



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

For the quarter ended: September 30, 2020

Date of report: November 11, 2020

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 and notes thereto as at and for the three and nine months ended September 30, 2020 and the annual audited financial statements and notes thereto as at and for the year ended December 31, 2019. The same accounting policies and methods of computation were followed in the preparation of the interim condensed consolidated financial statements as were followed in the preparation and described in Note 3 of the annual financial statements as at and for the year ended December 31, 2019, except as follows:

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

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

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

On August 14, 2020, the Company incorporated a wholly-owned subsidiary, XCorp AI Ltd. which is consolidated in the interim condensed consolidated financial statements for the nine months ended September 30, 2020. The Company incorporated XCorp AI Ltd. (XCorp.) to acquire certain exploration and evaluation assets. Subsequent to September 30, 2020, the Company announced that it has entered into a binding agreement with XCorp and Golden Planet Mining Corp. ("GPM"), a private mining exploration company, pursuant to which XCorp and GPM will effect a business combination. See "XCorp Business Combination" section elsewhere in this MD&A.

Subsidiaries are fully consolidated from the date of incorporation or date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All inter-company account balances and transactions have been eliminated upon consolidation.

Caution Regarding Forward-Looking Information

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

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking information contained in this MD&A include, but are not limited to: risks relating to the Company's ability to raise capital in order to fund obligations as they become due, the Company's ability to generate taxable income from operations, the strength of the Canadian, U.S. and other economies, foreign exchange fluctuations, political and economic conditions in the countries in which the Company's customers are located and other risks included elsewhere in this MD&A under the heading "Other Risks".

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

During Q1 of 2020, there was a global outbreak of the 2019 novel corona virus ("COVID-19") (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the true extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, the Company anticipate this outbreak may cause reduced sales /customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which will negatively impact the Company's business and financial condition. The Company continues to

implement certain procedures and actions which aligns with the recommendations of the health and government authorities in the locations which GoldSpot operates, including social distancing while continuing normal operations and sales through work-from-home policies and learn-from-home environments. While the Company is not immune to these challenging times, the Company believes that it can continue to serve its customers around the world with the tools and resources available in these challenging times.

Overview of Business

Nature of the Business:

GoldSpot Discoveries Corp. was incorporated under the *Canada Business Corporations Act* on May 1, 2017. On February 8, 2019, the Company completed a transaction with GoldSpot Discoveries Inc. ("GDI"), a private company continued under the *Business Corporations Act* (Ontario), which constituted a reverse takeover by GDI and changed its name to "GoldSpot Discoveries Corp." Because GDI is considered the accounting acquirer, the audited financial statements as at and for the year ended December 31, 2019 are a continuation of the financial statements of GDI, adjusted to reflect the legal capital of the Company. On February 21, 2019, the Company commenced trading on the TSX Venture Exchange ("TSXV") under the symbol "SPOT". The Company's head office is at 69 Yonge Street, Suite 1010, Toronto, ON, M5E 1K3.

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

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

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

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

Principal Business:

GoldSpot is a technology company that uses artificial intelligence ("AI") and traditional domain expertise to assist in discovering new mineral deposits for its clients. GoldSpot's consultancy remains an integral part of operations, working with producers provides revenue to offset general office expenses and research and development. However, GoldSpot's mandate has now evolved to include explorers. The

use of machine learning allows the Company to find attractive explorers and valuable royalties earlier in the exploration process. GoldSpot makes strategic investments in these junior companies and can acquire royalties, while giving the issuer access to its geology and data science team. GoldSpot is building a basket of equities and royalties, allowing investors that invest in GoldSpot to gain exposure to AI-driven mining assets.

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

Summary

- For the three months ended September 30, 2020, the Company has net income of \$2,962,300 (basic earnings per share of \$0.03) as compared to a net loss of \$1,362,253 (basic loss per share of \$0.01) for the three months ended September 30, 2019.
- For the nine months ended September 30, 2020, the Company has net income of \$5,861,941 (basic earnings per share of \$0.06) as compared to a net loss of \$4,145,711 (basic loss per share of \$0.05) for the nine months ended September 30, 2019.
- The Company's consulting revenue continues to grow, increasing by 111% to \$1,586,121 for the three months ended September 30, 2020 as compared to \$750,911 for the three months ended September 30, 2019; and increasing 108% to \$3,461,943 for the nine months ended September 30, 2020 as compared to \$1,665,384 for the nine months ended September 30, 2019.
- As at June 30, 2020, the Company has cash and cash equivalents and investments of \$16,190,302 as compared to \$9,634,317 as at December 31, 2019, an increase primarily due to the net investment gains and the increase in consulting revenue, net of operating expenses.
- In July 2020, GoldSpot announced that Firefox Gold Corp. (TSXV: FFOX) has engaged the Company to apply machine learning and its proprietary expertise to delineate new drill-ready targets for orogenic gold mineralization, as well as identify prospective areas regionally. The process will involve analyzing all available geological and remote sensing data from Firefox's properties, including information from the current field program such as the results of the continuing high-resolution airborne magnetics survey.
- In August 2020, GoldSpot announced that it has been engaged by AEX Gold Inc. (TSXV: AEX) to apply its proprietary workflow and machine learning to identify new exploration targets on AEX's licence portfolio in southern Greenland. Goldspot will work with AEX's technical team to analyze all available geological and remote sensing data to create high-quality multivariate prospectivity maps, enhancing the exploration opportunities for gold mineralization at the properties.
- In August 2020, GoldSpot announced that it was engaged by Cassiar Gold Corp (formerly Margaux Resources Ltd.) (TSXV: GLDC) in May, 2020, to combine its proprietary machine learning techniques with the strong geoscientific framework developed for the area to help identify and rank drill targets at the Taurus property of the historic Cassiar gold camp.
- In August 2020, GoldSpot announced that it has been engaged by Tembo Gold Corp. (TSXV: TEM) to apply machine learning and its proprietary expertise to identify new exploration targets on

