

Interim Condensed Consolidated Financial Statements of

EARTHLABS



(Formerly GoldSpot Discoveries Corp.)

September 30, 2022

(Unaudited - Prepared in Canadian dollars)

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EARTHLABS INC.**(Formerly GoldSpot Discoveries Corp.)****Interim Condensed Consolidated Statements of Financial Position****As at September 30, 2022 and December 31, 2021****(Unaudited - prepared in Canadian dollars)**

	<u>Notes</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Assets			
Current			
Cash and cash equivalents	10	\$ 2,951,461	\$ 6,558,818
Due from brokers		1,650,901	611,260
Accounts receivable, net of expected credit losses (ECL)	7, 20(b), 28(a)	75,767	1,288,398
Investments, at fair value	8, 20(b)	21,945,276	34,674,867
Equity investment	9, 20(c)	9,218,775	8,492,872
Tax credits receivable	11	-	447,068
Prepays	12	162,512	394,391
Assets held for sale	13, 32	7,378,992	-
		<hr/>	<hr/>
		43,383,684	52,467,674
Property and equipment	14	154,868	1,641,549
Intangible assets	15	8,836,463	9,977,352
Goodwill	16	8,321,591	9,038,472
		<hr/>	<hr/>
		\$ 60,696,606	\$ 73,125,047
<hr/>			
Liabilities and Equity			
Current			
Accounts payable and accrued liabilities	20(d)	\$ 497,168	\$ 2,477,421
Sales tax payable		350,396	31,933
Deferred revenue	17	1,875,600	6,073,101
Liabilities directly associated with the assets held for sale	13, 32	6,766,630	-
Lease liabilities	18	50,088	136,302
Income tax payable		264,492	4,600
		<hr/>	<hr/>
		9,804,374	8,723,357
Deferred tax liabilities		347,929	3,291,684
Non-current lease liabilities	18	101,180	90,437
		<hr/>	<hr/>
		10,253,483	12,105,478
Equity			
Share capital	21	46,148,258	43,992,562
Contributed surplus	21(c)	3,542,532	2,079,988
Warrants	21(b, d)	41,051	41,051
Retained earnings		711,282	14,905,968
		<hr/>	<hr/>
		50,443,123	61,019,569
		<hr/>	<hr/>
		\$ 60,696,606	\$ 73,125,047
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The accompanying notes are an integral part of these interim condensed consolidated financial statements

EARTHLABS INC.

(Formerly GoldSpot Discoveries Corp.)

Interim Condensed Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

Three And Nine Months Ended September 30,

(Unaudited - prepared in Canadian dollars)

	Notes	Three Months Ended September 30,		Nine Months Ended September 30,	
		2022	2021	2022	2021
Revenue					
Advertising and subscriptions		\$ 1,278,108	\$ -	\$ 2,417,831	\$ -
Consulting income	17, 20(b, c)	500	-	2,300	-
Net investment gains (losses)	23	(3,747,401)	(10,363,074)	(12,089,495)	3,557,563
Sales of digital maps		52,600	-	186,050	-
Other income	24	31,618	10,306	149,069	14,889
		<u>(2,384,575)</u>	<u>(10,352,768)</u>	<u>(9,334,245)</u>	<u>3,572,452</u>
Expenses					
Operating, general and administrative	20, 25	2,027,353	747,446	6,254,275	3,055,677
Research and development		228,976	-	530,256	-
Finance expenses		3,406	3,336	8,633	10,810
		<u>2,259,735</u>	<u>750,782</u>	<u>6,793,164</u>	<u>3,066,487</u>
Loss from equity investment	9	(238,053)	(273,304)	(390,355)	(1,225,429)
Gain on deemed disposition of equity investment	9	-	-	407,790	-
Loss before income taxes		<u>(4,882,363)</u>	<u>(11,376,854)</u>	<u>(16,109,974)</u>	<u>(719,464)</u>
Income tax recovery	19	(1,064,187)	(1,702,142)	(2,445,867)	(224,184)
Net loss from continuing operations for the period		<u>(3,818,176)</u>	<u>(9,674,712)</u>	<u>(13,664,107)</u>	<u>(495,280)</u>
Realized gains from disposition of subsidiary	9	-	-	-	7,659,798
Net income (loss) from discontinued operations for the period	13, 32	(855,268)	108,082	(530,579)	1,685,933
Net income (loss) and comprehensive income (loss) for the period		<u>\$ (4,673,444)</u>	<u>\$ (9,566,630)</u>	<u>\$ (14,194,686)</u>	<u>\$ 8,850,451</u>
Basic earnings (loss) per common share for the period					
Continuing operations	21(e)	\$ (0.03)	\$ (0.08)	\$ (0.10)	\$ -
Discontinued operations		(0.01)	-	-	0.09
Net income (loss) for the period		<u>\$ (0.04)</u>	<u>\$ (0.08)</u>	<u>\$ (0.10)</u>	<u>\$ 0.09</u>
Diluted earnings (loss) per common share for the period					
Continuing operations	21(e)	\$ (0.03)	\$ (0.08)	\$ (0.10)	\$ -
Discontinued operations		(0.01)	-	-	0.08
Net income (loss) for the period		<u>\$ (0.04)</u>	<u>\$ (0.08)</u>	<u>\$ (0.10)</u>	<u>\$ 0.08</u>
Weighted average number of common shares outstanding					
Basic	21(e)	136,555,193	120,764,199	136,128,628	105,589,937
Diluted	21(e)	136,555,193	120,764,199	136,128,628	110,851,680

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

EARTHLABS INC.**(Formerly GoldSpot Discoveries Corp.)****Interim Condensed 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	Retained earnings	Non-controlling interest	Total equity
Balance at December 31, 2020		94,724,876	\$ 12,978,924	\$ 1,447,247	\$ -	\$ 3,865,001	\$ 98,949	\$ 18,390,121
Net income and comprehensive income for the period		-	-	-	-	8,850,451	-	8,850,451
Issued pursuant to private placements, net		23,755,000	18,948,241	-	425,700	-	-	19,373,941
Issued pursuant to exercise of options		352,240	146,651	(59,080)	-	-	-	87,571
Issued pursuant to exercise of warrants		745,444	981,004	-	(384,649)	-	-	596,355
Issued pursuant to acquisition of Ridgeline Exploration Services Inc., net		1,951,219	1,916,327	-	-	-	-	1,916,327
Stock-based compensation expense	21(c)	-	-	561,493	-	-	-	561,493
Disposition of shares of subsidiary of non-controlling interest	9	-	-	-	-	-	(98,949)	(98,949)
Balance at September 30, 2021		121,528,779	\$ 34,971,147	\$ 1,949,660	\$ 41,051	\$ 12,715,452	\$ -	\$ 49,677,310
Balance at December 31, 2021		133,404,960	\$ 43,992,562	\$ 2,079,988	\$ 41,051	\$ 14,905,968	\$ -	\$ 61,019,569
Net loss and comprehensive loss for the period		-	-	-	-	(14,194,686)	-	(14,194,686)
Issued pursuant to exercise of options	21(c)	346,495	167,044	(59,885)	-	-	-	107,159
Issued pursuant to acquisition of DigiGeoData Inc., net	3, 21(a)	2,803,738	1,988,652	-	-	-	-	1,988,652
Stock-based compensation expense	21(c)	-	-	1,522,429	-	-	-	1,522,429
Balance at September 30, 2022		136,555,193	\$ 46,148,258	\$ 3,542,532	\$ 41,051	\$ 711,282	\$ -	\$ 50,443,123

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

EARTHLABS INC.
(Formerly GoldSpot Discoveries Corp.)
Interim Condensed Consolidated Statements of Cash Flows
Nine Months Ended September 30,
(Unaudited - prepared in Canadian dollars)

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
Cash flows used in operating activities			
Net loss from continuing operations for the period		\$ (13,664,107)	\$ (495,280)
Items not affecting cash			
Net investment losses (gains)	23	12,089,495	(3,557,563)
Loss from equity investment	9	390,355	1,225,429
Gain on deemed disposition of equity investment	9	(407,790)	-
Stock-based compensation expense	21(c)	1,522,429	561,493
Amortization and depreciation		992,765	26,271
Provision for expected credit losses		23,466	-
Finance expense		8,633	10,810
Deferred tax recovery		(2,791,145)	(224,184)
		(1,835,899)	(2,453,024)
Changes in non-cash working capital balances			
Proceeds on disposition of investments		12,143,802	3,818,939
Purchases of investments		(12,103,706)	(9,352,263)
Purchases of equity investments		-	(999,334)
Increase in due from brokers		(1,039,641)	-
Increase in accounts receivable, net of expected credit losses (ECL)		(128,150)	-
Decrease in sales tax recoverable		62,574	-
Increase in tax credits receivable		-	(151,346)
Increase in prepaids		(66,172)	(277,356)
Increase (decrease) in accounts payable and accrued liabilities		(236,088)	116,525
Increase in sales tax payable		307,414	-
Increase in deferred revenue		1,710,285	-
Increase in income tax payable		264,492	-
Net cash flows used in operating activities - continuing operations		(921,089)	(9,297,859)
Net cash flows used in operating activities - discontinued operations		(1,210,256)	2,606,192
		(2,131,345)	(6,691,667)
Cash flows from (used in) financing activities			
Proceeds pursuant to private placement financings, net		-	19,373,941
Proceeds pursuant to exercise of options		107,159	87,571
Proceeds pursuant to exercise of warrants		-	596,355
Principal payments of lease liabilities	18	(36,549)	(32,175)
Share issuance costs	21(a)	(15,000)	-
Net cash flows from financing activities - continuing operations		55,610	20,025,692
Net cash flows used in financing activities - discontinued operations		(90,243)	(89,469)
		(34,633)	19,936,223
Cash flows used in investing activities			
Acquisition of DigiGeoData Inc., net of cash on hand	3	(971,886)	-
Net cash flows used in investing activities - continuing operations		(971,886)	-
Net cash flows used in investing activities - discontinued operations		(469,493)	(347,929)
		(1,441,379)	(347,929)
Net increase (decrease) in cash and cash equivalents during the period		(3,607,357)	12,896,627
Cash and cash equivalents, beginning of period		6,558,818	4,467,177
Cash and cash equivalents, end of period		\$ 2,951,461	\$ 17,363,804

Supplemental cash flow information

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

EARTHLABS INC.

