



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

For the quarter ended: September 30, 2019

Date of report: November 27, 2019

This management's discussion and analysis of the financial condition and results of operation ("MD&A") of GoldSpot Discoveries Corp. (formerly Duckworth Capital Corp.) ("GoldSpot" or the "Company") should be read in conjunction with GoldSpot's unaudited interim condensed consolidated financial statements ("interim financial statements") and notes thereto as at and for the three and nine months ended September 30, 2019 and the annual financial statements as at and for the year ended May 31, 2018 for Duckworth Capital Corp and the annual financial statements as at and for the year ended December 31, 2018 for GoldSpot Holdings Inc. The accounting policies and methods of computation were followed in the preparation of the interim financial statements are described in note 3 of the interim financial statements as at and for the three and nine months ended September 30, 2019.

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

Caution Regarding Forward-Looking Information:

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

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and readers

are cautioned not to place undue reliance on forward-looking information contained in this MD&A. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking information contained in this MD&A include, but are not limited to: risks relating to the Company's ability to raise capital in order to fund obligations as they become due, the Company's ability to generate taxable income from operations, the strength of the Canadian, U.S. and other economies, foreign exchange fluctuations, political and economic conditions in the countries in which the Company's customers are located, and other risks included elsewhere in this MD&A under the heading "Other Risks".

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

Overview of Business

Nature of the Business:

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

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

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

GoldSpot is a technology company that leverages machine learning to reduce capital risk while working to increase efficiencies and success rates in resource exploration and investment. GoldSpot combines proprietary technology with traditional domain expertise, offering a front-to-back service solution to its clients. GoldSpot's solutions target big data problems, making full use of historically unutilized data to comprehend resource property potential better. GoldSpot has developed a monetization strategy into multiple verticals of the mining and investment industry, including service offerings, staking and royalty acquisition, and the development of its artificial-intelligence-driven trading platform.

Principal Business:

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

Lastly, Resource Quantamental (RQ) is the experimental arm of GoldSpot to create an AI decision engine for investment decisions. It is combining technology, people, data, and AI to identify long-term growth through eventual partnerships, investments, and royalties.

At a high-level, RQ combines a traditional fundamental approach to investing, with AI-driven quantitative analysis. To maximize the chances of success, RQ must combine different skillsets (data science, capital markets), and diverse datasets (geological data, market data, macroeconomic data, management data, insider data, company-specific data) to create the foundation. To GoldSpot's knowledge, this investment strategy has never before been applied to the mining sector and there are currently no similar tools or comprehensive databases available to use.

The platform is the foundation for RQ and is GoldSpot's most significant data asset. To GoldSpot's knowledge, it is the biggest database focused purely on resource investing with a collection of various data sources spanning fundamentals, geology, insiders, and industry specific information. The platform is currently focused on the TSX Venture Exchange, with plans to encompass other exchanges with a large number of mining issuers.

As at September 30, 2019, the Company has completed the development of RQ to a minimum viable product but requires a significant amount of development work to create the product to the point of being commercial viable. The Company intends to defer the development of Resource Quantamental to preserve its cash resources until a future date. As at September 30, 2019, the Company does not meet the criteria under IAS 38 to capitalize the intangible assets and as a result, the Company has impaired the intangible assets to \$0 in the consolidated statements of loss and comprehensive loss.

The consulting arm, investment arm and RQ together constitute a fluid business model that complement each other to create a dynamic business model. While the resource markets have been especially challenging, the consulting revenue stream accompanied by investing revenue will allow investors to experience the upside of a resource market by AI-driven equity and royalty assets. Furthermore, GoldSpot's expertise in AI and machine learning allows it to enter into exploration partnerships with both industry and academic institutions.

Summary:

- The Company's consulting revenue continues to grow, increasing by 615% to \$750,911 for the three months ended September 30, 2019 as compared to \$104,944 for the three months ended September 30, 2018.

- For the three and nine months ended September 30, 2019, impairment of intangible assets of \$927,378 which is non-recurring and is due to the Company's decision to defer further development of Resource Quantamental.
- As at September 30, 2019, the Company has cash and cash equivalents and investments of \$8,370,007 as compared to \$1,522,966 as at December 31, 2018, an increase primarily due to the non-brokered private placement financing that close in February 2019.
- On July 24, 2019, GoldSpot Discoveries Corp completed a short-form amalgamation with GoldSpot Holdings Inc. There will be no impact on the reported financial results for future periods as the entities were previously presented on a consolidated basis.
- In August 2019, GoldSpot's customer, Gran Colombia Gold Corp (TSX: GCM), announced multiple high grade drill results from its ongoing 2019 drilling campaign at its Segovia operations. The work to identify and prioritize step out and brownfield drilling targets at Segovia was aided by the application of machine learning by the geologists and data scientists at GoldSpot.
- In October 2019, the Company signed a four year deal with Mineral Exploration Research Centre ("MERC") at Laurentian University, collaboration on a \$104 million MERC-let research and development program. GoldSpot's collaboration with MERC's Metal Earth project will involve the examination of extensive geological and geophysical datasets to develop algorithms that will quantify the prospectivity and metal endowment across the Precambrian regions of Canada.
- In October 2019, the Company signed a services agreement with Vale Canada Limited to use machine learning to identify new drilling targets at Coleman Mine, part of its flagship base metals operations located in Sudbury, Ontario.

Acquisition of GoldSpot Discoveries Inc.