Tembo's flagship project in the Sukumaland greenstone belt, located in Tanzania. In its analysis, Goldspot will work with Tembo's technical team to analyze all available geological and remote sensing data to explore the potential for gold mineralization local to the properties.

- In September 2020, GoldSpot announced that it has been engaged by Cerrado Gold Inc. (a private exploration company) to apply machine learning and its proprietary data science expertise to identify new exploration targets on Cerrado's Minera Don Nicolas (MDN) project, located in Santa Cruz, Argentina. In its analysis, Goldspot will work with Cerrado's technical team to integrate and analyze geological and remote sensing data available in the area. The process will explore the potential for gold mineralization within the MDN properties, to produce Goldspot smart targets which fuse geoscience knowledge with data science insights.
- In September 2020, GoldSpot's client Quebec Precious Metals Corp. (TSXV: QPM) announced that it has successfully discovered a new polymetallic gold-rich vein system within one of Goldspot's high-priority targets at the Elmer East project located in James Bay, Quebec. Goldspot is a shareholder of QPM but does not own any direct interest in the underlying properties. The new discovery borders a regional-scale shear zone previously interpreted by Goldspot, which opens new multikilometres of potential along strike.

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 the Duckworth Shares on the basis of 82.73481801 Duckworth Shares for each one GDI Share held (the "Transaction"). As a result, 177,002,870 Duckworth Shares were issued to former GDI shareholders on a pre-consolidated basis and not including any Duckworth Shares, which on closing represented 93.6% of the total issued and outstanding shares. GDI's stock options and compensation options were exchanged for GoldSpot's on the basis of the same ratio as the common shares.

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

In connection with the Transaction, GDI changed its name to GoldSpot Holdings Inc., and Duckworth changed its name to GoldSpot Discoveries Corp. and consolidated all of the issued and outstanding Duckworth Shares by exchanging two Duckworth Shares for one new Duckworth Share. Upon completion of the consolidation, the 189,052,785 issued and outstanding Duckworth Shares were

consolidated into approximately 94,526,377 common shares. The Company commenced trading on the TSXV on February 21, 2019 under the symbol "SPOT".

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

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

Purchase Price	
Fair value of common shares	\$ 2,410,000
Fair value of warrants	44,000
Total purchase price	<u>2,454,000</u>
Net Assets Acquired	
Cash	531,859
Accounts payable and accrued liabilities	<u>(9,842)</u>
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	<u>2</u>
Number of post-consolidation Duckworth Shares	6,025,000
Share value as determined (\$33.10 per share on pre-exchange basis)	\$ 0.40
Value of GoldSpot shares that would have been issued to obtain the same ownership percentage	<u>\$ 2,410,000</u>

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

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

XCorp Business Combination

Subsequent to September 30, 2020, the Company announced that it has entered into a binding agreement with its subsidiary, XCorp and GPM, effective November 10, 2020, pursuant to which XCorp and GPM will effect a business combination (the "Proposed Transaction"). The Proposed Transaction shall be structured as an amalgamation, plan of arrangement or other similar business combination of XCorp and GPM to form a consolidated entity (the "Amalco"). The Proposed Transaction is arm's length, other than the fact that the parties share a significant shareholder which, together with its associates, holds a total of approximately 45.5% of the outstanding voting securities of GPM and approximately 16,223,107 common shares of GoldSpot (representing approximately 17.1% of the outstanding voting securities of GoldSpot as of November 10, 2020).

XCorp was formed as a joint initiative between the Company and Hanging Wall Metals Inc. ("Hanging Wall"), a private exploration company, and it currently holds an option to acquire a 100% interest in the Rider Block Project (located in central British Columbia, Canada) pursuant to an option agreement dated October 9, 2020 with Hanging Wall (the "Option Agreement"). GoldSpot has invested an aggregate of \$475,000 in XCorp to date, and currently holds approximately 80.7% of the outstanding shares of XCorp. GPM holds 146,000 ha of prospective property located south-east of La Ronge, Saskatchewan and will have a minimum net cash on hand of Cdn\$400,000 as a condition of the closing of the Proposed Transaction.

As a condition precedent to the closing of the Proposed Transaction, GPM will complete a concurrent non-brokered private placement financing upon terms to be determined, to raise aggregate gross proceeds of \$4,000,000 (the "Private Placement").

