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**GOLDSEEK RESOURCES INC.**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020 AND**  
**PERIOD FROM SEPTEMBER 21, 2018**  
**(INCORPORATION) TO JUNE 30, 2019**  
**(EXPRESSED IN CANADIAN DOLLARS)**

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DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Goldseek Resources Inc.

### Opinion

We have audited the financial statements of Goldseek Resources Inc. (the "Company"), which comprise the statements of financial position as at June 30, 2020 and 2019, and the statements of loss and comprehensive loss, changes in equity and cash flows for the year ended June 30, 2020 and the period from September 21, 2018 (incorporation) to June 30, 2019, and notes to the financial statements, including a summary of significant accounting policies (collectively the "financial statements").

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 year then ended and the period from September 21, 2018 (incorporation) to June 30, 2019 in accordance with International Financial Reporting Standards.

### 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, and 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 2 to the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about 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 information included in 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 identified above 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. 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 International Financial Reporting Standards, 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 to 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 the 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 judgment 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 risk 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 on the audit resulting in this independent auditor's report is Barry Hartley.

*DMLC*

**DALE MATHESON CARR-HILTON LABONTE LLP**  
**CHARTERED PROFESSIONAL ACCOUNTANTS**  
Vancouver, BC  
October 28, 2020



An independent firm  
associated with Moore  
Global Network Limited

**Goldseek Resources Inc.**  
**Statements of Financial Position**  
**(Expressed in Canadian Dollars)**

	As at June 30, 2020	As at June 30, 2019
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 1,499,008	\$ 115,196
Prepaid expenses	11,160	3,955
Sales tax receivable	13,328	159
<b>Total current assets</b>	<b>1,523,496</b>	<b>119,310</b>
<b>Non-current assets</b>		
Exploration and evaluation assets (note 5)	815,425	664,947
<b>Total assets</b>	<b>\$ 2,338,921</b>	<b>\$ 784,257</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (notes 6 and 10)	\$ 160,692	\$ 20,834
Deferred premium on flow-through shares (note 7)	10,735	-
<b>Total liabilities</b>	<b>171,427</b>	<b>20,834</b>
<b>Equity</b>		
Share capital (note 7)	2,158,075	752,750
Shares to be issued (note 12)	234,300	-
Reserve (note 8)	19,359	-
Deficit	(244,240)	10,673
<b>Total equity</b>	<b>2,167,494</b>	<b>763,423</b>
<b>Total equity and liabilities</b>	<b>\$ 2,338,921</b>	<b>\$ 784,257</b>

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

Nature of operations (note 1)  
Subsequent events (note 12)

**Approved on behalf of the Board:**

(Signed) "Jonathon Deluce"      Director

(Signed) "Quinn Field-Dyte"      Director

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**Goldseek Resources Inc.****Statements of Loss and Comprehensive Income (Loss)**  
**(Expressed in Canadian Dollars)**

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	Year Ended June 30, 2020	Period from September 21, 2018 (Incorporation) to June 30, 2019
<b>Expenses</b>		
Consulting (note 10)	\$ 81,875	\$ 10,250
General and administrative (note 10)	18,444	1,334
Professional fees (note 10)	107,821	17,204
Regulatory fees	30,559	-
Share-based payments (notes 8 and 10)	19,359	-
Travel	270	1,036
<b>Net loss from operations</b>	<b>(258,328)</b>	<b>(29,824)</b>
<b>Other income</b>		
Reversal of flow-through premium (note 7)	2,015	40,000
Interest income	1,400	497
	<b>3,415</b>	<b>40,497</b>
<b>Net and comprehensive income (loss) for the year</b>	<b>\$ (254,913)</b>	<b>\$ 10,673</b>
<b>Basic and diluted net income (loss) per share</b>	<b>\$ (0.01)</b>	<b>\$ 0.00</b>
<b>Weighted average number of common shares outstanding</b>	<b>18,513,720</b>	<b>7,310,534</b>

