

GOLDEN GOLIATH RESOURCES LTD.
CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED MAY 31, 2021 AND 2020
(Expressed in Canadian Dollars)
(Unaudited)

NOTICE TO READERS

The attached condensed consolidated interim financial statements for the nine months periods ended May 31, 2021 have been prepared by and are the responsibility of the Company's management and have been approved by the Board of Directors of the Company. The Company's independent auditor has not performed a review of these interim financial statements.

GOLDEN GOLIATH RESOURCES LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited)

	MAY 31, 2021	AUGUST 31, 2020
ASSETS		
Current Assets		
Cash	\$ 117,173	\$ 2,251,482
Short-term investments (Note 5)	2,211,043	779,024
Accounts receivable (Note 6)	97,364	50,759
Prepaid expenses	38,064	45,730
Total Current Assets	2,463,644	3,126,995
Non-current Assets		
Value-added taxes recoverable	4,724	3,690
Exploration advance	19,794	50,000
Exploration and evaluation assets (Notes 7 and 16)	2,538,715	1,031,037
Property and equipment (Note 8)	18,948	19,215
Total Assets	\$ 5,045,825	\$ 4,230,937
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 53,819	\$ 73,696
Due to related parties (Note 14)	139,044	84,500
Employment benefit obligations	39,591	38,944
Total Liabilities	232,454	197,140
EQUITY		
Share capital (Note 9)	30,226,553	29,160,442
Share subscription receivable (Note 9)	-	(141,750)
Share-based payments reserve (Note 9)	3,513,619	3,298,267
Deficit	(28,926,801)	(28,283,162)
Total Equity	4,813,371	4,033,797
Total Liabilities And Equity	\$ 5,045,825	\$ 4,230,937

Going Concern (Note 1)

These consolidated financial statements were authorized for issue by the Board of Directors on July 30, 2021. They are signed on behalf of the Company by:

"J. Paul Sorbara"

Director

"Stephen W. Pearce"

Director

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

GOLDEN GOLIATH RESOURCES LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2021	2020	2021	2020
Expenses				
Amortization	\$ 89	\$ 89	\$ 267	\$ 349
Consulting (Note 13)	24,000	19,356	74,000	55,356
Foreign exchange loss (gain)	(145)	(1,109)	1,404	3,978
Investor relations	32,600	57,301	112,700	102,124
Management fees (Note 13)	34,500	30,000	103,500	90,000
Office and general	9,315	5,696	28,704	24,954
Professional fees	22,755	15,920	74,069	51,789
Rent and utilities	4,331	3,940	12,564	12,913
Share-based compensation (Note 13)	-	-	215,352	229,721
Transfer agent and filing fees	13,737	6,051	25,668	17,568
Travel	12	3,817	3,087	18,744
Loss Before Other Income	(141,194)	(141,061)	(651,315)	(607,496)
Other Income				
Interest income	1,386	3,074	7,676	13,637
Comprehensive Loss - For The Period	\$ (139,808)	\$ (137,987)	\$ (643,639)	\$ (593,859)
Loss Per Share – Basic and Diluted	(0.001)	(0.001)	(0.005)	(0.006)
Weighted Average Number Of Shares Outstanding – Basic and diluted	136,274,040	107,260,889	136,274,040	107,260,889

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

GOLDEN GOLIATH RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)
(Unaudited)

	SHARES	AMOUNT	SHARE SUBSCRIPTION RECEIVABLE	SHARE- BASED PAYMENTS RESERVE	DEFICIT	TOTAL EQUITY
Balance, August 31, 2019	107,260,889	26,063,652	-	3,068,546	(27,223,268)	1,908,930
Shares issued for exploration and evaluation assets	600,000	28,000	-	-	-	28,000
Units issued for private placement	27,079,100	3,128,990	(141,750)	-	-	2,987,240
Share issue costs	-	(60,200)	-	-	-	(60,200)
Share-based compensation	-	-	-	229,721	-	229,721
Net loss for the year	-	-	-	-	(1,059,894)	(1,059,894)
Balance, August 31, 2020	134,939,989	29,160,442	(141,750)	3,298,267	(28,283,162)	4,033,797
Units issued for mineral property	100,000	10,000	-	-	-	10,000
Units issued for private placement	7,347,030	830,900	-	-	-	830,900
Stock options exercised	600,000	54,000	-	-	-	54,000
Warrants exercised	2,100,000	210,000	-	-	-	210,000
Share subscription received	-	-	141,750	-	-	141,750
Share issue costs	-	(38,789)	-	-	-	(38,789)
Share-based compensation	-	-	-	215,352	-	215,352
Net loss for the period	-	-	-	-	(643,639)	(643,639)
Balance, May 31, 2021	145,087,019	\$ 30,226,553	\$ -	\$ 3,513,619	\$ (28,926,801)	\$ 4,813,371