Amalco shall be a private company, 50% of the voting securities of which shall be held by the current shareholders of XCorp (in the aggregate) and 50% of the voting securities of which shall be held by the shareholders of GPM (in the aggregate), in each case prior to giving effect to the Private Placement. There shall be no other convertible securities of Amalco outstanding or issuable upon closing of the Proposed Transaction, other than pursuant to the Private Placement and Option Agreement which provides for the issuance of certain stock options of Amalco following completion of the Proposed Transaction. Following the Private Placement, it is accordingly anticipated that the current shareholders of XCorp (including GoldSpot) will hold an aggregate minority interest in Amalco.

The Proposed Transaction will be completed pursuant to a definitive agreement providing for, among other things, voting support for the Proposed Transaction by all directors, officers and majority shareholders of each of XCorp and GPM, customary representations and warranties, covenants, closing conditions, shareholder and regulatory approvals and deal protection provisions. The Proposed Transaction remains subject to the receipt of all applicable shareholder and regulatory approvals, including without limitation, the approval of the TSX Venture Exchange.

Results of Operations

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

	Quarter ended			
	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
Consulting income	\$ 1,586,121	\$ 937,202	\$ 938,620	\$ 646,594
Net investment gains (losses)	2,924,514	3,193,711	368,763	158,524
Operating, general and administrative	(1,542,105)	(1,284,230)	(1,250,799)	(1,341,207)
Net income (loss) and comprehensive income (loss) for the period	2,962,300	2,840,204	59,437	(543,370)
Earnings (loss) per common share based on net income (loss) for the period – basic and diluted	0.03	0.03	0.00	(0.01)
	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Consulting income	\$ 750,911	\$ 399,673	\$ 514,800	\$ 538,800
Net investment gains (losses)	(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)	(0.05)	(0.63)

Three months ended September 30, 2020 and 2019

For the three months ended September 30, 2020, the Company' recorded consulting income of \$1,586,121 as compared to \$750,911 for the three months ended September 30, 2019, a significant increase of 111%.

For the three months ended September 30, 2020, the Company reported net investment gains of \$2,924,514 as compared to net investment losses of \$13,625 for the three months ended September 30, 2019, primarily related to the net write-up to fair value of \$2,188,621 on the Company's investment in accordance with the Company's accounting policy for investments and by realized gains of \$735,893 on the disposition of investments. In the prior year quarter, the net investment gains was a result of the net change in unrealized losses on investments.

For the three months ended September 30, 2020, the Company reported other income of \$1,496 as compared to \$19,220 for the three months ended September 30, 2019. Other income consisted of interest income earned on the Company's cash and money market deposits. In the prior year quarter, the interest rate on money market deposits was significantly higher which earned higher interest income.

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

	Three months ended	
	September 30,	
	2020	2019
Salaries and consulting fees	\$ 967,383	\$ 590,428
Professional fees	113,989	110,160
Stock-based compensation expense	185,964	119,922
Software licensing fees	42,340	29,209
Other employee benefits	51,096	55,000
Other office and general	65,879	71,398
Directors' fees	30,000	47,250
Shareholder relations and filing fees	15,132	95,583
Operating lease payments	32,191	8,298
Travel and promotion	1,123	42,453
Depreciation	23,095	19,058
Provision for ECLs	-	-
Foreign exchange expense (gain)	13,913	(1,874)
	\$ 1,542,105	\$ 1,186,885

For the three months ended September 30, 2020, the Company had operating, general and administrative expenses of \$1,542,105 as compared to \$1,186,885 for the three months ended September 30, 2019, an increase of \$355,220. The increase was primarily due to an increase in salaries and consulting fees attributable to an increase in the number of employees and consultants hired compared to the same period last year. The Company expects a continued increase in salaries and consulting fees due to an increase in hiring to support the increase in number of clients and revenue. These increases were offset by a decrease in shareholder relations and filing fees and travel and promotion due to a decrease in marketing and the number of conferences the Company attended. Stock-based compensation expense increased by \$66,042 as compared to the three months ended September 30, 2019. 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. During the three months ended September 30, 2020, 2,920,000 options were granted.

For the three months ended September 30, 2019, the Company recorded an impairment of the intangible assets (development costs of Resource Quantamental ("RQ")) of \$927,378. In previous periods, the Company had capitalized intangible assets from the development costs associated with RQ in accordance with International Accounting Standards 38, *intangible assets* ("IAS 38). The Company still believes that RQ has incredible merit and potential, but it would require significant cash resources and a longer time frame to become commercially viable. The Company intends to defer the development of Resource Quantamental to preserve its cash resources until a future date. As at September 30, 2019, the Company does not meet the criteria under IAS 38 to capitalize the intangible assets and as a result, the Company had impaired the intangible assets to \$0.

For the three months ended September 30, 2020, the Company had recorded finance expenses of \$7,726 as compared to \$4,496 for the three months ended September 30, 2019. The finance expenses relate to lease liabilities and the amount is the difference between lease payments and the net present value that has been accrued in accordance with the new accounting policy for leases.

Net income and comprehensive income for the three months ended September 30, 2020, was \$2,962,300 (\$0.03 per share) as compared to a net loss and comprehensive loss of \$1,362,253 (\$0.01 per share) for the three months September 30, 2019.

