GOLIATH RESOURCES LIMITED

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

(EXPRESSED IN CANADIAN DOLLARS)

McGovern Hurley LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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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, 2019 and 2018, 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, 2019 and 2018, 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.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of $3,068,125 during the year ended June 30, 2019 and, as of that date, the Company had an accumulated deficit of $8,677,744. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises the 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 the 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

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
October 24, 2019

Goliath Resources Limited

Statements of Financial Position
(Expressed in Canadian Dollars)

	As at June 30, 2019	As at June 30, 2018
ASSETS		
Current assets		
Cash	**$ 896,054**	$ 1,810,737
Amounts receivable and deposits (note 8)	**540,635**	580,167
Total assets	**$ 1,436,689**	$ 2,390,904
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 17)	**$ 52,438**	$ 230,806
Flow-through share liability (note 9)	**16,325**	338,899
Total liabilities	**68,763**	569,705
Equity		
Share capital (note 10)	**6,167,496**	4,155,640
Contributed surplus (notes 11 and 12)	**3,878,174**	4,131,787
Deficit	**(8,677,744)**	(6,466,228)
Total equity	**1,367,926**	1,821,199
Total liabilities and equity	**$ 1,436,689**	$ 2,390,904

Nature of operations and going concern (note 1)
Commitments and contingencies (notes 7 and 19)
Subsequent events (note 20)

Approved by:

(Signed) "Roger Rosmus", Director

(Signed) "Graham Warren", Director

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

	Year Ended June 30, 2019	Year Ended June 30, 2018
Operating expenses		
Exploration and acquisition costs (note 15)	**$ 2,230,376**	$ 1,801,595
General and administrative (note 14)	**1,190,688**	2,183,931
Reverse takeover transaction costs (note 6)	**-**	675,576
Net loss before premium on flow-through shares	**(3,421,064)**	(4,661,102)
Premium on flow-through shares (note 9)	**352,939**	115,930
Net loss and comprehensive loss for the year	**$ (3,068,125)**	$ (4,545,172)
Basic and diluted loss per share (note 13)	**$ (0.03)**	$ (0.08)
Weighted average number of common shares outstanding - basic and diluted	**98,516,461**	59,245,581

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

	Year Ended June 30, 2019	Year Ended June 30, 2018
Operating activities		
Net loss for the year	**$ (3,068,125)**	$ (4,545,172)
Adjustments for:		
Common shares and warrants issued for exploration and acquisition costs (note 10(b)(ii))	**-**	539,500
Reverse takeover transaction costs (note 6)	**-**	675,576
Share-based payments (note 12)	**224,640**	1,460,058
Premium on flow-through shares (note 9)	**(352,939)**	(115,930)
Non-cash working capital items:		
Amounts receivable and deposits	**39,532**	(568,342)
Accounts payable and accrued liabilities	**(178,368)**	(15,695)
Net cash used in operating activities	**(3,335,260)**	(2,570,005)
Investing activities		
Loan receivable	**-**	192,224
Cash acquired from Amalgamation	**-**	423
Net cash provided by investing activities	**-**	192,647
Financing activities		
Proceeds from private placements	**2,123,143**	3,315,036
Issuance costs	**(102,133)**	(223,265)
Proceeds from exercise of warrants	**399,567**	202,011
Net cash provided by financing activities	**2,420,577**	3,293,782
Net change in cash	**(914,683)**	916,424
Cash, beginning of year	**1,810,737**	894,313
Cash, end of year	**$ 896,054**	$ 1,810,737
Supplemental information		
Shares issued for debt	**$ -**	$ 91,556
Finders' warrants issued	**$ 29,136**	$ 152,341
Common shares and options issued pursuant to amalgamation	**$ -**	$ 473,097