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GOLDEN GOLIATH RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)

	Nine months ended May 31,	
	2021	2020
Operating Activities		
Net loss for the period	\$ (643,639)	\$ (593,859)
Adjustments to reconcile loss to net cash used in operating activities:		
Amortization	267	349
Interest income	(7,674)	(13,637)
Share-based compensation	215,352	229,721
Unrealized foreign exchange gain	647	-
Change in non-cash operating assets and liabilities:		
VAT and other receivables	(51,181)	42,601
Prepaid expenses	7,666	(32,249)
Accounts payable and accrued liabilities	(19,877)	(75,068)
Due to related parties	54,544	36,000
Employment benefit obligations	-	(2,693)
Cash Used In Operating Activities	(443,895)	(408,835)
Investing Activities		
Exploration advances	30,206	-
Expenditures on exploration and evaluation assets	(1,509,679)	(196,506)
Purchase of short-term investment	(1,807,500)	-
Proceeds from redemption of short term deposit	379,024	241,318
Interest income	7,674	13,637
Cash (Used In) Provided By Investing Activities	(2,900,275)	58,449
Financing Activities		
Unit issuances for private placement, net	804,111	-
Unit issuances for stock options exercised	54,000	-
Unit issuances for warrants exercised	210,000	-
Share subscription received	141,750	280,750
Cash Provided By Financing Activities	1,209,861	280,750
Decrease In Cash	(2,134,309)	(69,636)
Cash, Beginning Of Period	2,251,482	355,740
Cash, End Of Period	\$ 117,173	\$ 286,104
Supplementary Cash Flow Disclosure And Non-Cash Investing And Financing Activities:		
Exploration and evaluation assets costs included in accounts payable and accrued liabilities	\$ 44,598	\$ -
Interest receivable	\$ 3,543	\$ -

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

GOLDEN GOLIATH RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTH PERIOD ENDED MAY 31, 2021
(Expressed in Canadian Dollars)
(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Golden Goliath Resources Ltd. (the “Company”) was incorporated on June 12, 1996 under the Business Corporations Act of British Columbia, Canada. The Company is a public company listed on the TSX Venture Exchange (the “TSX.V”), trading under the symbol “GNG”. The address of the Company’s corporate office and principal place of business is Suite 910, 688 West Hastings Street, Vancouver, British Columbia, Canada. The Company’s principal business activity is the acquisition and exploration of resource properties.

The Company is in the exploration stage and is in the process of evaluating its resource properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets are dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development of the properties and upon future profitable production or proceeds from the disposition thereof. Management’s plan in this regard is to secure additional funds through future equity financings, which either may not be available or may not be available on reasonable terms.

The consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern. This assumes the Company will operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities, contingent obligations and commitments other than in the normal course of business and at amounts different from those in the financial statements. The Company has incurred operating losses since inception, has no source of operating cash flow, minimal income from short-term investments, continues to rely on the cooperation of its related parties, and there can be no assurances that sufficient funding, including adequate financing, will be available to complete the exploration of its mineral properties and to cover general and administrative expenses necessary for the maintenance of a public company. The ability of the Company to arrange additional financing in the future depends in part, on the prevailing capital market conditions and mineral property exploration success. These factors cast substantial doubt on the Company’s ability to continue as a going concern. Accordingly, the financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities, contingent obligations and commitments other than in the normal course of business and at amounts different from those in the financial statements.

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus (“COVID-19”). The Company continues to operate its business currently. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in 2021.

2. BASIS OF PRESENTATION

a) Statement of Compliance

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

b) Basis of Preparation

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. These consolidated financial statements have also been prepared using the accrual basis of accounting, except for cash flow information. In the opinion of management, all adjustments (including normal recurring accruals), considered necessary for a fair presentation have been included.

GOLDEN GOLIATH RESOURCES LTD.
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2. BASIS OF PRESENTATION (Continued)

c) Foreign Currencies

The Company's reporting currency and functional currency is the Canadian dollar. The functional currency of the Mexican subsidiary is the Canadian dollar. Transactions in Mexican ("MXN") foreign currency have been translated into Canadian dollars as follows:

- Monetary items at the rate prevailing at the statement of financial position date;
- Non-monetary items are measured at historical cost at the exchange rate in effect at the date of the transaction;
- Revenues and expenses are translated at the exchange rate in effect at the date of the transaction; and
- Gains or losses arising on foreign currency translation are included in the consolidated statements of operations and comprehensive loss.

d) Significant Accounting Judgments and Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The preparation of financial statements also requires management to exercise judgment in the process of applying the accounting policies.

On an on-going basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances, as the basis for its judgments and estimates. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. Actual outcomes may differ from those estimates under different assumptions and conditions.

