, the Company changed its name from Revolver Resources Inc. to GGX Gold Corp.

The Company is currently focusing its financial resources on the Gold Drop property option (Note 9). The Company has not yet determined whether the property contains reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets are dependent upon the discovery of economically recoverable mineral reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development of those mineral reserves, and upon future profitable production or proceeds from the disposition thereof.

These financial statements have been prepared using International Financial Reporting Standards applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The ability of the Company to continue as a going concern is dependent on its ability to obtain additional equity financing and achieve profitable operations. The Company has sustained losses from operations and has an ongoing requirement for capital investment to acquire and explore its mineral properties.

As at June 30, 2020, the Company has an accumulated deficit of \$11,090,004 and working capital deficiency of \$819,175, and incurred a net loss of \$1,162,632 for the year. The Company expects to seek additional equity financing to accomplish its business plan over the next several years. While the Company believes it can raise the funds needed to sufficiently meet its planned exploration expenditures and corporate administration costs in the next twelve months, there remains material uncertainty on the Company’s ability to continue as a going concern should it not be able to raise additional funds to carry out its business plan beyond next year. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in existence.

NOTE 2 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss which are stated at their fair value.

These audited financial statements were approved and authorized for issue by the Board of Directors on October 20, 2020.

b) Property and Equipment

Property and equipment is carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Depreciation is provided on a declining basis using the following rates, except in the year of acquisition, when one half of the rates are used:

Vehicle	30%
Furniture and Equipment	20%
Exploration Equipment	25%

GGX GOLD CORP.

Notes to the Financial Statements

June 30, 2020 and 2019

(Expressed in Canadian Dollars)

NOTE 2 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Property and Equipment (Continued)

The estimated useful lives, residual values, and depreciation method are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis. Gains and losses on disposal of property and equipment are determined by comparing the proceeds from disposal with the carrying amount and recognized in profit or loss.

c) Exploration and Evaluation Assets

Expenditures related to the acquisition, exploration, and development of exploration and evaluation assets are expensed and charged to earnings in the period in which they are incurred. Any option payments received by the Company from third parties or tax credits refunded to the Company are charged against exploration expenses in the statement of comprehensive loss.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest in accordance with general industry standards, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and, as such, title may be affected.

d) Impairment of Non-Current Assets

The carrying amounts of non-current assets are reviewed for impairment whenever facts and circumstances suggest that the carrying amounts may not be recoverable. If there are indications of impairment, then the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Individual assets are grouped together as a cash generating unit for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are independent from other group assets.

The recoverable amount of an asset or cash generating unit is the higher of its fair value less costs to sell and its value in use. An impairment loss exists if the asset's or cash generating unit's carrying amount exceeds the recoverable amount and is recorded as an expense immediately. In assessing the value in use, the estimated future cash flows are adjusted for the risks specific to the cash generating unit and are discounted to their present value with a discount rate that reflects the current market indicators.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

e) Provisions

(i) Decommissioning and Restoration Provision

Future obligations to retire an asset, including dismantling, remediation, and ongoing treatment and monitoring of the site related to normal operations are initially recognized and recorded as a provision based on estimated future cash flows discounted at a credit-adjusted risk-free rate. This decommissioning and restoration provision is adjusted at each reporting period for changes to factors including the expected amount of cash flows required to discharge the liability, the timing of such cash flows, and the discount rate. The provision is accreted to full value over time through periodic charges to profit. This unwinding of the discount is charged to financing expense in the statement of comprehensive income.

The amount of the decommissioning and restoration provision initially recognized is capitalized as part of the related asset's carrying value and depreciated to profit. The method of depreciation follows that of the underlying asset. The costs related to a decommissioning and restoration provision are only capitalized to the extent that the amount meets the definition of an asset and can bring about future economic benefit.

As at June 30, 2020 and 2019, the Company has no material decommissioning and restoration provision.

GGX GOLD CORP.

Notes to the Financial Statements

June 30, 2020 and 2019

(Expressed in Canadian Dollars)

NOTE 2 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Provisions (Continued)

(ii) Other Provisions

Provisions are recognized when a present legal or constructive obligation exists as a result of past events and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. Where the effect is material, the provision is discounted using an appropriate current market-based pre-tax discount rate.

f) Share Capital

Share capital includes cash consideration received for share issuances, net of commissions and issue costs.