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

Goliath Resources Limited

Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share Capital Number	Share Capital Amount	Contributed Surplus	Deficit	Total
Balance, June 30, 2017	**43,095,001**	**$ 1,528,595**	**$ 1,355,668**	**$ (1,921,056)**	**$ 963,207**
Issuance of common shares and warrants in private placement (notes 10(b)(i)(iii)(iv))	27,047,505	1,925,416	978,291	-	2,903,707
Share issue costs	-	(368,923)	145,658	-	(223,265)
Common shares and options issued pursuant to Amalgamation (note 6)	8,353,293	466,510	6,587	-	473,097
Issuance of common shares for debt (note 6)	479,608	48,056	-	-	48,056
Common shares and warrants issued for mineral properties (note 10(b)(ii))	5,395,000	291,330	248,170	-	539,500
Common shares issued for the exercise of warrants	1,430,075	264,656	(62,645)	-	202,011
Share-based payments (note 12)	-	-	1,460,058	-	1,460,058
Net loss for the year	-	-	-	(4,545,172)	(4,545,172)
Balance, June 30, 2018	**85,800,482**	**4,155,640**	**4,131,787**	**(6,466,228)**	**1,821,199**
Issuance of common shares and warrants in private placements (notes 10(b)(v)(vi)(vii)(viii))	21,600,324	1,578,952	513,826	-	2,092,778
Share issue costs	-	(102,133)	-	-	(102,133)
Common shares issued for the exercise of warrants	3,009,334	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	**110,410,140**	**$ 6,167,496**	**$ 3,878,174**	**$ (8,677,744)**	**$ 1,367,926**

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

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 7) 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 "Exchange") 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" and consolidated its common shares (the "Consolidation") on the basis of 1.67 pre-Consolidation common shares of the Company for 1 post-Consolidation common share of the Company. The comparative information presented in these financial statements are for Original Goliath.

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 Exchange 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, 2019 were reviewed, approved and authorized for issue by the Board of Directors on October 24, 2019.

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 $3,068,125 for the year ended June 30, 2019 and has an accumulated deficit of $8,677,744 as at June 30, 2019. In addition, the Company had a working capital of $1,367,926 at June 30, 2019 and expenditure commitments as outlined in notes 7 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. These conditions indicate the existence of material uncertainty that cast significant doubt about the Company's ability to continue as a going concern.

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.

2. Significant Accounting Policies (continued)

(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(o).

(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

Effective July 1, 2018, the Company adopted IFRS 9: Financial Instruments ("IFRS 9"). In July 2014, the IASB issued the final publication of the IFRS 9 standard, which supersedes IAS 39, Financial Instruments: recognition and measurement ("IAS 39"). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, new guidance for measuring impairment on financial assets, and new hedge accounting guidance. The Company has adopted IFRS 9 on a retrospective basis, however, this guidance had no impact to the Company's financial statements.

Under 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 as a result of adopting IFRS 9 (along with comparison to IAS 39):

Classification	**IAS 39**	**IFRS 9**
Cash	Loans and receivables	Amortized cost
Amounts receivable and deposits	Loans and receivables	Amortized cost
Accounts payable and other liabilities	Other financial liabilities	Amortized cost
Flow-through share liability	Other financial liabilities	Amortized cost

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 does not have any assets 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 and slow-through share liability 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.

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.

(h) Share capital

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

2. Significant accounting policies (continued)

(i) 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 consolidated 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.

(j) 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.

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.

(k) 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, 2019 and 2018.

2. Significant accounting policies (continued)

(l) 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.

(m) 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.

(n) 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, 2019 and 2018 as the disturbance to date is minimal.

2. Significant accounting policies (continued)

(o) 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.

(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.

2. Significant accounting policies (continued)

Recent accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after July 1, 2019. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

(i) IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

(ii) IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

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, 2019, totaled $1,367,926. 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.

The Company's capital management objectives, policies and processes have remained unchanged during the year ended June 30, 2019 and 2018. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the Exchange 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, 2019, the Company believes that it is 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, 2019.

(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, 2019, the Company had cash of $896,054 to settle current liabilities of $68,763 and flow-through commitment of $611,521. All of the Company's financial liabilities as at June 30, 2019 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.

(Expressed in Canadian Dollars)

4. Financial risk management (continued)

(iii) Market risk (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.

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, 2019 and 2018, 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.

5. Categories of financial instruments

	As at June 30, 2019	As at June 30, 2018
Financial assets:		
Loans and receivables		
Cash	$ 896,054	$ 1,810,737
Amounts receivable and deposits	540,635	580,167
Financial liabilities:		
Other financial liabilities		
Accounts payable and accrued liabilities	$ 52,438	$ 230,806
Flow-through share liability	16,325	338,899

As of June 30, 2019 and 2018, the fair value of all the Company's financial instruments approximates the carrying value, due to their short-term nature.

6. Amalgamation

On October 11, 2017, the Company completed an Amalgamation with Bitumen. 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 and 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". In addition, Bitumen consolidated its common shares (the "Consolidation") on the basis of 1.67 pre-Consolidation common shares of the Company for 1 post-Consolidation common share of the Company which resulted in 8,353,293 post-Consolidation common shares and 670,658 post-Consolidation stock options.