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

On February 8, 2019, Duckworth completed the transaction with GDI. The transaction was completed by way of a statutory amalgamation whereby GDI amalgamated with Subco and all of the outstanding common shares of GDI were exchanged for common shares of Duckworth (the "Duckworth Shares") on the basis of 82.73481801 Duckworth Shares for each one GDI Share held (the "Transaction"). As a result, approximately 139,200,795 Duckworth Shares were issued to former GDI shareholders on a pre-consolidated basis and not including any Duckworth Shares, which on closing represented 93.6% of the total issued and outstanding shares. GDI's stock options and compensation options were exchanged for GoldSpot's on the basis of the same ratio as the common shares.

The Transaction has been accounted for in accordance with IFRS 2, *Share-based payments*. The Transaction is considered to be a reverse takeover of Duckworth by GDI. A reverse takeover transaction involving a non-public operating entity and a non-operating public company is in substance a shared based payment transaction rather than a business combination. The Transaction is equivalent to the issuance of common shares by the non-public operating entity, GDI, for the net assets and the listing status of the non-operating public company, Duckworth. The fair value of the common shares issued

was determined based on the fair value of the common shares issued by Duckworth. For financial reporting purposes, the Company is considered a continuation of GDI, the legal subsidiary. The Transaction was negotiated and completed at arm's length. The combined results of operations are included from February 8, 2019.

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

On February 1, 2019, in connection with the reverse-takeover transaction, GDI completed a brokered private placement financing raising gross proceeds of \$7,561,794 through the issuance and sale of 456,906 subscription receipts (on a pre-exchange and pre-consolidation basis) at a price of \$16.55 per subscription receipt. As consideration for the services provided by the agents and certain other persons in connection with the offering: (i) the agents and certain other finders received \$524,944 in cash commissions; (ii) issuance of 3,021 subscription receipts as partial payment of agent fees; and (iii) the agents will receive 31,719 compensation options upon the closing of the transaction. Each compensation option shall be exercisable into one GDI share at an exercise price of \$16.55 per GDI share expiring on February 8, 2020. The subscription receipts and compensation options were exchanged on the same basis as the common shares of GDI for Duckworth shares.

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

Purchase Price	
Fair value of common shares	\$ 2,410,000
Fair value of broker warrants	44,000
Total purchase price	<u>2,454,000</u>
Net Assets Acquired	
Cash	531,859
Accounts payable and accrued liabilities	(9,842)
Net assets acquired	<u>522,017</u>
Listing expense	<u>\$ 1,931,983</u>
Fair Value of Duckworth Shares	
Number of pre-consolidation Duckworth shares	12,050,000
Consolidation of Duckworth shares	2
Number of post-consolidation Duckworth shares	<u>6,025,000</u>
Share value as determined (\$16.55 per share on pre-exchange and pre-consolidation basis)	\$ 0.40
Value of GoldSpot shares that would have been issued to obtain the same ownership percentage	<u>\$ 2,410,000</u>

The outstanding Duckworth broker warrants were assigned a grant date value of \$44,000 as estimated by using the Black-Scholes valuation model with the following assumptions: exercise price of \$0.20,

share price of \$0.40, expected dividend yield of 0%, expected volatility of 100%, risk-free rate of return of 1.77%, and an expected maturity of 0.54 years.

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

Results of Operations

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

	Quarter ended			
	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Consulting income	\$ 750,911	\$ 399,673	\$ 514,800	\$ 538,800
Net change in unrealized gains (losses) on investments	(13,625)	658,000	(311,750)	78,400
Operating, general and administrative	(1,186,885)	(1,145,027)	(3,011,766)	(1,147,399)
Impairment of intangible assets	(927,378)	-	-	-
Net loss and comprehensive loss for the period	(1,362,253)	(74,013)	(2,709,445)	(530,199)
Loss per common share based on net loss for the period – basic and diluted	(0.01)	(0.00)	(0.03)	(0.01)
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Consulting income	\$ 104,944	\$ 219,600	\$ 379,200	\$ 194,417
Operating, general and administrative	(389,231)	(563,190)	(511,929)	(245,153)
Net loss and comprehensive loss for the period	(284,287)	(343,590)	(132,729)	(50,736)
Loss per common share based on net loss for the period – basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)

The Company declared no dividends during any of the periods indicated.

Three months ended September 30, 2019 and 2018:

For the three months ended September 30, 2019, the Company recorded consulting income of \$750,911 as compared to \$104,944 for the three months ended September 30, 2018, an increase of 616%. For the three months ended September 30, 2019, the Company earned consulting income from four contracts (2018 – two contracts) from mining and exploration companies.

For the three months ended September 30, 2019, the Company reported unrealized losses on investments of \$13,625 related to the net write-down to fair value on the Company's investment in accordance with the Company's accounting policy for investments.

For the three months ended September 30, 2019, the Company reported other income of \$19,220 as compared to nil for the three months ended September 30, 2018. Other income consisted of interest income earned on the Company's cash and money market deposits.