The following are the key estimate and assumption uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

Critical Accounting Estimates

Impairment

Assets, especially exploration and evaluation assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. The assessment of the carrying amount often requires estimates and assumptions such as discount rates, exchange rates, commodity prices, future capital requirements and future operating performance.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant of shares. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of a share option, volatility and dividend yield and making assumptions about them. The assumptions and model used for estimating fair value for share-based payment transactions are disclosed in Note 9.

GOLDEN GOLIATH RESOURCES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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2. BASIS OF PRESENTATION (Continued)

d) Significant Accounting Judgments and Estimates (Continued)

Critical Judgments Used in Applying Accounting Policies

Determination of going concern assumption

The preparation of these consolidated financial statements requires management to make judgments regarding the applicability of going concern assumption to the Company as discussed in Note 1.

Determination of Cash Generating Units

In performing impairment assessments, assets are grouped together into the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Management is required to exercise judgment in identifying these cash generating units.

Determination of functional currency

The functional currency for the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the statement of operations in the period the new information becomes available.

Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

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2. BASIS OF PRESENTATION (Continued)

d) Significant Accounting Judgments and Estimates (Continued)

Flow-through expenditures

The Company is required to spend proceeds received from the issuance of flow-through shares on qualifying resources expenditures. Differences in judgment between management and regulatory authorities with respect to qualified expenditures may result in disallowed expenditures by the tax authorities. Any amount disallowed may result in the Company's required expenditures not being fulfilled.

Decommissioning liabilities

Judgment is required to determine if there are legal or constructive obligations to incur restoration, rehabilitation and environmental costs when there is an environmental disturbance caused by exploration, development or ongoing production of an exploration and evaluation asset. When it is determined that an obligation exists, a provision is recognized. The provision for decommissioning liabilities depends on estimates of current risk-free interest rates, future restoration and reclamation expenditures and the timing of those expenditures.

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial statements have been prepared using the same accounting policies as those used in the Company's annual financial statement at August 31, 2020.

4. ADOPTION OF ACCOUNTING STANDARD

IFRS 16 - Leases

On September 1, 2019, the Company adopted IFRS 16, Leases ("IFRS 16"), which requires lessees to recognize assets and liabilities for most leases. For lessors, there is little change to the existing accounting in IAS 17, Leases. The adoption of IFRS 16 did not have a material impact on the Company's consolidated financial statements as the Company has no long-term leases.

5. SHORT-TERM INVESTMENTS

As at May 31, 2021 the Company's short-term investment of \$2,207,500 (August 31, 2020 - \$772,000) were comprised of two Canadian investments in guaranteed investment certificates for \$407,500 maturing on January 24, 2022 at an effective interest rate of 0.2% and \$1,800,000 maturing on September 9, 2022 at an effective interest rate of 0.25% (August 31, 2020 - 1.5%). As at May 31, 2021, the Company accrued \$3,543 (August 31, 2020 - \$7,024) of interest receivable related to the investment.

6. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	<u>May 31, 2021</u>	<u>August 31, 2020</u>
Sales taxes recoverable	\$ 96,123	\$ 49,593
Other receivable	1,240	1,166
	<u>\$ 97,363</u>	<u>\$ 50,759</u>

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(Unaudited)

7. EXPLORATION AND EVALUATION ASSETS

Detailed exploration and evaluation expenditures incurred in respect to the Company's mineral property interests owned, leased or held under option are disclosed in Note 17. Property payments made on the Company's mineral property interests are included in the property descriptions below.

Uruachic Mining Camp

During the year ended August 31, 2019, El Aguila exercised an assignment option to gain a 100% interest over certain claims in the La Reforma, Nueva Union, Oteros, Las Bolas, Nopalera, La Barranca and Corona properties in the Company's Uruachic Mining Camp (subject to a 1% net smelter royalty, half of which may be purchased for US\$500,000).

The final payment, as stated in the definitive agreement, of \$3,064,133 (US\$2,300,000) was received during the year ended August 31, 2019. The Company received US\$3,000,000 in total under the assignment option and was responsible for all mining rights (property taxes) and conducting all assessment work required to keep the property in good standing. The value of the properties acquired by El Aguila and recorded in exploration and evaluation assets was \$2,427,928 as at August 31, 2019.

The Company and Comstock Metals Ltd. ("Comstock") had previously entered into an option agreement whereby Comstock had earned a 50% undivided interest in the Corona property. On May 18, 2016 the Company, Comstock and El Aguila signed an agreement whereby the Company was obligated to pay 50% of one seventh of certain option payments received from El Aguila to Comstock in order to transfer Comstock's 50% undivided interest to El Aguila. During the year ended August 31, 2019, the Company paid \$218,878 (US\$164,286) to Comstock in accordance with the agreement. Total payments of US\$200,000 were made in accordance with specific instalment payments made by El Aguila to the Company.