(Expressed in Canadian Dollars)

6. Amalgamation (continued)

Pursuant to the Amalgamation, Original Goliath shares and warrants were exchanged on a one-for-one basis for the issuance of Goliath shares and warrants.

As a result of the Amalgamation, the shareholders of Original Goliath owned 85.3% of the outstanding shares of the amalgamated entity. The substance of the transaction is a reverse acquisition of a non-operating company. The transaction does not constitute a business combination, as Bitumen does not meet the definition of a business under IFRS 3, Business Combinations. As a result, the transaction is accounted for as a capital transaction with Original Goliath being identified as the acquirer and the equity consideration accounted for in accordance with IFRS 2, Share-based Payment, measured at fair value.

The fair value of the consideration is as follows:

8,353,293 Goliath common shares	$	466,510
670,658 Goliath stock options		6,587
	$	473,097

The consideration has been allocated as follows:

Cash	$	423
Accounts payable and accrued liabilities		(118,530)
Loans from director		(35,153)
Loan from Goliath Resources Inc.		(49,219)
Reverse takeover transaction cost		675,576
	$	473,097

The value of the Goliath common shares was based on the share price of the August 25, 2017 private placement of $0.06. The fair value of the Goliath stock options was estimated using the Black-Scholes option pricing model based on the following assumptions: expected volatility of 212% which is based on the historical volatility of comparable companies; expected dividend yield of 0%; risk free interest rate of 1.61%; expected life of 3 years and a share price of $0.06.

As Goliath has issued shares with a value in excess of the assets received, IFRS 2 would indicate that the difference is recognized in operations as a reverse takeover transaction cost. The amount of $675,576 recognized as a reverse takeover transaction cost is the difference between the fair value of the consideration paid and the net identifiable liabilities of Bitumen assumed by Goliath, and is charged to operating expenses.

In connection with the Amalgamation, the Company settled an outstanding debt of Bitumen in the amount of $48,056 with two non-arms' length parties through the issuance of 479,608 post-Consolidation common shares.

In connection with the option agreements (note 7) with J2 Syndicate and J2 Syndicate Holdings, the Company issued 5,395,000 Top-up Units (as defined in note 7) valued at $539,500. Each unit consists of one common share and one common share purchase warrant, entitling the holder to acquire an additional common share for $0.10 for 5 years from the date of issuance. The value was recorded as $248,170 (note 10(ii)).

(Expressed in Canadian Dollars)

7. 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 "Lucky Strike" 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 April 18, 2022. The agreements were subsequently amended on April 19, May 6, June 8, June 26, September 10, September 22, September 27, 2017 and October 30, 2018.

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	3,000,000	3,000,000
Copperhead	900,000	900,000
Golddigger	3,000,000	3,000,000
Lucky Strike	3,000,000	3,000,000
Total	**9,900,000**	**9,900,000**

Cash payments	Effective date April 20, 2017 (paid)	March 30, 2020	March 30, 2021	March 30, 2022	March 30, 2023	Total
Bingo	$ 75,000	$ 90,000	$ 108,000	$ 129,600	$ 155,520	$ 558,120
Copperhead	75,000	90,000	108,000	129,600	155,520	558,120
Golddigger	75,000	112,500	168,750	253,125	379,688	989,063
Lucky Strike	75,000	112,500	168,750	253,125	379,688	989,063
Total	**$ 300,000**	**$ 405,000**	**$ 553,500**	**$ 765,450**	**$ 1,070,416**	**$ 3,094,366**

Exploration expenses	December 15, 2017 (met)	December 31, 2018 (met)	December 31, 2019	December 31, 2020	December 31, 2021	Total
Bingo	$ 69,960	$ 122,430	$ -	$ 374,942	$ 656,148	$ 1,223,480
Copperhead	62,159	108,778	-	333,132	582,981	1,087,050
Golddigger	106,000	185,500	-	568,094	994,164	1,853,758
Lucky Strike	318,920	545,972	-	1,671,487	2,925,102	5,461,481
Among all properties	-	-	1,200,000	-	-	1,200,000
Total	**$ 557,039**	**$ 962,680**	**$ 1,200,000**	**$ 2,947,655**	**$ 5,158,395**	**$ 10,825,769**

7. Mineral Properties (continued)

Conditions of the Options are as follows:

- Goliath must elect by April 1, 2018 and 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.
- To maintain the Options beyond April 1, 2022, Goliath must elect not later than April 1, 2022 to either have a Preliminary Economic Assessment prepared or terminate the Options.
- 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 shares (the “J2 Bonus Shares”) upon identification of 3,000,000 gold equivalent ounces of NI 43-101 mineral reserves and resources for each property (aggregate of 40,000,000 shares for the four properties).
  - iv) The obligation to issue the “resource bonuses” shall expire on December 15, 2023.
- 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.
- In connection with entering into of the Options, the Company was required to issue that number of additional units of the Company (the "Top-up Units") such that upon the completion of a going public transaction (see note 6), the members of the J2 Syndicate shall hold not less than 25.4% of the number of issued and outstanding shares of the Resulting Issuer.
- Earning exclusive right of first refusals (ROFRs) on each of the DSM Syndicate’s Gold Star and Gold Crest properties until March 30, 2020.

On October 11, 2017, the date of completion of the Amalgamation, 5,395,000 Top-up Units valued at $539,500 were issued. Each unit consisted of one common share and one common share purchase warrant, entitling the holder to acquire an additional common share for $0.10 for 5 years from the date of issuance. The fair value of the warrants was estimated to be $248,170 using the Black-Scholes option pricing model based on the following assumptions: expected volatility of 163% which is based on the historical volatility of comparable companies; expected dividend yield of 0%; risk free interest rate of 1.77%; expected life of 5 years and a share price of $0.06.

The amendment on October 30, 2018 is 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

(Expressed in Canadian Dollars)

7. Mineral Properties (continued)

- 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).

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 save and except, as mentioned above, for its aggregate commitment for the calendar year 2019. Goliath has currently exceeded its minimum exploration commitments for 2017 and 2018.

Bingo Property

The Bingo mineral claims are located approximately 45 kilometres southeast of Stewart, British Columbia in the Golden Triangle.

Copperhead Property

The Copperhead Property mineral claims are located approximately 35 kilometres southwest of Smithers, British Columbia.

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.

Lucky Strike Property

The Lucky Strike 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.

8. Amounts receivable and deposits

	As at June 30, 2019	As at June 30, 2018
Sales tax receivable	**$ 6,572**	$ 48,552
Deposits	**534,063**	531,615
	$ 540,635	$ 580,167

(Expressed in Canadian Dollars)

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, 2017	**$**	**-**
Liability incurred on flow-through shares issued		454,829
Settlement of flow-through share liability on incurring expenditures		(115,930)
Balance at June 30, 2018		**338,899**
Liability incurred on flow-through shares issued		30,365
Settlement of flow-through share liability on incurring expenditures		(352,939)
Balance at June 30, 2019	**$**	**16,325**

For the year ended June 30, 2018, the flow-through common shares issued in the non-brokered private placement completed on April 19, 2018 and May 31, 2018 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 $454,829. 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.

The flow-through premium is derecognized through income as the eligible expenditures are incurred. For the year ended June 30, 2019, the Company satisfied $352,939 (2018 - $115,930) of the commitment by incurring eligible expenditures of approximately $2,200,000 (2018 - $394,000) and as a result the flow-through premium has been reduced to $16,325 (2018 - $338,899).

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, 2019, the total number of shares issued was 110,410,140 (2018 - 85,800,482) and valued at $6,167,496 (2018 - $4,155,640).

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

<u>For the year end June 30, 2018</u>

(i) On August 25, 2017, the Company completed a private placement financing of 2,891,000 units for gross proceeds of $289,100 at an issue price of $0.10 per unit. Each unit consisted of one common share and one common share purchase warrant, entitling the holder to acquire an additional common share for $0.15 for 24 months from the date of issuance. The Company paid commissions of $10,500 and issued 105,000 warrants with the same terms as those issued with the units as finder's fees.

The grant date fair values of the 2,891,000 and 105,000 warrants were estimated as $127,645 and $4,636 using the Black-Scholes option pricing model. The following weighted average assumptions were used: risk-free interest rate - 1.26%; expected volatility - 212% which is based on the historical volatility of comparable companies; expected dividend yield - nil; share price of $0.06 and expected life - 2 years.

10. Share Capital (continued)

For the year end June 30, 2018 (continued)

(ii) On October 11, 2017, the date of completion of the Amalgamation, 5,395,000 Top-up Units (note 6) valued at $539,500 were issued to the Optionors. Each unit consisted of one common share and one common share purchase warrant, entitling the holder to acquire an additional common share for $0.10 for 5 years from the date of issuance.