Proceeds from the issue of units, consisting of common shares and share purchase warrants, are first allocated to common shares based on the quoted market value of the common shares at the time the units are priced, and the balance, if any, is allocated to the attached warrants.

Shares issued for other than cash consideration are valued at the quoted price on the TSX Venture Exchange based on the date the shares are issued.

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

g) Share-Based Payments

The fair value method of accounting is used for share-based payment transactions. Under this method, the cost of stock options and other share-based payments is recorded based on the estimated fair value using the Black-Scholes option pricing model at the grant date and charged to profit over the vesting period.

Upon the exercise of stock options and other share-based payments, consideration received on the exercise of these equity instruments is recorded as share capital and the related share-based payment reserve is transferred to share capital.

Upon the expiry or cancellation of stock options and other share-based payments, their fair value previously recorded in reserve is transferred to deficit.

h) Flow-Through Shares

Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for income tax purposes by the investors who purchased the shares.

To account for flow-through units, on issuance, the Company allocates flow-through share proceeds into i) share capital, equal to the market value of the shares, ii) a flow-through share premium liability, equal to the estimated premium investors pay for the flow-through feature, and iii) reserve for warrants, equal to the remaining proceeds received.

The amount recorded as a liability relating to the sale of tax benefits is reversed when the tax benefits are renounced. The difference between the amount originally recorded as a liability and the estimated income tax benefits on date of renunciation is recognized in profit or loss. The tax effect of the renunciation is recorded at the time the Company makes the renunciation, which may differ from the effective date of renunciation.

GGX GOLD CORP.

Notes to the Financial Statements

June 30, 2020 and 2019

(Expressed in Canadian Dollars)

NOTE 2 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Reserves

Stock options reserve and share purchase warrants reserve are used to recognize the fair value of stock options and warrants prior to their exercise, expiry, or cancellation. Fair value of stock options and agent's warrants is determined on the date of grant using the Black-Scholes Model (Note 2(g)). Fair value of a warrant attached to a private placement unit is determined using the residual method (Note 2(f)).

j) Loss per Share

Basic loss per share is calculated by dividing net loss by the weighted average number of common shares issued and outstanding during the reporting period. Diluted loss per share is the same as basic loss per share, as the issuance of shares on the exercise of stock options and share purchase warrants is anti-dilutive.

k) Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

i) Current Income Tax

Current income tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

ii) Deferred Income Tax

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

l) Refundable Mining Tax Credits

The Company qualifies for refundable mining tax credits on eligible mining exploration expenditures incurred in the Province of British Columbia, Canada. This tax credit is applied against exploration expenditures incurred and recorded as tax credit receivable when the terms and conditions of the government mineral exploration assistance program have been complied with, the credit can be reasonably estimated, and collection is reasonably assured.

GGX GOLD CORP.

Notes to the Financial Statements

June 30, 2020 and 2019

(Expressed in Canadian Dollars)

NOTE 2 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Financial Instruments

The following is the Company's accounting policy for financial instruments under IFRS 9:

(i) Classification

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

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018.

The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original Classification IAS 39	New Classification IFRS 9
Cash	FVTPL	FVTPL
Marketable Securities	FVTPL	FVTPL
Investments	FVTPL	FVTPL
Accounts payable	Amortized cost	Amortized cost

The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on January 1, 2018.

(ii) Measurement

Financial assets and liabilities at amortized cost

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

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive loss in the period in which they arise.

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

GGX GOLD CORP.

Notes to the Financial Statements

June 30, 2020 and 2019

(Expressed in Canadian Dollars)

NOTE 2 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Financial Instruments (Continued)

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

The Company did not restate prior periods and determined that the adoption of IFRS 9 resulted in no impact to the opening accumulated deficit on January 1, 2018.

n) Comparative Figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current period. These reclassifications have no effect on the net loss for the year ended June 30, 2019.

