
GOLIATH RESOURCES LIMITED

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

(EXPRESSED IN CANADIAN DOLLARS)

Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of Goliath Resources Limited

Opinion

We have audited the financial statements of Goliath Resources Limited (the "Company"), which comprise the statements of financial position as at June 30, 2020 and 2019, and the statements of loss and comprehensive loss, statements of cash flows, and statements of changes in equity for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner of the audit resulting in this independent auditor's report is Koko Yamamoto.

McGovern Hurley LLP



**Chartered Professional Accountants
Licensed Public Accountants**

Toronto, Ontario
October 22, 2020

Goliath Resources Limited
Statements of Financial Position
(Expressed in Canadian Dollars)

	As at June 30, 2020	As at June 30, 2019
ASSETS		
Current assets		
Cash	\$ 26,131	\$ 896,054
Amounts receivable and deposits (note 7)	502,138	540,635
Investments (note 8)	83,750	-
Total assets	\$ 612,019	\$ 1,436,689
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 17)	\$ 221,171	\$ 52,438
Flow-through share liability (note 9)	79,745	16,325
Total liabilities	300,916	68,763
Equity		
Share capital (note 10)	6,941,895	6,167,496
Contributed surplus (notes 11 and 12)	2,856,472	3,878,174
Deficit	(9,487,264)	(8,677,744)
Total equity	311,103	1,367,926
Total liabilities and equity	\$ 612,019	\$ 1,436,689

Nature of operations and going concern (note 1)
 Commitments and contingencies (notes 6, 19 and 20)
 Subsequent events (note 20)

Approved by:

(Signed) "Roger Rosmus", Director

(Signed) "Graham Warren", Director

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

Goliath Resources Limited
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Years Ended June 30,	
	2020	2019
Operating expenses		
Exploration and acquisition costs (note 15)	\$ 1,599,002	\$ 2,230,376
General and administrative (note 14)	1,218,667	1,190,688
Unrealized gain on investments (note 8)	(6,000)	-
Mining tax credit recovery (note 7)	(218,289)	-
Net loss before premium on flow-through shares	(2,593,380)	(3,421,064)
Premium on flow-through shares (note 9)	106,580	352,939
Net loss and comprehensive loss for the year	\$ (2,486,800)	\$ (3,068,125)
Basic and diluted loss per share (note 13)	\$ (0.26)	\$ (0.47)
Weighted average number of common shares outstanding		
- basic and diluted	9,429,559	6,567,764

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

Goliath Resources Limited
Statements of Cash Flows
(Expressed in Canadian Dollars)

	Years Ended June 30,	
	2020	2019
Operating activities		
Net loss for the year	\$ (2,486,800)	\$ (3,068,125)
Adjustments for:		
Share-based payments (note 12)	227,155	224,640
Premium on flow-through shares (note 9)	(106,580)	(352,939)
Unrealized gain on investments (note 8)	(6,000)	-
Common shares and warrants issued for exploration and acquisition costs (note 6)	390,000	-
Investments received as recovery of costs (note 8)	(77,750)	-
Non-cash working capital items:		
Amounts receivable and deposits	38,497	39,532
Accounts payable and accrued liabilities	310,983	(178,368)
Net cash used in operating activities	(1,710,495)	(3,335,260)
Financing activities		
Proceeds from private placements	888,700	2,123,143
Issuance costs	(48,128)	(102,133)
Proceeds from exercise of warrants	-	399,567
Net cash provided by financing activities	840,572	2,420,577
Net change in cash	(869,923)	(914,683)
Cash, beginning of year	896,054	1,810,737
Cash, end of year	\$ 26,131	\$ 896,054
Supplemental information		
Units issued in settlement of debt	\$ 142,250	\$ -
Finders' warrants and units issued	\$ 11,662	\$ 29,136

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

Goliath Resources Limited
Statements of Changes in Equity
(Expressed in Canadian Dollars)

	<u>Share Capital</u>		<u>Contributed Surplus</u>	<u>Deficit</u>	<u>Total</u>
	<u>Number</u>	<u>Amount</u>			
Balance, June 30, 2018	5,720,041	\$ 4,155,640	\$ 4,131,787	\$ (6,466,228)	\$ 1,821,199
Issuance of common shares and warrants in private placements (note 10(b)(i)(ii)(iii)(iv))	1,440,022	1,578,952	513,826	-	2,092,778
Share issue costs	-	(102,133)	-	-	(102,133)
Common shares issued for the exercise of warrants	200,622	535,037	(135,470)	-	399,567
Warrants and options expired	-	-	(856,609)	856,609	-
Share-based payments (note 12)	-	-	224,640	-	224,640
Net loss for the year	-	-	-	(3,068,125)	(3,068,125)
Balance, June 30, 2019	7,360,685	6,167,496	3,878,174	(8,677,744)	1,367,926
Issuance of common shares and warrants in private placement (note 10(b)(v)(vi))	5,542,833	630,806	230,144	-	860,950
Share issue costs	-	(59,790)	11,662	-	(48,128)
Common shares and warrants issued for mineral properties (note 6)	3,900,000	203,383	186,617	-	390,000
Warrants and stock options expired	-	-	(1,677,280)	1,677,280	-
Share-based payments (note 12)	-	-	227,155	-	227,155
Net loss for the year	-	-	-	(2,486,800)	(2,486,800)
Balance, June 30, 2020	16,803,518	\$ 6,941,895	\$ 2,856,472	\$ (9,487,264)	\$ 311,103

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

Goliath Resources Limited
Notes to Financial Statements
Years Ended June 30, 2020 and 2019
(Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

Goliath Resources Limited (the "Company" or "Goliath") was incorporated by Articles of Incorporation dated February 16, 2017 under the Business Corporations Act (Ontario) as "Bantry Resources Inc.". On February 21, 2017, Goliath filed Articles of Amendment to change the name to "Goliath Resources Inc." and on April 21, 2017, Articles of Amendment were filed to change the name to "Goliath Resources Limited". The Company's principal business activity is mineral exploration (described in note 6) in British Columbia, Canada.