The fair value of the warrants was estimated to be $248,170 using the Black-Scholes option pricing model based on the following assumptions: expected volatility of 163%, expected dividend yield of 0%; risk free interest rate of 1.77%; expected life of 5 years and a share price of $0.06.

(iii) On April 19, 2018, the Company completed a non-brokered private placement of 10,668,463 units and 1,667,000 flow-through units for gross proceeds of $1,423,581 at issue prices of $0.11 and $0.15, respectively. Each unit comprised of one common share which is not a "flow-through" share and one share purchase warrant (each a "$0.22 Warrant"). Each $0.22 Warrant entitles the holder to purchase one additional common share which is not a "flow-through" share at the price of $0.22 for a period of 24 months after closing. Each flow-through unit ("FT Unit") comprised of one common share which is a "flow-through" share for Canadian income tax purposes and one share purchase warrant (each full warrant a "$0.30 Warrant"). Each $0.30 Warrant will entitle the holder to purchase one additional common share which is not a "flow-through" share at the price of $0.30 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 $0.44 or $0.60 per share for ten (10) consecutive trading days on the Exchange, the Company shall thereafter be entitled to give notice to the holders of all $0.22 Warrants or the $0.30 Warrants, respectively, 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 $54,774 in finders fees, 392,147 $0.22 Warrants and 70,000 $0.30 Warrants in finders warrants in relation to the units and FT units sold, respectively.

The fair values of the 11,060,610 $0.22 Warrants and 1,737,000 $0.30 Warrants were estimated as $420,982 and $59,333 using the Black-Scholes option pricing model. The following weighted average assumptions were used: risk-free interest rate - 1.92%; expected volatility - 143% which is based on the historical volatility of comparable companies; expected dividend yield - nil; share price of $0.085 and expected life - 2 years.

(iv) On May 31, 2018, the Company completed a non-brokered private placement of 3,182,545 units and 8,638,497 flow-through units for gross proceeds of $1,645,855 at issue prices of $0.11 and $0.15, respectively. Each unit comprised of one common share which is not a "flow-through" share and one share purchase warrant (each a "$0.22 Warrant"). Each $0.22 Warrant entitles the holder to purchase one additional common share which is not a "flow-through" share at the price of $0.22 for a period of 24 months after closing. Each flow-through unit ("FT Unit") comprised of one common share which is a "flow-through" share for Canadian income tax purposes and one share purchase warrant (each a "$0.30 Warrant"). Each $0.30 Warrant will entitle the holder to purchase one additional common share which is not a "flow-through" share at the price of $0.30 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 $0.44 or $0.60 per share for ten (10) consecutive trading days on the Exchange, the Company shall thereafter be entitled to give notice to the holders of all $0.22 Warrants or the $0.30 Warrants respectively, 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.

10. Share Capital (continued)

For the year end June 30, 2018 (continued)

(iv)(continued) The Company paid $100,017 in finders fees, and issued 163,596 $0.22 Warrants and 941,150 $0.30 Warrants in finders warrants in relation to the units and FT units sold, respectively.

The fair values of the 3,346,141 $0.22 Warrants and 9,579,647 $0.30 Warrants were estimated as $135,303 and $382,733 using the Black-Scholes option pricing model. The following weighted average assumptions were used: risk-free interest rate - 1.93%; expected volatility - 143% which is based on the historical volatility of comparable companies; expected dividend yield - nil; share price of $0.13 and expected life - 2 years.

For the year end June 30, 2019

(v) On November 26, 2018, the Company completed a non-brokered private placement of 880,000 units and 6,190,000 flow-through units for gross proceeds of $707,000 at an issue price of $0.10. 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 "$0.20 Warrant"). Each $0.20 Warrant entitles the holder to purchase one additional common share which is not a "flow-through" share at the price of $0.20 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 "$0.20 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 $0.40 per share for ten (10) consecutive trading days on the Exchange, the Company shall thereafter be entitled to give notice to the holders of all $0.20 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 90,300 $0.20 Warrants in finders warrants in relation to the units and FT units sold.

The grant date fair value of the 3,625,300 $0.20 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 $0.08 and expected life - 2 years.