NOTE 3 – SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Company's accounting policies which are described in Note 2, management is required to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Significant areas where management's judgment has been applied include:

- Classifying categories of financial assets and financial liabilities in accordance with IAS 39, Financial instruments: recognition and measurement;
- The recoverability of the carrying value of the mineral property interests is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest; and
- Management's assumption that there are currently no decommissioning liabilities is based on the facts and circumstances that have existed during the periods.

GGX GOLD CORP.

Notes to the Financial Statements

June 30, 2020 and 2019

(Expressed in Canadian Dollars)

NOTE 3 – SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Significant areas requiring the use of management estimates and assumptions include:

a) Useful Lives of Property and Equipment

Management reviews the useful lives of property and equipment at each reporting date, based on the expected utility of these assets to the Company. Actual useful lives of these assets may differ from the estimate.

b) Impairment of Non-Current Assets

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. In addition, when determining the applicable discount rate, estimation is involved in determining the appropriate adjustments to market risk and asset-specific risk factors.

Actual results may vary and may cause significant adjustments to the Company's assets within the next financial year.

c) Fair Value of Investments in Warrants

Management uses Black-Scholes option pricing model in measuring the fair value of investment in warrants, where active market quotes are not available. In applying the valuation technique, management is required to determine and make assumptions about the most appropriate inputs to the valuation model including the expected life, volatility, dividend yield and forfeiture rate. Such assumptions are inherently uncertain and changes in these assumptions affect the fair value estimates.

d) Share-Based Compensation

The fair value of stock-based compensation is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

e) Deferred Tax Assets

Deferred tax assets, including those arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

The Company has recorded a full valuation allowance against its deferred tax assets due to the uncertainty in the realization of these assets.

NOTE 4 – NEW ACCOUNTING STANDARDS ISSUED

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 periods beginning on or after January 1, 2019. The Company has determined there is no impact of this standard on its financial statements.

GGX GOLD CORP.

Notes to the Financial Statements

June 30, 2020 and 2019

(Expressed in Canadian Dollars)

NOTE 5 – 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.

	2020	2019
	\$	\$
Opening Balance	66,075	140,762
Marketable Securities Received at Fair Value	61,686	-
Marketable Securities Purchased at Cost	-	33,310
Marketable Securities Sold at Cost	(55,632)	(116,458)
Write-Up (Down) Marketable Securities to Market Value	8,119	(16,519)
	<u>80,248</u>	<u>41,095</u>
Advances to (from) the Trading Account	-	24,980
	<u>80,248</u>	<u>66,075</u>

As the shares held in Goliath Resources Limited are released from escrow every six months (Note 6b), a portion of shares that will not be received during the year ended June 30, 2021 has been recorded as restricted marketable securities on the balance sheet at \$NIL (2019 - \$16,519).

NOTE 6 – INVESTMENTS

The Company classifies its investments in shares of private companies as FVTPL. 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 on investments of \$269,055 for the year ended June 30, 2018.

During the year ended June 30, 2020, the Company received 73,800 Juggernaut shares with a fair market value of \$12,546 for the option of two properties. This Syndicate distribution represented the Company’s 9% share of the option payments and was recorded as a credit to investment income. The Company recorded a loss on sale of marketable securities investments of \$20,216 for the year ended June 30, 2020 (2019 – \$35,697 (gain)).

b) Goliath Resources Limited

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

GGX GOLD CORP.

Notes to the Financial Statements

June 30, 2020 and 2019

(Expressed in Canadian Dollars)

NOTE 6 – INVESTMENTS (Continued)

b) Goliath Resources Limited (Continued)

These shares and warrants were received as a result of 891,000 units of Goliath Inc being distributed from the Syndicate during the year ended June 30, 2017 (Note 6(a)). The value of the units was determined to be \$0.10 per unit based on the most recent private placement subscription price of Goliath Inc'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 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% and 15% thereafter.

For the year ended June 30, 2020, based on 793,450 warrants held by the Company, the warrants were fair valued at \$166,070 (2019 – NIL) using the Black-Scholes option pricing model.

On May 5, 2020, the Company received 351,000 Goliath shares with a fair value of \$49,140 as part of an amended agreement. This Syndicate distribution represented the Company's 9% share of the option payments and was recorded as a credit to investment income. These shares are recorded in Marketable Securities.