Nine months ended September 30, 2020 and 2019:

For the nine months ended September 30, 2020, the Company recorded consulting income of \$3,461,943 as compared to \$1,665,384 for the nine months ended September 30, 2019, an increase of 108%. Of the total consulting income for the current period, \$112,575 (2019 - \$448,943) were earned from related parties (customers who had a director or officer who is also a director or officer of the Company).

For the nine months ended September 30, 2020, the Company reported net investment gains of \$6,486,988 as compared to \$332,625 for the nine months ended September 30, 2019, primarily related to the net write-up to fair value of \$5,567,804 on the Company's investment in accordance with the Company's accounting policy for investments and by realized gains of \$919,184 on the disposition of investments. In the prior year period, the net investment gains was a result of the net change in unrealized gains on investments.

For the nine months ended September 30, 2020, the Company reported other income of \$14,905 as compared to \$141,561 for the nine months ended September 30, 2019. Other income consisted of interest income earned on the Company's cash deposits while in the prior year period, \$100,000 was from the sale of royalty interests (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 deposits. In the prior year period, the interest rate on money market deposits was significantly higher which earned higher interest income.

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

	Nine months ended	
	September 30,	
	2020	2019
Salaries and consulting fees	\$ 2,367,627	\$ 1,526,722
Professional fees	440,566	269,269
Stock-based compensation expense	295,856	497,790
Software licensing fees	201,470	154,230
Other employee benefits	166,929	130,169
Other office and general	155,963	160,629
Directors' fees	129,730	118,750
Shareholder relations and filing fees	92,487	347,496
Operating lease payments	79,921	19,502
Travel and promotion	79,814	124,243
Depreciation	68,803	56,035
Provision for ECLs	4,140	-
Foreign exchange expense (gain)	(6,172)	6,860
Listing fees	-	1,931,983
	\$ 4,077,134	\$ 5,343,678

For the nine months ended September 30, 2020, the Company had total operating, general and administrative expenses of \$4,077,134 as compared to \$5,343,678 for the nine months ended

September 30, 2019. In the current year period, the total expenses were primarily from salaries and consulting fees (\$2,367,627), professional fees (\$440,566), stock-based compensation expense (\$295,856), and software licensing fees (\$201,470). The increase was primarily due to an increase in salaries and consulting fees and professional fees. The increase in salaries and consulting fees was attributable to an increase in the number of employees and consultants hired compared to the same period last year which corresponds to an increase in revenue for the current year period. The increase in professional fees was due to multiple revisions of the management information circular for the annual and special shareholder's meeting held on September 25, 2020, and finalizing contracts for officers and employees, and other general corporate activities. The Company believes most of these additional legal fees and other expenses, totaling \$393,735 are non-recurring. In the prior year period, the total expenses were primarily from listing fees (\$1,931,983), salaries and consulting fees (\$1,526,722), 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 related to the reverse-takeover transaction in February 2019 which is not expected to reoccur. Stock-based compensation expense will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date. Stock options are accounted for in accordance with the fair value method of accounting for stock-based compensation. The fair value of these options is estimated at the date of grant using the Black-Scholes option pricing model, and expensed over the vesting periods based on the graded method. Unvested forfeited stock options are not expensed during the period. During the nine months ended September 30, 2020, 2,920,000 options were granted exercisable at \$0.18 per share, expiring on July 15, 2025 and 3,202,500 options were cancelled/forfeited.

For the nine months ended September 30, 2019, the Company recorded an impairment of the intangible assets (development costs of Resource Quantamental ("RQ")) of \$927,378. In previous periods, the Company had capitalized intangible assets from the development costs associated with RQ in accordance with International Accounting Standards 38, *intangible assets* ("IAS 38"). The Company still believes that RQ has incredible merit and potential, but it would require significant cash resources and a longer time frame to become commercially viable. The Company intends to defer the development of Resource Quantamental to preserve its cash resources until a future date. As at September 30, 2019, the Company does not meet the criteria under IAS 38 to capitalize the intangible assets and as a result, the Company had impaired the intangible assets to \$0.

For the nine months ended September 30, 2020, the Company had recorded finance expenses of \$24,761 as compared to \$14,225 for the nine months ended September 30, 2019. The finance expenses relate to lease liabilities and the amount is the difference between lease payments and the net present value that has been accrued in accordance with the new accounting policy for leases.

Net income and comprehensive income for the nine months ended September 30, 2020, was \$5,861,941 (\$0.06 per share) as compared to net loss and comprehensive loss of \$4,145,711 (\$0.05 per share) for the nine months ended September 30, 2019. The Company's increase in net income was primarily a result of an increase in consulting income and net investment gains for the nine months ended September 30, 2020.

Cash Flows

Nine months ended September 30, 2020 and 2019

During the nine months ended September 30, 2020, the Company generated cash of \$142,801 in operating activities as compared to using cash of \$458,690 for the nine months ended September 30, 2019. For the nine months ended September 30, 2020, the Company had non-cash items relating to net investment gains of \$6,486,988 and stock-based compensation expenses of \$295,856 as compared to the nine months ended September 30, 2019 which included a 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 net investment gains of \$332,625.