On October 11, 2017, the Company completed a transaction (the "Amalgamation") with Bitumen Capital Inc. ("Bitumen"). Bitumen was classified as a capital pool company as defined in the TSX Venture Exchange (the "TSXV") Listings Policy 2.4. The Amalgamation consisted of the acquisition by Bitumen of all of the issued and outstanding securities in the capital of the original Goliath Resources Limited ("Original Goliath") by way of a three-cornered amalgamation, pursuant to which 2590005 Ontario Inc., a wholly-owned subsidiary of Bitumen, amalgamated with Original Goliath to form the Resulting Issuer. As part of the Amalgamation, the Resulting Issuer changed its name from "Bitumen Capital Inc." to "Goliath Resources Limited". On July 1, 2018, Goliath Resources Limited amalgamated with Goliath Resources Inc. with the resulting issuer being Goliath Resources Limited.

The Company is listed on the TSXV trading under the symbol GOT.V. The head office of the Company is located at 25 Adelaide Street East, Suite 1614, Toronto, Ontario, M5C 3A1.

The financial statements of the Company for the year ended June 30, 2020 were reviewed, approved and authorized for issue by the Board of Directors on October 22, 2020.

These financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

The Company is at an exploration stage and attempts to raise financing for its exploration and acquisition activities. The Company has incurred a current net loss of \$2,486,800 for the year ended June 30, 2020 and has an accumulated deficit of \$9,487,264 as at June 30, 2020. In addition, the Company had working capital of \$311,103 at June 30, 2020 and expenditure commitments as outlined in notes 6 and 19.

Due to limited working capital, the Company's ability to continue as a going concern is dependent on its ability to obtain additional sources of financing to successfully explore, evaluate and develop mineral projects, if they are proven successful, and ultimately, to achieve profitable operations. The success of these endeavours cannot be predicted at this time. Management believes that the Company's working capital is sufficient to support planned operations for the next twelve months.

Commencing in March 2020 and continuing after June 30, 2020, the outbreak of the novel strain of coronavirus known as "COVID19" has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID19 pandemic is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

Goliath Resources Limited
Notes to Financial Statements
Years Ended June 30, 2020 and 2019
(Expressed in Canadian Dollars)

2. Significant Accounting Policies

(a) *Statement of compliance*

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies set out below have been applied consistently to the period presented in these financial statements unless otherwise noted below.

(b) *Basis of presentation*

These financial statements have been prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL"). In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in note 2(r).

(c) *Functional and presentation currency*

The Company's presentation and functional currency is the Canadian dollar. The Company does not have any foreign operations. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at period end exchange rates are recognized in the statements of loss.

(d) *Financial instruments*

Under IFRS 9 Financial Instruments ("IFRS 9"), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL").

Below is a summary showing the classification of the Company's financial instruments under IFRS 9:

Classification	IFRS 9
Cash	Amortized cost
Amounts receivable and deposits	Amortized cost
Investments	FVTPL
Accounts payable and accrued liabilities	Amortized cost

Goliath Resources Limited
Notes to Financial Statements
Years Ended June 30, 2020 and 2019
(Expressed in Canadian Dollars)

2. Significant Accounting Policies (continued)

(d) Financial instruments (continued)

Financial assets

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

- Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss.

The Company's investments are classified as financial assets and measured at FVTPL.

- Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at fair value through profit and loss: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

The Company's cash and receivables and deposits are classified as financial assets and measured at amortized cost.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

- Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

The Company's accounts payable and accrued liabilities do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Goliath Resources Limited
Notes to Financial Statements
Years Ended June 30, 2020 and 2019
(Expressed in Canadian Dollars)

2. Significant Accounting Policies (continued)

(d) Financial instruments (continued)

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Expected credit loss impairment model

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's financial statements.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

(e) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. In addition, long lived assets that are not amortized are subject to an annual impairment assessment.

(f) Cash

Cash in the statement of financial position consist of cash on hand and balances with banks, including cash held in trust.

(g) Exploration and evaluation expenditures

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of exploration properties, property option payments and evaluation activity.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

Goliath Resources Limited
Notes to Financial Statements
Years Ended June 30, 2020 and 2019
(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(h) Investments

The Company carries its investments at fair value as financial assets at FVTPL. When a financial instrument is initially recognized, its fair value is generally the value of consideration paid or received. Subsequent to initial recognition, for the fair value of an investment quoted on an active market, the fair value is generally the bid price on the principal exchange on which the investment is traded.

In the absence of an active market, the fair value is determined by management using the appropriate valuation methodologies after considering the history and nature of the business, operating results and financial conditions, the general economic, industry and market conditions, capital market and transaction market conditions, contractual rights relating to the investment, public market comparables, private company transactions multiples and, where applicable, other pertinent considerations. The process of valuing investments for which no active market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had an active market existed.

(i) Share capital

The Company records proceeds from share and warrant issuances net of issue costs and any tax effects, to equity.

(j) Flow-through shares

The Company has financed a portion of its exploration activities through the issue of flow-through shares, which offer a tax incentive to Canadian investors by transferring the tax deductibility of exploration expenditures from the Company to the investors.

The Company has adopted a policy whereby flow-through proceeds are allocated between the offering of the common shares and the sale of tax benefits when the common shares are offered. The allocation is made based on the difference between the quoted price of the common shares and the amount the investor pays for the flow-through shares. A liability is recognized for the premium paid by the investors. Upon eligible expenditures being incurred, the Company derecognizes the liability and recognizes a premium on flow-through shares to the statement of loss and comprehensive loss.

Resource expenditure deductions for income tax purposes related to exploration and evaluation activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. The Company has indemnified the subscribers of flow-through share offerings against tax related amounts that became payable by the shareholder as a result of the Company not meeting its commitments.

(k) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity settled share-based transactions are set out in the stock option note.

The fair value is measured at the grant date and each tranche is recognized on a graded-vesting basis over the period in which options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the statement of operations such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

Goliath Resources Limited
Notes to Financial Statements
Years Ended June 30, 2020 and 2019
(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(k) Share-based payments (continued)

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. Unexercised expired stock options and warrants are transferred to deficit.

(l) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The Company had no material provisions at June 30, 2020 and 2019.

(m) Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding during the period. For the period presented, the loss attributed to common shareholders equals the reported loss attributable to owners of the Company. The weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the net proceeds received on the exercise of dilutive warrants and stock options are used to repurchase common shares at the average market price during the period. The diluted loss per share calculation excludes any potential conversion of warrants and stock options that would decrease loss per share or increase earnings per share.

(n) Income taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Goliath Resources Limited
Notes to Financial Statements
Years Ended June 30, 2020 and 2019
(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(o) *Leases (“IFRS 16”)*

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain re-measurements of the lease liability. The cost of the right-of-use asset includes the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs; and if applicable, an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company does not recognize right-of-use assets and lease liabilities for leases of low-value assets and leases with lease terms that are less than 12 months. Lease payments associated with these leases are instead recognized as an expense over the lease term on either a straight-line basis, or another systematic basis if more representative of the pattern of benefit.