Included in operating, general, and administrative expenses for the three months ended September 30 are the following:

	Three months ended September 30,	
	2019	2018
Salaries and consulting fees	\$ 590,428	\$ 313,093
Stock-based compensation expense	119,922	7,542
Professional fees	110,160	4,400
Shareholder relations and filing fees	95,583	-
Other office and general	71,398	20,609
Other employee benefits	55,000	-
Directors' fees	47,250	-
Travel and promotion	42,453	7,417
Software licensing fees	29,209	25,030
Amortization	19,058	57
Operating lease payments	8,298	11,355
Foreign exchange expense	(1,874)	(272)
	\$ 1,186,885	\$ 389,231

For the three months ended September 30, 2019, the Company had operating, general and administrative expenses of \$1,186,885 as compared to \$389,231 for the three months ended September 30, 2018, primarily due to an increase in operating activities which resulted in additional staff and other expenses relating to a public company. Stock-based compensation expense increased by \$112,380 as compared to the three months ended September 30, 2018. Stock-based compensation expense will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date. In March 2019, the Company had granted 3,681,000 options to directors, employees, and consultants exercisable at \$0.40 per share expiring on March 18, 2022.

For the three months ended September 30, 2019, the Company recorded an impairment of the intangible assets (development costs of Resource Quantamental) of \$927,378. In previous periods, the Company had capitalized intangible assets from the development costs associated with RQ in accordance with International Accounting Standards 38, *intangible assets* ("IAS 38). While building a minimum viable product, significant IP has been generated in areas such as: data sourcing and engineering, custom datasets specific to mining and exploration, custom AI algorithms that outperform off-the-shelf solutions, training, workflows, and skillsets also used by the geological services team. As at September 30, 2019, GoldSpot has spent \$927,378 on the development of RQ. The Company still believes that RQ has incredible merit and potential, but will require significant cash resources and a longer time frame to become commercially viable. The Company intends to defer the development of Resource Quantamental to preserve its cash resources until a future date. As at September 30, 2019, the Company does not meet the criteria under IAS 38 to capitalize the intangible assets and as a result, the Company has impaired the intangible assets to \$0.

Net loss and comprehensive loss for the three months ended September 30, 2019, was \$1,362,253 (\$0.01 per share) as compared to \$284,287 (\$0.00 per share) for the three months September 30, 2018.

Nine months ended September 30, 2019 and 2018:

For the nine months ended September 30, 2019, the Company recorded consulting income of \$1,665,384 as compared to \$703,744 for the nine months ended September 30, 2018, an increase of 137%. For the nine months ended September 30, 2019, the Company earned consulting income from eight contracts from mining and exploration companies (2018 – five contracts).

For the nine months ended September 30, 2019, the Company reported unrealized gains on investments of \$332,625 related to the net write-up to fair value on the Company's investment in accordance with the Company's accounting policy for investments.

For the nine months ended September 30, 2019, the Company reported other income of \$141,561 as compared to nil for the nine months ended September 30, 2018. Other income consisted of \$100,000 on the sale of exploration and evaluation assets (in respect to 50% of future mineral interests that are acquired by GoldSpot) and \$41,561 of interest income earned on the Company's cash and money market deposits.

Included in operating, general, and administrative expenses for the nine months ended September 30 are as follows:

	Nine months ended September 30,	
	2019	2018
Salaries and consulting fees	\$ 1,526,722	\$ 1,011,025
Stock-based compensation expense	497,790	216,726
Shareholder relations and filing fees	347,496	11,694
Professional fees	269,269	14,055
Other office and general	160,629	42,575
Software licensing fees	154,230	79,117
Other employee benefits	130,169	-
Travel and promotion	124,243	41,615
Directors' fees	118,750	-
Amortization	56,035	5,525
Operating lease payments	19,502	43,355
Foreign exchange expense	6,860	(1,337)
Listing fees	1,931,983	-
	\$ 5,343,678	\$ 1,464,350

For the nine months ended September 30, 2019, the Company had operating, general and administrative expenses of \$5,343,678 as compared to \$1,464,350 for the nine months ended September 30, 2018. In the current year period, the total expenses were primarily from listing fees (\$1,931,983), salaries and consulting fees (\$1,523,722), stock-based compensation expense (\$497,790), shareholder relations and filing fees (\$347,496) and professional fees (\$269,269). The listing fees of \$1,931,983 and professional fees of \$159,109, primarily related to the reverse-takeover transaction in February 2019 which is not expected to reoccur. In the prior year period, the total expenses were primarily from consulting fees of \$1,011,025. The increase in consulting fees expense was due to the personnel ramp-up in both research and development, and the Consulting Services Division to take on more servicing contracts. Consulting fees will continue to increase due to the Company's requirement to seek out and retain highly skilled technical personnel, to operate successfully and manage its potential future growth. Stock-based compensation expense will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date. Stock options are accounted for in accordance with the fair

value method of accounting for stock-based compensation. The fair value of these options is estimated at the date of grant using the Black-Scholes option pricing model, and expensed over the vesting periods based on the graded method. Unvested forfeited stock options are not expensed during the period. During the current period, the Company also recorded other employee benefits of \$130,169 and directors fees of \$118,750.

As previously discussed, the Company has recorded an impairment of intangible assets of \$927,378 for RQ, in accordance with IAS 38. The Company intends to defer the development of Resource Quantamental to preserve its cash resources until a future date.

Net loss and comprehensive loss for the nine months ended September 30, 2019, was \$4,145,711 (\$0.05 per share) as compared to \$760,606 (\$0.01 per share) for the nine months ended September 30, 2018. The Company's increase in net loss was primarily a result of the cost of the reverse-takeover transaction, the impairment of intangible assets relating to the development costs of RQ, and an increase in the cost of new staff as part of the Company's preparation for signing up new service fee contracts. Without the listing fees of \$1,931,983 and professional fees of \$159,109 relating to the reverse-takeover transaction, and the impairment of intangible assets of \$927,378, net loss and comprehensive loss for the nine months ended September 30, 2019 would have been \$1,127,241 (\$0.01 per share).