(Formerly GoldSpot Discoveries Corp.)

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2022

(Unaudited - Prepared in Canadian dollars)

1. Nature of business:

EarthLabs Inc. (formerly GoldSpot Discoveries Corp.) ("EarthLabs" or the "Company") was incorporated under the *Canada Business Corporations Act* on May 1, 2017. On February 21, 2019, the Company commenced trading on the TSX Venture Exchange ("TSXV") under the symbol "SPOT" and on the OTCQX Best Market under the symbol "SPOFF". The Company's head office is at 69 Yonge Street, Suite 1010, Toronto, Ontario, M5E 1K3.

EarthLabs is a technology company working to revolutionize the future of global mineral exploration with a full suite of data and knowledge-driven SaaS tools and services. EarthLabs represent a collection of industry-leading earth modelling, geology data management and specialized financial products that help both mining companies and mining investors make better decisions.

These consolidated financial statements were approved for issuance by the Company's board of directors on November 28, 2022.

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, 2022 and 2021 should be read together with the annual financial statements as at and for the year ended December 31, 2021. 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 consolidated financial statements as at and for the year ended December 31, 2021. See Note 2 (f).

(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 ("\$").

EARTHLABS INC.

(Formerly GoldSpot Discoveries Corp.)

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2022

(Unaudited - Prepared in Canadian dollars)

2. Basis of preparation (continued):

(c) Basis of consolidation:

As at September 30, 2022, these interim condensed consolidated financial statements include the financial statements of EarthLabs and its two non-operating holding companies, Resource Quantamental Corp. and 14101634 Canada Inc and its wholly-owned operating subsidiaries, Ridgeline Exploration Services Inc., CEO.CA Technologies Ltd., Geotic Inc., and DigiGeoData Inc. As at December 31, 2021, DigiGeoData was not included. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. See Notes 3, 13 and 32.

(d) Equity investment:

The Company accounts for equity investments using the equity method. Under the equity method, the Company's investment in an associate is initially recognized at cost and is subsequently increased or decreased to recognize the Company's share of earnings or losses of the associate, and for impairment losses after the initial recognition date. The Company's share of an associate's losses that are in excess of its investment in the associate are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. The Company's share of earnings or losses of associates are recognized through net income or loss during the year. Cash distributions received from an associate are accounted for as a reduction in the carrying amount of the Company's investment in the associate.

At the end of each reporting period, the Company assesses whether there is any objective evidence that an investment in an associate is impaired. Objective evidence includes observable data indicating that there is a measurable decrease in the estimated future cash flows of the associate's operations. When there is objective evidence that an investment in an associate is impaired, the carrying amount of such investment is compared to its recoverable amount, being the greater of its fair value less costs of disposal and value in use (i.e., present value of its future cash flows). If the recoverable amount of an investment in an associate is less than its carrying amount, then an impairment loss is recognized in that period. When an impairment loss reverses in a subsequent period, the carrying amount of the investment in an associate is increased to the revised estimate of the recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had an impairment loss not been previously recognized. A reversal of an impairment loss is recognized through net income or loss in the period in which the reversal occurs.

EARTHLABS INC.

(Formerly GoldSpot Discoveries Corp.)

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2022

(Unaudited - Prepared in Canadian dollars)

2. Basis of preparation (continued):

As at September 30, 2022, the Company holds a 27.5% (December 31, 2021 – 28.3%) interest in Golden Planet Mining Corp. (“GPM”), has representation on its board and has shared management. Thus, the Company has significant influence over GPM. Golden Planet Mining Corp has a December 31 year-end, which is the same year-end as the Company. See Note 9 and 20(c).

(e) Critical accounting judgments, estimates and assumptions:

The preparation of 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 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.

Due to the nature of the Company’s operations, various legal matters can arise from time to time. The Company believes that none of the litigation in which it is currently involved, or has been involved, in individually or in the aggregate, is material to the Company’s consolidated financial condition or results of operations. In the event that management’s estimate of the future resolution of these matters changes, the Company will recognize the effects of the changes in its consolidated financial statements for the period in which such changes occur.

The information about significant areas of estimation uncertainty and judgment considered by management in preparing the interim condensed financial statements were the same as those in the preparation of the annual financial statements as at and for the year ended December 31, 2021.

(f) Non-current assets held for sale and discontinued operations:

The Company classifies non-current assets and disposal group as assets held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal group classified as assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the

EARTHLABS INC.

(Formerly GoldSpot Discoveries Corp.)

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2022

(Unaudited - Prepared in Canadian dollars)

2. Basis of preparation (continued):

decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property and plant are not depreciated or amortized once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statements of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations;
- Or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statements of loss and comprehensive loss. Additional disclosures are provided in Notes 13 and 32. All other notes to the interim condensed consolidated financial statements include amounts for continuing operations, unless indicated otherwise.

3. Acquisition of DigiGeoData Inc.

On February 1, 2022, the Company acquired 100% of the issued and outstanding share capital and voting rights in DigiGeoData Inc. ("DigiGeoData"), a mineral resource intelligence data subscription and map service company. As consideration for the acquisition, EarthLabs issued 2,803,738 common shares of the Company ("Consideration Shares") with a fair value of \$2,003,652 as well as an aggregate cash payment of \$1,000,000 (less shareholder loan repayment of \$123,054). The Consideration Shares were placed in a voluntary lock-up and will be released in tranches pursuant to a 30-month lock-up schedule and are also subject to a statutory hold period expiring on June 2, 2022. Accordingly, the fair value of common shares was measured using the Company's closing share price on February 1, 2022, and further adjusted due to the statutory hold period. The resulting total fair value of consideration has been measured as \$2,880,598. The Company began consolidating the operating results, cash flows, and net assets of DigiGeoData from February 1, 2022, onwards.

The transaction was accounted for as a business combination using the acquisition method of accounting under the provision of IFRS 3 – Business Combination, as the operations of DigiGeoData meet the definition of a business. As the transaction was accounted for as a business combination, transaction costs were expensed. The net assets acquired, and liabilities assumed are recorded at

EARTHLABS INC.**(Formerly GoldSpot Discoveries Corp.)****Notes to the Interim Condensed Consolidated Financial Statements****September 30, 2022****(Unaudited - Prepared in Canadian dollars)**

3. Acquisition of DigiGeoData Inc (continued):

fair value. The goodwill resulting from the allocation of the purchase price to the total fair value of net assets will represent the sales and growth potential of DigiGeoData. The fair value of the consideration transferred has been determined on a preliminary basis. The consideration has been allocated to the assets acquired and liabilities assumed on a preliminary basis based on their estimated fair values at the date of acquisition.

Due to the timing of the acquisition, the Company will require additional information to allocate the fair values to the net assets acquired, particularly to any intangibles acquired. The determination of the fair value of the net assets will be revised by the Company as additional information is received. At acquisition date on February 1, 2022, the Company has preliminarily allocated the purchase price as follows:

Consideration		
Equity consideration (2,803,738 common shares)	\$	2,003,652
Cash consideration		876,946
Total consideration	\$	2,880,598
Net assets acquired		
Cash	\$	28,114
Accounts receivable, net of ECL		54,026
Accounts payable and accrued liabilities		(33,984)
Sales tax payable		(11,948)
Shareholder loan		(123,054)
CEBA loan		(40,000)
Deferred tax liability		(418,865)
Intangible assets		1,860,000
Net assets at fair value, as at February 1, 2022	\$	1,314,289
Goodwill	\$	1,566,309

The goodwill generated as a result of this acquisition relates to other intangible assets such as workforce and synergies that do not qualify for separate recognition. No goodwill for the DigiGeoData acquisition is expected to be deductible for tax purposes.

The following table presents the net cash flow on the acquisition of DigiGeoData:

DigiGeoData Inc. cash on hand	\$	28,114
Cash consideration paid		(876,946)
Shareholder loans repaid on acquisition		(123,054)
Acquisition of DigiGeoData Inc., net of cash on hand	\$	(971,886)

From the date of the acquisition to September 30, 2022, DigiGeoData contributed \$259,570 to the Company's revenues. Had the acquisition occurred on January 1, 2022, the Company's revenue for the nine months ended September 30, 2022 would have been \$24,540 higher.

EARTHLABS INC.**(Formerly GoldSpot Discoveries Corp.)****Notes to the Interim Condensed Consolidated Financial Statements****September 30, 2022****(Unaudited - Prepared in Canadian dollars)**

4. Acquisition of Ridgeline Exploration Services Inc.:

On August 3, 2021, EarthLabs acquired 100% of the issued and outstanding share capital and voting rights in Ridgeline Exploration Services Inc. ("Ridgeline"), a geological and logistical field services firm, based in Kelowna, British Columbia. As consideration for the acquisition, EarthLabs issued 1,951,219 common shares with a fair value of \$1,929,047 and made a cash payment of \$28,000. The common shares issued are subject to a statutory hold period expiring on December 4, 2021. Accordingly, the fair value of common shares was measured using the Company's closing share price on August 3, 2021, and further adjusted due to the statutory hold period. Additionally, the consideration payable by the Company was subject to a working capital adjustment, which has been accrued in the amount of \$196,128. The resulting total fair value of consideration has been measured as \$2,153,175. The Company began consolidating the operating results, cashflows, and net assets of Ridgeline from August 3, 2021, onwards.