During the year ended August 31, 2019, the Company recognized a gain on sale of \$417,327 as a result of the exercise of the assignment option.

The Company has retained an undivided 100% interest in its principal property in the District, San Timoteo, where work had been focused for the last several years. El Aguila has been granted a right of first refusal over this property.

During the year ended August 31, 2020, \$268,793 (2019 - \$15,013) in deferred expenditures related to the Uruachic Mining Camp were written down as an impairment loss determined in accordance with level 3 of the hierarchy. The Company will continue to hold the claims, but they are not viewed as priorities. Management does not currently intend to conduct any exploration activities on these non-core claims.

KWAI Property

During the year ended August 31, 2019, the Company signed an option agreement to acquire a 100% interest in the KWAI property in the Red Lake District of Ontario. Per the terms of the agreement, in order to acquire a 100% interest, the Company is required to make certain cash milestone payments and issue common shares as follows:

	Cash	Common Shares
Upon signing agreement	\$ 10,500 (paid)	-
Upon regulatory approval (obtained in 2019)	-	200,000 (issued)
12 months from regulatory approval	10,000 (paid)	200,000 (issued)
24 months from regulatory approval	12,000 (paid)	-
36 months from regulatory approval	16,000	-
48 months from regulatory approval	20,000	-
Total	\$ 68,500	400,000

The acquisition is subject to a 1.5% net smelter return, of which the Company has an option to repurchase 0.75% for \$500,000.

GOLDEN GOLIATH RESOURCES LTD.
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7. EXPLORATION AND EVALUATION ASSETS (Continued)

SLF Property

During the year ended August 31, 2019, the Company signed an option agreement to acquire a 100% interest in the SLF property in the Red Lake District of Ontario. Per the terms of the agreement, in order to acquire a 100% interest the Company is required to make certain cash milestone payments and issue common shares as follows:

	CASH	Common Shares
Upon signing agreement	\$ 9,200 (paid)	-
Upon regulatory approval (obtained in 2019)	-	200,000 (issued)
12 months from regulatory approval	10,000 (paid)	200,000 (issued)
24 months from regulatory approval	12,000 (paid)	-
36 months from regulatory approval	16,000	-
48 months from regulatory approval	20,000	-
Total	\$ 67,200	400,000

The acquisition is subject to a 1.5% net smelter return, of which the Company has an option to repurchase 0.75% for \$500,000.

Wish Ore Property

The company holds a 100% interest in the Wish Ore property in townships of Wishat and Palmer, Ontario. The acquisition is subject to a 1.5% net smelter return, of which the Company has an option to repurchase 0.75% for \$500,000.

8. PROPERTY AND EQUIPMENT

	EQUIPMENT	LAND	TOTAL
COST			
Balance August 31, 2019	\$ 158,512	\$ 18,917	\$ 177,429
Disposals	(58,382)	-	(58,382)
Balance August 31, 2020 and May 31, 2021	\$ 100,130	\$ 18,917	\$ 119,047
ACCUMULATED AMORTIZATION			
Balance August 31, 2019	\$ 157,777	\$ -	\$ 157,777
Amortization	437	-	437
Disposals	(58,382)	-	(58,382)
Balance August 31, 2020	99,832	-	99,832
Amortization	267	-	267
Balance May 31, 2021	\$ 100,099	\$ -	\$ 100,099
CARRYING AMOUNTS			
As at August 31, 2020	\$ 298	\$ 18,917	\$ 19,215
As at May 31, 2021	\$ 31	\$ 18,917	\$ 18,948

GOLDEN GOLIATH RESOURCES LTD.
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NINE MONTH PERIOD ENDED MAY 31, 2021
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9. SHARE CAPITAL AND RESERVES

Authorized

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

Issued and Fully Paid

As at May 31, 2021, the Company had 145,087,019 (August 31, 2020 – 134,939,989) common shares issued and fully paid.

On November 25, 2019, the Company issued 200,000 common shares with a fair value of \$8,000 pursuant to the KWAJ Agreement towards acquiring 100% interest in the KWAJ property and 200,000 common shares with a fair value of \$8,000 pursuant to the SLF Agreement towards acquiring 100% interest in the SLF property (see Note 7).

On April 16, 2020, the Company issued 200,000 common shares valued at \$12,000 pursuant to the Wish Ore Agreement towards acquiring 100% interest in the Wish Ore property (see Note 7).

On June 8, 2020, the Company issued 9,960,000 units at a price of \$0.05 per unit pursuant to a private placement for gross proceeds of \$498,000. Each unit consist of one common share and one share purchase warrant that entitles the holder to acquire an additional common share at a price of \$0.10 per share for a period of 12 months. The warrants were assigned \$Nil value using the residual method. The Company incurred share issue costs of \$15,000 in connection with the private placement.