Cash Flows

Nine months ended September 30, 2019 and 2018:

During the nine months ended September 30, 2019, the Company used cash of \$458,690 in operating activities as compared to using \$849,392 for the nine months ended September 30, 2018. For the nine months ended September 30, 2019, the Company had significant non-cash items relating to listing fee expense of \$1,931,983 on the reverse-takeover transaction, impairment of intangible assets of \$927,378, stock-based compensation expense of \$497,790, and a net change in unrealized gains on investments of \$332,625. For the nine months ended September 30, 2019, deferred revenue increased by \$784,011, accounts receivable decreased by \$277,919 and sales tax recoverable decreased by \$107,948 offset by an increase in prepaids of \$124,063 and a decrease in accounts payable and accrued liabilities of \$403,580. The increase in deferred revenue were a result of the Company's continued active operating activities derived from its consulting services division.

During the nine months ended September 30, 2019, the Company generated net cash of \$6,921,854 in financing activities as compared to \$1,561,000 during the nine months ended September 30, 2018. During the nine months ended September 30, 2019, the Company completed a brokered private placement financing in connection with the reverse-takeover transaction for gross proceeds of \$7,561,794 (net proceeds of \$6,955,554) while in the prior year period, the Company completed a non-brokered private placement for gross proceeds of \$1,561,000. During the nine months ended September 30, 2019, the Company received proceeds of \$39,700 from the exercise of 189,499 warrants at \$0.20 per share.

During the nine months ended September 30, 2019, cash used in investing activities was \$2,278,748 as compared to \$204,883 during the nine months ended September 30, 2018. Upon completion of the reverse-takeover transaction, the Company acquired cash of \$531,859. During the nine months ended September 30, 2019, the Company commenced capitalizing intangible assets (development costs for its Resource Quantamental division) totaling \$569,063 (2018 - \$148,137). The Company also purchased investments of \$2,330,000 and purchased capital assets (furniture and fixtures and computer equipment) of \$11,544 as compared to \$55,146 in the prior year period. As previously discussed, in

the nine months ended September 30, 2019, the Company received \$100,000 on the sale of exploration and evaluation assets (in respect to 50% of future mineral interests that are acquired by GoldSpot).

For the nine months ended September 30, 2019, the Company had a net increase in cash and cash equivalents of \$4,184,416 as compared to \$506,725 for the nine months ended September 30, 2018. As a result, the Company had a cash and cash equivalents balance of \$5,552,382 as at September 30, 2019 as compared to \$1,935,048 as at September 30, 2018.

Investments:

The fair value and cost of investments are as at September 30, 2019 and December 31, 2018 as follows:

	Fair Value	Cost
September 30, 2019 ⁽¹⁾	\$ 2,817,625	\$ 2,406,600
December 31, 2018	\$ 155,000	\$ 76,600

⁽¹⁾ Included in the fair value is warrants with a fair value of \$68,875, valued in accordance with the Company's accounting policy for warrants.

As at September 30, 2019, the fair value of investments exceeded original cost by \$411,025 as compared to \$78,400 as at December 31, 2018. The increase for the nine months ended September 30, 2019 was due to the net investment gains \$332,625.

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

As at September 30, 2019, total investments included securities of private companies with a fair value totalling \$905,000 (32% of total fair value of the Company's investments; cost of \$826,600). As at December 31, 2018, the Company held one investment which was private investee with a fair value totalling \$155,000 (100% of total fair value of the Company's investments; cost of \$76,600). The fair value was determined in accordance with the Company's accounting policy for private company investments. The amounts at which the Company's private company investments could be disposed of currently may differ significantly from their carrying values since there is no active market to dispose of these investments.

Segmented information:

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

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

The internal reporting provided to the management of the Company's assets, liabilities, and performance is consistently with the measurement and recognition principles of IFRS. There were no changes in the reportable segments during the nine months ended September 30, 2019.

Liquidity and capital resources:

Statement of financial position highlights	September 30, 2019	December 31, 2018
Cash and cash equivalents	\$ 5,552,382	\$ 1,367,966
Accounts receivable	219,681	497,600
Investments, at fair value	2,817,625	155,000
Sales tax recoverable	96,373	142,942
Intangible assets	-	334,015
Total assets	9,316,468	2,754,967
Total liabilities	1,373,086	672,918
Share capital, contributed surplus, and warrants	13,904,691	3,907,647
Deficit	(5,971,309)	(1,825,598)

As at September 30, 2019, the Company's cash position increased to \$5,552,382 as compared to \$1,367,966 as at December 31, 2018. Working capital increased by \$6,110,198 to \$7,805,109 as compared to \$1,694,911 as at December 31, 2018. As at September 30, 2019, total liabilities increased by \$710,168 to \$1,383,086 as compared to \$672,918 as at December 31, 2018, primarily due to increase in deferred revenue and lease liability offset by reduction of accounts payable and accrued liabilities. As at September 30, 2019, total liabilities consisted of accounts payable and accrued liabilities of \$246,080, lease liability of \$319,895 (in accordance to the new accounting policy effective January 1, 2019) and deferred revenue of \$817,111, which will be recognized in the statement of comprehensive income/loss in the coming quarters.

The Company's cash and cash equivalents as at September 30, 2019 is sufficient to meet the Company's current liabilities. The Company continues to have no long-term debt (other than non-current lease liabilities) and is well position to meet its operating expenditure obligations as they become due and to fund its investing division.