The Company has applied judgment to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

Goliath Resources Limited
Notes to Financial Statements
Years Ended June 30, 2020 and 2019
(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(p) Restoration, rehabilitation and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of an exploration property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses. The Company had no material restoration, rehabilitation and environmental costs as at June 30, 2020 and 2019 as the disturbance to date is minimal.

(q) Government assistance

The Company recognizes government grants given on eligible expenditures when it is reasonably assured that they will be realized. We use the cost reduction method to account for government grants, under which the credits are applied against the expense or asset to which the government grant relates.

(r) Significant accounting judgments and estimates

The preparation of these financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

(i) Income, value added, withholding and other taxes:

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Goliath Resources Limited
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2. Significant accounting policies (continued)

(r) Significant accounting judgments and estimates (continued)

(ii) Share-based payments:

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

(iii) Decommissioning, restoration and similar liabilities:

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

(iv) Contingencies:

Refer to note 19.

(v) Valuation of investment in warrants

Management determines the fair value of investments in warrants using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Recent accounting pronouncements

During the year ended June 30, 2020, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included IAS 1 and IFRS 16. These new standards and changes did not have any material impact on the Company's financial statements

3. Capital risk management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholders' returns through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, which comprises share capital, contributed surplus and deficit, which at June 30, 2020, totaled \$311,103. The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to the Company's mineral properties. Selected information is provided to the Board of Directors of the Company.

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3. Capital risk management (continued)

The Company's capital management objectives, policies and processes have remained unchanged during the year ended June 30, 2020 and 2019. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSXV which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of June 30, 2020, the Company believes that it is not compliant with Policy 2.5.

4. Financial risk management

Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and commodity and equity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management. There were no changes to credit risk, liquidity risk or market risk for the year ended June 30, 2020.

(i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Cash is held with select major Canadian chartered banks, from which management believes the risk of loss to be minimal. Management believes that the credit risk with respect to financial instruments included in amounts receivable is minimal.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at June 30, 2020, the Company had cash of \$26,131 to settle account payable and accrued liabilities of \$221,171 and flow-through commitment of \$258,000. All of the Company's financial liabilities as at June 30, 2020 are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

(iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices.

(a) Interest rate risk

The Company does not have cash balances which are subject to a fixed interest rate. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by a Canadian chartered bank with which it keeps its bank accounts.

(b) Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Foreign currency risk is the risk that future cash flows of financial instruments will fluctuate as a result of changes in foreign exchange rates. The Company does not have transactions in foreign currencies.

Goliath Resources Limited
Notes to Financial Statements
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4. Financial risk management (continued)

(c) Commodity and equity price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as they relate to precious and base metals and other minerals, and the stock market to determine the appropriate course of action to be taken by the Company.

The Company has \$83,750 in investments. These investments are classified as FVTPL and are subject to equity price risk. Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depend upon the world market price of precious and base metals and other minerals. Precious and base metals and other mineral prices have fluctuated widely in recent years. There is no assurance that, even if commercial quantities of precious and base metals and other minerals are produced in the future, a profitable market will exist for them. As at June 30, 2020 and 2019, the Company was not a precious minerals, base metals and other minerals producer. Even so, commodity price risk may affect the completion of future equity transactions such as equity offerings. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

The Company's marketable securities are subject to fair value fluctuations. As at June 30, 2020, if the bid price of the common shares decreased/increased by 10% with all other variables held constant, net loss and comprehensive loss for the year ended June 30, 2020 would have been approximately \$8,375 higher/lower.

5. Categories of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

(a) Assets and liabilities measured at fair value on a recurring basis:

As at June 30, 2020	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Aggregate fair value
Investments	\$ 47,500	\$ -	\$ 36,250	\$ 83,750

There were no transfers in and out of Levels 1, 2 or 3 during the years ended June 30, 2020 and 2019.

Goliath Resources Limited
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5. Categories of financial instruments (continued)

As at June 30,	2020	2019
Financial assets:		
<u>Loans and receivables</u>		
Cash	\$ 26,131	\$ 896,054
Amounts receivable and deposits	502,138	540,635
<u>FVTPL</u>		
Investments	83,750	-
Financial liabilities:		
<u>Other financial liabilities</u>		
Accounts payable and accrued liabilities	\$ 221,171	\$ 52,438

As of June 30, 2020 and 2019, the fair value of all the Company's financial instruments approximates the carrying value, due to their short-term nature.

6. Mineral properties

On April 18, 2017, Goliath entered into four option agreements ("Options") with J2 Syndicate and J2 Syndicate Holdings (collectively the "Optionors") to acquire a 100% legal and beneficial interest in and to four separate blocks of mineral claims located in British Columbia and individually known as and described as the "Bingo", "Copperhead", "Golddigger" and "Luckystrike" properties subject to a 3% net smelter returns royalty ("NSR"). Goliath can reduce the NSR from 3% to 2% by paying US\$1,500,000 for each property, no later than December 31, 2027. The agreements were subsequently amended on April 19, May 6, June 8, June 26, September 10, September 22, September 27, 2017, October 30, 2018 and April 14, 2020.

The Options may be maintained and exercised by Goliath issuing the following securities, making the following cash payments and incurring the following exploration expenses.

	Common shares to purchase option (issued)	Warrants to purchase option (issued)
Bingo (c)	200,000	200,000
Copperhead (c)	60,000	60,000
Golddigger	200,000	200,000
Luckystrike	200,000	200,000
Total	660,000	660,000

Cash payments	Effective date April 20, 2017 (paid)	March 30, 2020 (paid)	March 30, 2021	March 30, 2022	March 30, 2023	Total
Bingo (c)	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ 75,000
Copperhead (c)	75,000	-	-	-	-	75,000
Golddigger	75,000	112,500	168,750	253,125	379,688	989,063
Luckystrike	75,000	112,500	168,750	253,125	379,688	989,063
Total	\$ 300,000	\$ 225,000	\$ 337,500	\$ 506,250	\$ 759,376	\$ 2,128,126

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6. Mineral properties (continued)