The transaction was accounted for as a business combination using the acquisition method of accounting under the provision of IFRS 3- *Business Combination*, as the operations of Ridgeline meet the definition of a business. As the transaction was accounted for as a business combination, transaction costs were expensed. The net assets acquired, and liabilities assumed are recorded at fair value. The goodwill resulting from the allocation of the purchase price to the total fair value of net assets will represent the sales and growth potential of Ridgeline.

At acquisition date on August 3, 2021, the Company has allocated the purchase price as follows:

Consideration		
Equity consideration (1,951,219 common shares)	\$	1,929,047
Cash consideration		28,000
Working capital adjustment		196,128
Total consideration	\$	2,153,175
Net assets acquired		
Cash	\$	34,267
Accounts receivable, net of ECL		207,185
Tax credits receivable		384,494
Property and equipment		133,018
Accounts payable and accrued liabilities		(261,123)
Sales tax payable		(14,837)
Corporate tax payable		(70,191)
Deferred revenue		(25,000)
Lease liabilities		(24,543)
Deferred tax liability		(120,978)
Intangible assets		530,000
Net assets at fair value, as at August 3, 2021	\$	772,292
Goodwill	\$	1,380,883

The goodwill generated as a result of this acquisition relates to other intangible assets such as workforce and synergies that do not qualify for separate recognition.

EARTHLABS INC.**(Formerly GoldSpot Discoveries Corp.)****Notes to the Interim Condensed Consolidated Financial Statements****September 30, 2022****(Unaudited - Prepared in Canadian dollars)**

4. Acquisition of Ridgeline Exploration Services Inc. (continued):

The intangible assets acquired comprises of the trade name/brand with a fair value of \$210,000, non-compete agreements with a fair value of \$320,000 and customer relationships with a fair value of \$nil.

The fair values were determined using a discounted cash flow analysis with the following assumptions:

Assumptions	Intangible assets		
	Trade name/ brand	Non-compete agreements	Customer relationships
Discount rate	28.6%	26.6%	26.6%
% revenue associated with trade name	100%	n/a	n/a
Pre-tax royalty rate	2.0%	n/a	n/a
Life of the intangible asset	15 years	4 years	n/a
Probability to compete	n/a	37.5%	n/a
Revenue impact % rate	n/a	50.0%	n/a
Income tax rate	27.0%	27.0%	27.0%

Had the acquisition occurred on January 1, 2021, the Company's revenue for the three months ended September 30, 2021 would have been \$73,569 higher and revenue for the nine months ended September 30, 2021 would have been \$575,397 higher.

5. Acquisition of CEO.CA Technologies Ltd.:

On October 1, 2021, EarthLabs acquired 100% of the issued and outstanding share capital and voting rights in CEO.CA Technologies Ltd. ("CEO.CA"). CEO.CA owns and operates a leading and rapidly-growing investment social network used by over 8 million corporate executives, institutional and retail investors with deep roots in the mining industry among other sectors. As consideration for the acquisition, EarthLabs issued 10,280,373 common shares with a fair value of \$7,578,753 and made a cash payment of \$6,000,000 (less income tax payment of \$795,000). The common shares issued are subject to a statutory hold period expiring on February 2, 2022. Accordingly, the fair value of common shares was measured using the Company's closing share price on October 1, 2021, and further adjusted due to the statutory hold period. The resulting total fair value of consideration has been measured as \$12,782,753. The Company began consolidating the operating results, cashflows, and net assets of CEO.CA from October 1, 2021, onwards.

The transaction was accounted for as a business combination using the acquisition method of accounting under the provision of IFRS 3- *Business Combination*, as the operations of CEO.CA meet the definition of a business. As the transaction was accounted for as a business combination, transaction costs were expensed. The net assets acquired, and liabilities assumed are recorded at fair value. The goodwill resulting from the allocation of the purchase price to the total fair value of net assets will represent the sales and growth potential of CEO.CA.

EARTHLABS INC.

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5. Acquisition of CEO.CA Technologies Ltd. (continued):

At acquisition date on October 1, 2021, the Company has allocated the purchase price as follows:

Consideration	
Equity consideration (10,280,373 common shares)	\$ 7,578,753
Cash consideration	5,205,000
Total consideration	\$ 12,783,753
Net assets acquired	
Corporate tax payable	\$ (794,999)
Deferred tax liability	(1,378,530)
Intangible assets	8,202,000
Net assets at fair value, as at August 3, 2021	\$ 6,028,471
Goodwill	\$ 6,755,282

The goodwill generated as a result of this acquisition relates to other intangible assets such as workforce and synergies that do not qualify for separate recognition. The intangible assets acquired comprises of developed technology with a fair value of \$6,288,000, trade name/brand with a fair value of \$1,734,000 and customer relationships with a fair value of \$180,000. The fair values were determined using a discounted cash flow analysis with the following assumptions:

Assumptions	Intangible assets		
	Developed technology	Trade name/brand	Customer relationships
Discount rate	37.3%	36.3%	19.7%
% revenue associated	100%	100%	100%
Pre-tax royalty rate	n/a	5.0%	n/a
Life of the intangible asset	7 years	15 years	5 years
Customer attrition rate	n/a	n/a	33.0%
Income tax rate	26.5%	26.5%	26.5%

Had the acquisition occurred on January 1, 2021, the Company's revenue for the three months ended September 30, 2021 would have been \$310,468 higher and revenue for the nine months ended September 30, 2021 would have been \$947,863 higher.

6. Acquisition of Geotic Inc.:

On October 1, 2021, EarthLabs acquired 100% of the issued and outstanding share capital and voting rights in Geotic Inc. ("Geotic"), an award-winning provider of mining industry software including applications for geological and geophysical modeling, based in Val-d'Or, Québec. As consideration for the acquisition, EarthLabs issued 1,442,308 common shares with a fair value of \$1,063,278 and made a cash payment of \$1,000,000. The common shares issued are subject to a statutory hold period expiring on February 2, 2022.

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6. Acquisition of Geotic Inc. (continued):

Accordingly, the fair value of common shares was measured using the Company's closing share price on October 1, 2021, and further adjusted due to the statutory hold period. The resulting total fair value of consideration has been measured as \$2,063,278. The Company began consolidating the operating results, cashflows, and net assets of Geotic from October 1, 2021, onwards.

The transaction was accounted for as a business combination using the acquisition method of accounting under the provision of IFRS 3- *Business Combination*, as the operations of Geotic meet the definition of a business. As the transaction was accounted for as a business combination, transaction costs were expensed. The net assets acquired, and liabilities assumed are recorded at fair value. The goodwill resulting from the allocation of the purchase price to the total fair value of net assets will represent the sales and growth potential of Geotic.

At acquisition date on October 1, 2021, the Company has allocated the purchase price as follows:

Consideration		
Equity consideration (1,442,308 common shares)	\$	1,063,278
Cash consideration		1,000,000
Total consideration	\$	2,063,278
Net assets acquired		
Cash	\$	92,606
Accounts receivable, net of ECL		58,674
COVID subsidy receivable		8,877
Prepays		971
Sales tax receivable		1,329
Income tax receivable		8,183
Capital assets		10,446
Accounts payable and accrued liabilities		(59,347)
Deferred revenue		(142,064)
Deferred tax liability		(427,704)
Intangible assets		1,609,000
Net assets at fair value, as at August 3, 2021	\$	1,160,971
Goodwill	\$	902,307

The goodwill generated as a result of this acquisition relates to other intangible assets such as workforce and synergies that do not qualify for separate recognition.

The intangible assets acquired comprises of developed technology with a fair value of \$1,380,000, trade name/brand with a fair value of \$64,000, customer relationships with a fair value of \$132,000 and non-compete agreements with a fair value of \$33,000.

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6. Acquisition of Geotic Inc. (continued):

The fair values were determined using a discounted cash flow analysis with the following assumptions:

Assumptions	Intangible assets			
	Developed technology	Trade name/brand	Customer relationships	Non-compete agreements
Discount rate	56.0%	56.0%	20.0%	56.0%
% revenue associated	100%	100%	100%	n/a
Pre-tax royalty rate	n/a	1.5%	n/a	n/a
Life of the intangible asset	7 years	8 years	5 years	2 years
Customer attrition rate	n/a	n/a	20.0%	n/a
Probability to compete	n/a	n/a	n/a	15.0%
Revenue impact % rate	n/a	n/a	n/a	10.0%
Income tax rate	26.5%	26.5%	26.5%	26.5%

Had the acquisition occurred on January 1, 2021, the Company's revenue for the three months ended September 30, 2021 would have been \$210,054 higher and revenue for the nine months ended September 30, 2021 would have been \$699,032 higher.

7. Accounts receivable, net of expected credit losses:

As at September 30, 2022, accounts receivable primarily consists of receivables relating to advertising services and sales of digital maps. As at December 31, 2021, accounts receivable primarily consisted of receivables relating to consulting services from 61 mining and exploration companies located in Canada. See Note 28(a). Accounts receivable, net of expected credit losses consist of the following as at September 30, 2022 and December 31, 2021:

	September 30, 2022	December 31, 2021
Accounts receivable	\$ 98,300	\$ 1,404,873
Expected credit loss provision	(22,533)	(116,475)
	\$ 75,767	\$ 1,288,398

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

(a) The fair value and cost of investments, at fair value are as follows as at September 30, 2022 and December 31, 2021:

	Fair Value	Cost
September 30, 2022	\$ 21,945,276	\$ 21,747,715
December 31, 2021	\$ 34,674,867	\$ 23,377,694

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

(b) As at September 30, 2022, included in investments, at fair value were securities of private companies with a fair value totaling \$3,252,848 (cost of \$2,560,735) (December 31, 2021 – fair value of \$3,043,301 (cost of \$2,331,603)) 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).
- (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 year 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 consolidated statements of financial position as at September 30, 2022 and December 31, 2021:

Investments, at fair value	Level 1	Level 2	Level 3	Total
	Quoted market price	Valuation technique – observable market	Valuation technique – non-observable market inputs	
September 30, 2022	\$ 12,645,961	\$ 6,046,467	\$ 3,252,848	\$ 21,945,276
December 31, 2021	\$ 25,999,168	\$ 5,632,398	\$ 3,043,301	\$ 34,674,867

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

Level 2 includes warrants of public issuers and common stock of public issuers, whose resale is currently restricted. These securities typically have a 120-day hold period and are valued by applying a discount against the price of the unrestricted public stock price. Once the restriction has elapsed, these securities will become Level 1 securities.