In February 2018, the Company signed a lease for new premises in Montreal, Quebec, which started on March 1, 2018 for annual payments of approximately \$96,000 in the first year; \$98,400 in the second year; \$100,860 in the third year; \$103,380 in the fourth year; and \$105,960 in the fifth year, plus applicable taxes until February 28, 2023.

Commencing in March 2019, the Company leased its Toronto, Ontario office on a month-to-month basis for approximately \$7,500 per month.

Related party transactions:

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

- (a) Key management personnel are defined as those individuals having authority and responsibility for planning, directing, and controlling the activities of the Company. GoldSpot considers Denis Laviolette, its President and Chief Executive Officer ("CEO"), Binh Quach, its Chief Financial Officer

("CFO"), Vincent Dube-Bourgeois, its Chief Operating Officer ("COO"), and Cejay Kim, its Vice-President, Chief Business Officer ("VP"), to be its key management personnel.

Compensation of key management and directors are included in the statements of comprehensive loss as follows for the three and nine months ended September 30:

Type of expense	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Salaries and consulting fees	\$ 137,500	\$ 99,000	\$ 368,500	\$ 287,000
Directors fees	47,250	-	118,750	-
Stock-based compensation expense (b, c and 10(f))	67,283	7,145	283,909	108,363
	\$ 252,033	\$ 106,145	\$ 771,159	\$ 395,363

- (b) On March 18, 2019, the Company granted 2,200,000 options to directors of the Company, exercisable at \$0.40 per share, vesting annually over 3 years and expiring on March 18, 2022.
- (c) On February 1, 2018, the Company granted 1,861,533 options to directors and officers of the Company, exercisable at \$0.24 per share, vesting annually gradually over 5 years and expiring on February 1, 2025.
- (d) During the nine months ended September 30, 2019 and year ended December 31, 2018, the Company completed several share capital transactions. The Company's CEO, CFO, COO, and VP subscribed for a total of 203,690 shares of the Company for gross proceeds of \$81,492 pursuant to the Company's private placement in February 2019.
- (e) During the nine months ended September 30, 2019, the Company recorded consulting revenue of \$121,500 (nine months ended September 30, 2018 -\$80,000) from New Found Gold Corp ("NFGC"), a private mineral exploration company. The Company also has investment in NFGC with a fair value of \$750,000. The Company's CEO is also the CEO of NFGC.

Off-Balance Sheet arrangements:

In July 2017, the Company entered into a consulting agreement with a researcher/developer, which included the issuance of 51,916 shares of the Company to the consultant every three months beginning on October 14, 2017 and ending on July 14, 2022 as part of his compensation, for a total of 1,038,321 shares. As at June 13, 2018, the Company had issued 155,748 shares in accordance with the consulting agreement. The consultant resigned on June 14, 2018 and as a result, all future share issuances (882,573 shares) in accordance with the consulting agreement were cancelled.

In January 2019, the Company entered into a Mineral Interest Purchase Agreement (the "Agreement") with a wholly-owned subsidiary of Triple Flag Mining Finance Bermuda Ltd. ("Triple Flag"), a company that focuses on financing and investing in the mining sector. In connection with the Agreement, Triple Flag has acquired 50% of certain mineral interests held or to be acquired by GoldSpot, and certain rights with respect to future mineral interests that are acquired by GoldSpot, for cash consideration of \$100,000, which was included in other income in the statement of comprehensive loss for the nine months ended September 30, 2019. The Company also has net smelter royalties agreements with various junior mining companies in connection with service contracts with them.

As at September 30, 2019, there were no other off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of GoldSpot.

Management of capital:

There were no changes in the Company's approach to capital management during the three months ended September 30, 2019. The Company's capital includes all components of equity which amounts to \$7,933,382 as at September 30, 2019 (December 31, 2018 - \$2,082,049). To date, the Company has not declared any cash dividends to its shareholders as part of its capital management program. The Company's current capital resources are sufficient to discharge its current liabilities as at September 30, 2019.

Financial instruments and financial risk management:

Financial instruments

The carrying amounts of accounts receivable, sales tax receivable, and accounts payable and accrued liabilities approximate their fair value due to their short periods to maturity.

Financial risk management

The Company has exposure to credit risk, liquidity risk, and currency risk associated with its financial assets and liabilities. There were no significant or material changes to the Company's risk management during the nine months ended September 30, 2019. A discussion of the Company's use of financial instruments and other associated risks is as follows.

(a) Credit risk:

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. Financial instruments, which potentially subject the Company to concentrations of credit risk, consist of cash, accounts receivable and sales tax recoverable. All funds in cash are held in financial institutions that have a credit rating above AA and the Company believes the risk of loss to be remote.

Sales tax recoverable is due from the Quebec government. Sales tax credits are subject to review by the Quebec Ministry of Revenue and by Canada Revenue Agency ("CRA") and any adjustments that may result could reduce the sales tax recoverable as recorded. To date, the Company has received its sales tax refunds as filed.

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

The maximum exposure to credit risk is the carrying amount of the Company's cash and cash equivalents, accounts receivable, and sales tax recoverable which total \$5,768,167 as at September 30, 2019 (December 31, 2018 - \$2,069,887).

