

Interim Condensed Consolidated Financial Statements of



DISCOVERIES CORP.

(Formerly Duckworth Capital Corp.)

September 30, 2020

(Unaudited - Prepared in Canadian dollars)

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GOLDSPOT DISCOVERIES CORP.

(Formerly Duckworth Capital Corp.)

Notice to Reader

September 30, 2020

(Unaudited - Prepared in Canadian dollars)

Notice to reader pursuant to National Instrument 51-102 – Continuous Disclosure Obligations

Under National Instrument 51-102 – Continuous Disclosure Obligations, if an auditor has not performed a review of a reporting issuer's interim condensed financial statements, the financial statements must be accompanied by a notice indicating that they have not been reviewed by an auditor.

The Company's independent auditor has not performed a review of these interim condensed consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

GOLDSPOT DISCOVERIES CORP.
(Formerly Duckworth Capital Corp.)
Consolidated Statements of Financial Position
As at September 30, 2020 and December 31, 2019
(Unaudited - Prepared in Canadian dollars)

	<u>Notes</u>	<u>September 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Assets			
Current			
Cash and cash equivalents		\$ 5,053,832	\$ 4,762,213
Accounts receivable, net of expected credit losses (ECL)	4, 17(a)	314,880	128,350
Investments, at fair value	5	11,136,470	4,872,104
Sales tax recoverable		-	61,632
Prepays		81,954	143,898
		<u>16,587,136</u>	<u>9,968,197</u>
Property and equipment		232,366	294,195
		<u>\$ 16,819,502</u>	<u>\$ 10,262,392</u>
Liabilities and Equity			
Current			
Accounts payable and accrued liabilities		\$ 254,324	\$ 286,144
Sales tax payable		167,167	-
Deferred revenue	7	2,535,938	2,229,903
Lease liability	8	69,094	60,221
		<u>3,026,523</u>	<u>2,576,268</u>
Non-current lease liability	8	125,249	176,191
		<u>3,151,772</u>	<u>2,752,459</u>
Equity			
Share capital	10	12,978,924	12,978,924
Contributed surplus	10(d)	1,341,544	842,308
Warrants	10(e)	-	203,380
Accumulated deficit		(652,738)	(6,514,679)
		<u>13,667,730</u>	<u>7,509,933</u>
		<u>\$ 16,819,502</u>	<u>\$ 10,262,392</u>

The accompanying notes are an integral part of these interim condensed consolidated financial statements

GOLDSPOT DISCOVERIES CORP.

(Formerly Duckworth Capital Corp.)

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)**Three And Nine Months Ended September 30,****(Unaudited - Prepared in Canadian dollars)**

		<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>Notes</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenue					
Consulting income	7, 9(d)	\$ 1,586,121	\$ 750,911	\$ 3,461,943	\$ 1,665,384
Net investment gains (losses)	12	2,924,514	(13,625)	6,486,988	332,625
Other income	13	1,496	19,220	14,905	141,561
		<u>4,512,131</u>	<u>756,506</u>	<u>9,963,836</u>	<u>2,139,570</u>
Expenses					
Operating, general and administrative	9, 14	1,542,105	1,186,885	4,077,134	5,343,678
Impairment of intangible assets	9	-	927,378	-	927,378
Finance expenses		7,726	4,496	24,761	14,225
		<u>1,549,831</u>	<u>2,118,759</u>	<u>4,101,895</u>	<u>6,285,281</u>
Income (loss) before income taxes		2,962,300	(1,362,253)	5,861,941	(4,145,711)
Income tax expense		-	-	-	-
Net income (loss) and comprehensive income (loss) for the period		\$ 2,962,300	\$ (1,362,253)	\$ 5,861,941	\$ (4,145,711)
Earnings (loss) per common share for the period					
Basic and diluted	10(f)	<u>\$ 0.03</u>	<u>\$ (0.01)</u>	<u>\$ 0.06</u>	<u>\$ (0.05)</u>
Weighted average number of common shares outstanding					
Basic and diluted	10(f)	94,724,876	94,644,874	94,724,876	91,478,191

The accompanying notes are an integral part of these interim condensed consolidated financial statements

GOLDSPOT DISCOVERIES CORP.**(Formerly Duckworth Capital Corp.)****Consolidated Statements of Changes in Equity****Nine Months Ended September 30,****(Unaudited - Prepared in Canadian dollars)**