Exploration expenses	December 15, 2017 (met)	December 31, 2018 (met)	December 31, 2019 (met)	December 31, 2020	December 31, 2021	Total
Bingo (c)	\$ 69,960	\$ 122,430	\$ -	\$ -	\$ -	\$ 192,390
Copperhead (c)	62,159	108,778	-	-	-	170,937
Golddigger	311,881	545,972	-	200,000	400,000	1,457,853
Luckystrike	311,881	545,972	-	-	400,000	1,257,853
Among Golddigger and Luckystrike properties	-	-	1,200,000	-	-	1,200,000
Total	\$ 755,881	\$ 1,323,152	\$ 1,200,000	\$ 200,000	\$ 800,000	\$ 4,279,033

(a) Conditions of the Options are as follows:

- Goliath must elect by April 1 of each subsequent year, to either carry out an exploration program which will result in it incurring the prescribed exploration expenses for that year by December 15 of that year or terminate the Options. If Goliath makes an election by April 1 and subsequently fails to raise the required funds by May 31 of that year, then the Option may be terminated by the Optionors, or an amount equal to the prescribed exploration budget will become a debt of Goliath, payable to the Optionors on March 31 of the following year.
- Each of the four option agreements require Goliath to pay “resource bonuses” to the Optionors in cash and shares as and when NI 43-101 mineral reserves (proven and probable) and mineral resources (measured and indicated) on the properties collectively meet the following equivalent of ounces of gold:
 - i) Cash payment of US\$1,000,000 for 2,000,000 gold equivalent ounces.
 - ii) An additional cash payment of US\$1.00 for every gold equivalent ounce over 2,000,000 gold equivalent ounces.
 - iii) Issuance of 10,000,000 common shares of Goliath for 2,000,000 gold equivalent ounces.
- In the event of termination of the Options, Goliath must perform and pay for all required reclamation work on the property within 24 months of termination and must maintain the property in good standing for a minimum of 12 months after termination. If Goliath fails to fulfill its obligations, it will be indebted to the Optionors for an amount equal to 150% of the costs which it would have incurred to fulfill its obligations.
- Any claims acquired by Goliath within a 20 kilometre area of interest or contiguous to those claims acquired, will become part of the property and subject to the NSR.
- Earning exclusive right of first refusals (ROFRs) on each of the DSM Syndicate’s Gold Star and Gold Crest properties which expired March 30, 2020.

(b) The amendment on October 30, 2018 was subject to the following conditions:

- Completing a financing of at least \$1,500,000 of net proceeds (the “Financing Proceeds”) prior to March 30, 2019 (completed);
- Providing \$300,000 from the Financing Proceeds for the exploration of the J2 Syndicate’s Bullion and/or Eldorado properties, and/or the DSM Syndicate’s Gold Crest, Gold Standard and/or Gold Star properties (Goliath already owns a 10% interest in the DSM Syndicate); and
- Executing an agreement with the J2 Syndicate and the DSM Syndicate with respect to the fulfillment of the \$300,000 funding obligation and the grant of the ROFR’s mentioned above prior to November 15, 2018 (executed on November 15, 2018).

(c) On March 3, 2020, the Company terminated the property option agreements to acquire the Bingo and Copperhead properties.

Goliath Resources Limited
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6. Mineral properties (continued)

(d) On April 14, 2020, the Company entered into two separate amendment agreements (the "Amendments") with the Optionors, whereby the parties have agreed to further amend the terms of Goliath's Options on the Golddigger property and Luckystrike property. The main terms of the Amendments are as follows:

- Goliath will deposit, on/or before April 29, 2020, \$200,000 with the J2 Syndicate from the sale and distribution of shares, warrants and/or other securities of the Goliath by way of a private placement (completed - see note 10(b)(vi)), to be spent on the Golddigger property.
- Goliath will commit to deposit a total of \$800,000 to be deposited on or before March 31, 2021 on the Luckystrike and/or Golddigger properties;
- If Goliath incurs aggregate exploration expenses between January 1, 2020 and December 31, 2023 of \$6,000,000 on each Property and delivers a NI 43-101 technical report which includes a resource calculation of gold equivalent mineral reserves (proven and probable) and gold equivalent mineral resources (measured, indicated and inferred categories) on the properties by December 31, 2024; then Goliath can earn an initial 49% interest in the Properties; and
- If Goliath incurs aggregate exploration expenses between January 1, 2024 and December 31, 2026 of at least \$8,000,000 on each property and delivers a NI 43-101 technical report which includes a resource calculation of gold equivalent mineral reserves (proven and probable) and gold equivalent mineral resources (measured, indicated and inferred categories) on the Property by December 31, 2027 Goliath will own the remaining 51% interest in the Property, representing a 100% ownership interest in the Property subject to the royalties reserved to the Optionors.

The Amendments are subject to:

- Goliath issuing to the Optionors a total of 3,900,000 units at a price of \$0.10 per unit (the "Consideration Units"). Each Consideration Unit will consist of one common share and one common share purchase warrant (a "Consideration Warrant") with each Consideration Warrant exercisable for a period of five years from the date of issuance at an exercise price of \$0.15 per share. On April 29, 2020, the Company issued the 3,900,000 Consideration Units to members of the J2 Syndicate. The fair value of the 3,900,000 warrants was estimated as \$186,617 using the Black-Scholes option pricing model. The following weighted average assumptions were used: risk-free interest rate - 0.41%; expected volatility - 175% which is based on the historical volatility of the Company's shares; expected dividend yield - nil; share price of \$0.05 and expected life - 5 years.
- The value of the Consideration Units was applied against the March 31, 2020 cash property payments and partial payment against the March 31, 2021 cash payment under the Options.

All excess exploration expenses incurred in the aggregate on the J2 Syndicate's optioned properties from any year, may be carried forward to fulfill Goliath's exploration expenditure commitments in future years. Goliath has currently exceeded its minimum exploration commitments for 2017, 2018 and 2019.

Bingo Property

The Bingo mineral claims are located approximately 45 kilometres southeast of Stewart, British Columbia in the Golden Triangle. Effective March 3, 2020, the Company terminated its property option agreement to acquire the Bingo Property.

Copperhead Property

The Copperhead Property mineral claims are located approximately 35 kilometres southwest of Smithers, British Columbia. Effective March 3, 2020, the Company terminated its property option agreement to acquire the Copperhead Property.

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6. Mineral properties (continued)

Golddigger Property

The Golddigger Property consists of contiguous mineral claims located approximately 30 kilometres southeast of Stewart with tidewater access on Hastings Arm in the Golden Triangle of Northern British Columbia.