On June 28, 2020, the Company issued 13,603,333 non-flow-through units at \$0.15 per unit, and 900,000 flow-through units at \$0.20 per unit pursuant to a private placement for gross proceed of \$2,220,500. Each non-flow-through units consisted of one non-flow-through common share and one share purchase warrant. Each flow-through unit consisted of one flow-through common share and one half share purchase warrant. One whole purchase warrant is exercisable to acquire one additional common share at \$0.30 for 2 years from the date of issuance. The warrants were assigned \$Nil value using the residual method.

On August 6, 2020, the Company issued 2,253,267 non-flow-through units at \$0.15 per unit, and 362,500 flow-through units at \$0.20 per unit pursuant to a private placement for gross proceed of \$410,490. Each non-flow-through units consisted of one non-flow-through common share and one share purchase warrant. Each flow-through unit consisted of one flow-through common share and one half share purchase warrant. One whole purchase warrant is exercisable to acquire one additional common share at \$0.30 for 2 years from the date of issuance.

The warrants were assigned \$Nil value using the residual method. The Company incurred share issuance costs of \$45,200 in connection with the private placement. As at August 31, 2020, proceeds of \$141,750 were included in share subscriptions receivable. The full amount was received during the period ended November 30, 2020.

On September 2, 2020, the Company issued 500,000 common shares pursuant to the exercise of 400,000 stock options at a price of \$0.085 per common share, and 100,000 stock options at a price of \$0.10 per common share.

On September 4, 2020, the Company issued 100,000 common shares pursuant to the exercise of 100,000 stock options at a price of \$0.10 per common share.

On October 6, 2020, the Company issued 200,000 common shares pursuant to the exercise of 200,000 share purchase warrants at an exercise price of \$0.10 per common share.

On October 19, 2020, the Company issued 1,100,000 common shares pursuant to the exercise of 1,100,000 share purchase warrants at an exercise price of \$0.10 per common share.

On November 2, 2020, the Company issued 800,000 common shares pursuant to the exercise of 800,000 share purchase warrants at an exercise price of \$0.10 per common share.

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9. SHARE CAPITAL AND RESERVES (Continued)

Issued and Fully Paid (Continued)

On November 16, 2020, the Company issued 250,000 common shares pursuant to the exercise of 250,000 stock options at a price of \$0.10 per common share.

On January 20, 2021, the Company issued 1,445,000 non-flow-through shares at \$0.12 per unit, and 533,334 flow-through shares at \$0.15 per unit pursuant to a private placement for gross proceed of \$253,400. Each non-flow-through units consisted of one non-flow-through common share and one share purchase warrant. Each flow-through unit consisted of one flow-through common share and one half share purchase warrant. One whole purchase warrant is exercisable to acquire one additional common share at \$0.25 for 2 years from the date of issuance.

On March 24, 2021, the Company issued 2,310,000 non-flow-through shares at \$0.10 per unit, and 2,708,696 flow-through shares at \$0.115 per unit pursuant to a private placement for gross proceed of \$542,500. Each non-flow-through units consisted of one non-flow-through common share and one share purchase warrant. Each flow-through unit consisted of one flow-through common share and one half share purchase warrant. One whole purchase warrant is exercisable to acquire one additional common share at \$0.20 for 2 years from the date of issuance.

On April 6, 2021, the Company issued 100,000 non-flow-through shares at \$0.10 per unit to a private placement for gross proceed of \$10,000. Each unit consisted of one non-flow-through common share and one share purchase warrant. One whole purchase warrant is exercisable to acquire one additional common share at \$0.20 for 2 years from the date of issuance.

On April 6, 2021, the Company issued 100,000 common shares valued at \$10,000 pursuant to the Wish Ore Agreement towards acquiring 100% interest in the Wish Ore property (see Note 7).

Warrants

A continuity schedule of the Company's warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance August 31, 2019	-	-
Issued	26,447,850	\$0.22
Balance August 31, 2020	26,447,850	\$0.22
Exercised	(2,100,000)	\$0.10
Issued	5,632,537	\$0.22
Balance May 31, 2021	29,980,387	\$0.23

The following table summarizes the share purchase warrants outstanding as at May 31, 2021:

Expiry Date	Number of Warrants	Exercise Price	Average Remaining Contractual Life
June 8, 2022	7,860,000	\$0.10	1.02
June 28, 2022	14,053,333	\$0.30	1.08
August 4, 2022	2,434,517	\$0.30	1.18
January 20, 2023	1,711,667	\$0.25	1.64
March 17, 2023	3,664,348	\$0.20	1.79
April 7, 2023	100,000	\$0.20	1.85
March 17, 2024	156,522	\$0.22	2.80
	29,980,387		

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9. SHARE CAPITAL AND RESERVES (Continued)

Stock Options

The Company has a 10% rolling stock option plan for its directors, officers, employees and consultants to acquire common shares of the Company at a price determined with reference to the fair market value of the shares at the date of grant. The Company's stock option plan provides for immediate vesting or vesting at the discretion of the Board at the time of the option grant. Options are exercisable for a period of up to 5 years. Stock options granted to investor relations' consultants vest over a twelve-month period, with one quarter of such options vesting in each three-month period.