	Notes	Number of shares	Share capital	Contributed surplus	Warrants	Accumulated deficit	Total equity
Balance at December 31, 2018		839,736	\$ 3,683,380	\$ 224,267	\$ -	\$ (1,825,598)	\$ 2,082,049
Net loss and comprehensive loss for the period		-	-	-	-	(4,145,711)	(4,145,711)
Issued pursuant to private placements, net	10(c)	228,453	6,752,174	-	203,380	-	6,955,554
Issued pursuant to services	10(c)	1,510	50,000	-	-	-	50,000
Shares issued pursuant to reverse acquisition	3, 10(a)	6,025,000	2,410,000	-	44,000	-	2,454,000
Shares exchange impacts related to reverse acquisition	10(a)	87,431,678	-	-	-	-	-
Issued pursuant to exercise of warrants		198,499	83,370	-	(43,670)	-	39,700
Reallocation of expired warrants		-	-	330	(330)	-	-
Stock-based compensation expense	10(d)	-	-	497,790	-	-	497,790
Balance at September 30, 2019		94,724,876	\$ 12,978,924	\$ 722,387	\$ 203,380	\$ (5,971,309)	\$ 7,933,382
Balance at December 31, 2019		94,724,876	\$ 12,978,924	\$ 842,308	\$ 203,380	\$ (6,514,679)	\$ 7,509,933
Net income and comprehensive income for the period		-	-	-	-	5,861,941	5,861,941
Reallocation of expired warrants		-	-	203,380	(203,380)	-	-
Stock-based compensation expense	10(d)	-	-	295,856	-	-	295,856
Balance at September 30, 2020		94,724,876	\$ 12,978,924	\$ 1,341,544	\$ -	\$ (652,738)	\$ 13,667,730

The accompanying notes are an integral part of these interim condensed consolidated financial statements

GOLDSPOT DISCOVERIES CORP.
(Formerly Duckworth Capital Corp.)
Consolidated Statements of Cash Flows
Nine Months Ended September 30,
(Unaudited - Prepared in Canadian dollars)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
Cash flows from (used in) operating activities			
Net income (loss) for the period		\$ 5,861,941	\$ (4,145,711)
Items not affecting cash			
Net investment gains		(6,486,988)	(332,625)
Listing expense on reverse acquisition		-	1,931,983
Gain on sale of royalty interests		-	(100,000)
Stock-based compensation expense		295,856	497,790
Depreciation		68,803	56,035
Finance expense		24,761	14,225
Impairment of intangible assets		-	927,378
		<u>(235,627)</u>	<u>(1,150,925)</u>
Changes in non-cash working capital balances			
Decrease (increase) in accounts receivable, net of expected credit losses (ECL)		(186,530)	277,919
Decrease in sales tax recoverable		61,632	107,948
Decrease (increase) in prepaids		61,944	(124,063)
Decrease in accounts payable and accrued liabilities		(31,820)	(353,580)
Increase in sales tax payable		167,167	-
Increase in deferred revenue		306,035	784,011
		<u>142,801</u>	<u>(458,690)</u>
Cash flows from (used) financing activities			
Proceeds pursuant to private placement financings, net		-	6,955,554
Proceeds pursuant to exercise of warrants		-	39,700
Principal payments of lease liabilities		(66,830)	(73,400)
		<u>(66,830)</u>	<u>6,921,854</u>
Cash flows from (used in) investing activities			
Cash acquired on reverse acquisition		-	531,859
Proceeds on disposition of investments		3,972,806	-
Purchases of investments		(3,750,184)	(2,330,000)
Purchases of property and equipment		(6,974)	(11,544)
Proceeds on sale of royalty interests		-	100,000
Expenditures on intangible assets		-	(569,063)
		<u>215,648</u>	<u>(2,278,748)</u>
Net increase in cash and cash equivalents during the period		291,619	4,184,416
Cash and cash equivalents, beginning of period		4,762,213	1,367,966
Cash and cash equivalents, end of period		\$ 5,053,832	\$ 5,552,382

Supplemental cash flow information

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The accompanying notes are an integral part of these interim condensed consolidated financial statements

GOLDSPOT DISCOVERIES CORP.

(Formerly Duckworth Capital Corp.)

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2020

(Unaudited - Prepared in Canadian dollars)

1. Nature of business:

GoldSpot Discoveries Corp. (formerly Duckworth Capital Corp.) ("GoldSpot" or the "Company") 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." (Note 3). Because GDI is considered to be the acquirer, these 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.

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.