NOTE 7 – RECLAMATION BOND

The Company posted a non-interest-bearing reclamation bond in August 2019 against any potential land restoration costs that may be incurred in the future on its mineral properties. The funds are held in trust and may be released after any required reclamation is satisfactorily completed. As at June 30, 2020, the amount on deposit is \$21,500 with respect to the Gold Drop Property.

NOTE 8 – PROPERTY AND EQUIPMENT

	Vehicle	Furniture and Equipment	Total
	\$	\$	\$
COSTS			
Balance, June 30, 2018	7,000	213,300	220,300
Disposals	-	(200,000)	(200,000)
Balance, June 30, 2019	7,000	13,300	20,300
Balance, June 30, 2020	7,000	13,300	20,300
ACCUMULATED DEPRECIATION			
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
Depreciation	915	1,560	2,475
Balance, June 30, 2020	4,866	7,060	11,926
NET BOOK VALUE			
Balance, June 30, 2019	3,049	7,800	10,849
Balance, June 30, 2020	2,134	6,240	8,374

During the fiscal year 2019, the Company disposed of a mining equipment acquired in 2018 to an arm's length party for the original purchase price \$200,000 for exploration services (\$147,670) and accounts payable owing (\$52,330). The Company recorded a gain on the sale in the amount of \$35,938.

GGX GOLD CORP.

Notes to the Financial Statements

June 30, 2020 and 2019

(Expressed in Canadian Dollars)

NOTE 9 – EXPLORATION AND EVALUATION ASSET

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, 2020 on its mineral property are summarized below.

Gold Drop Property, British Columbia, Canada

	\$
Balance, June 30, 2018	3,325,650
Exploration Costs	<u>1,167,043</u>
Balance, June 30, 2019	4,492,693
Acquisition Costs	259,000
Exploration Costs	<u>672,843</u>
Balance, June 30, 2020	<u>5,424,536</u>

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 requirements 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)	<u>100,000</u>
	<u>400,000</u>

Share Issuances

Pursuant to the option agreement, the Company issued 333,333 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, 250,000 common shares with a fair value of \$150,000, and 833,333 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. On August 21, 2019, the Company issued 600,000 common shares with a fair value of \$159,000.

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. The option agreement was completed in the year ended June 30, 2020. The Company has earned a 100% interest in the Gold Drop Property.

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.

GGX GOLD CORP.

Notes to the Financial Statements

June 30, 2020 and 2019

(Expressed in Canadian Dollars)

NOTE 10 – SHARE CAPITAL

a) Authorized Share Capital and Share Consolidation

The Company is authorized to issue an unlimited number of common shares without par value.

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.

b) Issued and Outstanding Common Shares

As at June 30, 2020, the Company had 25,451,768 common shares issued and outstanding.

i) Shares issued in 2019

In January 2019, the Company issued a total of 162,787 common shares with a fair value of \$46,394 to settle accounts payable totaling \$54,240. Gain on the settlement of debt in the amount of \$7,846 was recorded in the statement of operations.

In April 2019, the Company issued 1,700,000 flow-through units at \$0.10 per unit for total proceeds of \$510,000. One unit consists of one flow-through common share and one share purchase warrant exercisable at \$0.36 per share until October 2020. The Company paid finder's fees of \$24,800 and issued 82,667 agents' warrants with a fair value of \$8,022 (Note 10(f)).

In June 2019, the Company issued 250,000 units at \$0.20 per unit for total proceeds of \$50,000. One unit consists of one common share and one share purchase warrant exercisable at \$0.30 per share until December 26, 2020.

ii) Shares issued in 2020

In July 2019, 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.

In August 2019, the Company issued 2,925,000 flow-through units at \$0.25 for total proceeds of \$731,250. One flow-through unit consists 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.

In August 2019, the Company issued 600,000 common shares with a fair value of \$159,000 pursuant to the option agreement for the Gold Drop Property (Note 9).