The following table presents the changes in fair value measurements of financial instruments classified as Level 3 for the nine months ended September 30, 2022 and year ended December 31, 2021.

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 interim condensed consolidated statements of income (loss) and comprehensive income (loss).

	Opening balance at January 1,	Purchases	Transfer to Level 1 or 2	Net unrealized gains	Ending balance
September 30, 2022	\$ 3,043,301	\$ 1,174,134	\$ (946,700)	\$ (17,887)	\$ 3,252,848
December 31, 2021	\$ 1,150,625	\$ 2,975,004	\$ (1,620,157)	\$ 537,829	\$ 3,043,301

Investments which are in Level 3 and become public issuers during the period are transferred to Level 1 or 2. These represents the only type of transfer between Levels during the reporting periods.

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

	Fair value at September 30, 2022	Valuation technique	Unobservable input	% of Investments	Sensitivity to changes in significant unobservable inputs (%)
Unlisted private equities	\$ 1,024,134	New investment	Recent acquisition price	4.7	Recent transaction price
Unlisted private equities	2,080,143	Recent transaction calibration	Recent transaction calibration	9.5	Recent transaction price – market trends
Unlisted warrants	148,571	Black Scholes valuation model	Market prices, volatility, discount rate	0.7	116.9% volatility
	\$ 3,252,848			14.8	

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

	Fair value at December 31, 2021	Valuation technique	Unobservable input	% of Investments	Sensitivity to changes in significant unobservable
Unlisted private equities	\$ 2,648,965	New investment	Recent acquisition price	7.6	Recent transaction price
Unlisted private equities	266,600	Recent transaction calibration	Recent transaction calibration	0.8	Recent transaction price – market trends
Unlisted warrants	127,736	Black Scholes valuation model	Market prices, volatility, discount rate	0.4	96% volatility
	\$ 3,043,301			8.8	

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 +/- \$813,212 (December 31, 2021 - \$760,825) 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 this investment. Any management actions that may be taken to mitigate the inherent risks are not reflected in this analysis.

9. Equity investment:

On January 1, 2021, the Company completed the transaction of its majority owned subsidiary, XCorp with Golden Planet Mining Corp. ("GPM") (the "Transaction"). Pursuant to the Transaction, (i) EarthLabs and each of the other shareholders of XCorp. exchanged their common shares of XCorp ("XCorp Shares") on the basis of 1.6999431 common shares of GPM ("GPM Shares") for each one (1) XCorp Share held; and (ii) XCorp became a wholly-owned subsidiary of GPM. Immediately following the Transaction, EarthLabs held an aggregate of 16,149,629 GPM Shares representing 31.3% of all issued and outstanding GPM Shares on a non-diluted basis.

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9. Equity investment (continued):

In July 2021, GPM completed a non-brokered financing by issuing 7,330,078 GPM common shares at a price of \$0.90 per share, raising gross proceeds of \$6,597,070. The Company participated in the financing and increased its holdings by 1,110,371 GPM common shares at a total cost of \$999,334. As a result, as at December 31, 2021, the Company owned 28.3% of GPM.

As at December 31, 2021, EarthLabs held an aggregate of 17,260,000 GPM Shares representing 28.3% of all issued and outstanding GPM Shares on a non-diluted basis. For the year ended December 31, 2021, included in the consolidated statement of income and comprehensive income is realized gains from disposition of subsidiary of \$7,659,798 and the dilution resulted in a gain on deemed disposition of equity investment of \$712,765.

On January 31, 2022, GPM acquired an investee of the Company, Godzilla Gold Corp ("Godzilla"), a private company focused on mineral exploration in Newfoundland and Labrador. GPM acquired all of the issued and outstanding shares of Godzilla in exchange for shares of GPM, at an exchange ratio of 1 for 4.44444. The acquisition was completed on January 31, 2022 and the Company received 666,666 shares of GPM in exchange for its 150,000 shares of Godzilla.

For the nine months ended September 30, 2022, included in the consolidated statement of loss and comprehensive loss is realized gains from disposition of Godzilla of \$450,000 and the dilution resulted in a gain on deemed disposition of equity investment of \$407,790.

In addition, on March 21, 2022, the Company received 120,520 shares of GPM in exchange for receivables owing to the Company by GPM for consulting services. As of September 30, 2022, the Company owns 27.5% of GPM.

The following is a summary of the financial information of GPM (100%):

	September 30, 2022	December 31, 2021
Cash and cash equivalents	\$ 6,930,546	\$ 9,672,317
Other current assets	706,224	114,014
Non-current assets	16,340,473	11,864,807
Current liabilities	143,219	508,786
Net assets	\$ 23,834,024	\$ 21,142,352

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9. Equity investment (continued):

Interim Condensed Consolidated statements of loss and comprehensive loss highlights for the three and nine months ended September 30, 2022 and 2021:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Amortization and depreciation	\$ 635	\$ 634	\$ 1,904	\$ 1,269
Stock-based compensation expense	-	-	-	1,266,082
Other expenses	865,130	1,317,061	1,415,556	2,779,640
Total net loss	865,765	1,317,695	1,417,460	4,046,991
Other comprehensive income	758	296,518	668	563,416
Total net loss and comprehensive loss	\$ 865,007	\$ 1,021,177	\$ 1,416,792	\$ 3,483,575

The following table reconciles the summarized financial information to the carrying amount of EarthLabs's interest in GPM:

	September 30, 2022	December 31, 2021
Opening net assets - GPM	\$ 21,142,352	\$ 6,067,597
Net change in share capital - GPM	4,108,464	19,389,461
Total net loss and comprehensive loss - GPM	(1,416,792)	(4,314,706)
Closing net assets - GPM	\$ 23,834,024	\$ 21,142,352
GoldSpot's ownership	27.52%	28.29%
GoldSpot's share of closing net assets	\$ 6,559,123	\$ 5,981,171
Goodwill relating to investment in GPM	2,659,652	2,511,701
Carrying amount in the statements of financial position	\$ 9,218,775	\$ 8,492,872

The following is a summary of the Company's investment in GPM:

	GPM
Equity investment as at December 31, 2020	\$ -
Share exchange of XCorp for GPM (at fair value)	8,074,815
Purchased during the year	999,334
EarthLabs's share of loss	(1,294,042)
Gain on deemed disposition of equity investment	712,765
Equity investment as at December 31, 2021	\$ 8,492,872
Received on settlement of debt	108,468
EarthLabs's share of loss for the period	(390,355)
Share exchange of Godzilla for GPM (at fair value)	600,000
Gain on deemed disposition of equity investment	407,790
Equity investment at September 30, 2022	\$ 9,218,775

As at September 30, 2022 and December 31, 2021, the Company determined that there were no indicators of impairment on the equity investment in GPM.

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10. 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, 2022 and December 31, 2021:

	September 30, 2022	December 31, 2021
Cash and cash equivalents	\$ 2,951,461	\$ 6,558,818
Due from brokers	1,650,901	611,260
Accounts receivable, net of expected credit losses	75,767	1,288,398
Accounts payable and accrued liabilities	(497,168)	(2,477,421)
	\$ 4,180,961	\$ 5,981,055

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

Cash and cash equivalents consist of the following as at September 30, 2022 and December 31, 2021:

	September 30, 2022	December 31, 2021
Cash	\$ 1,191,070	\$ 2,805,756
Cash equivalents	1,760,391	3,753,062
	\$ 2,951,461	\$ 6,558,818

As at September 30, 2022 and December 31, 2021, cash equivalents were comprised of Guarantee Investment Certificates and money market funds which are cashable at any time.

11. Tax credits receivable:

The Company undertakes research and development activities, the costs of which are eligible for investment tax credits which may be refunded or applied to reduce income tax payable in the current year and future years.

During the nine months ended September 30, 2022, the Company recognized \$20,584 (nine months ended September 30, 2021 - \$223,732) of Ontario and Quebec Investment Tax Credits. Investment tax credits for the fiscal year are dependent upon qualification of each individual project under stringent technical criteria and amounts may vary upon further review by the Canada Revenue Agency ("CRA") and Revenue Quebec. Historically, the Company has not claimed any investment tax credits and fiscal 2019 and 2020 are the first years of these filings. Adjustments to the claim, if any, will be accounted for in the year of assessment and would be deducted from operating, general and administrative expenses. As at September 30, 2022, the Company has received the investment tax credits recorded during the year ended December 31, 2021.

In addition, at December 31, 2021, Ridgeline had recorded a provincial mining tax credits receivable of \$384,494. During the nine months ended September 30, 2022, the mining tax credits was disallowed by the CRA and the tax credit was reversed in net loss from discontinued operations.

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12. Prepays:

Prepays consist of the following as at September 30, 2022 and December 31, 2021:

	September 30, 2022	December 31, 2021
Deposits for acquisition of geophysical equipment	\$ -	\$ 139,300
Software subscriptions and licenses	93,958	134,202
Listing fees for acquisition of DigiGeoData Inc. (Note 29(a))	7,453	44,814
Conferences and marketing	3,850	31,219
Consulting	5,000	29,265
Other	13,276	12,177
Insurance	38,975	3,414
	\$ 162,512	\$ 394,391

13. Discontinued operations and assets held for sale:

On October 25, 2022, the Company announced that it has entered into an agreement dated October 25, 2022 (the "Definitive Agreement") to sell the Company's exploration consulting & technology division ("Exploration Technology Division" or "ETD") to ALS GoldSpot Discoveries Ltd. (formerly 1377900 BC Ltd.) (the "Purchaser"), a wholly owned subsidiary of ALS Limited (ASX: ALQ). Headquartered in Brisbane, ALS Limited is the largest provider of laboratory testing, inspection, certification and verification solutions with more than 18,000 employees worldwide. As a result, results for Ridgeline, Geotic, and its consulting division for the three and nine months ended September 30, 2022 have been classified as loss from discontinued operations in the interim condensed consolidated statement of loss and comprehensive loss. The assets and liabilities have been classified as assets held for sale and liabilities directly associated with the assets held for sale, respectively, in the interim condensed consolidated statement of financial position as at September 30, 2022.