On May 1, 2019 the Company granted 200,000 stock options to consultants of the Company at an exercise price of \$0.10 per share, expiring on April 30, 2022. The fair value of the stock options granted has been calculated using the Black-Scholes pricing model, based on the following assumptions: weighted average risk-free interest rate of 1.48%, volatility factor of 102.97% and an expected life of three years.

On September 10, 2019 the Company granted 3,400,000 stock options to consultants and Directors of the Company at an exercise price of \$0.10 per share, expiring on September 9, 2024. The fair value of the stock options granted has been calculated using the Black-Scholes pricing model, based on the following assumptions: weighted average risk free interest rate of 1.24%, volatility factor of 130.98% and an expected life of five years.

On December 15, 2019 the Company granted 250,000 stock options to consultants of the Company at an exercise price of \$0.10 per share, expiring on December 14, 2022. The fair value of the stock options granted has been calculated using the Black-Scholes pricing model, based on the following assumptions: weighted average risk free interest rate of 1.63%, volatility factor of 103.35% and an expected life of three years.

On January 13, 2020 the Company granted 500,000 stock options to consultant of the Company at an exercise price of \$0.10 per share, expiring on January 12, 2022. The fair value of the stock options granted has been calculated using the Black-Scholes pricing model, based on the following assumptions: weighted average risk free interest rate of 1.79%, volatility factor of 111.02% and an expected life of two years.

On September 2, 2020, the Company granted 1,175,000 stock options to consultants and directors of the Company at an exercise price of \$0.30 per share, expiring on September 1, 2023. The fair value of the stock options granted has been calculated using the Black-Scholes pricing model, based on the following assumptions: weighted average riskfree interest rate of 1.51%, volatility factor of 117.00% and an expected life of three years.

On October 20, 2020, the Company granted 250,000 stock options to consultants of the Company at an exercise price of \$0.30 per share, expiring on October 19, 2023. The fair value of the stock options granted has been calculated using the Black-Scholes pricing model, based on the following assumptions: weighted average risk free interest rate of 1.47%, volatility factor of 117.12% and an expected life of three years.

A summary of changes in stock options is presented below:

	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Balance, August 31, 2019	5,750,000	\$ 0.092
Granted	4,150,000	0.100
Balance, August 31, 2020	9,900,000	0.095
Granted	1,425,000	0.300
Cancelled	(350,000)	0.210
Exercised	(850,000)	0.093
Balance, May 31, 2021	10,125,000	\$ 0.120

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9. SHARE CAPITAL AND RESERVES (Continued)

Stock Options (Continued)

The weighted average remaining contractual life of the options outstanding at May 31, 2021 was 1.82 years (August 31, 2020 – 1.41 years).

The following table summarizes the stock options outstanding as at May 31, 2021:

Expiry Date	Number of Options	Exercise Price	Average Remaining Contractual Life
July 11, 2021	2,850,000	\$0.085	0.11
January 12, 2022	250,000	\$0.10	0.62
April 30, 2022	200,000	\$0.10	0.92
March 4, 2023	2,200,000	\$0.10	1.76
September 1, 2023	975,000	\$0.30	2.25
October 19, 2023	250,000	\$0.30	2.39
September 9, 2024	3,400,000	\$0.30	3.28
	10,125,000		

Nature and Purpose of Reserves

The reserves recorded in equity on the Company's statements of financial position is comprised of "Share-based Payments Reserve" and is used to recognize the fair value of stock option grants prior to exercise, expiry or cancellation and the fair value of other share-based consideration paid at the date of payment.

10. LOSS PER SHARE

The Company calculates the basic and diluted loss per common share using the weighted average number of common shares outstanding during each period and the diluted loss per share assumes that the outstanding vested stock options and share purchase warrants had been exercised at the beginning of the year.

To compute diluted earnings per share, the average number of shares outstanding is adjusted for the number of all potentially dilutive shares. As of May 31, 2021, the Company had a total of 10,125,000 (August 31, 2020 – 9,900,000) stock options outstanding and a total of 29,980,387 (August 31, 2020 – 26,447,850) warrants outstanding. The options and warrants were not included in the Company's loss per common share calculation because the result was anti-dilutive.