In June 2020, the Company issued 2,000,000 units at \$0.075 per unit for total proceeds of \$150,000. One unit consists of one common share and one share purchase warrant exercisable at \$0.12 per share until June 10, 2022. The terms of the warrants may be accelerated.

c) Stock Options

Under the Company's stock option plan, the maximum number of shares that may be reserved for issuance is limited to 10% of the issued and outstanding common shares of the Company at the time of grant. Under the plan, the exercise price of an option may not be less than the closing market price of the Company's shares prevailing on the day that the option is granted. The options may have a maximum term of ten years and be vested at the discretion of the board of directors.

The continuity schedules of the stock options for the years ended June 30, 2020 and 2019 are as follows.

GGX GOLD CORP.

Notes to the Financial Statements

June 30, 2020 and 2019

(Expressed in Canadian Dollars)

NOTE 10 – SHARE CAPITAL (Continued)

e) Stock Options (Continued)

As at June 30, 2020, 1,915,000 options, with an average exercise price of \$0.34 per share and an average remaining life of 3.18 years, were vested.

Expiry Date	Exercise Price	June 30, 2019	Granted	Exercised	Expired/Cancelled	June 30, 2020
March 7, 2021	\$0.300	31,667	-	-	-	31,667
October 27, 2021	\$0.795	183,333	-	-	-	183,333
April 10, 2022	\$0.300	283,333	-	-	-	283,333
August 1, 2022	\$0.600	250,000	-	-	-	250,000
April 25, 2024	\$0.300	166,667	-	-	-	166,667
August 30, 2024	\$0.220	-	1,000,000	-	-	1,000,000
		915,000	1,000,000	-	-	1,915,000

As at June 30, 2019, 915,000 options, with an average exercise price of \$0.48 per share and an average remaining life of 3.11 years, were vested

Expiry Date	Exercise Price	June 30, 2018	Granted	Exercised	Expired/Cancelled	June 30, 2019
March 7, 2021	\$0.300	31,667	-	-	-	31,667
October 27, 2021	\$0.795	183,333	-	-	-	183,333
April 10, 2022	\$0.300	283,333	-	-	-	283,333
August 1, 2022	\$0.600	250,000	-	-	-	250,000
April 25, 2024	\$0.300	-	166,667	-	-	166,667
		748,333	166,667	-	-	915,000

d) Share Purchase Warrants

The continuity schedules of warrants for the years ended June 30, 2020 and 2019 are as follows.

The average weighted exercise price of the warrants is \$0.36.

Expiry Date	Exercise Price	June 30, 2019	Issued	Exercised	Expired/Cancelled	June 30, 2020
October 10, 2020	\$0.36	1,033,333	-	-	-	1,033,333
October 18, 2020	\$0.36	666,667	-	-	-	666,667
December 12, 2020	\$0.45	1,350,000	-	-	-	1,350,000
December 26, 2020	\$0.30	250,000	-	-	-	250,000
January 11, 2021	\$0.30	-	815,000	-	-	815,000
January 29, 2021	\$0.35	-	250,000	-	-	250,000
February 8, 2021	\$0.35	-	1,087,500	-	-	1,087,500
February 8, 2021	\$0.30	-	1,565,000	-	-	1,565,000
February 9, 2021	\$0.35	-	40,000	-	-	40,000
February 19, 2021	\$0.24	40,000	-	-	-	40,000
February 28, 2021	\$0.30	-	305,000	-	-	305,000
February 28, 2021	\$0.35	-	85,000	-	-	85,000
April 5, 2021	\$0.45	216,666	-	-	-	216,666
April 6, 2021	\$0.45	900,000	-	-	-	900,000
April 15, 2021	\$0.45	73,333	-	-	-	73,333
May 24, 2021	\$0.45	936,389	-	-	-	936,389
June 4, 2021	\$0.45	162,500	-	-	-	162,500
June 10, 2022	\$0.12	-	2,000,000	-	-	2,000,000
July 5, 2022	\$0.60	233,333	-	-	-	233,333
August 17, 2022	\$0.75	783,333	-	-	-	783,333
		6,645,554	6,147,500	-	-	12,793,054

GGX GOLD CORP.