Luckystrike Property

The Luckystrike Property is located 40 kilometres north of Terrace, British Columbia.

DSM Syndicate

On April 20, 2017, Goliath acquired a 10% interest in the DSM Syndicate at a cost of \$250,000. The DSM Syndicate was formed to pool geological and other knowledge and expertise relating to certain properties identified in an area in northwestern British Columbia, finance and carry out an acquisition and exploration program and market any resulting property interests with the intention to option or sell the property interests.

7. Amounts receivable

	As at June 30, 2020	As at June 30, 2019
Sales tax receivable - (Canada)	\$ 22,038	\$ 6,572
Prepaid expenses	251,630	534,063
Mining tax credit receivable (i)	228,470	-
	\$ 502,138	\$ 540,635

(i) The mining tax credit of \$218,289 along with \$10,181 of interest was received subsequent to June 30, 2020.

8. Investments

During the year ended June 30, 2020, the Company received 250,000 common shares and 250,000 warrants of Juggernaut Exploration Ltd. ("Juggernaut") as payment for the optioning of a DSM Syndicate property by Juggernaut. The warrants have an exercise price of \$0.20 with an expiry date of March 10, 2025. On the date of acquisition, March 10, 2020, the shares and warrants were valued at \$45,000 and \$32,750, respectively based on the closing share price and the Black-Scholes option pricing model. The following weighted average assumptions were used in the Black-Scholes option pricing model: risk-free interest rate - 0.59%; expected volatility - 100% which is based on the historical volatility of comparable companies; expected dividend yield - nil; share price of \$0.18 and expected life - 5 years.

As at June 30, 2020, the investment in Juggernaut shares and warrants was valued at \$47,500 and \$36,250, respectively based on the closing share price and the Black-Scholes option pricing model. The following weighted average assumptions were used in the Black-Scholes option pricing model: risk-free interest rate - 0.36%; expected volatility - 100% which is based on the historical volatility of comparable companies; expected dividend yield - nil; share price of \$0.20 and expected life - 4.7 years.

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9. Flow-through share liability

Other liability includes the liability portion of the flow-through shares issued. The following is a continuity schedule of the liability of the flow-through shares issuance:

Balance at June 30, 2018	\$ 338,899
Liability incurred on flow-through shares issued	30,365
Settlement of flow-through share liability on incurring expenditures	(352,939)
Balance at June 30, 2019	16,325
Liability incurred on flow-through shares issued	170,000
Settlement of flow-through share liability on incurring expenditures	(106,580)
Balance at June 30, 2020	\$ 79,745

For the year ended June 30, 2019, the flow-through common shares issued in the non-brokered private placement completed on April 25, 2019 were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers. The flow-through premium was calculated to be \$30,365.

For the year ended June 30, 2020, the flow-through common shares issued in the non-brokered private placement completed on November 1, 2019 and December 24, 2019 were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers. The flow-through premium was calculated to be \$170,000.

The flow-through premium is derecognized through income as the eligible expenditures are incurred. For the year ended June 30, 2020, the Company satisfied \$106,580 (year ended June 30, 2019 - \$352,939) of the commitment by incurring eligible expenditures of approximately \$354,788 (year ended June 30, 2019 - \$2,200,000) and as a result the flow-through premium has been reduced to \$79,745 (June 30, 2019 - \$16,325).

10. Share capital

a) Authorized share capital

The authorized share capital consists of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

As at June 30, 2020, the total number of shares issued was 16,803,518 and valued at \$6,941,895.

On February 27, 2020, the Company filed articles of amendment to effect the share consolidation of its issued and outstanding common shares on the basis of one (1) post-consolidation common share for every fifteen (15) pre-consolidation common shares. The share consolidation has been reflected retrospectively in these financial statements.

The changes in issued share capital for the years were as follows:

For the year ended June 30, 2019

(i) On November 26, 2018, the Company completed a non-brokered private placement of 58,667 units and 412,667 flow-through units for gross proceeds of \$707,000 at an issue price of \$1.50. Each unit is comprised of one common share which is not a "flow-through" share and one half (1/2) share purchase warrant (each a "\$3.00 Warrant"). Each \$3.00 Warrant entitles the holder to purchase one additional common share which is not a "flow-through" share at the price of \$3.00 for a period of 24 months after closing. Each flow-through unit ("FT Unit") is comprised of one common share which is a "flow-through" share for Canadian income tax purposes and one half (1/2) share purchase warrant (each a "\$3.00 Warrant").

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10. Share capital (continued)

For the year ended June 30, 2019 (continued)

(i)(continued) If at any time after four months after the date of completion of the offering, the Company's shares have a closing price equal to or higher than \$6.00 per share for ten (10) consecutive trading days on the TSXV, the Company shall thereafter be entitled to give notice to the holders of all \$3.00 Warrants, by news release, that such warrants will expire at 4:30 pm (Toronto time) on that date which is 30 days after the date of such news release unless exercised before the expiry of that period.

The Company paid \$18,060 in finders' fees, and issued 6,020 \$3.00 Warrants in finders' warrants in relation to the units and FT units sold.

The grant date fair value of the 241,687 \$3.00 Warrants was estimated as \$162,891 using the Black-Scholes option pricing model. The following weighted average assumptions were used: risk-free interest rate - 2.22%; expected volatility - 143% which is based on the historical volatility of comparable companies; expected dividend yield - nil; share price of \$1.20 and expected life - 2 years.

(ii) On December 13, 2018, the Company completed a non-brokered private placement of 16,667 units and 513,237 flow-through units for gross proceeds of \$794,855 at an issue price of \$1.50. Each unit is comprised of one common share which is not a "flow-through" share and one half (1/2) share purchase warrant (each a "\$3.00 Warrant"). Each \$3.00 Warrant entitles the holder to purchase one additional common share which is not a "flow-through" share at the price of \$3.00 for a period of 24 months after closing. Each flow-through unit ("FT Unit") is comprised of one common share which is a "flow-through" share for Canadian income tax purposes and one half (1/2) share purchase warrant (each a "\$3.00 Warrant").

If at any time after four months after the date of completion of the offering, the Company's shares have a closing price equal to or higher than \$6.00 per share for ten (10) consecutive trading days on the TSXV, the Company shall thereafter be entitled to give notice to the holders of all \$3.00 Warrants, by news release, that such warrants will expire at 4:30 pm (Toronto time) on that date which is 30 days after the date of such news release unless exercised before the expiry of that period.