During the nine months ended September 30, 2020, the Company used cash of \$66,830 in financing activities as compared to generating cash of \$6,921,854 during the nine months ended September 30, 2019. During the nine months ended September 30, 2020, the Company used cash for principal payments of lease liabilities while 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) and received \$39,700 from the exercise of warrants and paid \$73,400 in lease liabilities.

During the nine months ended September 30, 2020, net cash generated in investing activities was \$215,648 as compared to \$2,278,748 during the nine months ended September 30, 2019. During the nine months ended September 30, 2020, the Company purchased investments totalling \$3,750,184 (nine months ended September 30, 2019 - \$2,330,000) and received proceeds on disposition of investments totalling \$3,972,806. During the nine months ended September 30, 2019, upon completion of the reverse-takeover transaction, the Company acquired cash of \$531,859, capitalized intangible assets (development costs for its Resource Quantamental division) totaling \$569,063 which has been impaired to \$nil. As previously discussed, in the nine months ended September 30, 2019, the Company received \$100,000 on the sale of royalty interests (in respect to 50% of future mineral interests that are acquired by GoldSpot).

For the nine months ended September 30, 2020, the Company had a net increase in cash and cash equivalents of \$291,619 as compared to \$4,184,416 for the nine months ended September 30, 2019. As a result, the Company had a cash and cash equivalents balance of \$5,053,832 as at September 30, 2020 as compared to \$5,552,382 as at September 30, 2019.

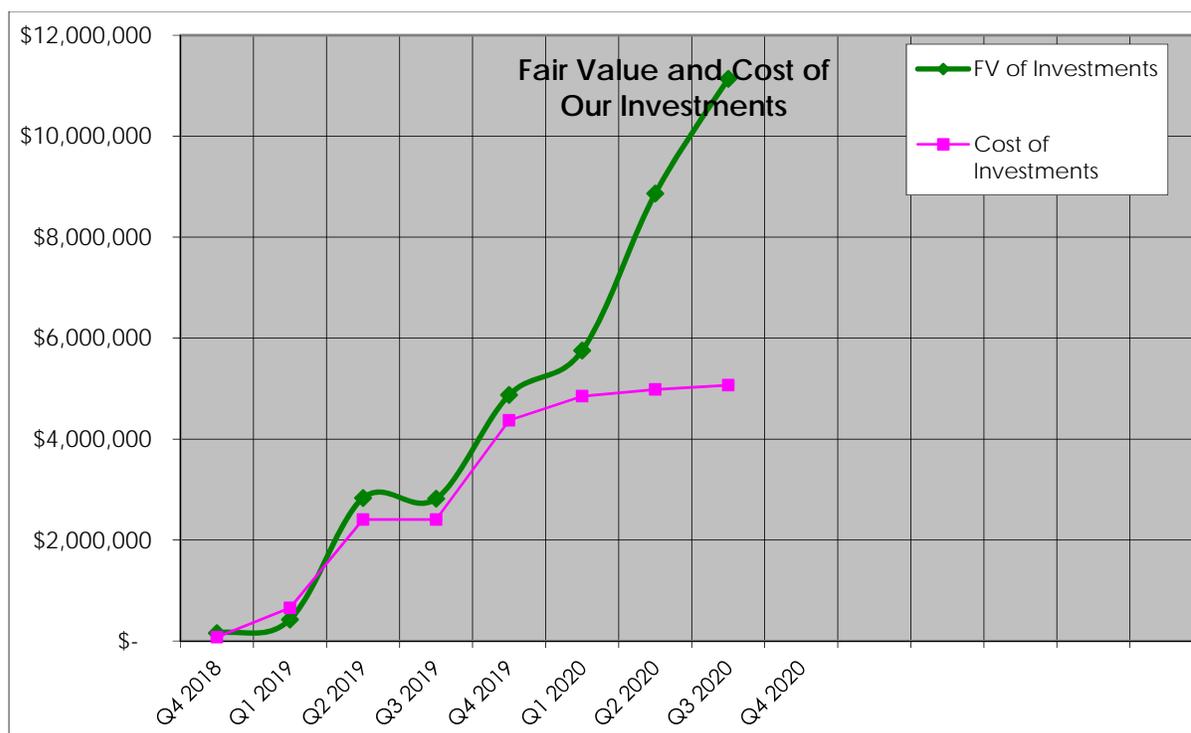
Investments

The fair value and cost of investments are as at September 30, 2020 and December 31, 2019 as follows:

	Fair Value	Cost
September 30, 2020	\$ 11,136,470	\$ 5,067,489
December 31, 2019	\$ 4,872,104	\$ 4,370,927

As at September 30, 2020, the fair value of investments exceeded original cost by \$6,068,981 as compared to \$501,177 as at December 31, 2019. The increase for the nine months end September 30, 2020 was primarily due to the net change in unrealized gains on investments of \$5,567,804 for the current period.

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



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

As at September 30, 2020, total investments included securities of private companies with a fair value totalling \$1,167,825 (11% of total fair value of the Company's investments; cost of \$1,097,116). As at December 31, 2019, total investments included securities of private companies with a fair value totalling \$905,000 (19% of total fair value of the Company's investments; cost of \$826,600). The fair value was determined in accordance with the Company's accounting policy for private company investments. The amounts at which the Company's private company investments could be disposed of currently may differ significantly from their carrying values since there is no active market to dispose of these investments.