Notes to the Financial Statements

June 30, 2020 and 2019

(Expressed in Canadian Dollars)

NOTE 10 – SHARE CAPITAL (Continued)

d) Share Purchase Warrants (Continued)

The continuity of warrants for the year ended June 30, 2019 is as follows:

Expiry Date	Exercise Price	June 30, 2018	Issued	Exercised	Expired/Cancelled	June 30, 2019
June 27, 2019	\$0.45	450,000	-	-	(450,000)	-
June 28, 2019	\$0.45	555,555	-	-	(555,555)	-
October 10, 2020	\$0.36	-	1,033,333	-	-	1,033,333
October 18, 2020	\$0.36	-	666,667	-	-	666,667
December 12, 2020	\$0.45	1,350,000	-	-	-	1,350,000
December 26, 2020	\$0.30	-	250,000	-	-	250,000
February 19, 2021	\$0.24	40,000	-	-	-	40,000
April 5, 2021	\$0.45	216,666	-	-	-	216,666
April 6, 2021	\$0.45	900,000	-	-	-	900,000
April 15, 2021	\$0.45	73,333	-	-	-	73,333
May 24, 2021	\$0.45	936,389	-	-	-	936,389
June 4, 2021	\$0.45	162,500	-	-	-	162,500
July 5, 2022	\$0.60	233,333	-	-	-	233,333
August 17, 2022	\$0.75	783,333	-	-	-	783,333
		5,701,109	1,950,000	-	(1,005,555)	6,645,554

e) Agents' Warrants

The continuity schedules of agents' warrants for the years ended June 30, 2020 and 2019 are as follows.

Expiry Date	Exercise Price	June 30, 2019	Issued	Exercised	Expired/Cancelled	June 30, 2020
October 10, 2020	\$0.36	82,667	-	-	-	82,667
December 12, 2020	\$0.45	54,667	-	-	-	54,667
January 29, 2021	\$0.35	-	40,000	-	-	40,000
February 8, 2021	\$0.35	-	66,000	-	-	66,000
February 28, 2021	\$0.35	-	21,000	-	-	21,000
July 5, 2022	\$0.60	1,000	-	-	-	1,000
August 17, 2022	\$0.75	69,167	-	-	-	69,167
		207,501	127,000	-	-	334,501

The continuity of agents' warrants for the year ended June 30, 2019 is as follows:

Expiry Date	Exercise Price	June 30, 2018	Issued	Exercised	Expired/Cancelled	June 30, 2019
June 27, 2019	\$0.45	36,000	-	-	(36,000)	-
June 28, 2019	\$0.45	44,444	-	-	(44,444)	-
October 10, 2020	\$0.36	-	82,667	-	-	82,667
December 12, 2020	\$0.45	54,667	-	-	-	54,667
July 5, 2022	\$0.60	1,000	-	-	-	1,000
August 17, 2022	\$0.75	69,167	-	-	-	69,167
		205,278	82,667	-	(80,444)	207,501

GGX GOLD CORP.

Notes to the Financial Statements

June 30, 2020 and 2019

(Expressed in Canadian Dollars)

NOTE 10 – SHARE CAPITAL (Continued)

f) Share-Based Payments

During the year ended June 30, 2020, the Company recognized stock-based compensation expense of \$205,992 (2019 - \$38,580) for 1,000,000 stock options (2019 – 166,667) that were granted and vested in the year.

During the year ended June 30, 2020, the Company recognized stock-based compensation expense of \$26,014 (2019 – \$8,022) in share issuance costs for 127,000 agents' warrants (2019 – 82,667) issued in the year.

The fair values of stock options and agents' warrants granted have been estimated using the Black Scholes option pricing model with the following assumptions made during the year ended June 30, 2020 and 2019:

	2020	2019
Risk-Free Annual Interest Rate	1.40% to 1.20%	1.56% to 1.63%
Expected Stock Price Volatility	181%	86% to 117%
Expected Life of Options and Warrants	1.5 Years - 5 Years	1 Year - 5 Years
Expected Annual Dividend Yield	0%	0%

Option pricing models require the input of highly subjective assumptions. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models may not necessarily provide a single reliable measure of the fair value of the Company's stock options and agents' warrants.