Assets and liabilities related to the Company's ETD operations have been reclassified as assets held for sale and liabilities directly associated with the assets held for sale:

	September 30, 2022
Cash and cash equivalents	\$ 418,015
Accounts receivable, net of expected credit losses (ECL)	833,816
Sales tax recoverable	8,573
Prepays	179,658
Income tax receivable	112,255
Property and equipment	1,762,194
Intangible assets	1,781,291
Goodwill	2,283,190
Assets held for sale	\$ 7,378,992
Accounts payable and accrued liabilities	\$ 705,502
Sales tax payable	30,863
Deferred revenue	5,504,114
Lease liabilities	130,365
Deferred tax liabilities	395,786
Liabilities directly associated with the assets held for sale	\$ 6,766,630

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To conform with the current period classification of the discontinued operations, prior period results have been reclassified to discontinued operations. Results of discontinued operations are as follows for the three and nine months ended September 30, 2022:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Revenue				
Consulting income	\$ 2,859,158	\$ 2,051,683	\$ 9,012,431	\$ 6,342,225
Sales of software licensing	112,683	-	435,244	-
Other income	388,300	-	468,860	-
	<u>3,360,141</u>	<u>2,051,683</u>	<u>9,916,535</u>	<u>6,342,225</u>
Expenses				
Operating, general and administrative	3,399,613	1,521,563	8,343,314	3,681,523
Research and development	662,073	376,741	1,920,086	917,129
Finance expenses	35,573	5,363	43,297	17,706
	<u>4,097,259</u>	<u>1,903,667</u>	<u>10,306,697</u>	<u>4,616,358</u>
Loss before income taxes	(737,118)	148,016	(390,162)	1,725,867
Income tax expense	118,150	39,934	140,417	39,934
Net income (loss) and comprehensive income (loss) for the period from discontinued operations	\$ (855,268)	\$ 108,082	\$ (530,579)	\$ 1,685,933

14. Property and equipment:

Property and equipment are as follows as at September 30, 2022 and December 31, 2021:

Cost	Geophysical equipment	Furniture and fixtures	Computer equipment	Right-of-use assets	Vehicles	Total
Balance – December 31, 2020	\$ -	\$ 18,047	\$ 82,726	\$ 419,243	\$ -	\$ 520,016
Acquisition of Ridgeline	59,133	9,659	4,157	25,326	34,743	133,018
Acquisition of Geotic	-	1,918	8,528	-	-	10,446
Additions	1,237,458	6,561	60,736	34,041	-	1,338,796
Dispositions	-	-	-	-	(11,730)	(11,730)
Balance – December 31, 2021	\$ 1,296,591	\$ 36,185	\$ 156,147	\$ 478,610	\$ 23,013	\$ 1,990,546
Additions - continuing operations	-	-	-	102,830	-	102,830
Additions - discontinued operations	384,179	-	85,316	59,802	-	529,297
Reclassified to assets held for sale	(1,680,770)	(36,185)	(241,463)	(418,725)	(23,013)	(2,400,156)
Balance – September 30, 2022	\$ -	\$ -	\$ -	\$ 222,517	\$ -	\$ 222,517

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Accumulated Depreciation	Geophysical equipment	Furniture and fixtures	Computer equipment	Right-of-use assets	Vehicles	Total
Balance – December 31, 2020	\$ -	\$ 9,098	\$ 33,966	\$ 136,592	\$ -	\$ 179,656
Depreciation - continuing operations	-	-	-	35,028	-	35,028
Depreciation - discontinued operations	26,832	2,732	22,232	81,153	1,364	134,313
Balance – December 31, 2021	\$ 26,832	\$ 11,830	\$ 56,198	\$ 252,773	\$ 1,364	\$ 348,997
Depreciation - continuing operations	-	-	-	29,699	-	29,699
Depreciation - discontinued operations	214,784	2,840	30,649	76,694	1,948	326,915
Reclassified to assets held for sale	(241,616)	(14,670)	(86,847)	(291,517)	(3,312)	(637,962)
Balance – September 30, 2022	\$ -	\$ -	\$ -	\$ 67,649	\$ -	\$ 67,649

Carrying Value	Geophysical equipment	Furniture and fixtures	Computer equipment	Right-of-use assets	Vehicles	Total
Balance – December 31, 2021	\$ 1,269,759	\$ 24,355	\$ 99,949	\$ 225,837	\$ 21,649	\$ 1,641,549
Balance – September 30, 2022	\$ -	\$ -	\$ -	\$ 154,868	\$ -	\$ 154,868

15. Intangible assets:

A continuity of intangible assets are as follows for the nine months ended September 30, 2022 and year ended December 31, 2021:

Cost	Technology	Trade name/Brand	Non-compete agreements	Customer relationships	Total
Balance – December 31, 2020	\$ -	\$ -	\$ -	\$ -	\$ -
Acquisition of Ridgeline	-	210,000	320,000	-	530,000
Acquisition of CEO.ca	6,288,000	1,734,000	-	180,000	8,202,000
Acquisition of Geotic	1,380,000	64,000	33,000	132,000	1,609,000
Balance – December 31, 2021	\$ 7,668,000	\$ 2,008,000	\$ 353,000	\$ 312,000	\$ 10,341,000
Acquisition of DigiGeoData	1,697,000	154,000	-	9,000	1,860,000
Reclassified to assets held for sale	(1,380,000)	(274,000)	(353,000)	(132,000)	(2,139,000)
Balance – September 30, 2022	\$ 7,985,000	\$ 1,888,000	\$ -	\$ 189,000	\$ 10,062,000

Accumulated amortization	Technology	Trade name/Brand	Non-compete agreements	Customer relationships	Total
Balance – December 31, 2020	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization - continuing operations	224,571	28,900	-	9,000	262,471
Amortization - discontinued operations	49,286	7,833	37,458	6,600	101,177
Balance – December 31, 2021	273,857	36,733	37,458	15,600	363,648
Amortization - continuing operations	835,333	99,533	-	28,200	963,066
Amortization - discontinued operations	147,857	16,500	72,375	19,800	256,532
Reclassified to assets held for sale	(197,143)	(24,333)	(109,833)	(26,400)	(357,709)
Balance – September 30, 2022	\$ 1,059,904	\$ 128,433	\$ -	\$ 37,200	\$ 1,225,537

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15. Intangible assets (continued):

Carrying Value	Technology	Trade name/Brand	Non-compete agreements	Customer relationships	Total
Balance – December 31, 2021	\$ 7,394,143	\$ 1,971,267	\$ 315,542	\$ 296,400	\$ 9,977,352
Balance – September 30, 2022	\$ 6,925,096	\$ 1,759,567	\$ -	\$ 151,800	\$ 8,836,463

16. Goodwill:

A continuity of the Company's goodwill is as follows for the nine months ended September 30, 2022 and year ended December 31, 2021:

	Ridgeline	CEO.CA	Geotic	DigiGeoData	Total
Balance – December 31, 2020	\$ -	\$ -	\$ -	\$ -	\$ -
Additions	1,380,883	6,755,282	902,307	-	9,038,472
Balance – December 31, 2021	1,380,883	6,755,282	902,307	-	9,038,472
Additions - continuing operations	-	-	-	1,566,309	1,566,309
Reclassified to assets held for sale	(1,380,883)	-	(902,307)	-	(2,283,190)
Balance – September 30, 2022	\$ -	\$ 6,755,282	\$ -	\$ 1,566,309	\$ 8,321,591

17. 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 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, 2022 and year ended December 31, 2021:

	September 30, 2022	December 31, 2021
Deferred revenue, at beginning of the period	\$ 6,073,101	\$ 3,119,439
Revenue billed	2,899,762	11,271,056
Additions - acquisition of Ridgeline	-	25,000
Additions - acquisition of Geotic	-	142,064
Revenue recognized	(1,593,149)	(8,484,458)
Reclassified to assets held for sale	(5,504,114)	-
Deferred revenue, at end of the period	\$ 1,875,600	\$ 6,073,101

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17. Deferred revenue (continued):

Generally, the Company has service contracts which are between 6 to 18 months long. Service contracts are completed upon providing the final deliverable to the customer which include a final report and presentation of the work performed. As at September 30, 2022, deferred revenue related to continuing operations was \$1,875,600 (December 31, 2021 - \$6,073,101) and the Company expects that a majority of the deferred revenue will be recognized in fiscal 2022-2023. The expected timing on recognition of revenue is subject to project delays by the customer, unplanned work requests, non-optimal fieldwork environment, and other factors which are beyond the Company's control.

18. Lease liabilities:

In August 2022, the Company signed a lease for new premises in Montreal, Quebec, which started August 1, 2022 for annual payments of approximately \$21,900 (increased by the CPI rate each year) plus applicable taxes until July 31, 2027.