The Company paid \$28,000 in finders' fees, and issued 9,333 \$3.00 Warrants in finders' warrants in relation to the units and FT units sold.

The grant date fair value of the 274,285 \$3.00 Warrants was estimated as \$178,019 using the Black-Scholes option pricing model. The following weighted average assumptions were used: risk-free interest rate - 2.06%; expected volatility - 143% which is based on the historical volatility of comparable companies; expected dividend yield - nil; share price of \$1.20 and expected life - 2 years.

(iii) On December 28, 2018, the Company completed a non-brokered private placement of 115,000 flow-through units for gross proceeds of \$172,500 at an issue price of \$1.50. Each flow-through unit ("FT Unit") is comprised of one common share which is a "flow-through" share for Canadian income tax purposes and one half (1/2) share purchase warrant (each a "\$3.00 Warrant"). Each \$3.00 Warrant entitles the holder to purchase one additional common share which is not a "flow-through" share at the price of \$3.00 for a period of 24 months after closing.

If at any time after four months after the date of completion of the offering the Company's shares have a closing price equal to or higher than \$6.00 per share for ten (10) consecutive trading days on the TSXV, the Company shall thereafter be entitled to give notice to the holders of all \$3.00 Warrants, by news release, that such warrants will expire at 4:30 pm (Toronto time) on that date which is 30 days after the date of such news release unless exercised before the expiry of that period.

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10. Share capital (continued)

For the year ended June 30, 2019 (continued)

(iii)(continued) The Company paid \$7,000 in finders' fees, and issued 2,333 \$3.00 Warrants in finders' warrants in relation to the FT units sold.

The grant date fair value of the 59,833 \$3.00 Warrants was estimated as \$38,990 using the Black-Scholes option pricing model. The following weighted average assumptions were used: risk-free interest rate - 1.86%; expected volatility - 143% which is based on the historical volatility of comparable companies; expected dividend yield - nil; share price of \$1.20 and expected life - 2 years.

(iv) On April 25, 2019, the Company completed a non-brokered private placement of 245,926 units and 77,859 flow-through units ("FT Unit") for gross proceeds of \$448,788. Each FT Unit was priced at \$1.50 and each unit was priced at \$1.35.

Each unit is comprised of 1 common share which is not a "flow-through" share and one share purchase warrant ("NFT warrant"). Each NFT warrant will entitle the holder to purchase one additional common share which is not a "flow-through" share at the price of \$2.10 for a period of 24 months after closing. If at any time after four months after the date of completion of the offering the Company's shares have a closing price equal to or higher than \$4.20 per share for ten (10) consecutive trading days on the TSXV, the Company shall thereafter be entitled to give notice to the holders of all \$2.10 NFT warrants, by news release, that such warrants will expire at 4:30 pm. (Toronto time) on that date which is 30 days after the date of such news release unless exercised before the expiry of that period.

Each FT Unit is comprised of one common share which is a "flow-through" share for Canadian income tax purposes and one-half (1/2) share purchase warrant. Each whole warrant ("FT warrant") will entitle the holder to purchase one additional common share which is not a "flow-through" share at the price of \$2.40 for 24 months after closing. If at any time after four months after the date of completion of the offering the Company's shares have a closing price equal to or higher than \$4.80 per share for ten (10) consecutive trading days on the TSXV, the Company shall thereafter be entitled to give notice to the \$2.40 FT warrant holders by news release, that such warrants will expire at 4:30 pm. (Toronto time) on that date which is 30 days after the date of such news release unless exercised before the expiry of that period.

The Company issued 2,333 FT warrants in finders' warrants in relation to the FT units sold.

The grant date fair values of the 245,926 NFT warrants and 41,263 FT warrants were estimated as \$115,365 and \$18,561, respectively using the Black-Scholes option pricing model. The following weighted average assumptions were used: risk-free interest rate - 1.58%; expected volatility - 143% which is based on the historical volatility; expected dividend yield - nil; share price of \$0.90 and expected life - 2 years.

For the year ended June 30, 2020

(v) On November 1, 2019 and December 24, 2019, the Company completed a non-brokered private placement of 733,333 flow-through shares for gross proceeds of \$550,000 at an issue price of \$0.75.

The Company paid \$21,000 in finders' fees and issued 28,000 finders' warrants exercisable at \$1.05 for 24 months.

The grant date fair value of the 28,000 finders' warrants was estimated as \$7,140 using the Black-Scholes option pricing model. The following weighted average assumptions were used: risk-free interest rate - 1.55%; expected volatility - 147% which is based on the historical volatility of comparable companies; expected dividend yield - nil; share price of \$0.45 and expected life - 2 years.

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10. Share capital (continued)

For the year end June 30, 2020 (continued)

(vi) On April 20, 2020, the Company completed a non-brokered private placement of 4,809,500 units at a price of \$0.10 per unit for gross proceeds of \$480,950. Each unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.15 for a period of five years after closing. All units and underlying securities issued pursuant to this offering are subject to a four-month hold plus one day period from the closing date.

The Company paid a finders' fee of \$9,450 cash and 94,500 finders' warrants priced at \$0.15 for five years. Finder's warrants are exercisable into units at \$0.10 per unit, with each unit comprised of one common share and one warrant exercisable a \$0.15 until August 20, 2025.

The fair values of the 4,809,500 warrants and 94,500 finders' warrants were estimated as \$230,144 and \$4,522 using the Black-Scholes option pricing model. The following weighted average assumptions were used: risk-free interest rate - 0.44%; expected volatility - 175% which is based on the historical volatility of comparable companies; expected dividend yield - nil; share price of \$0.05 and expected life - 5 years.

1,422,500 units of this private placement were issued to settle debt, of which 100,000 units were issued to an officer of the Company.