NOTE 11 – FLOW-THROUGH SHARE PREMIUM LIABILITY

The Company enters into flow-through share subscription agreements from time to time whereby it commits to incur qualifying Canadian exploration expenditures. The value of the flow-through units in excess of the quoted market value of shares on the date of issuance and the fair value of share purchase warrants issued are set up as a liability at the time these shares are issued. Funds raised through the issuance of flow-through shares are required to be expended on qualifying Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation.

The flow-through share premium liability of \$60,333 relating to the June 2018 flow-through private placement totalling \$362,000 was reversed in 2019 as the Company incurred and renounced the required mineral exploration expenditures in 2019.

For the year ended June 30, 2020, the Company entered into a flow-through share subscription agreement whereby it committed to incur a total of \$731,250 of qualifying Canadian exploration expenditures. The value of the flow-through units in excess of the quoted market value of shares on the date of issuance is recognized as a flow-through share premium liability of \$146,250. This flow-through share premium liability was reversed in 2020 as the Company renounced the required mineral exploration expenditures in the year.

NOTE 12 – RELATED PARTY TRANSACTIONS AND BALANCES

Key management includes directors and senior management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). The amounts paid by the Company for the services provided by related parties have been determined by negotiation among the parties and, in certain cases, are covered by signed agreements. These transactions are in the normal course of operations and are measured at their exchange amount. Details of transactions between the Company and related parties, in addition to those transactions disclosed elsewhere in these financial statements, are described below.

a) Compensation of Key Management Personnel

	2020	2019
	\$	\$
Management and Administrative Fees (i)	60,000	43,000
Share-Based Compensation (ii)	113,296	21,219
	<u>173,296</u>	<u>64,219</u>

GGX GOLD CORP.

Notes to the Financial Statements

June 30, 2020 and 2019

(Expressed in Canadian Dollars)

NOTE 12 – RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

a) Compensation of Key Management Personnel (Continued)

- i) During the year ended June 30, 2020, the Company incurred management and administrative fees of \$60,000 (2019 – \$43,000) to a director and officer (\$24,000) and a former officer of the Company (\$36,000).
- ii) During the year ended June 30, 2020, the Company incurred share-based compensation of \$113,296 (2019 – \$21,219) to directors and officers. A total of 550,000 stock options (2019 – 91,667) 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 totalling \$80,000. During the year ended June 30, 2020, no directors or officers participated in private placement offerings.

b) Related Party Balances

Amounts owed to related parties are non-interest bearing, unsecured, and have no specified terms of repayment.

	2020	2019
	\$	\$
Due to a company with a common director and a officer for exploration expenditures and other expenses	89,082	89,082

NOTE 13 – INCOME TAXES

a) Provision for Income Taxes

The income tax recovery of the Company is reconciled to the net loss for the year as reported in the statements of comprehensive loss by applying the combined federal and provincial income tax rate of 27.0% (2019 – 27.0%) as follows:

Expected Income Tax Recovery at Statutory Tax Rates	(314,000)	(486,000)
Permanent Differences	209,000	(1,000)
Change in Valuation Allowance	(245,000)	495,000
Change in opening tax balances	362,000	-
Share Issuance Costs	(12,000)	(8,000)
Income Tax Recovery	-	-

b) Deferred Tax Assets and Liabilities

As at June 30, 2020 and 2019, the Company has temporary differences between the carrying value of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The Company's deferred tax assets not recognized consist of the following amounts:

Non-Capital Losses	1,297,000	1,235,000
Exploration and Evaluation Assets	1,088,000	1,396,000
Property and Equipment	3,000	3,000
Share Issuance Costs	28,000	32,000
Capital Losses carryforward	3,000	-
Net Deferred Tax Assets Not Recognized	2,419,000	2,666,000

GGX GOLD CORP.

Notes to the Financial Statements

June 30, 2020 and 2019

(Expressed in Canadian Dollars)

NOTE 13 – INCOME TAXES (Continued)

b) Deferred Tax Assets and Liabilities (Continued)

As at June 30, 2020, the Company has non-capital losses of approximately \$4,806,000 and share issuance costs of approximately \$104,000 that may be applied against future income for Canadian income tax purposes. Share issuance costs expire through to 2024. The non-capital losses expire as follows:

	\$
2030	117,000
2031	286,000
2032	344,000
2033	594,000
2034	680,000
2035	291,000
2036	260,000
2037 - 2040	<u>2,234,000</u>
	<u>4,806,000</u>

c) Flow-Through Expenditures

In August 2019, the Company issued flow-through shares raising gross proceeds of \$731,250. The Company fully renounced the required mineral exploration expenditures in the amount of \$731,250 by the end of the fiscal year. There was a flow-through share premium liability associated with this private placement in the amount of \$146,250 that was fully reversed to profit and loss based on the renunciation.