The following table summarizes the changes in the Company's lease liabilities during the nine months ended September 30, 2022 and year ended December 31, 2021:

	Lease liabilities	
Balance – December 31, 2020	\$	281,577
Additions - acquisition of Ridgeline		24,543
Additions - discontinued operations		34,041
Repayments - continuing operations		(42,900)
Repayments - discontinued operations		(106,991)
Finance expense - continuing operations		13,866
Finance expense - discontinued operations		22,603
Balance – December 31, 2021	\$	226,739
Additions - continuing operations		102,830
Additions - discontinued operations		59,802
Repayments - continuing operations		(36,549)
Repayments - discontinued operations		(90,243)
Finance expense - continuing operations		8,633
Finance expense - discontinued operations		10,421
Reclassified to liabilities directly associated with the assets held for sale		(130,365)
Balance – September 30, 2022	\$	151,268

	September 30, 2022		December 31, 2021	
Current lease liabilities	\$	50,088	\$	136,302
Non-current lease liabilities		101,180		90,437
Total lease liabilities	\$	151,268	\$	226,739

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18. Lease liabilities (continued):

As at September 30, 2022, future minimum annual lease payments under operating leases for premises are approximately as follows:

2022	\$	17,285
2023		69,904
2024		42,960
2025 - 2027		80,650
Prepaid rent deposits		(10,725)
Total lease obligations		200,074
Discount at effective interest rate of 15%		(48,806)
Net lease liabilities, as at September 30, 2022		151,268
Non-current lease liabilities as at September 30, 2022		(101,180)
Current lease liabilities as at September 30, 2022	\$	50,088

19. Income tax expense and deferred tax liabilities:

For the three and nine months ended September 30, 2022, the Company has calculated the provision for income taxes by applying the discrete effective tax rate method based on actual income and loss for the period. The Company has determined that with the new acquisitions, it is not possible to estimate an annual effective tax rate with reasonable accuracy. The effective tax rate for the three and nine months ended September 30, 2022 were 21.8% and 15.2%, respectively (three and nine months ended September 30, 2021 – 15.0% and 31.2%, respectively).

20. 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, 2022 and 2021, key management personnel are defined as those individuals having authority and responsibility for planning, directing, and controlling the activities of the Company. EarthLabs considers Denis Laviolette, its Executive Chairman and President (“EC&P”), Vincent Dube-Bourgeois, its Chief Executive Officer (“CEO”), Binh Quach, its Chief Financial Officer and Corporate Secretary (“CFO”), Cejay Kim, its Chief Business Officer, and Shawn Hood, its Chief Technology Officer to be its key management personnel, in addition to its board of directors.

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20. Related party transactions (continued):

Compensation of key management is included in the interim condensed statements of income (loss) and comprehensive income (loss):

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Salaries and consulting fees	\$ 206,250	\$ 187,500	\$ 581,250	\$ 1,737,500
Directors fees	64,500	64,500	193,500	170,500
Stock-based compensation expense	100,977	23,288	412,213	117,020
Employee benefits	5,479	3,583	16,789	10,748
	\$ 377,206	\$ 278,871	\$ 1,203,752	\$ 2,035,768

- (b) During the nine months ended September 30, 2022, the Company recorded consulting revenue (included in net income (loss) from discontinued operations) of \$262,237 (nine months ended September 30, 2021 - \$1,019,659) from New Found Gold Corp ("NFGC"), a mineral exploration company trading on the TSX Venture Exchange under the symbol "NFG". As at September 30, 2022, included in assets held for sale is accounts receivable of \$5,085 (December 31, 2021 - \$225,619) due from NFGC. As at September 30, 2022, the Company also has an investment in NFGC with a fair value of \$4,837,677 (December 31, 2021 - \$9,294,300). The Company's EC&P is also a director and President of NFGC.
- (c) During the nine months ended September 30, 2022, the Company recorded consulting revenue (included in net income (loss) from discontinued operations) of \$50,497 (nine months ended September 30, 2021 - \$407,116) from Golden Planet Mining Corp. As at September 30, 2022, the Company had an accounts receivable of nil (December 31, 2021 - \$97,840) due from GPM. As at September 30, 2022, the Company also has an equity investment of \$9,218,775 (December 31, 2021 - \$8,492,872). The Company's EC&P is also a director and CEO of GPM. Also, the Company's CTO is the Chief Operations Officer of GPM. See Note 9.
- (d) As at September 30, 2022, included in accounts payable and accrued liabilities is \$23,330 (December 31, 2021 - \$18,864) due to the officers of the Company, relating to the reimbursement of expenses.

21. Equity:

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

On August 3, 2021, EarthLabs acquired Ridgeline by issuing an aggregate of 1,951,219 common shares at a fair value of \$1,929,047, made a cash payment of \$28,000, and accrued a contingent consideration of \$196,128 for a total consideration of \$2,153,175. EarthLabs also incurred cash share issuance costs in the amount of \$12,720. See Note 4.

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21. Equity (continued):

On October 1, 2021, EarthLabs acquired CEO.CA by issuing an aggregate of 10,280,373 common shares at a fair value of \$7,578,753 and made a cash payment of \$6,000,000 (less income tax payment of \$795,000) for a total consideration of \$12,783,753. EarthLabs also incurred cash share issuance costs in the amount of \$33,300. See Note 5.

On October 1, 2021, EarthLabs acquired Geotic by issuing an aggregate of 1,442,308 common shares at a fair value of \$1,063,278 and made a cash payment of \$1,000,000 for a total consideration of \$2,063,278. EarthLabs also incurred cash share issuance cost in the amount of \$8,400. See Note 6.

On February 1, 2022, EarthLabs acquired DigiGeoData by issuing an aggregate of 2,803,738 common shares at a fair value of \$2,003,652, made a cash payment of \$1,000,000 (less shareholder loan repayment of \$123,054) for a total consideration of \$2,880,598. EarthLabs also incurred cash share issuance costs in the amount of \$15,000. See Note 3.

(b) Private placements:

On June 2, 2021, the Company completed a bought deal public offering in which EarthLabs issued 14,375,000 common shares at a price of \$0.80 per share, for aggregate gross proceeds of \$11,500,000, which included the full exercise of the over-allotment option. In connection with this offering, the Company paid a cash commission to the Underwriter in the amount of \$660,000, together with an aggregate of 825,000 broker warrants (the "Broker Warrants"). Each Broker Warrant entitles the Underwriter to purchase one common share at an exercise price of \$0.80 expiring on June 2, 2023. The Company also paid other share issuance costs totaling \$298,689

The Broker Warrants were valued using the Black-Scholes option pricing model with the following assumptions: expected volatility of 114.9%; dividend yield of 0%; risk-free interest rate of 0.32%; and an expected life of 2.0 years. The expected volatility is based on the average historical volatility over the life of the Broker Warrant at EarthLabs's closing share trade price. 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 Broker Warrants are expected to be outstanding. The value assigned to the Broker Warrants was \$425,700.

On June 14, 2021, the Company completed a non-brokered private placement financing raising gross proceeds of \$9,145,500 through the issuance and sale of 9,380,000 common shares at a price of \$0.975 per share. In connection with the non-brokered private placement, the Company paid a cash financial advisory fee to Canaccord Genuity Corp. in the amount of \$274,365. The Company also paid other share issuance costs totaling \$38,505.

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21. Equity (continued):**(c) Stock options:**

On January 31, 2022, the Company granted 1,240,000 stock options to employees and consultants of the Company, exercisable at \$0.73 per share expiring on January 31, 2027.

On May 31, 2022, the Company granted 4,472,500 stock options to directors, officers, employees and consultants of the Company, exercisable at \$0.485 per share expiring May 31, 2027.

The stock options granted vest at the rate of 1/3 of the grant every year over 3 years. Options granted are accounted for by the fair value method of accounting for stock-based compensation. The Company records compensation expense and credits contributed surplus for all options granted.

The fair value of the options granted on January 31, 2022 and May 31, 2022 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	106.2%-109.6%
Expected dividend yield	0%
Risk-free interest rate	1.64%-2.72%
Expected option life in years	5 years
Expected forfeiture rate	0%
Fair value per stock option granted on January 31, 2022	\$ 0.576
Fair value per stock option granted on May 31, 2022	\$ 0.379

On April 27, 2021, the Company granted 1,170,000 stock options to employees and consultants of the Company, exercisable at \$0.68 per share expiring on April 27, 2026. The stock options granted vest at the rate of 1/6 of the grant every three months over an 18-month period. Options granted are accounted for by the fair value method of accounting for stock-based compensation. The Company records compensation expense and credits contributed surplus for all options granted.

The fair value of the options granted on April 27, 2021 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	119.2%
Expected dividend yield	0%
Risk-free interest rate	0.96%
Expected option life in years	5 years
Expected forfeiture rate	0%
Fair value per stock option granted on April 27, 2021	\$ 0.559

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21. Equity (continued):

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, 2022, included in the interim condensed consolidated statements of income (loss) and comprehensive income (loss) is stock-based compensation expense of \$327,747 (three months ended September 30, 2021 - \$225,420) relating to the stock options granted to directors, officers, employees and consultants of the Company.

For the nine months ended September 30, 2022, included in the interim condensed consolidated statements of income (loss) and comprehensive income (loss) is stock-based compensation expense of \$1,522,429 (nine months ended September 30, 2021 - \$561,493) 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, 2022 and September 30, 2021 and changes during the periods then ended is presented below:

	September 30, 2022		September 30, 2021	
	# of options	Weighted average exercise price	# of options	Weighted average exercise price
Stock options				
Outstanding, at beginning of period	7,685,826	\$ 0.29	7,021,566	\$ 0.22
Granted	5,712,500	0.54	1,170,000	0.68
Exercised	(346,495)	0.31	(352,240)	0.25
Cancelled/forfeited	(147,052)	0.51	-	-
Outstanding, at end of period	12,904,779	\$ 0.40	7,839,326	\$ 0.29
Exercisable, at end of period	7,878,201	\$ 0.34	4,093,279	\$ 0.24

As at September 30, 2022, the weighted average remaining life of the stock options was 3.5 years (September 30, 2021 – 3.8 years).