Segmented information

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

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

The internal reporting provided to the management of the Company's assets, liabilities, and performance is consistently with the measurement and recognition principles of IFRS. There were no changes in the reportable segments during the three months ended September 30, 2020.

Liquidity and Capital Resources

Statement of financial position highlights	September 30, 2020	December 31, 2019
Cash and cash equivalents	\$ 5,053,832	\$ 4,762,213
Accounts receivable, net of expected credit losses	314,880	128,350
Investments, at fair value	11,136,470	4,872,104
Sales tax recoverable	-	61,632
Total assets	16,587,136	10,262,392
Deferred revenue	2,535,938	2,229,903
Total liabilities	3,151,772	2,752,459
Share capital, contributed surplus, and warrants	14,320,468	14,024,612
Deficit	(652,738)	(6,514,679)

As at September 30, 2020, the Company's cash position increased to \$5,053,832 as compared to \$4,762,213 as at December 31, 2019, primarily due to the collection of deferred revenue and net proceeds on investing activities offset by operating expense payments. As at September 30, 2020, total liabilities increased by \$399,313 to \$3,151,772 as compared to \$2,752,459 as at December 31, 2019, primarily due to an increase in sales tax payable which will be paid in the first quarter of 2021. As at September 30, 2020, total liabilities consisted of accounts payable and accrued liabilities of \$254,324, sales tax payable of \$167,167, lease liability of \$194,343 and deferred revenue of \$2,535,938, which will be recognized in the consolidated statements of income (loss) and comprehensive income (loss) in the coming quarters.

The Company's cash and cash equivalents and investments as at September 30, 2020 is sufficient to meet the Company's current liabilities. The Company continues to have no long-term debt (other than non-current lease liabilities) and is well positioned to meet its operating expenditure obligations as they become due and to fund its investing activities.

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

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 Executive Chairman and President ("EC&P"), Vincent Dube-Bourgeois, its Chief

Executive Officer (“CEO”), Binh Quach, its Chief Financial Officer (“CFO”), Cejay Kim, its Vice-President, Corporate Development, and Shawn Hood, its Chief Technology Officer (who was appointed on July 15, 2020) to be its key management personnel, in addition to its board of directors.

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

Type of expense	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Salaries and consulting fees	\$ 212,500	\$ 137,500	\$ 611,500	\$ 368,500
Directors fees	30,000	47,250	129,730	118,750
Stock-based compensation expense (d, e and 10(f))	168,549	67,283	227,911	283,909
Employee benefits	3,583	-	9,403	-
	\$ 414,632	\$ 252,033	\$ 978,544	\$ 771,159

- (b) On March 18, 2019, the Company granted 2,200,000 options to directors of the Company, exercisable at \$0.40 per share, vesting annually over 2 years and expiring on March 18, 2022.
- (c) During the year ended December 31, 2019, the Company’s CEO, CFO, COO, and VP subscribed for a total of 2,462 subscription receipts (203,690 shares on post-exchange basis) of the Company for gross proceeds of \$81,492 pursuant to the Company’s private placement in February 2019.
- (d) On July 15, 2020, the Company granted 2,250,000 options to directors and officers of the Company, exercisable at \$0.18 per share and expiring on July 15, 2025.
- (e) During the nine months ended September 30, 2020, the Company recorded consulting revenue of \$112,575 (nine months ended September 30, 2019 - \$121,500) from New Found Gold Corp (“NFGC”), a mineral exploration company trading on the TSX Venture Exchange under the symbol “NFG”. As at September 30, 2020, the Company also has an investment in NFGC with a fair value of \$3,632,855 (December 31, 2019 - \$750,000). The Company’s EC&P is also a director and President of NFGC.
- (f) As at September 30, 2020, included in accounts payable and accrued liabilities is \$Nil (December 31, 2019 - \$44,500) in salary, consulting and directors fees payable to directors and officers of the Company.

Off-Balance Sheet Arrangements

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

As at September 30, 2020, there were no other off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of GoldSpot.

Management of Capital

There were no changes in the Company's approach to capital management during the three months ended September 30, 2020. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may borrow from its shareholders or raise additional funds. The Company considers its capital to include total equity which amounts to \$13,667,730 on September 30, 2020 (December 31, 2019 – \$7,509,933). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders.

Since inception, the Company has not declared any cash dividends to its shareholders as part of its capital management program. The Company's current capital resources are sufficient to discharge its current liabilities as at September 30, 2020.

Financial Instruments and Financial Risk Management

Financial instruments

The carrying amounts of accounts receivable, net of expected credit losses ("ECL"), accounts payable and accrued liabilities, and current lease liabilities approximate their fair value due to their short periods to maturity.

Financial risk management

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

There were no significant or material changes to the Company's risk management during the nine months ended September 30, 2020. A discussion of the Company's use of financial instruments and other associated risks is as follows.

(a) Credit risk:

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

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

The maximum exposure to credit risk is the carrying amount of the Company's cash and cash equivalents and accounts receivable, net of ECLs which total \$5,368,712 as at September 30, 2020 (December 31, 2019 - \$4,890,563).