An aging of accounts receivable as at September 30, 2019 and December 31, 2018 is as follows:

	Accounts receivable due by period				Total
	0-30 days	31-60 days	61-90 days	91+ days	
September 30, 2019	\$ 116,851	\$ -	\$ 12,995	\$ 89,835	\$ 219,681
December 31, 2018	\$ 182,050	\$ 86,648	\$ 87,918	\$ 140,984	\$ 497,600

The impairment of financial assets are \$nil for the nine months ended September 30, 2019 (December 31, 2018 – \$nil). The Company does not have collateral to any of its receivable balances.

(b) Market risk:

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

Additionally, the Company adjusts its investments to fair value at the end of each reporting period. This process could result in significant write-downs of the Company's investments over one or more reporting periods, particularly during periods of overall market instability, which would have a significant unfavourable effect on GoldSpot's financial position.

There were no changes in the way the Company manages market risk during the nine months ended September 30, 2019.

The following table shows the estimated sensitivity of the Company's after-tax net loss for the nine months ended September 30, 2019 from a change in the fair value price of the Company's investments with all other variables held constant as at September 30, 2019:

Percentage of change in closing trade price	Decrease in after-tax net loss from % increase in closing trade price	Increase in after-tax net loss from % decrease in closing trade price
2%	\$ 48,886	\$ (48,886)
4%	97,772	(97,772)
6%	146,657	(146,657)
8%	195,543	(195,543)
10%	244,429	(244,429)

The following table shows the estimated sensitivity of the Company's after-tax net loss for the year ended December 31, 2018 from a change in the fair value price of the Company's investments with all other variables held constant as at December 31, 2018:

Percentage of change in closing trade price	Decrease in after-tax net loss from % increase in closing trade price	Increase in after-tax net loss from % decrease in closing trade price
2%	\$ 2,689	\$ (2,689)
4%	5,379	(5,379)
6%	8,068	(8,068)
8%	10,757	(10,757)
10%	13,446	(13,446)

(c) Liquidity risk:

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they become due. The Company's management is responsible for reviewing liquidity resources to ensure funds are available to meet financial obligations as they become due, as well as ensuring funds exist to support business strategies and operating growth. There were no changes to the way that the Company manages liquidity risk during the nine months ended September 30, 2019. The Company manages liquidity risk by reviewing the amount of cash available on a weekly basis and managing its cash flow.

The Company's accounts payable and accrued liabilities are due within less than 1 year as at September 30, 2019 and December 31, 2018.

The Company's cash balance is sufficient to meet the Company's current liabilities.

The following table shows the Company's liabilities and potential due dates related to liquidity risk as at September 30, 2019:

Liabilities and obligations	Payments due by period				
	Total	Less than 1 year	1 – 3 years	4 – 5 years	Non-cash payable
Accounts payable and accrued liabilities	\$ 246,080	\$ 246,080	\$ -	\$ -	\$ -
Deferred revenue	817,111	-	-	-	817,111
Current lease liability	84,766	84,766	-	-	-
Non-current lease liability	235,129	-	235,129	-	-
	\$ 1,383,086	\$ 330,846	\$ 235,129	\$ -	\$ 817,111

The following table shows the Company's liabilities and potential due dates related to liquidity risk as at December 31, 2018:

Liabilities and obligations	Payments due by period				
	Total	Less than 1 year	1 – 3 years	4 – 5 years	Non-cash payable
Accounts payable and accrued liabilities	\$ 639,818	\$ 639,818	\$ -	\$ -	\$ -
Deferred revenue	33,100	-	-	-	33,100
Office lease payments	385,500	88,600	279,200	17,700	-
	\$ 1,058,418	\$ 728,418	\$ 279,200	\$ 17,700	\$ 33,100

The following table shows the Company's source of liquidity by assets as at September 30, 2019:

Assets	Liquidity by period				
	Total	Less than 1 year	1 – 3 years	After 4 years	Non-liquid assets
Cash and cash equivalents	\$ 5,552,382	\$ 5,552,382	\$ -	\$ -	\$ -
Accounts receivable	219,681	219,681	-	-	-
Investments, at fair value	2,817,625	1,912,625	905,000	-	-
Sales tax recoverable	96,373	96,373	-	-	-
Prepays	267,005	-	-	-	267,005
Property, plant and equipment	363,402	-	-	-	363,402
	\$ 9,316,468	\$ 7,781,061	\$ 905,000	\$ -	\$ 630,407

The following table shows the Company's source of liquidity by assets as at December 31, 2018:

Assets	Liquidity by period				
	Total	Less than 1 year	1 – 3 years	After 4 years	Non-liquid assets
Cash and cash equivalents	\$ 1,367,966	\$ 1,367,966	\$ -	\$ -	\$ -
Accounts receivable	497,600	497,600	-	-	-
Investments, at fair value	155,000	-	155,000	-	-
Sales tax recoverable	204,321	204,321	-	-	-
Prepays	142,942	-	-	-	142,942
Intangible assets	334,015	-	-	-	334,015
Property, plant and equipment	53,123	-	-	-	53,123
	\$ 2,754,967	\$ 2,069,887	\$ 155,000	\$ -	\$ 530,080

(d) Economic dependence:

Revenue

For the nine months ended September 30, 2019, the Company earned revenue from 8 contracts (nine months ended September 30, 2018 – 5 contracts) from mining and exploration companies. The Company's consulting revenue are usually short term in nature and consulting agreements are between 3-12 months terms.

Concentration of credit risk

As at September 30, 2019, the accounts receivable were from 4 mining and exploration companies (December 31, 2018 – 3 companies). As at September 30, 2019, the Company had no reason to believe that the accounts receivable will not be fully collected.