On August 14, 2020, the Company incorporated a wholly-owned subsidiary, XCorp AI Ltd. ("XCorp") to acquire certain exploration and evaluation assets. (See Note 19(b))

These interim condensed consolidated financial statements were approved for issuance by the Company's board of directors on November 11, 2020.

2. Basis of preparation:

(a) Statement of compliance:

These interim condensed consolidated financial statements are unaudited and have been prepared on a condensed basis in accordance with International Accounting Standard 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee using accounting policies consistent with International Financial Reporting Standards ("IFRS").

These interim condensed consolidated financial statements for the three and nine months ended September 30, 2020 and 2019 should be read together with the annual financial statements as at and for the year ended December 31, 2019. The same accounting policies and methods of computation were followed in the preparation of these interim condensed consolidated financial statements as were followed in the preparation of and as described in note 3 of the annual financial statements as at and for the year ended December 31, 2019, except as follows.

GOLDSPOT DISCOVERIES CORP.

(Formerly Duckworth Capital Corp.)

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2020

(Unaudited - Prepared in Canadian dollars)

2. Basis of preparation (continued):

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.

(b) Basis of presentation:

These interim condensed consolidated financial statements have been prepared using the historical cost convention except for certain financial instruments which have been measured at fair value. All monetary references expressed in these notes are references to Canadian dollar amounts ("\$").

(c) Basis of consolidation:

These interim consolidated financial statements include the financial statements of GoldSpot and its wholly-owned subsidiary, XCorp.

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.

(d) Critical accounting judgments, estimates and assumptions:

The preparation of interim condensed consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the interim condensed financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The information about significant areas of estimation uncertainty and judgment considered by management in preparing the interim condensed consolidated financial statements were the same as those in the preparation of the annual financial statements as at and for the year ended December 31, 2019.

GOLDSPOT DISCOVERIES CORP.

(Formerly Duckworth Capital Corp.)

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2020

(Unaudited - Prepared in Canadian dollars)

2. Basis of preparation (continued):

(e) Determination of functional currency:

The effects of Changes in Foreign Exchange Rates' (IAS 21) defines the functional currency as the currency of the primary economic environment in which an entity operates. The determination of functional currency, which is performed on an entity by entity basis, is based on various judgmental factors outlined in IAS 21.

These interim condensed consolidated financial statements are presented in Canadian dollars, which is the parent's functional currency. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of XCorp is Canadian dollars.

3. Acquisition of GoldSpot Discoveries Inc.:

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

On February 8, 2019, Duckworth completed the transaction with GDI. The transaction was completed by way of a statutory amalgamation whereby GDI amalgamated with Subco and all of the outstanding common shares of GDI were exchanged for common shares of Duckworth (the "Duckworth Shares") on the basis of 82.73481801 Duckworth Shares for each one GDI Share held (the "Transaction"). As a result, 177,002,870 Duckworth Shares were issued to former GDI shareholders on a pre-consolidated basis and not including any Duckworth Shares, which on closing represented 93.6% of the total issued and outstanding shares. GDI's stock options and compensation options were exchanged for GoldSpot's on the basis of the same ratio as the common shares.

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

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

GOLDSPOT DISCOVERIES CORP.**(Formerly Duckworth Capital Corp.)****Notes to the Interim Condensed Consolidated Financial Statements****September 30, 2020****(Unaudited - Prepared in Canadian dollars)**

3. Acquisition of GoldSpot Discoveries Inc. (continued):

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	(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 (\$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.

GOLDSPOT DISCOVERIES CORP.

(Formerly Duckworth Capital Corp.)

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2020

(Unaudited - Prepared in Canadian dollars)

3. Acquisition of GoldSpot Discoveries Inc. (continued):

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.

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

4. Accounts receivable, net of expected credit losses:

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

5. Investments, at fair value and financial instruments hierarchy:

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

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

(b) As at September 30, 2020, included in investments, at fair value were securities of private companies with a fair value totaling \$1,167,825 (cost of \$1,097,116) (December 31, 2019 – fair value of \$905,000 (cost of \$826,600)) measured in accordance with the company's accounting policy for private company investments.

(c) Financial instruments hierarchy:

The fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The level in the hierarchy within which the fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The fair value hierarchy has the following levels:

(i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

GOLDSPOT DISCOVERIES CORP.**(Formerly Duckworth Capital Corp.)****Notes to the Interim Condensed Consolidated Financial Statements****September 30, 2020****(Unaudited - Prepared in Canadian dollars)**

5. Investments, at fair value and financial instruments hierarchy (continued):

- (ii) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- (iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. Investments which are in Level 3 and become public issuers during the period are transferred to Level 1 or 2.