An aging of accounts receivable, net of expected credit losses are as follows as at September 30, 2020 and December 31, 2019:

	September 30, 2020	December 31, 2019
Accounts receivable aging:		
0-30 days	\$ 297,588	\$ 106,315
31-60 days	-	22,035
61-90 days	14,699	-
Greater than 90 days	58,121	50,850
	\$ 370,408	\$ 179,200
Expected credit loss provision	(55,528)	(50,850)
Accounts receivable, net of expected credit losses	\$ 314,880	\$ 128,350

The movement in the expected credit loss provision can be reconciled as follows as at September 30, 2020 and December 31, 2019:

	September 30, 2020	December 31, 2019
Expected credit loss provision:		
Expected credit loss provision, beginning balance	\$ (50,850)	\$ -
Net provision used (recorded) during the period	(4,678)	(50,850)
Expected credit loss provision, ending balance	\$ (55,528)	\$ (50,850)

The following default rates are used to calculate the expected credit loss provision on accounts receivable as at September 30, 2020:

	Total	0-30 days	31-60 days	61-90 days	Greater than 90 days
Default rates		-%	-%	-%	96%
Accounts receivable	\$ 370,408	\$ 297,588	\$ -	\$ 14,699	\$ 58,121
Expected credit loss provisions	\$ 55,528	\$ -	\$ -	\$ -	\$ 55,528

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

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

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

(b) Market risk:

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

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

There were no changes in the way the Company manages market risk during the nine months ended September 30, 2020.

The following table shows the estimated sensitivity of the Company's after-tax net income for the three and nine months ended September 30, 2020 from a change in the fair value price of the Company's investments with all other variables held constant as at September 30, 2020:

Percentage of change in closing trade price	Increase in after-tax net income from % increase in closing trade price	Decrease in after-tax net income from % decrease in closing trade price
2%	\$ 193,218	\$ (193,218)
4%	386,436	(386,436)
6%	579,653	(579,653)
8%	772,871	(772,871)
10%	966,089	(966,089)

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

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

(c) Liquidity risk:

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

There were no changes to the way that the Company manages liquidity risk during the nine months ended September 30, 2020. The Company's accounts payable and accrued liabilities are due within less than 1 year as at September 30, 2020 and December 31, 2019. The Company's cash and cash equivalents balance is sufficient to meet the Company's current liabilities.

The following table shows the Company's liabilities and potential due dates related to liquidity risk as at September 30, 2020:

Liabilities and obligations	Payments due by period				Non-cash payable
	Total	Less than 1 year	1 – 3 years	4 – 5 years	
Accounts payable and accrued liabilities	\$ 254,324	\$ 254,324	\$ -	\$ -	\$ -
Sales tax payable	167,167	167,167	-	-	-
Deferred revenue	2,535,938	-	-	-	2,535,938
Office lease payments	233,920	42,025	191,895	-	-
	\$ 3,191,349	\$ 463,516	\$ 191,895	\$ -	\$ 2,245,425

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

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

The following table shows the Company's source of liquidity by assets as at September 30, 2020:

Assets	Liquidity by period				
	Total	Less than 1 year	1 – 3 years	After 4 years	Non-liquid assets
Cash and cash equivalents	\$ 5,053,832	\$ 5,053,832	\$ -	\$ -	\$ -
Accounts receivable, net of ECLs	314,880	314,880	-	-	-
Investments, at fair value	11,136,470	9,968,645	1,167,825	-	-
Prepays	81,954	-	-	-	81,954
Property and equipment	232,366	-	-	-	232,366
	\$ 16,819,502	\$ 15,337,357	\$ 1,167,825	\$ -	\$ 314,320

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

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

(d) Currency risk:

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

As at September 30, 2020, the Company had \$10,151 (US\$7,610) in cash (December 31, 2019 - \$305,578 (US\$235,277) in cash) and had the Canadian dollar strengthened or declined by 5% in relation to the U.S. dollar, with all other variables held constant, net income (loss) and comprehensive income (loss) for the three and nine months ended September 30, 2020 would have decreased or increased, respectively, by approximately \$381 (year ended December 31, 2019 - \$11,764). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

Other Risks

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

(a) Cash flows from consulting income:

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

(b) Dependence on management and key personnel:

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

(c) Technological changes:

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

(d) Investment risks:

Through its investing division, the Company will acquire securities of public and private companies from time to time, which are primarily junior or small-cap companies. Poor investment performance could impair revenues and growth. The market values of the securities can experience significant fluctuations in the short and long term due to factors beyond the Company's control. Market value can be reflective of the actual or anticipated operating results of the companies and/or the general market conditions in a specific sector as a whole, such as fluctuations in commodity prices and global political and economic conditions. The Company's investments will be carried at fair value, and unrealized gains/losses on the securities and realized

losses on the securities sold could have a material adverse impact on the Company's operating results. There is no assurance that GoldSpot will be able to achieve or maintain any particular level investment return, which may have a material adverse impact on its ability to attract investors. Furthermore, the junior mining space tends to be more volatile than the general market indices. This volatility combined with negative or poor performance could combine to lead to a reduction in investor interest.