As a result of the issuance of flow-through shares in August 2019, the Company had an original commitment to incur \$731,250 on qualifying Canadian exploration expenditures on or before December 31, 2020. As at June 30, 2020, approximately \$58,407 of the commitment was remaining, of which full amount was spent in the following months within the 2020 calendar year.

In July 2020, in recognition of the impacts of COVID-19, the Canadian government announced proposed temporary relief measures to flow-through regulations that include allowing companies an additional twelve-month period to incur eligible expenditures. Once enacted into law, this relief measure is expected to reduce the Company's short-term flow-through commitment substantially by extending the deadline for incurring expenses to December 31, 2021.

NOTE 14 – SUPPLEMENTAL CASH FLOW INFORMATION

a) Composition of Cash

	2020	2019
	\$	\$
Cash	1,792	5,933
Cash Held in Trust	-	4,656
	<u>1,792</u>	<u>10,589</u>

b) Significant Non-Cash Financing Activities

Shares Issued for Mineral Properties	159,000	-
Fair Value of Agents' Warrants Issued for Private Placements	<u>26,014</u>	<u>8,022</u>
	<u>185,014</u>	<u>8,022</u>

GGX GOLD CORP.

Notes to the Financial Statements

June 30, 2020 and 2019

(Expressed in Canadian Dollars)

NOTE 14 – SUPPLEMENTAL CASH FLOW INFORMATION (Continued)

e) Other Items

	2020	2019
	\$	\$
Income Taxes Paid	-	-
Interest Paid	-	-

NOTE 15 – FINANCIAL INSTRUMENTS AND RISKS

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:

a) 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 sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash.

As at June 30, 2020, the Company had a cash balance of \$1,792 to settle current liabilities of \$933,060. 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.

b) 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.

c) 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.

d) 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.

GGX GOLD CORP.

Notes to the Financial Statements

June 30, 2020 and 2019

(Expressed in Canadian Dollars)

NOTE 15 – FINANCIAL INSTRUMENTS AND RISKS (Continued)

e) 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.

NOTE 16 – CAPITAL 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, 2020, was \$9,764,346 (2019 – \$8,402,797). The Company manages the capital structure and adjusts it in light of 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, 2020.

NOTE 17 – SUBSEQUENT EVENTS

- a) On July 9, 2020, the Company issued 2,000,000 units at \$0.075 per unit for total proceeds of \$150,000. One unit consists of one common share and one share purchase warrant exercisable at \$0.12 per share until July 09, 2022. The terms of the warrants may be accelerated.
- b) In July 2020, the Company granted 400,000 stock options with an exercise price of \$0.22. The options have a 4-month vest period and expire July 10, 2025.

NOTE 18 – CORONAVIRUS (COVID-19) PANDEMIC

The outbreak of the COVID-19 virus and the worldwide pandemic has impacted the Company's plans and activities. The Company may face disruption to operations, supply chain delays, travel and trade restrictions, and impacts on economic activity in affected countries or regions can be expected and are difficult to quantify. Regional disease outbreaks and pandemics represent a serious threat to hiring and maintaining a skilled workforce and could be a major health-care challenge for the Company. There can be no assurance that the Company's personnel will not be impacted by these regional disease outbreaks and pandemics and ultimately that the Company would see its workforce productivity reduced or incur increased medical costs and insurance premiums as a result of these health risks.

In addition, the pandemic has created a dramatic slowdown in the global economy. The duration of the outbreak and the resulting travel restrictions, social distancing recommendations, government response actions, business disruptions and business closures may have an impact on the Company's exploration operations and access to capital. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about by the pandemic's impact on global industrial and financial markets which may reduce metal prices, share prices and financial liquidity thereby severely limiting access to essential capital.