The following table presents the Company's investments, measured at fair value and categorized into levels of the fair value hierarchy on the statements of financial position as at September 30, 2020 and December 31, 2019:

Investments, at fair value	Level 1	Level 2	Level 3	Total
	Quoted market price	Valuation technique – observable market inputs	Valuation technique – non-observable market inputs	
September 30, 2020	\$ 6,314,410	\$ 3,654,235	\$ 1,167,825	\$ 11,136,470
December 31, 2019	\$ 1,481,250	\$ 2,485,855	\$ 905,000	\$ 4,872,105

The following table presents the changes in fair value measurements of financial instruments classified as Level 3 for the nine months ended September 30, 2020 and year ended December 31, 2019. These financial instruments are measured at fair value utilizing non-observable market inputs based on specific company information and general market conditions. The net change in unrealized gains are recognized in the consolidated statements of income (loss) and comprehensive income (loss).

	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

GOLDSPOT DISCOVERIES CORP.**(Formerly Duckworth Capital Corp.)****Notes to the Interim Condensed Consolidated Financial Statements****September 30, 2020****(Unaudited - Prepared in Canadian dollars)**

5. Investments, at fair value and financial instruments hierarchy (continued):

Significant unobservable inputs used in the fair value measurement of Level 3 investments were:

Description	Fair value at September 30, 2020	Valuation technique	Unobservable input	% of Investments	Sensitivity to changes in significant unobservable inputs (%)
Unlisted private equities	\$ 982,825	Grey market activity	New investment and foreign exchange adjustment	8.8	Additional grey market activity
Unlisted private equities	155,000	Grey market activity	Recent transaction price	1.4	Additional grey market activity
Unlisted private warrants	30,000	Black-Scholes	Market prices, volatility, discount rate	0.3	103% volatility
	\$ 1,167,825			10.5	

Description	Fair value at December 31, 2019	Valuation technique	Unobservable input	% of Investments	Sensitivity to changes in significant unobservable inputs (%)
Unlisted private equities	\$ 905,000	Grey market activity	Recent transaction price	18.6	Additional grey market activity
	\$ 905,000			18.6	

For investments valued based on trends in comparable publicly traded companies, general market conditions and specific company information, the inputs used can be highly judgmental. A +/- 25% change on the fair value of this investment will result in a corresponding +/- \$291,956 (December 31, 2019 - \$226,250) change in the total fair value of the investments.

While this illustrates the overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different terms and circumstances. The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions, and its results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of this investment.

Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of these investments. Any management actions that may be taken to mitigate the inherent risks are not reflected in this analysis.

GOLDSPOT DISCOVERIES CORP.**(Formerly Duckworth Capital Corp.)****Notes to the Interim Condensed Consolidated Financial Statements****September 30, 2020****(Unaudited - Prepared in Canadian dollars)**

6. Financial assets and (liabilities) other than investments at fair value:

Financial assets and liabilities other than investments at fair value are as follows as at September 30, 2020 and December 31, 2019:

	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
Accounts payable and accrued liabilities	(254,324)	(286,144)
Current lease liability	(69,094)	(60,221)
Non-current lease liability	(125,249)	(176,191)
	\$ 4,920,045	\$ 4,368,007

The carrying values of cash and cash equivalents, accounts receivable, net of expected credit losses, accounts payable and accrued liabilities, and current lease liability approximate their fair values due to the short term to maturity for these instruments.

7. Deferred revenue:

Revenue is recognized on service contracts based on the proportion of the number of labour hours incurred as a proportion of the total labour hours required to complete the contract. There may be differences between the timing of billings and the number of labour hours incurred at a point in time. Where revenue recognized exceeds the amounts billed to customers, the difference is recorded as unbilled revenue. Where amounts billed to customers exceed revenue recognized, the difference is recorded as deferred revenue.

The following table summarizes the changes in the Company's deferred revenue during the nine months ended September 30, 2020 and year ended December 31, 2019:

	September 30, 2020	December 31, 2019
Deferred revenue, at beginning of period	\$ 2,229,903	\$ 33,100
Prior year unbilled revenue	-	(37,500)
Amounts billed	3,767,978	4,546,281
Revenue recognized	(3,461,943)	(2,311,978)
Deferred revenue, at the end of period	\$ 2,535,938	\$ 2,229,903

8. Lease liabilities:

In February 2018, the Company signed a lease for new premises in Montreal, Quebec, which started March 1, 2018 for annual payments of approximately \$96,000 (\$8,000 monthly, increased by 2.5% each year) plus applicable taxes until February 28, 2023.