11. Warrants

The following table reflects the continuity of warrants for the years presented below:

	Number of Warrants	Weighted Average Exercise Price
Balance, June 30, 2018	4,195,865	\$ 2.70
Issued (note 10(b)(i)(ii)(iii)(iv))	862,994	2.70
Exercised	(200,622)	1.95
Expired	(1,180,128)	2.25
Balance, June 30, 2019	3,678,109	2.85
Issued (notes 6(d) and 10(b)(v)(vi))	8,832,000	0.15
Expired	(2,240,893)	3.34
Balance, June 30, 2020	10,269,216	\$ 0.44

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11. Warrants (continued)

The following table reflects the warrants issued and outstanding as of June 30, 2020:

Number of Warrants Outstanding	Grant Date Fair Value Net of Costs (\$)	Exercise Price (\$)	Weighted Average Contractual Life (years)	Expiry Date
241,687	162,891	3.00	0.41	November 27, 2020
274,285	178,019	3.00	0.45	December 13, 2020
59,833	38,990	3.00	0.50	December 28, 2020
245,926	115,365	2.10	0.85	May 7, 2021
41,263	18,562	2.40	0.85	May 7, 2021
28,000	7,140	1.05	1.34	November 1, 2021
574,222	425,447	1.50	1.80	April 19, 2022
4,809,500	230,144	0.15	4.81	April 20, 2025
94,500 ⁽¹⁾	4,522	0.15	4.81	April 20, 2025
3,900,000	186,617	0.15	4.83	April 29, 2025
10,269,216	1,367,697	0.44	4.18	

⁽¹⁾ Exercisable into one unit comprised of one common share and one warrant, exercisable at \$0.15 per share until August 20, 2025.

12. Stock options

The following table reflects the continuity of stock options for the periods presented below:

	Number of Stock Options	Weighted Average Exercise Price (\$)
Balance, June 30, 2018	541,426	3.15
Granted (note 12(i)(ii))	219,000	1.65
Expired	(33,333)	3.15
Balance, June 30, 2019	727,093	2.70
Granted (note 12(iii)(iv)(v))	1,017,241	0.15
Expired	(158,335)	1.46
Balance, June 30, 2020	1,585,999	0.20

(i) On November 8, 2018, the Company granted stock options to consultants of the Company to acquire an aggregate of 40,000 common shares. The stock options may be exercised at a price of \$3.15 per share and expire on November 7, 2023. The stock options vested immediately.

A value of \$52,800 was estimated for the 40,000 stock options on the date of grant with the following assumptions and inputs: share price of \$1.35; exercise price of \$3.15; expected dividend yield of 0%; expected volatility of 214% which is based on comparable companies; risk-free interest rate of 2.46%; and an expected average life of five years.

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12. Stock options (continued)

(ii) On May 7, 2019, the Company granted stock options to officers, directors and consultants of the Company to acquire an aggregate of 179,000 common shares. The stock options may be exercised at a price of \$1.35 per share and expire on May 7, 2024. The stock options vested immediately.

A value of \$171,840 was estimated for the 179,000 stock options on the date of grant with the following assumptions and inputs: share price of \$1.05; exercise price of \$1.35; expected dividend yield of 0%; expected volatility of 227% which is based on historical volatility of comparable companies; risk-free interest rate of 1.55%; and an expected average life of five years.

(iii) On August 18, 2019, the Company granted stock options to consultants of the Company to acquire an aggregate of 42,000 common shares. The stock options may be exercised at a price of \$1.50 per share and expire on August 18, 2024. The stock options vested immediately.

A value of \$61,740 was estimated for the 42,000 stock options on the date of grant with the following assumptions and inputs: share price of \$1.50; exercise price of \$1.50; expected dividend yield of 0%; expected volatility of 200% which is based on comparable companies; risk-free interest rate of 1.19%; and an expected average life of five years.

(iv) On February 27, 2020, all stock options were repriced at \$0.29 with all other terms remaining unchanged. The Company recorded an incremental fair value of \$35,707.

(v) On May 5, 2020, the Company granted stock options of the Company to officers and directors of the Company to acquire an aggregate of 975,241 common shares. The stock options may be exercised at a price of \$0.14 per share and expire on May 5, 2025. The stock options vested immediately.

A value of \$129,708 was estimated for the 975,241 stock options on the date of grant with the following assumptions and inputs: share price of \$0.14; exercise price of \$0.14; expected dividend yield of 0%; expected volatility of 174% which is based on historical data; risk-free interest rate of 0.40%; and an expected average life of five years.

The following table reflects the stock options issued and outstanding as of June 30, 2020:

Expiry Date	Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (exercisable)	Number of Options Unvested
October 7, 2020	0.29	0.27	4,391	4,391	-
November 1, 2022	0.29	2.34	293,700	293,700	-
April 22, 2023	0.29	2.81	46,667	46,667	-
May 31, 2023	0.29	2.92	60,000	60,000	-
November 7, 2023	0.29	3.36	6,667	6,667	-
May 7, 2024	0.29	3.85	157,333	157,333	-
August 18, 2024	0.29	4.14	42,000	42,000	-
May 5, 2025	0.14	4.85	975,241	975,241	-
	0.20	4.12	1,585,999	1,585,999	-

13. Net loss per common share

The calculation of basic loss per share for the year ended June 30, 2020 was based on the loss attributable to common shareholders of \$2,486,800 (year ended June 30, 2019 - \$3,068,125) and the weighted average number of common shares outstanding of 9,429,559 (year ended June 30, 2019 - 6,567,764). Diluted loss per share for the year ended June 30, 2020 did not include the effect of 10,269,216 warrants (year ended June 30, 2019 - 3,678,109) and 1,585,999 stock options (year ended June 30, 2019 - 727,093) as they are anti-dilutive.

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14. General and administrative

	Years Ended June 30,	
	2020	2019
Professional and consulting fees	\$ 416,808	\$ 370,026
Investor relations	465,896	495,490
Share-based payments	227,155	224,640
Regulatory fees	64,851	68,224
Administrative expenses	43,957	32,308
	\$ 1,218,667	\$ 1,190,688

15. Exploration and acquisition costs

	Years Ended June 30,	
	2020	2019
Bingo		
Transportation	\$ -	\$ 9,474
Imagery	-	2,862
Supplies	-	12,034
Airborne geophysical survey	-	20,255
Reports	1,475	8,323
Geology	1,875	4,375
Field work exploration	(907)	34,693
Travel and accommodation	-	3,393
Project management	-	30,268
Other	-	18,872
	\$ 2,443	\$ 144,549
Copperhead		
Transportation	\$ -	\$ 304,379
Imagery	-	5,368
Supplies	-	18,440
Airborne geophysical survey	-	-
Reports	2,394	22,519
Laboratory and analysis	-	30,492
Geology	1,875	4,525
Field work exploration	-	149,841
Travel and accommodation	3,900	2,726
Project management	-	107,400
Drilling	-	142,537
Other	-	64,382
	\$ 8,169	\$ 852,609

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15. Exploration and acquisition costs (continued)