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21. Equity (continued):

The following table summarizes information about stock options outstanding and exercisable as at September 30, 2022:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
3,371,444	2,316,568	\$ 0.24	February 1, 2025
2,740,001	2,740,001	0.18	July 15, 2025
1,115,834	929,162	0.68	April 27, 2026
1,205,000	401,660	0.73	January 31, 2027
4,472,500	1,490,810	0.49	May 31, 2027
12,904,779	7,878,201		

(d) Broker warrants/compensation options:

	September 30, 2022		September 30, 2021	
	# of options	Weighted average exercise price	# of options	Weighted average exercise price
Broker warrants				
Outstanding, at beginning of period	79,556	\$ 0.80	-	\$ -
Issued	-	-	825,000	0.80
Exercised	-	-	(745,444)	0.80
Outstanding, at end of period	79,556	\$ 0.80	79,556	\$ 0.80

The following table summarizes information about broker warrants outstanding as at September 30, 2022 and December 31, 2021:

Number of broker warrants	Exercise price	Expiry date	Warrant value (\$)
79,556	\$ 0.80	June 2, 2023	\$ 41,051
79,556			\$ 41,051

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

Numerator:	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Net income (loss) from continuing operations	\$ (3,818,176)	\$ (9,674,712)	\$ (13,664,107)	\$ (495,280)
Realized gains from disposition of subsidiary	-	-	-	7,659,798
Net income (loss) from discontinued operations	(855,268)	108,082	(530,579)	1,685,933
Net income (loss) for the period	\$ (4,673,444)	\$ (9,566,630)	\$ (14,194,686)	\$ 8,850,451

EARTHLABS INC.**(Formerly GoldSpot Discoveries Corp.)****Notes to the Interim Condensed Consolidated Financial Statements****September 30, 2022****(Unaudited - Prepared in Canadian dollars)****21. Equity (continued):**

Denominator:	Three months ended		Nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Weighted average number of common shares outstanding – basic	136,555,193	120,764,199	136,128,628	105,589,937
Weighted average effect of diluted stock options and warrants (i)	-	-	-	5,261,743
Weighted average number of common shares outstanding – diluted	136,555,193	120,764,199	136,128,628	110,851,680

Basic earnings (loss) per common share for the period	Three months ended		Nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Continuing operations	\$ (0.03)	\$ (0.08)	\$ (0.10)	\$ -
Discontinued operations	(0.01)	-	-	0.09
Net income (loss) for the period	\$ (0.04)	\$ (0.08)	\$ (0.10)	\$ 0.09

Diluted earnings (loss) per common share for the period	Three months ended		Nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Continuing operations	\$ (0.03)	\$ (0.08)	\$ (0.10)	\$ -
Discontinued operations	(0.01)	-	-	0.08
Net income (loss) for the period	\$ (0.04)	\$ (0.08)	\$ (0.10)	\$ 0.08

- (i) The determination of the weighted average number of common shares outstanding – diluted excludes 12,984,335 shares related to convertible securities that were anti-dilutive for the three and nine months ended September 30, 2022 (three months ended September 30, 2021 – 7,918,882; nine months ended September 30, 2021 - nil).
- (f) On April 28, 2021, the Company announced its intention to effect a normal course issuer bid (“NCIB”) through the facilities of the TSX Venture Exchange. The NCIB commenced on May 4, 2021 and ended on May 3, 2022. The Company may purchase on the TSX Venture Exchange up to 4,736,243 common shares in total, representing approximately 5% of the common shares of EarthLabs issued and outstanding on April 28, 2021. No shares were repurchased under the NCIB.

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21. Equity (continued):

(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, 2022 and 2021:

	September 30, 2022	September 30, 2021
Common shares outstanding	136,555,193	121,528,779
Stock options to purchase common shares	12,904,779	7,861,533
Broker warrants to purchase common shares	79,556	79,556
Fully diluted common shares outstanding	149,539,528	129,469,868

22. Segmented information:

The management of the Company is responsible for the Company's sales and considers the business to have two operating segments, along with its corporate operations:

- The Exploration Technology Division which houses the Company's exploration SaaS and global consulting services and field services divisions (Ridgeline and Geotic); and
- The Financial Technology Division which houses the Company's financial technology (CEO.CA and DigiGeoData) and growing investment portfolio.

For the nine months ended September 30, 2021, the Company had only one operating segment other than corporate operations. The Company measures each reportable operating segment's performance based on revenue and segment operating income, which is the profit metric utilized by the Company's management, for assessing the performance of operating segments. The Company has a single reportable geographic segment, Canada, and all of the Company's assets and equipment are located in Canada. The Company's operating segments are not reliant on any single external customer. 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. The intercompany sales and advances have been eliminated in the interim condensed consolidated financial statements. The Company does not report total assets or total liabilities based on its reportable operating segments.

On October 25, 2022, the Company announced that it has entered into an agreement to sell the Company's Exploration Technology Division. As a result, results for the Exploration Technology Division for the three and nine months ended September 30, 2022 have been classified as loss from discontinued operations in the consolidated statement of loss and comprehensive loss. The assets and liabilities have been classified as assets held for sale and liabilities directly associated with the assets held for sale, respectively, in the consolidated statement of financial position as at September 30, 2022. See Notes 13 and 32.

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23. Net investment gains (losses):

Net investment gains (losses) comprises of the following for the three and nine months ended September 30:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Net realized gains on disposal of investments	\$ (1,767,174)	\$ 336,638	\$ (989,883)	\$ 1,477,315
Net change in unrealized gains (losses) on investments	(1,980,227)	(10,699,712)	(11,099,612)	2,080,248
	\$ (3,747,401)	\$ (10,363,074)	\$ (12,089,495)	\$ 3,557,563

24. Other income:

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

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Dividend income	\$ 21,352	\$ -	\$ 129,124	\$ -
Interest income	9,146	10,306	14,932	14,889
Other income	1,120	-	5,013	-
	\$ 31,618	\$ 10,306	\$ 149,069	\$ 14,889

25. Expenses by nature:

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

	Notes	Three months ended		Nine months ended	
		2022	2021	2022	2021
Salaries and consulting fees	20(a)	\$ 672,534	\$ 279,191	\$ 1,664,613	\$ 2,015,249
Stock-based compensation expense	21(c)	327,747	225,420	1,522,429	561,493
Amortization and depreciation	14, 15, 16	340,525	8,757	992,765	26,271
Software licensing fees		180,779	-	614,784	-
Professional fees		196,497	96,674	554,055	236,125
Brokerage fees and transaction costs		56,754	10,868	200,279	58,184
Directors' fees	20(a)	64,500	64,500	193,500	170,500
Other office and general		50,935	7,596	188,735	25,106
Shareholder relations and filing fees		74,803	31,981	161,287	90,864
Other employee benefits		30,551	15,995	98,775	55,928
Operating lease payments		14,742	14,985	45,454	43,377
Travel and promotion		9,387	-	30,394	-
Provision for ECLs	7, 28(a)	22,533	-	23,466	-
Foreign exchange gain		(14,934)	(8,521)	(15,677)	(3,688)
Research and development tax credits		-	-	(20,584)	(223,732)
		\$ 2,027,353	\$ 747,446	\$ 6,254,275	\$ 3,055,677

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26. Supplemental disclosure of cash flow information:

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

	2022	2021
Income taxes paid - continuing operations	\$ 12,751	\$ -
Income taxes paid - discontinued operations	117,279	-
Exchange of Xcorp shares for GPM shares at fair value	-	8,074,815
Non-cash investment activities		
Issuance of shares for the acquisition of Ridgeline, at fair value	-	1,929,047
Issuance of shares for the acquisition of DigiGeoData, at fair value	2,003,652	-

27. Management of capital:

There were no changes in the Company's approach to capital management during the nine months ended September 30, 2022. 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 \$50,443,123 on September 30, 2022 (December 31, 2021 – \$61,019,569). 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, 2022.

28. 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, 2022. A discussion of the Company's use of financial instruments and other associated risks is as follows.

EARTHLABS INC.**(Formerly GoldSpot Discoveries Corp.)****Notes to the Interim Condensed Consolidated Financial Statements****September 30, 2022****(Unaudited - Prepared in Canadian dollars)**

28. Financial instruments and financial risk management (continued):**(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, due from brokers 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, due from brokers and accounts receivable, net of ECLs which total \$4,866,495 as at September 30, 2022 (December 31, 2021 - \$8,458,476).

An aging of accounts receivable, net of expected credit losses are as follows as at September 30, 2022 and December 31, 2021:

	September 30, 2022	December 31, 2021
Accounts receivable aging		
0-30 days	\$ 63,992	\$ 790,547
31-60 days	8,755	346,383
61-90 days	3,020	142,191
Greater than 90 days	22,533	125,752
	\$ 98,300	\$ 1,404,873
Expected credit loss provision	(22,533)	(116,475)
Accounts receivable, net of expected credit losses	\$ 75,767	\$ 1,288,398

The movement in the expected credit loss provision can be reconciled as follows as at September 30, 2022 and December 31, 2021:

	September 30, 2022	December 31, 2021
Expected credit loss provision:		
Expected credit loss provision, beginning balance	\$ (116,475)	\$ (55,528)
Provision used during the year	933	4,678
Provision recorded during the period	(23,466)	(65,625)
Reclassified to liabilities directly associated with the assets held for sale	116,475	-
Expected credit loss provision, ending balance	\$ (22,533)	\$ (116,475)

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28. 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 September 30, 2022:

	Total	0-30 days	31-60 days	61-90 days	Greater than 90 days
Default rates		0%	0%	0%	100%
Accounts receivable	\$ 98,300	\$ 63,992	\$ 8,755	\$ 3,020	\$ 22,533
Expected credit loss provisions	\$ 22,533	\$ -	\$ -	\$ -	\$ 22,533

The following default rates are used to calculate the expected credit loss provision on accounts receivable as at December 31, 2021:

	Total	0-30 days	31-60 days	61-90 days	Greater than 90 days
Default rates		0%	0%	0%	93%
Accounts receivable	\$ 1,404,873	\$ 790,547	\$ 346,383	\$ 142,191	\$ 125,752
Expected credit loss provisions	\$ 116,475	\$ -	\$ -	\$ -	\$ 116,475

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

During the year ended December 31, 2020, the Canadian federal government made certain government support programs available to eligible entities as part of its COVID-19 economic response plan. Each applicant's eligibility for these programs is subject to validation and detailed verification by the federal government. Due to nature of the eligibility requirements and related calculations, it is possible that the eligibility requirements may not be considered to be met upon validation, and as such the benefits received may be repayable. During the nine months ended September 30, 2022 and 2021, the Company did not receive any wage subsidies. During the nine months ended September 30, 2022, the Company repaid \$40,000 in Canada Emergency Business Account ("CEBA") loans.