Other Risks:

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

(a) Cash flows from consulting income:

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

(b) Dependence on management and key personnel:

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

(c) Technological changes:

The Company's consulting services and investing divisions operate in business segments that are entirely dependent on technology and the internet. As such, technological change will impact the

ability of the Company to expand and grow its business and will affect the costs and expenses incurred by the Company, including capital requirements. The Company's products and services rely heavily on third-party software. There is a risk that new technologies and standards may render the Company's software applications obsolete. The Company may be required to invest significant capital in new technology and software development to remain competitive.

(d) Investment risks:

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

(e) Private issuers and illiquid securities:

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

(f) Exploration risk:

The exploration and evaluation division is dependent on its exploration and evaluation programs. The exploration and evaluation of mineral deposits involves significant financial risks over a prolonged period, which may not be eliminated even through a combination of careful evaluation, experience and knowledge. Few properties that are explored are ultimately developed into economically viable operating mines. It is impossible to ensure that the current or proposed exploration programmes on any of the properties in which GoldSpot has exploration rights, will

result in any profitable commercial mining operations. GoldSpot cannot give any assurance that its current and future exploration activities will result in a discovery of mineral deposits containing mineral reserves.

Significant Accounting Policies:

Refer to Note 2 of the Notes to the interim condensed consolidated financial statements as at and for three and nine months ended September 30, 2019, for details of the Company's basis of preparation of the interim financial statements.

Refer to Note 3 of the Notes to the interim condensed consolidated financial statements as at and for three and nine months ended September 30, 2019, for details of the Company's accounting policies.

The Company adopted new accounting policies on January 1, 2019 and are as follows. The Company has initially adopted IFRIC - *Interpretation 23 Uncertainty over Income Tax Treatments* and IFRS 16, *Leases* ("IFRS 16") on January 1, 2019.

(i) IFRIC - *Interpretation 23 Uncertainty over Income Tax Treatments*

IFRIC *Interpretation 23 Uncertainty over Income Tax Treatments* provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation requires:

- An entity to contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
- An entity to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and
- If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount of expected value, depending on whichever method better predicts the resolution of the uncertainty.

The adoption of IFRIC - *Interpretation 23 Uncertainty over Income Tax Treatments* did not have a material impact on the Company's consolidated financial statements.

(ii) IFRS 16, *Leases*

IFRS 16 was issued in January 2016 replacing the previous lease standard, IAS 17, *Leases*, and related interpretations. The new standard requires lessees to recognize right-of-use assets and lease liabilities for most leases and recognize the associated expenses to depreciation and interest expense respectively.

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17, *Leases* and IFRIC 4 *Determining whether an Arrangement contains a Lease*. The Company used the following exemptions:

- the election is being taken to not reassess whether a contract is or contains a lease at the date of initial application, and instead to only apply IFRS 16 to contracts that were in the scope of IAS 17;

- the election is being taken to apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the election is being taken to rely on the IAS 37 assessment of whether leases are onerous instead of performing an impairment review;
- the election is being taken to exclude leases for which the term ends within 12 months from January 1, 2019. The Company recognizes the lease payments associated with these leases as an operating expense on a straight-line basis over the lease term;
- the election is being taken, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Company presents right-of-use assets in 'Property, plant and equipment' and lease liabilities in 'Lease liability' in the statement of financial position. Property, plant and equipment include furniture and fixtures, computer equipment, and right-of-use assets.

The following table reconciles the aggregate future minimum lease payments pertaining to continuing operations as disclosed in Note 15 of the annual financial statements of GDI.

Future minimum annual lease as at December 31, 2018	\$ 385,500
Lease payments adjusted	39,100
Gross lease liabilities as at January 1, 2019	424,600
Discount at weighted average rate of 5.36%	(45,530)
Net lease liabilities as at January 1, 2019	\$ 379,070
Principal payments of lease liabilities	(73,400)
Finance expense	14,225
Net lease liabilities as at September 30, 2019	\$ 319,895

During the nine months ended September 30, 2019, the Company recorded \$14,225 in finance expenses related to lease liabilities.

The following table shows the right of use assets balance on transition to IFRS 16 and amortization recorded during the nine-month period.

Right of use assets as at January 1, 2019	\$ 379,070
Accumulated amortization	(68,233)
Right of use assets as at September 30, 2019	\$ 310,837

Future accounting changes:

IFRS accounting standards, interpretations and amendments to existing IFRS accounting standards that were not yet effective as at December 31, 2018, are described in Note 19 to the annual financial statements as at and for the year ended December 31, 2018 which have been adopted by the Company effective January 1, 2019.

Critical accounting estimates:

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

Critical accounting estimates used in the preparation of the Company’s financial statements include the Company’s impairment of financial assets, valuation of privately-held companies, estimate of recoverable fair value on exploration and evaluation assets, the valuation related to the Company’s deferred tax assets (“DTA”), the valuation of stock-based compensation expense, the valuation of broker warrants/compensation options, and the valuation of unlisted warrants of investees.

Impairment of financial assets:

The Company's carrying value of accounts receivable as at September 30, 2019 was \$219,681 (December 31, 2018 – \$497,600), impairments of nil. Management is required to make the judgment whether a receivable balance is collectible based on their relationship with the client and knowledge of the client's financial position. These judgments will affect the reported amounts of accounts receivable and bad debts expense. If the economic conditions of the debtors of the Company were to deteriorate, resulting in an impairment of their ability to make payments, additional impairments might be required.