	Years Ended June 30,	
	2020	2019
Golddigger		
Option payments - cash, shares and warrants	\$ 195,000	\$ -
Staking cost	5,260	809
Transportation	43,823	38,542
Imagery	5,335	2,862
Supplies	1,317	13,552
Airborne geophysical survey	-	20,255
Reports	36,813	25,295
Laboratory and analysis	4,037	7,599
Geology	5,625	5,745
Field work exploration	15,445	57,099
Travel and accommodation	1,252	5,713
Project management	12,500	30,225
Other	9,775	24,257
	\$ 336,182	\$ 231,953
Luckystrike		
Option payments - cash, shares and warrants	\$ 195,000	\$ -
Staking cost	-	7,976
Transportation	195,470	271,515
Imagery	-	3,770
Supplies	13,801	26,586
Airborne geophysical survey	36,000	55,840
Reports	20,129	44,307
Laboratory and analysis	77,646	49,877
Geology	5,625	6,410
Field work exploration	109,838	228,263
Travel and accommodation	8,554	4,961
Project management	47,500	117,692
Drilling	215,623	92,772
Other	146,039	90,101
	\$ 1,071,225	\$ 1,000,070
DSM Syndicate		
Staking cost	\$ 697	\$ -
Transportation	31,582	-
Supplies	5,521	-
Reports	39,334	-
Laboratory and analysis	14,995	-
Field work exploration	55,600	-
Travel and accommodation	6,640	-
Project management	5,000	-
Other	35,602	1,195
Recovery of costs	(102,750)	-
	\$ 92,221	\$ 1,195

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15. Exploration and acquisition costs (continued)

	Years Ended June 30,	
	2020	2019
J2 Syndicate		
Staking cost	\$ 103	\$ -
Transportation	27,487	-
Supplies	291	-
Reports	4,989	-
Laboratory and analysis	4,002	-
Field work exploration	25,850	-
Travel and accommodation	607	-
Project management	4,875	-
Other	20,558	-
	\$ 88,762	\$ -
Exploration and acquisition costs	\$ 1,599,002	\$ 2,230,376

16. Income taxes

(a) Provision for income taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2019 - 26.5%) were as follows:

	Years Ended June 30,	
	2020	2019
Loss before income taxes	\$ (2,486,800)	\$ (3,068,125)
Expected income tax recovery based on statutory rate	(659,000)	(813,000)
Share-based payments	60,000	60,000
Non-deductible expenses for tax purposes	(55,000)	2,000
Change in expected income tax benefit	654,000	751,000
Deferred income tax provision (recovery)	\$ -	\$ -

(b) Deductible temporary differences

Deferred income tax assets have not been recognized in respect of the following temporary differences:

	As at June 30, 2020	As at June 30, 2019
Non-capital loss carry-forwards	\$ 4,258,000	\$ 1,735,000
Share issue costs	210,000	249,000
Mineral exploration property expenditures	3,108,000	3,887,000
Deductible temporary differences	\$ 7,576,000	\$ 5,871,000

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

As at June 30, 2020, the Company had available for deduction against future taxable income, non-capital losses of approximately \$4,258,000 which expire in 2040.

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17. Related party transactions

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Remuneration of key management of the Company was as follows:

	Years Ended June 30,	
	2020	2019
Consulting fees ⁽¹⁾	\$ 234,000	\$ 216,000
Share-based payments	\$ 129,707	\$ 112,000

(1) Consulting fees paid to the Chief Executive Officer and Chief Financial Officer for their services.

(2) Included in accounts payable and accrued liabilities are amounts owing to officers of \$2,337 as at June 30, 2020 (June 30, 2019 - \$11,413). This balance is unsecured, non-interest bearing and due on demand.

(3) See note 10.

18. Segmented information

The Company operates in a single reportable operating segment, being the acquisition, exploration and evaluation of exploration and evaluation assets in Canada.

19. Commitments and contingencies

Environmental obligations

The Company's exploration activities are subject to government laws and regulations, including tax laws and laws and regulations governing the protection of the environment. The Company believes that its operations comply in all material respects with all applicable past and present laws and regulations. The Company records provisions for any identified obligations, based on management's estimate at the time. Such estimates are, however, subject to changes in laws and regulations.

Flow-through commitments

The Company is obligated to spend \$258,000 by December 31, 2020. The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to flow-through participants. The Company indemnified the subscribers for certain tax-related amounts that become payable by the subscribers as a result of the Company not meeting its expenditure commitments.

20. Subsequent events

(i) On August 6, 2020, the Company completed a non-brokered private placement for aggregate gross proceeds of \$2,166,195. The flow-through funding consisted of 3,983,455 flow-through units ("FT Units"), priced at \$0.23 each for gross proceeds of \$916,195. Each FT Unit consists of one flow-through common share plus one warrant to purchase one common share at \$0.25 for five years from the date of issuance. The non flow-through funding consisted of 6,250,000 units ("NFT Units") priced at \$0.20 for gross proceeds of \$1,250,000. Each NFT Unit consists of one common share plus one warrant to purchase an additional common share at \$0.25 for five years.

The Company paid 6% finders' fees in cash of \$50,031 and 6% finders' compensation options of 250,157 (one common share and one \$0.25 warrant) priced at \$0.20 for a five year period based on a portion of NFT Units sold. In addition, it paid six percent (6%) finders' fees in cash of \$30,521 and six percent (6%) finders' compensation options of 132,701 (one common share and one \$0.25 warrant) priced at \$0.23 for a five year period based on a portion of FT Units sold. All shares issued pursuant to this offering and any shares issued pursuant to the exercise of warrants will be subject to a four-month and one day hold period from the closing date.

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20 Subsequent events (continued)

(ii) On July 9, 2020, the Company entered into agreements to acquire 6 mineral claim blocks (the "Claims") now under Goliath's Nelligan East Project and Nelligan West Project (the "Projects"). The Projects are located in the northeastern Chibougamau-Chapais Mining Camp of the Abitibi Greenstone Belt. The consideration for the Claims comprise of \$206,780 of cash, 1,675,000 common shares and 1,025,000 warrants of Goliath. The warrants are exercisable at a price of \$0.24 with expiry ranging from 3 to 5 years from date of grant. The Claims have NSRs ranging from 1% to 2% and certain royalty buyback options.

On August 10, 2020, the Company received final TSXV approval and completed the acquisition of the Claims.

(iii) On August 12, 2020, the Company announced the grant of stock options of the Company to officers and directors of the Company to acquire an aggregate of 1,285,000 common shares. The stock options are exercisable at a price of \$0.26 per share and expire five years from the date of grant.