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11. SEGMENTED INFORMATION

The Company has one operating segment, which is mineral exploration. All mineral properties are located in Canada and Mexico. Net loss and assets by geographic segment, at cost, are as follows:

	CANADA	MEXICO	TOTAL
May 31, 2021			
Current assets	\$ 2,450,411	\$ 13,233	\$ 2,463,644
Property and equipment	\$ 31	\$ 18,917	\$ 18,948
Exploration and evaluation assets	\$ 2,494,602	\$ 38,792	\$ 2,533,394
Exploration advance	\$ 19,794	\$ -	\$ 19,794
VAT recoverable	\$ 96,125	\$ 5,963	\$ 102,088
Net Income (loss) for the year	\$ (638,864)	\$ (4,775)	\$ (643,639)
August 31, 2020			
Current assets	\$ 3,102,471	\$ 24,524	\$ 3,126,995
Property and equipment	\$ 298	\$ 18,917	\$ 19,215
Exploration and evaluation assets	\$ 1,031,037	\$ -	\$ 1,031,037
Exploration advance	\$ 50,000	\$ -	\$ 50,000
VAT recoverable	\$ -	\$ 3,690	\$ 3,690
Net Income (loss) for the year	\$ (1,051,712)	\$ (8,182)	\$ (1,059,894)

12. FINANCIAL INSTRUMENTS

As at May 31, 2021 and August 31, 2020, the carrying value of the Company's financial instruments approximates their fair value. Cash is recorded at fair value and the Company's other financial instruments are recorded at amortized cost, which approximates fair value due to their short term nature. The Company's financial instruments are classified into the following categories:

	LEVEL	May 31, 2021		AUGUST 31, 2020	
		CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE
Fair value through profit or loss					
Cash	1	\$ 117,173	\$ 117,173	\$ 2,251,482	\$ 2,251,482
Amortized Cost					
Short-term investments	2	\$ 2,211,043	\$ 2,211,043	\$ 779,024	\$ 779,024
Accounts receivable	2	\$ 97,363	\$ 97,363	\$ 1,166	\$ 1,166
Accounts payable and accrued liabilities	2	\$ 53,819	\$ 53,819	\$ 73,693	\$ 73,693
Due to related parties	2	\$ 139,044	\$ 139,044	\$ 84,500	\$ 84,500

There have been no transfers between levels 1 and 2 or transfers in or out of level 3 for the nine month period end May 31, 2021 and the years ended August 31, 2020.

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12. FINANCIAL INSTRUMENTS (continued)

Financial Instrument Risk Exposure and Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management process. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. The types of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to fulfil an obligation and cause the other party to incur a financial loss. The Company's credit risk to its financial assets are summarized below:

	<u>MAY 31, 2021</u>		<u>AUGUST 31, 2020</u>
Cash	\$ 117,173	\$	2,251,482
Short-term investments	\$ 2,211,043	\$	779,024
Accounts receivable	\$ 97,363	\$	1,166

The credit risk of accounts receivable securities is assessed as low. The carrying amount of these financial assets is their maximum exposure to credit risk. The Company does not invest in asset-backed commercial papers. Credit risk associated with cash and short-term investments is minimized as these instruments are held in large financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial obligations associated with its financial liabilities as they fall due. The Company ensures that there is sufficient capital in order to meet short term business requirements, after taking into account the Company's holdings of cash.

As of May 31, 2021, the Company has sufficient cash and highly liquid investments on hand to meet current liabilities and its expected administrative requirements for the coming year. The Company has cash of \$117,173 (August 31, 2020 - \$2,251,482) and short-term investments of \$2,211,043 (August 31, 2020 - \$779,024) and total liabilities of \$232,454 (August 31, 2020 - \$197,140). Accounts payable and accrued liabilities and due to related parties of \$192,863 (August 31, 2020 - \$158,196) are due within three months. Management has assessed liquidity risk as low.

Market Risk

The significant market risk exposures to which the Company is exposed are foreign exchange risk, interest rate risk, and commodity price risk.

Foreign Currency Risk

The Company has operations in Canada and Mexico subject to foreign currency fluctuations. The Company's operating expenses are incurred in Canadian dollars and Mexican pesos, and the fluctuation of the Canadian dollar in relation to this other currency will have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of equity. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks.

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12. FINANCIAL INSTRUMENTS (Continued)

Financial assets and liabilities denominated in Mexican Pesos were as follows:

Mexican Pesos	MAY 31, 2021	AUGUST 31, 2020
Financial assets	\$ 197,807	\$ 411,548
Financial liabilities	\$ 145,054	\$ 140,704

Based on the above net exposures as at May 31, 2021, and assuming that all other variables remain constant, a 10% change in the value of the Mexican peso against the Canadian dollar would result in an increase/decrease of approximately \$520 (August 31, 2020 - \$1,900) in loss from operations.

Interest Rate Risk

As at May 31, 2021 the Company has no significant exposure to interest rate risk through its financial instruments.