GOLDSPOT DISCOVERIES CORP.

(Formerly Duckworth Capital Corp.)

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2020

(Unaudited - Prepared in Canadian dollars)

6. Lease liabilities (continued):

As at September 30, 2020, future minimum annual lease payments under operating leases for premises are approximately as follows:

2020	\$	25,215
2021		102,960
2022		105,530
2023		17,660
Prepaid rent deposits		(17,445)
Total lease obligations	\$	233,920
Discount at effective interest rates of 15%		(39,577)
Net lease liabilities, as at September 30, 2020	\$	194,343
Non-current lease liability, as at September 30, 2020		(125,249)
Current lease liability, as at September 30, 2020	\$	69,094

9. Related party transactions:

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

- (a) During the three and nine months ended September 30, 2020 and 2019, 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):

Type of expense	Three months ended		Nine months ended	
	September 30,		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.

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9. Related party transactions (continued):

- (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.

10. Equity:

- (a) Authorized: unlimited number of common shares (no par value).

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 2 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.

- (b) In connection with the reverse-takeover Transaction, the Company issued 177,002,870 common shares (pre-consolidation basis) to former shareholders of GDI. Note 5.
- (c) On February 1, 2019, in connection with the reverse-takeover transaction, the Company completed a brokered private placement financing raising gross proceeds of \$7,561,794 through the issuance and sale of 228,453 common shares at a price of \$33.10 per share (on a pre-Transaction basis).

As consideration for the services provided by the agents and certain other persons in connection with the offering: (i) the Company paid cash commissions and share issuance costs of \$606,240; (ii) issuance of 1,510 common shares totaling \$50,000 as partial payment of agent fees; and (iii) the agents receive 15,859 compensation options upon the closing of

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the transaction. Each compensation option shall be exercisable into one common share at an exercise price of \$33.10 per share expiring on February 8, 2020.

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.

(d) Stock options:

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.

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10. Equity (continued):

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 the consolidated 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 the consolidated 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.

A summary of the status of the Company's stock options as at September 30, 2020 and December 31, 2019 and changes during the periods then ended is presented below:

	September 30, 2020		December 31, 2019	
	# of options	Weighted average exercise price	# of options	Weighted average exercise price
Stock options				
Outstanding, at beginning of period	7,370,732	\$ 0.32	45,000	\$ 20.00
Option exchange impacts related to reverse acquisition	-	-	3,678,066	-
Granted	2,920,000	0.18	3,681,000	0.40
Cancelled/forfeited	(3,202,500)	0.40	(33,334)	0.40
Outstanding, at end of period	7,088,232	\$ 0.23	7,370,732	\$ 0.32
Exercisable, at end of period	2,160,582	\$ 0.24	1,599,307	\$ 0.36

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The following table summarizes information about stock options outstanding and exercisable as at September 30, 2020:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
3,723,066	930,757	\$ 0.24	February 1, 2025
445,166	318,996	0.40	March 18, 2022
2,920,000	910,829	0.18	July 15, 2015
7,088,232	2,160,582		

(e) Broker warrants/compensation options:

	September 30, 2020		December 31, 2019	
	# of warrants	Weighted average exercise price	# of warrants	Weighted average exercise price
Broker warrants				
Outstanding, at beginning of period	1,312,130	\$ 0.40	-	\$ -
Issued	-	-	1,512,130	0.37
Exercised	-	-	(198,499)	0.20
Expired	(1,312,130)	0.40	(1,501)	0.20
Outstanding, at end of period	-	\$ -	1,312,130	\$ 0.40

(f) Basic and diluted earnings (loss) per common share based on net income (loss) for the three and nine months ended September 30:

	Three months ended September 30,		Nine months ended September 30,	
Numerator:	2020	2019	2020	2019
Net income (loss) for the period	\$ 2,962,300	\$ (1,362,253)	\$ 5,861,941	\$ (4,145,711)

	Three months ended September 30,		Nine months ended September 30,	
Denominator:	2020	2019	2020	2019
Weighted average number of common shares outstanding - basic	94,724,876	94,644,874	94,724,876	91,478,191
Weighted average effect of diluted stock options and warrants (i)	-	-	-	-
Weighted average number of common shares outstanding - diluted	94,724,876	94,644,874	94,724,876	91,478,191

	Three months ended September 30,		Nine months ended September 30,	
Earnings (loss) per common share based on net loss for the period:	2020	2019	2020	2019
Basic	\$ 0.03	\$ (0.01)	\$ 0.06	\$ (0.05)
Diluted	\$ 0.03	\$ (0.01)	\$ 0.06	\$ (0.05)

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10. Equity (continued):

- (i) The determination of the weighted average number of common shares outstanding – diluted excludes 7,088,232 shares related to convertible securities that were anti-dilutive for the three and nine months ended September 30, 2020 (three and nine months ended September 30, 2019 – 8,716,196).