(e) Private issuers and illiquid securities:

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

(f) COVID-19:

Our employees, contractors and suppliers could be affected by contagious diseases, including COVID-19, that could result in a reduction in our workforce due to illness or quarantine, transportation and travel restrictions, and other factors beyond our control specifically, the restrictions put in place by the Canadian, provincial and municipal governments regarding isolation/quarantine orders. While the extent of the impact is unknown and cannot be predicted with confidence, these and other factors could negatively affect the Company's business and financial condition. In March 2020, the Company implemented certain procedures and actions, including social distancing as mandated by government authorities and cost cutting measures by laying off a minimal number of staff but maintaining sufficient staff to continue normal operations and sales. In May 2020, as a result of additional sales and the sales in the Company's pipeline, the Company has recalled a majority of the staff which were temporarily laid off in March 2020.

Significant Accounting Policies

Refer to Note 2 of the Notes to the financial statements as at and for year ended December 31, 2019, for details of the Company's basis of preparation of the interim financial statements.

Refer to Note 3 of the Notes to the financial statements as at and for the year ended December 31, 2019, for details of the Company's accounting policies.

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

Provision for expected credit losses:

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

The Company applies the simplified approach to determine ECLs on trade receivables by using a provision matrix based on historical credit loss experiences. The historical results are used to calculate the run rates of default which are then applied over the expected life of the trade receivables, adjusted for forward looking estimates. Management is required to make the judgment whether a receivable balance is collectible based on their relationship with the client and knowledge of the client's financial position. These judgments will affect the reported amounts of accounts receivable and provision for expected credit losses. If the economic conditions of the debtors of the Company were to deteriorate, resulting in an impairment of their ability to make payments, additional provisions might be required.

Accounts receivable, net of expected credit losses consist of the following as at September 30, 2020 and December 31, 2019:

	September 30, 2020	December 31, 2019
Accounts receivable	\$ 370,408	\$ 179,200
Expected credit loss provision	(55,528)	(50,850)
	\$ 314,880	\$ 128,350

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

	Opening balance at January 1,	Purchases	Transfer to Level 1 or 2	Net unrealized losses	Ending balance
September 30, 2020	\$ 905,000	\$ 1,020,516	\$ (750,000)	\$ (7,691)	\$ 1,167,825
December 31, 2019	\$ 155,000	\$ 750,000	\$ -	\$ -	\$ 905,000

During the nine months ended September 30, 2020, one of the Company's investees was transferred from Level 3 to Level 1 when the investee became a reporting issuer and started trading on the TSXV. The net unrealized gains primarily reflect recent transaction prices.

Deferred tax assets:

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.

Deferred tax liabilities 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: i) exercise price; ii) the market price at the date of issue; iii) risk-free interest rate; iv) expected dividend yield; v) expected life; and vi) expected volatility. The first two inputs are facts rather than estimates, while the risk-free interest rate, expected life, expected volatility and expected dividend yield (estimated at 0% based on the Company's history of not paying any dividends) are based on the Company's estimates. A shorter expected life of the option, lower volatility number or higher dividend yield used would result in a decrease in stock-based compensation expense. A longer expected life of the option or a higher volatility number used would result in an increase in stock-based compensation expense. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of stock-based compensation expense. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

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

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

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

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

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

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

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

For the three months ended September 30, 2020, included in statements of income (loss) and comprehensive income (loss) is stock-based compensation expense of \$185,964 (three months ended September 30, 2019 - \$119,922) relating to the stock options granted to directors, officers, employees and consultants of the Company.

For the nine months ended September 30, 2020, included in statements of income (loss) and comprehensive income (loss) is stock-based compensation expense of \$295,856 (nine months ended September 30, 2019 - \$497,790) relating to the stock options granted to directors, officers, employees and consultants of the Company.

Valuation of unlisted warrants of investees:

The Company uses the Black-Scholes option pricing model to calculate the fair value of unlisted warrants of public companies if there are sufficient and reliable observable market inputs; if no such market inputs are available, the warrants are valued at intrinsic value. The model requires six key inputs: i) risk free interest rate; ii) exercise price; iii) market price at date of issue; iv) expected dividend yield; v) expected life; and vi) expected volatility. The first four inputs are facts rather than estimates, while

the expected life, expected volatility and expected dividend yield (estimated at 0% based on the Company's history of not paying any dividends) are based on the Company's estimates. A shorter expected life of the warrant, lower volatility number or higher dividend yield used would result in a decrease in the fair value of the warrant. A longer expected life of the warrant or a higher volatility number used would result in an increase in the fair value of the warrant. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. As at June 30, 2020, the fair value of unlisted warrants were \$1,888,568 (December 31, 2019 – \$425,337).

Outstanding Share Data

Subsequent to September 30, 2020, 66,666 options exercisable at \$0.40 per share expired unexercised.

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:

	Number of securities outstanding	Number of securities exercisable
Common shares		
Outstanding	94,724,876	94,724,846
Issuable under the exercise of options	7,021,566	2,281,416
Total diluted common shares	101,746,442	97,006,292

Refer to Note 10 of the Notes to the financial statements as at and for the three and nine months ended September 30, 2020, for details of the Company's share capital as at September 30, 2020.

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.