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

## Goldseek Resources Inc.

### Statements of Changes in Equity (Expressed in Canadian Dollars)

	Share capital						
	Number of shares	Share capital	Special warrants	Shares to be issued	Reserve	Deficit	Total
<b>Balance, September 21, 2018 (Incorporation)</b>	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Shares issued for cash (note 7)	7,360,000	300,000	-	-	-	-	300,000
Shares issued for services (note 7)	295,000	10,250	-	-	-	-	10,250
Premium on flow-through shares (note 7)	-	(40,000)	-	-	-	-	-
Shares issued for exploration and evaluation assets (notes 5 and 7)	9,650,000	482,500	-	-	-	-	482,500
Net income and comprehensive income for the year	-	-	-	-	-	10,673	10,673
<b>Balance, June 30, 2019</b>	<b>17,305,000</b>	<b>752,750</b>	-	-	-	<b>10,673</b>	<b>763,423</b>
Shares issued for cash, net (note 7)	4,379,999	1,147,100	-	-	-	-	1,147,100
Premium on flow-through shares (note 7)	-	(12,750)	-	-	-	-	(12,750)
Shares issued for services (note 7)	97,500	4,875	-	-	-	-	4,875
Exercise of warrants (note 7)	100,000	13,000	-	-	-	-	13,000
Special warrants issued for cash (note 7)	-	-	248,600	-	-	-	248,600
Special warrants converted (note 7)	2,567,000	248,600	(248,600)	-	-	-	-
Shares issued for exploration and evaluation assets (notes 5 and 7)	15,000	4,500	-	-	-	-	4,500
Shares to be issued (note 12)	-	-	-	234,300	-	-	234,300
Share-based payments (note 8)	-	-	-	-	19,359	-	19,359
Net loss and comprehensive loss for the year	-	-	-	-	-	(254,913)	(254,913)
<b>Balance, June 30, 2020</b>	<b>24,464,499</b>	<b>\$ 2,158,075</b>	<b>\$ -</b>	<b>\$ 234,300</b>	<b>\$ 19,359</b>	<b>\$ (244,240)</b>	<b>\$ 2,167,494</b>

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

**Goldseek Resources Inc.**  
**Statements of Cash Flows**  
**(Expressed in Canadian Dollars)**

	Year Ended June 30, 2020	Period from September 21, 2018 to June 30, 2019
<b>Operating activities</b>		
Net income (loss) for the year	\$ (254,913)	\$ 10,673
Adjustments for:		
Share-based payments	19,359	-
Reversal of flow-through premium	(2,015)	(40,000)
Shares issued for services	4,875	10,250
Changes in non-cash working capital items:		
Prepaid expenses	(7,205)	(3,955)
Sales tax receivable	(13,169)	(159)
Accounts payable and accrued liabilities	44,854	20,834
<b>Net cash used in operating activities</b>	<b>(208,214)</b>	<b>(2,357)</b>
<b>Investing activities</b>		
Exploration and evaluation assets	(50,974)	(182,447)
<b>Net cash used in investing activities</b>	<b>(50,974)</b>	<b>(182,447)</b>
<b>Financing activities</b>		
Issuance of shares for cash	1,147,100	300,000
Issuance of special warrants for cash	248,600	-
Warrants exercised	13,000	-
Shares to be issued	234,300	-
<b>Net cash provided by financing activities</b>	<b>1,643,000</b>	<b>300,000</b>
<b>Net change in cash</b>	<b>1,383,812</b>	<b>115,196</b>
<b>Cash, beginning of year</b>	<b>115,196</b>	<b>-</b>
<b>Cash, end of year</b>	<b>\$ 1,499,008</b>	<b>\$ 115,196</b>
<b>Supplemental cash flow information</b>		
Shares issued pursuant to acquisition of exploration and evaluation assets	\$ 4,500	\$ 482,500

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

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# Goldseek Resources Inc.