Other Risks

Part of the Company's operations are in northern Mexico and are subject to various levels of political, economic and other risks and uncertainties unique to Mexico. These risks and uncertainties may include: extreme fluctuations in currency exchange rates; high rates of inflation; labor unrest; risks of war or civil unrest; expropriation and nationalization; renegotiation or nullification of existing concessions, licenses, permits and contracts; illegal mining; corruption; restrictions on foreign exchange and repatriation; hostage taking; and changing political conditions and currency controls. In addition, the Company may have to comply with multiple and potentially conflicting regulations in Canada and Mexico, including export requirements, taxes, tariffs, import duties and other trade barriers, as well as health, safety and environmental requirements. Changes, if any, in mining or investment policies or shifts in political attitude in Mexico may adversely affect the Company's operations. Operations may be affected in varying degrees by government regulations with respect to matters including restrictions on production, price controls, export controls, currency controls or restrictions, currency remittance, income and other taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure could result in loss, reduction or expropriation of entitlements or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

13. CAPITAL DISCLOSURES

The Company was formed for the purpose of acquiring exploration and development stage natural resource properties. The directors determine the Company's capital structure and make adjustments to it based on funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The directors have not established quantitative return on capital criteria for capital management.

The Company is dependent upon external financing to fund future exploration programs and its administrative costs. The Company will spend existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and to seek to acquire an interest in additional properties if management feels there is sufficient geologic or economic potential and provided it has adequate financial resources to do so.

The directors review the Company's capital management approach on an ongoing basis and believe that this approach, given the relative size of the Company, is reasonable. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern (Note 1).

The Company considers the items included on the statement of financial position in equity as capital. The Company manages the capital structure and makes adjustments to it in 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 issue new shares through private placements, sell assets to reduce debt or return capital to shareholders. There were no changes to the Company's approach to capital management during the year. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

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14. RELATED PARTY BALANCES AND TRANSACTIONS

Key Management Compensation

	<u>May 31, 2021</u>	<u>AUGUST 31, 2020</u>
Management fees	\$ 103,500	\$ 123,000
Consulting fees	72,000	77,356
Total	<u>\$ 175,500</u>	<u>\$ 200,356</u>

Payments to key management personnel including the President, Chief Financial Officer, directors and companies directly controlled by key management personnel, are directly related to their position in the organization.

Other Related Party Transactions

The Company had amounts due to related parties of \$139,044 (August 31, 2020 - \$84,500) due to directors. The amounts are unsecured, bear no interest and have no set terms of repayment.

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16. EXPLORATION AND EVALUATION EXPENDITURES

	KWAI	SLF	Wish Ore	San Timoteo Oro Leon Nueva Union La Reforma	Bufalo La Barranca	Corona Beck El Chamizal El Canario La Cruz	Las Trojas La Gloria Todos los Santos Los Cantiles	Total
Balance, August 31, 2019	\$ 71,087	\$ 146,559	\$ 192,696	\$ 212,061	\$ --	\$ --	\$ --	\$ 622,403
Acquisition Costs								
Cash	10,000	10,000	25,000	--	--	--	--	45,000
Issuance of common shares	8,000	8,000	12,000	--	--	--	--	28,000
Expenditures Incurred during the year								
Assaying	8,454	1,918	11,532	--	--	--	--	21,904
Geology and mapping	369,467	22,000	114,386	--	--	--	--	505,853
Property taxes and passage rights	--	--	--	8,590	9,396	1,990	1,760	21,736
Travel	13,038	--	3,326	--	--	--	--	16,364
Facilities and other	3,573	--	--	34,997	--	--	--	38,570
Write down	--	--	--	(255,647)	(9,396)	(1,990)	(1,760)	(268,793)
Balance, August 31, 2020	483,619	188,477	358,940	1	--	--	--	1,031,037
Acquisition Costs								
Cash	12,000	12,000	25,000	--	--	--	--	49,000
Issuance of common shares	--	--	10,000	--	--	--	--	10,000
Expenditures Incurred during the period								
Assaying	87,516	--	1,125	--	--	--	--	88,641
Drilling	721,486	--	--	--	--	--	--	721,486
Geology and mapping	398,747	20,000	20,000	2,753	--	--	--	441,500
Property taxes and passage rights	2,167	2,167	2,167	4,410	4,824	1,023	900	17,658
Travel	2,800	2,800	2,800	--	--	--	--	8,400
Road and construction site	91,812	5,321	7,603	--	--	--	--	99,415
Facilities and other	30,650	--	10,726	24,881	--	--	--	71,578
Balance, May 31, 2021	\$ 1,830,797	\$ 230,765	\$ 438,361	\$ 32,045	\$ 4,824	\$ 1,023	\$ 900	\$ 2,538,715