(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.

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

As at September 30, 2022, the Company held \$572,549 in U.S. denominated investments (December 31, 2021 – \$1,286,887) therefore market risk also includes currency risk. There were no changes in the way the Company manages market risk during the nine months ended September 30, 2022.

The following table shows the estimated sensitivity of the Company's after-tax net income for the three and nine months ended September 30, 2022 from a change in the fair value price of the Company's investments with all other variables held constant as at September 30, 2022:

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%	\$ 380,751	\$ (380,751)
4%	761,501	(761,501)
6%	1,142,252	(1,142,252)
8%	1,523,002	(1,523,002)
10%	1,903,753	(1,903,753)

The following table shows the estimated sensitivity of the Company's after-tax net income for the three and nine months ended September 30, 2021 from a change in the fair value price of the Company's investments with all other variables held constant as at September 30, 2021:

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%	\$ 466,921	\$ (466,921)
4%	933,842	(933,842)
6%	1,400,762	(1,400,762)
8%	1,867,683	(1,867,683)
10%	2,334,604	(2,334,604)

(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, 2022. The Company's accounts payable and accrued liabilities are due within less than 1 year as at September 30, 2022 and December 31, 2021.

EARTHLABS INC.**(Formerly GoldSpot Discoveries Corp.)****Notes to the Interim Condensed Consolidated Financial Statements****September 30, 2022****(Unaudited - Prepared in Canadian dollars)****28. Financial instruments and financial risk management (continued):**

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, 2022:

Liabilities and obligations	Total	Payments due by period			Non-cash payable
		Less than 1 year	1 – 3 years	4 – 5 years	
Accounts payable and accrued liabilities	\$ 497,168	\$ 497,168	\$ -	\$ -	\$ -
Sales tax payable	350,396	350,396	-	-	-
Deferred revenue	1,875,600	-	-	-	1,875,600
Income tax payable	264,492	264,492	-	-	-
Liabilities directly associated with the assets held for sale	6,766,630	6,766,630	-	-	-
Deferred tax liabilities	347,929	-	-	-	347,929
Office and other lease payments	200,074	17,285	132,232	50,557	-
	\$ 10,302,289	\$ 7,895,971	\$ 132,232	\$ 50,557	\$ 2,223,529

The following table shows the Company's liabilities and potential due dates related to liquidity risk as at December 31, 2021:

Liabilities and obligations	Total	Payments due by period			Non-cash payable
		Less than 1 year	1 – 3 years	4 – 5 years	
Accounts payable and accrued liabilities	\$ 2,477,421	\$ 2,477,421	\$ -	\$ -	\$ -
Sales tax payable	31,933	31,933	-	-	-
Deferred revenue	6,073,101	-	-	-	6,073,101
Income tax payable	4,600	4,600	-	-	-
Deferred tax liabilities	3,291,684	-	-	-	3,291,684
Office and other lease payments	252,969	157,189	95,780	-	-
	\$ 12,131,708	\$ 2,671,143	\$ 95,780	\$ -	\$ 9,364,785

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The following table shows the Company's source of liquidity by assets as at September 30, 2022:

Assets	Payments due by period				Non-liquid assets
	Total	Less than 1 year	1 – 3 years	4 – 5 years	
Cash and cash equivalents	\$ 2,951,461	\$ 2,951,461	\$ -	\$ -	\$ -
Due from brokers	1,650,901	1,650,901	-	-	-
Accounts receivable, net of ECLs	75,767	75,767	-	-	-
Investments, at fair value	21,945,276	21,945,276	-	-	-
Equity investment	9,218,775	9,218,775	-	-	-
Prepays	162,512	-	-	-	162,512
Assets held for sale	7,378,992	-	-	-	7,378,992
Property and equipment	154,868	-	-	-	154,868
Intangible assets	8,836,463	-	-	-	8,836,463
Goodwill	8,321,591	-	-	-	8,321,591
	\$ 60,696,606	\$ 35,842,180	\$ -	\$ -	\$ 24,854,426

The following table shows the Company's source of liquidity by assets as at December 31, 2021:

Assets	Payments due by period				Non-liquid assets
	Total	Less than 1 year	1 – 3 years	4 – 5 years	
Cash and cash equivalents	\$ 6,558,818	\$ 6,558,818	\$ -	\$ -	\$ -
Due from brokers	611,260	611,260	-	-	-
Accounts receivable, net of ECLs	1,288,398	1,288,398	-	-	-
Investments, at fair value	34,674,867	34,674,867	-	-	-
Equity investment	8,492,872	8,492,872	-	-	-
Tax credits receivable	447,068	447,068	-	-	-
Prepays	394,391	-	-	-	394,391
Property and equipment	1,641,549	-	-	-	1,641,549
Intangible assets	9,977,352	-	-	-	9,977,352
Goodwill	9,038,472	-	-	-	9,038,472
	\$ 73,125,047	\$ 52,073,283	\$ -	\$ -	\$ 21,051,764

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28. 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. There were no changes to the way that the Company manages currency risk during the nine months ended September 30, 2022.

As at September 30, 2022, the Company had \$262,473 (US\$191,660) in net cash, accounts receivable, due from brokers and accounts payable (September 30, 2021 - \$337,424 (US\$264,833)) 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 and comprehensive income for the three and nine months ended September 30, 2022 would have decreased or increased, respectively, by approximately \$13,124 (three and nine months ended September 30, 2021 - \$13,242). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

29. 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 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 determined that in 2021 and for the nine months ended September 30, 2022, there were no material expectations of increased credit losses, and there were no material indicators of impairment of intangibles, goodwill, or other long-term assets. Travel restrictions had little impact on the Company's consulting business. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company's portfolio which could have a significant impact on the Company's operations. The extent to which the COVID-19 outbreak impacts the Company's results will continue to depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of the virus, the actions to contain its impact, and the efficacy of the vaccines and vaccination programs in every country.

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30. Commitments and contingencies:

In addition to the Company's liabilities and obligations (see Note 28(c)), the Company is party to legal proceedings and other claims in the ordinary course of its operations. Litigation and other claims are subject to many uncertainties and the outcome of individual matters is not predictable. Where management can estimate that there is a loss probable, a provision has been recorded in its consolidated financial statements, where proceedings are at a premature stage or the ultimate outcome is not determinable, then no provision is recorded. It is possible that the final resolution of these matters may require the Company to make expenditures over an extended period of time and in a range of amounts that cannot be reasonably estimated and may differ significantly from any amounts recorded in these consolidated financial statements. Should the Company be unsuccessful in its defense or settlement of one or more of these legal actions, there could be a materially adverse effect on the Company's consolidated financial position, future expectations, and cash flows.

31. Comparative interim condensed consolidated financial statements:

Comparative interim condensed consolidated financial statements: The comparative interim condensed consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the September 30, 2022 interim condensed consolidated financial statements. The Company has reclassified research and development expenses from operating, general and administrative expenses in the interim condensed consolidated statements of income (loss) and reclassified discontinued operations.

32. Subsequent events:

On October 25, 2022, the Company, ALS GoldSpot Discoveries Ltd. (formerly 1377900 BC Ltd.) and ALS Canada Ltd. ("ALS Canada") entered into a Definitive Agreement governing a proposed disposition (the "Disposition") by the Company to the Purchaser of all of the Company's right, title and interest in the following (collectively, the Exploration Technology Division):

- (a) all of the issued and outstanding shares of the Company's wholly-owned subsidiaries: Ridgeline Explorations Services Inc. and Géotic Inc. (the "Purchased Entities");
- (b) the business currently carried on by the Company through its exploration technology division and by the Purchased Entities (collectively, the "Business"), including but not limited to the business of the development, maintenance and marketing of geological exploration consulting services that specialize in the application of machine learning and other automated data assessment technologies and tools; and
- (c) all undertakings, property, assets, rights and interests of the Company used exclusively in connection with the Business, including without limitation, specified accounts receivable, inventories, intellectual property, books, records and goodwill.

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32. Subsequent event (continued):

The purchase price (the "Purchase Price") payable by the Purchaser to the Company for the Exploration Technology Division is comprised of (i) a cash payment of \$24,000,000 payable at closing (subject to standard working capital adjustments); and (ii) the assumption by the Purchaser of certain specified assumed liabilities, including deferred revenue obligations of the Company in an aggregate amount of up to \$6,000,000. ALS Canada is party to the Definitive Agreement as guarantor of the prompt payment and performance of all indebtedness and other obligations of the Purchaser thereunder.

The Disposition is an arm's length transaction and may be terminated in certain specified circumstances, including: (1) by the Purchaser or Company if any condition precedent in its favour has not been satisfied or waived by closing; (2) by the Purchaser in the event of any loss, damage or destruction of the assets being purchased prior to closing which constitutes a "material adverse change" (as defined in the Definitive Agreement); (4) by the Company or Purchaser if any governmental authority, including the TSXV, has notified either party in writing that it will not approve the Disposition; (5) by mutual consent of the Purchaser and the Company; or (6) by the Purchaser or Company unless it is in material breach of the Disposition Agreement, if the closing has not occurred on or before January 31, 2023 (subject to specified exceptions).

The Disposition is subject to customary closing conditions including the receipt of all applicable director, shareholder, third party and regulatory approvals, including the approval of the TSX Venture Exchange, and is currently expected to close by December 31, 2022.