(vi) On December 13, 2018, the Company completed a non-brokered private placement of 250,000 units and 7,698,551 flow-through units for gross proceeds of $794,855 at an issue price of $0.10. 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 "$0.20 Warrant"). Each $0.20 Warrant entitles the holder to purchase one additional common share which is not a "flow-through" share at the price of $0.20 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 "$0.20 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 $0.40 per share for ten (10) consecutive trading days on the Exchange, the Company shall thereafter be entitled to give notice to the holders of all $0.20 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 140,000 $0.20 Warrants in finders warrants in relation to the units and FT units sold.

The grant date fair value of the 4,114,276 $0.20 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 $0.08 and expected life - 2 years.

10. Share Capital (continued)

(vii) On December 28, 2018, the Company completed a non-brokered private placement of 1,725,000 flow-through units for gross proceeds of $172,500 at an issue price of $0.10. 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 "$0.20 Warrant"). Each $0.20 Warrant entitles the holder to purchase one additional common share which is not a "flow-through" share at the price of $0.20 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 $0.40 per share for ten (10) consecutive trading days on the Exchange, the Company shall thereafter be entitled to give notice to the holders of all $0.20 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 $7,000 in finders fees, and issued 35,000 $0.20 Warrants in finders warrants in relation to the FT units sold.

The grant date fair value of the 897,500 $0.20 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 $0.08 and expected life - 2 years.

(viii) On April 25, 2019, the Company completed a non-brokered private placement of 3,688,889 units and 1,167,884 flow-through units ("FT Unit") for gross proceeds of $448,788. Each FT Unit was priced at $0.10 and each unit was priced at $0.09.

Each unit is comprised of 1 common share which is not a "flow-through" share and one (1) share purchase warrant ("NFT warrant"). Each NFT warrant will entitle the holder to purchase one (1) additional common share which is not a "flow- through" share at the price of $0.14 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 $0.28 per share for ten (10) consecutive trading days on the TSX-V, the Company shall thereafter be entitled to give notice to the holders of all $0.14 NFT warrants, by news release, that such warrants will expire at 4:30 p.m. (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 (1) 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 (1) additional common share which is not a "flow-through" share at the price of $0.16 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 $0.32 per share for ten (10) consecutive trading days on the TSX-V, the Company shall thereafter be entitled to give notice to the $0.16 FT warrant holders by news release, that such warrants will expire at 4:30 p.m. (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 35,000 FT warrants in finders warrants in relation to the FT units sold.

The grant date fair values of the 3,688,889 NFT warrants and 618,942 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 $0.06 and expected life - 2 years.

(Expressed in Canadian Dollars)

11. Warrants

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

	Number of Warrants	Weighted Average Exercise Price
Balance, June 30, 2017	**30,253,651**	**$ 0.13**
Issued (notes 10(b)(i)(ii)(iii)(iv))	34,114,398	0.22
Exercised	(1,430,075)	0.15
Balance, June 30, 2018	**62,937,974**	**0.18**
Issued (notes 10(b)(v)(vi)(vii)(viii))	12,944,907	0.18
Exercised	(3,009,334)	0.13
Expired	(17,701,912)	0.15
Balance, June 30, 2019	**55,171,635**	**$ 0.19**

The following table reflects the warrants issued and outstanding as of June 30, 2019:

Number of Warrants Outstanding	Grant Date Fair Value Net of Costs ($)	Exercise Price ($)	Weighted Average Contractual Life (years)	Expiry Date
2,495,000	104,596	0.15	0.15	August 25, 2019 (see note 20(ii))
5,395,000	248,170	0.10	0.28	April 19, 2022
1,737,000	59,333	0.30	0.81	April 19, 2020
11,060,610	420,982	0.22	0.81	April 19, 2020
9,579,647	382,733	0.30	0.92	May 31, 2020
3,346,141	135,303	0.22	0.92	May 31, 2020
3,625,300	162,891	0.20	1.41	November 27, 2020
4,114,276	178,019	0.20	1.46	December 13, 2020
897,500	38,990	0.20	1.50	December 28, 2020
3,688,889	115,365	0.14	1.85	May 7, 2021
618,942	18,562	0.16	1.85	May 7, 2021
8,613,330	425,447	0.10	2.81	April 19, 2022
55,171,635	**2,290,391**	**0.19**	**1.25**	

(Expressed in Canadian Dollars)

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, 2017	**-**	**-**
Granted (notes 6 and 12(i)(ii)(iii))	8,660,312	0.21
Expired	(538,922)	0.17
Balance, June 30, 2018	**8,121,390**	**0.21**
Granted (iv)(v)	3,285,000	0.11
Expired	(500,000)	0.21
Balance, June 30, 2019	**10,906,390**	**0.18**

(i) On November 2, 2017, the Company granted stock options to officers, directors and consultants of the Company to acquire an aggregate of 5,889,654 common shares. The stock options may be exercised at a price of $0.21 per share and expire on November 1, 2022. The stock options vested immediately.