- (g) Maximum share dilution:

The following table presents the maximum number of shares that would be outstanding if all outstanding convertible securities were exercised as at September 30, 2020 and December 31, 2019:

	September 30, 2020	December 31, 2019
Common shares outstanding	94,724,876	94,724,876
Stock options to purchase common shares	7,088,232	7,370,732
Broker warrants to purchase common shares	-	1,312,130
Fully diluted common shares outstanding	101,813,108	103,407,738

11. Segmented information:

The management of the Company is responsible for the Company's sales and considers the business to have a single operating segment. The Company has a single reportable geographic segment, Canada, and all of the Company's assets are located in Canada.

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

12. Net investment gains:

Net investment gains comprise of the following for three and nine months ended September 30:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Net realized gains on disposal of investments	\$ 735,893	\$ -	\$ 919,184	\$ -
Net change in unrealized gains (losses) on investments	2,188,621	(13,625)	5,567,804	332,625
	\$ 2,924,514	\$ (13,625)	\$ 6,486,988	\$ 332,625

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Other income comprises of the following for the three and nine months ended September 30:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Gain on sale of royalty interests	\$ -	\$ -	\$ -	\$ 100,000
Interest income	1,496	19,220	14,905	41,561
	\$ 1,496	\$ 19,220	\$ 14,905	\$ 141,561

14. Expenses by nature:

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

	Note	Three months ended September 30,		Nine months ended September 30,	
		2020	2019	2020	2019
Salaries and consulting fees	9(a)	\$ 967,383	\$ 590,428	\$ 2,367,627	\$ 1,526,722
Professional fees		113,989	110,160	440,566	269,269
Stock-based compensation expense	10(d)	185,964	119,922	295,856	497,790
Software licensing fees		42,340	29,209	201,470	154,230
Other employee benefits		51,096	55,000	166,929	130,169
Other office and general		65,879	71,398	155,963	160,629
Directors' fees	9(a)	30,000	47,250	129,730	118,750
Shareholder relations and filing fees		15,132	95,583	92,487	347,496
Operating lease payments		32,191	8,298	79,921	19,502
Travel and promotion		1,123	42,453	79,814	124,243
Depreciation		23,095	19,058	68,803	56,035
Provision for ECLs		-	-	4,140	-
Foreign exchange expense (gain)		13,913	(1,874)	(6,172)	6,860
Listing fees	3	-	-	-	1,931,983
		\$ 1,542,105	\$ 1,186,885	\$ 4,077,134	\$ 5,343,678

15. Supplemental disclosure of cash flow information:

The following table shows the supplemental cash flow information for the nine months ended September 30:

	2020	2019
Finance expense paid	\$ -	\$ 14,225
Issuance of shares pursuant to services	-	50,000

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16. Management of capital:

There were no changes in the Company's approach to capital management during the nine 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.

17. Financial instruments and financial risk management:

Financial instruments

The carrying amounts of accounts receivable, net of ECLs, 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.

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17. Financial instruments and financial risk management (continued):

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

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17. Financial instruments and financial risk management (continued):

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. See note 17(e) for concentration of credit risk.

(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)

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17. Financial instruments and financial risk management (continued):

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

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17. Financial instruments and financial risk management (continued):

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				Non-liquid assets
	Total	Less than 1 year	1 – 3 years	After 4 years	
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				Non-liquid assets
	Total	Less than 1 year	1 – 3 years	After 4 years	
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

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17. Financial instruments and financial risk management (continued):

(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.

18. Other risks:

During the first quarter of 2020, there was a global outbreak of 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 anticipates 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. To mitigate the current and potential fallout should the outbreak should last an extended period, GoldSpot has already implemented certain procedures and actions, including cost cutting measures and cancelling the attendance of certain conferences.

19. Subsequent events:

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

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19. Subsequent events (continued):

- (b) Subsequent to September 30, 2020, the Company announced that it has entered into a binding agreement with its subsidiary, XCorp (See Note 1) and Golden Planet Mining Corp. ("GPM"), a private mining exploration company, 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.