Valuation of privately-held investments:

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

As at September 30, 2019, the Company had two private investees (December 31, 2018 – one), with the following changes in its private investment categorized as level 3 in the financial instrument hierarchy:

	Opening balance at January 1,	Purchases	Transfer to Level 1 or 2	Net unrealized gains	Ending balance
September 30, 2019	\$ 155,000	\$ 750,000	\$ -	\$ -	\$ 905,000
December 31, 2018	\$ -	\$ 76,600	\$ -	\$ 78,400	\$ 155,000

The net unrealized gains primarily reflect recent transaction prices.

Deferred tax assets:

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

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

Management determined, based upon expectations for future taxable income that it believes that it is not more likely than not it will realize the tax benefits of the DTA during the next several years.

Stock-based Compensation Expense:

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

On March 18, 2019, the Company granted 3,681,000 stock options to directors, employees and consultants of the Company, exercisable at \$0.40 per share expiring on March 18, 2022.

The stock options vest as: (i) 33.3% immediately; (ii) 33.3% on the first anniversary of the date of grant; and (iii) 33.3% on the second anniversary of the date of grant.

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

Black-Scholes option valuation model assumptions used (weighted average)	
Expected volatility	100%
Expected dividend yield	0%
Risk-free interest rate	1.6%
Expected option life in years	3 years
Expected forfeiture rate	0%
Fair value per stock option granted on March 18, 2019	\$ 0.18

The expected volatility is based on the historical volatility of comparable companies over the life of the options. The Company has not paid any cash dividends historically and has no plans to pay cash dividends in the foreseeable future. The risk-free interest rate is based on the yield of Canadian

Benchmark Bonds with equivalent terms. The expected option life in years represents the period of time that options granted are expected to be outstanding based on the vesting dates.

On February 1, 2018, the Company granted 3,929,903 stock options to officers and consultants of the Company, exercisable at \$0.24 per share expiring on February 1, 2025. The stock options granted vest at the rate of 10% at the end of the first year, 15% at the end of the second year, 20% at the end of the third year, 25% in the end of the fourth year and 30% at the end of the fifth year.

The fair value of the options granted on February 1, 2018, was estimated at the date of grant using the Black-Scholes option valuation model with the following assumptions:

Black-Scholes option valuation model assumptions used (weighted average)	
Expected volatility	100%
Expected dividend yield	0%
Risk-free interest rate	2.2%
Expected option life in years	5 years
Expected forfeiture rate	0%
Fair value per stock option granted on February 1, 2018	\$ 0.18

Broker warrants/compensation options:

The following table summarizes information about broker warrants/compensation options outstanding as at September 30, 2019:

Number of warrants	Exercise price	Expiry date	Warrant value (\$)
1,312,130	\$ 0.40	February 8, 2020	\$ 203,380
1,312,130			\$ 203,380

Upon the completion of the reverse-takeover transaction, 190,000 former Duckworth broker warrants were revalued and were assigned a grant date value of \$41,800 as estimated by using the Black-Scholes valuation model with the following assumptions: exercise price of \$0.20, share price of \$0.40, expected dividend yield of 0%, expected volatility of 100%, risk-free rate of return of 1.77%, and an expected maturity of 0.54 years. During the nine months ended September 30, 2019, 198,499 of the warrants were exercised and 1,501 warrants expired unexercised.

As consideration for the services provided by the agents and certain other persons in connection brokered private placement financing that closed on February 1, 2019, the Company issued 1,312,130 compensation options. The compensation options were valued using the Black-Scholes option pricing model with the following assumptions: expected volatility of 100%; dividend yield of 0%; risk-free interest rate of 1.77%; and an expected life of 1.0 years. The expected volatility is based on the historical volatility of comparable companies over the life of the compensation options. The Company has not paid any cash dividends historically and has no plans to pay cash dividends in the foreseeable future. The risk-free interest rate is based on the yield of Canadian Benchmark Bonds with equivalent terms. The expected option life in years represents the period of time that the compensation options are expected to be outstanding. The value (net of share issuance costs) assigned to the compensation options was \$203,380.

Valuation of unlisted warrants of Public Issuers:

The Company uses the Black-Scholes option pricing model to calculate the fair value of unlisted warrants of public companies if there are sufficient and reliable observable market inputs; if no such market inputs are available, the warrants are valued at intrinsic value. The model requires six key inputs: risk free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life and expected volatility. The first four inputs are facts rather than estimates, while the expected life, expected volatility and expected dividend yield (estimated at 0% based on the Company's history of not paying any dividends) are based on the Company's estimates. A shorter expected life of the warrant, lower volatility number or higher dividend yield used would result in a decrease in the fair value of the warrant. A longer expected life of the warrant or a higher volatility number used would result in an increase in the fair value of the warrant. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. As at September 30, 2019, the fair value of unlisted warrants were \$68,875 (December 31, 2018 – nil).

Outstanding Share Data:

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

Common shares	Number
Outstanding	94,724,876
Issuable under the exercise of options	7,404,066
Issuable under the exercise of broker warrants/ compensation options	1,312,130
Total diluted common shares	103,441,072

Refer to Note 10 of the Notes to the interim financial statements as at and for the nine months ended September 30, 2019, for details of the Company's share capital as at September 30, 2019.

Additional Information:

Additional information relating to GoldSpot may be found on the Company's website at www.goldspot.ca and the Company's profile on Sedar at www.sedar.com.