A value of $1,219,158 was estimated for the 5,889,654 stock options on the date of grant with the following assumptions and inputs: share price of $0.21; exercise price of $0.21; expected dividend yield of 0%; expected volatility of 214% which is based on comparable companies; risk-free interest rate of 1.64%; and an expected average life of five years.

(ii) On April 23, 2018, the Company granted stock options to consultants of the Company to acquire an aggregate of 1,200,000 common shares. The stock options may be exercised at a price of $0.20 per share and expire on April 22, 2023. The stock options vested immediately.

A value of $117,600 was estimated for the 1,200,000 stock options on the date of grant with the following assumptions and inputs: share price of $0.10; exercise price of $0.20; expected dividend yield of 0%; expected volatility of 214% which is based on comparable companies; risk-free interest rate of 2.17%; and an expected average life of five years.

(iii) On June 1, 2018, the Company granted stock options to consultants of the Company to acquire an aggregate of 900,000 common shares. The stock options may be exercised at a price of $0.20 per share and expire on May 31, 2023. The stock options vested immediately.

A value of $123,300 was estimated for the 900,000 stock options on the date of grant with the following assumptions and inputs: share price of $0.14; exercise price of $0.20; expected dividend yield of 0%; expected volatility of 214% which is based on comparable companies; risk-free interest rate of 2.11%; and an expected average life of five years.

(iv) On November 8, 2018, the Company granted stock options to consultants of the Company to acquire an aggregate of 600,000 common shares. The stock options may be exercised at a price of $0.21 per share and expire on November 7, 2023. The stock options vested immediately.

A value of $52,800 was estimated for the 600,000 stock options on the date of grant with the following assumptions and inputs: share price of $0.09; exercise price of $0.21; expected dividend yield of 0%; expected volatility of 214% which is based on historical volatility of comparable companies; risk-free interest rate of 2.46%; and an expected average life of five years.

(Expressed in Canadian Dollars)

12. Stock options (continued)

(v) On May 7, 2019, the Company granted stock options to officers, directors and consultants of the Company to acquire an aggregate of 2,685,000 common shares. The stock options may be exercised at a price of $0.09 per share and expire on May 7, 2024. The stock options vested immediately.

A value of $171,840 was estimated for the 2,685,000 stock options on the date of grant with the following assumptions and inputs: share price of $0.07; exercise price of $0.09; 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.

The following table reflects the stock options issued and outstanding as of June 30, 2019:

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	0.17	1.27	131,736	131,736	-
November 1, 2022	0.21	3.34	5,389,654	5,389,654	-
April 22, 2023	0.20	3.81	1,200,000	1,200,000	-
May 31, 2023	0.20	3.92	900,000	900,000	-
November 7, 2023	0.21	4.36	600,000	600,000	-
May 7, 2024	0.09	4.86	2,685,000	2,685,000	-
	0.18	3.85	10,906,390	10,906,390	-

13. Net loss per common share

The calculation of basic loss per share for the year ended June 30, 2019 was based on the loss attributable to common shareholders of $3,068,125 (2018 - $4,545,172) and the weighted average number of common shares outstanding of 98,516,461 (2018 - 59,245,581). Diluted loss per share for the year ended June 30, 2019 did not include the effect of 55,171,635 warrants (2018 - 62,937,974) and 10,906,390 stock options (2018 - 8,121,390) as they are anti-dilutive.

14. General and administrative

	Year Ended June 30, 2019	Year Ended June 30, 2018
Professional and consulting fees	**$ 370,026**	$ 314,655
Investor relations	**495,490**	281,674
Share-based payments	**224,640**	1,460,058
Regulatory fees	**68,224**	94,384
Other administrative expenses	**32,308**	33,160
	$ 1,190,688	$ 2,183,931

(Expressed in Canadian Dollars)

15. Exploration and acquisition costs

	Year Ended June 30, 2019	Year Ended June 30, 2018
Bingo		
Option payments - cash, shares and warrants	**$ -**	$ 163,485
Staking cost	**-**	295
Transportation	**9,474**	21,068
Imagery	**2,862**	10,405
Supplies	**12,034**	7,585
Airborne geophysical survey	**20,255**	49,378
Reports	**8,323**	26,535
Laboratory and analysis	**-**	6,857
Geology	**4,375**	6,353
Field work exploration	**34,693**	38,663
Travel and accommodation	**3,393**	15,145
Project management	**30,268**	40,718
Other	**18,872**	3,545
	$ 144,549	$ 390,032
Copperhead		
Option payments - cash, shares and warrants	**$ -**	$ 49,045
Staking cost	**-**	5,543
Transportation	**304,379**	6,269
Imagery	**5,368**	13,041
Supplies	**18,440**	8,849
Airborne geophysical survey	**-**	12,857
Reports	**22,519**	40,666
Laboratory and analysis	**30,492**	2,214
Geology	**4,525**	5,236
Field work exploration	**149,841**	6,793
Travel and accommodation	**2,726**	7,917
Project management	**107,400**	41,562
Drilling	**142,537**	-
Other	**64,382**	1,704
	$ 852,609	$ 201,696
Golddigger		
Option payments - cash, shares and warrants	**$ -**	$ 163,485
Staking cost	**809**	9,101
Transportation	**38,542**	22,626
Imagery	**2,862**	12,634
Supplies	**13,552**	13,844
Airborne geophysical survey	**20,255**	58,152
Reports	**25,295**	13,159
Laboratory and analysis	**7,599**	16,879
Geology	**5,745**	5,236
Field work exploration	**57,099**	66,607
Travel and accommodation	**5,713**	21,230
Project management	**30,225**	42,190
Other	**24,257**	2,584
	$ 231,953	$ 447,727

(Expressed in Canadian Dollars)

15. Exploration and acquisition costs (continued)

	Year Ended June 30, 2019	Year Ended June 30, 2018
Lucky Strike		
Option payments - cash, shares and warrants	**$ -**	$ 163,485
Staking cost	**7,976**	24,528
Transportation	**271,515**	51,444
Imagery	**3,770**	23,559
Supplies	**26,586**	15,612
Airborne geophysical survey	**55,840**	61,724
Reports	**44,307**	40,872
Laboratory and analysis	**49,877**	48,766
Geology	**6,410**	9,165
Field work exploration	**228,263**	189,319
Travel and accommodation	**4,961**	76,045
Project management	**117,692**	46,031
Drilling	**92,772**	-
Other	**90,101**	11,590
	$ 1,000,070	$ 762,140
DSM Syndicate		
Other	**$ 1,195**	$ -
Exploration and acquisition costs	**$ 2,230,376**	$ 1,801,595

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% (2018 - 26.5%) were as follows:

	Year Ended June 30, 2019	Year Ended June 30, 2018
Loss before income taxes	**$ (3,068,125)**	$ (4,545,172)
Expected income tax recovery based on statutory rate	**(813,000)**	(1,204,000)
Share-based payments	**60,000**	387,000
Non-deductible expenses for tax purposes	**2,000**	228,000
Other	**-**	(3,000)
Change in expected income tax benefit	**751,000**	592,000
Deferred income tax provision (recovery)	**$ -**	$ -

(Expressed in Canadian Dollars)

16. Income taxes (continued)

(b) Deductible temporary differences

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

	As at June 30, 2019	As at June 30, 2018
Non-capital loss carry-forwards	**$ 1,735,000**	$ 1,008,000
Share issue costs	**249,000**	225,000
Mineral exploration property expenditures	**3,887,000**	3,204,000
Deductible temporary differences	**$ 5,871,000**	$ 4,437,000

As at June 30, 2019, the Company had available for deduction against future taxable income, non-capital losses of approximately $735,000 which expire in 2039.

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.

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:

	Year Ended June 30, 2019	Year Ended June 30, 2018
Consulting fees (1)	$ 216,000	$ 104,000
Share-based payments	$ 112,000	$ 767,043

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

(2) Included in accounts payable and accrued liabilities are fees owing to officers of $11,413 as at June 30, 2019 (2018 - $12,209). This balance is unsecured, non-interest bearing and due on demand.

See also note 7.

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 commitment
The Company is obligated to spend $611,521 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 any related tax amounts that become payable by the subscribers as a result of the Company not meeting its expenditure commitments.

20. Subsequent events

(i) On August 18, 2019, the Company granted 630,000 stock options to consultants. The stock options are exercisable at $0.10 and expire on August 17, 2024.

(ii) Subsequent to June 30, 2019, 2,495,000 warrants with an exercise price of $0.15 expired unexercised.