## Notes to Financial Statements

Year Ended June 30, 2020 and Period from September 21, 2018 (Incorporation) to June 30, 2019  
(Expressed in Canadian Dollars)

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### 1. Corporate information and nature of operations

Goldseek Resources Inc. (the "Company") was incorporated under the British Columbia Business Corporations Act on September 21, 2018. The Company is in the business of acquiring and exploring mineral properties. On February 14, 2020, the Company filed a non-offering prospectus and became a reporting issuer in the provinces of British Columbia and Ontario. The Company's common shares commenced trading on the Canadian Securities Exchange ("CSE") on March 9, 2020 under the stock symbol "GSK".

The address of the Company's corporate office and principal place of business is 1231 Huron Street, London, Ontario, N5Y 4L1, Canada.

### 2. Going concern

These financial statements have been prepared on a going concern basis, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of operations in the foreseeable future. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

The Company will require additional financing in order to further develop its exploration properties, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. The Company intends to raise operating cash flow from equity financings in the near term and have the Company's shares listed on the Canadian Securities Exchange. While the Company has been successful in securing equity financings in the past, there is no assurance that it will be able to do so in the future and on terms acceptable to management. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

In March 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy, capital markets and the Company's financial position cannot be reasonably estimated at this time. The Company is monitoring developments and will adapt its business plans accordingly. The actual and threatened spread of COVID-19 globally could adversely impact the Company's ability to carry out its plans and raise capital.

### 3. Basis of presentation and statement of compliance

#### Statement of compliance

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). These financial statements have been prepared in compliance with IFRS and in accordance with the accounting policies described in Note 4, Summary of Significant Accounting Policies. The policies set out below have been consistently applied to all the periods presented, unless otherwise noted.

The financial statements for the year ended June 30, 2020 were reviewed and authorized for issue by the Board of Directors on October 28, 2020.

#### Basis of measurement

The financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value. The financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency.



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## **Goldseek Resources Inc.**

### **Notes to Financial Statements**

**Year Ended June 30, 2020 and Period from September 21, 2018 (Incorporation) to June 30, 2019  
(Expressed in Canadian Dollars)**

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#### **3. Basis of presentation and statement of compliance (continued)**

##### **Basis of measurement (continued)**

The preparation of these financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

#### **4. Summary of significant accounting policies**

The accounting policies set out below have been applied in preparing the financial statements for the years ended June 30, 2020 and 2019.

##### **Exploration and evaluation expenditures**

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activities.

Acquisition costs and exploration and evaluation expenditures are capitalized until the viability of the exploration properties is determined. The Company capitalizes costs to specific blocks of claims or areas of geological interest.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

After technical feasibility and commercial viability of the extraction of mineral resource are demonstrable, the Company stops capitalizing expenditures for the applicable block of claims or geological area of interest and tests the asset for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset.

##### **Income taxes**

###### Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

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# Goldseek Resources Inc.

## Notes to Financial Statements

Year Ended June 30, 2020 and Period from September 21, 2018 (Incorporation) to June 30, 2019  
(Expressed in Canadian Dollars)

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### 4. Summary of significant accounting policies (continued)

#### Income taxes (continued)

##### Current income tax (continued):

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### Deferred income tax:

Deferred income tax is recognized on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

#### Earnings per share

Basic earnings or loss per share is computed by dividing the Company's profit or loss applicable to common shares by the weighted average number of common shares outstanding for the relevant period. Diluted earnings or loss per share is computed by dividing the Company's profit or loss applicable to common shares, by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted at the beginning of the period. For the period ended June 30, 2019, the Company did not have any stock options or share purchase warrants or any instruments that would have a dilutive effect on earnings.

#### 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. The fair value is measured at 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 profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

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.

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# Goldseek Resources Inc.

## Notes to Financial Statements

Year Ended June 30, 2020 and Period from September 21, 2018 (Incorporation) to June 30, 2019  
(Expressed in Canadian Dollars)

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### 4. Summary of significant accounting policies (continued)

#### Flow-through shares

Under Canadian income tax legislation, a company is permitted to issue flow-through shares whereby it agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. The proceeds from issuance of these shares are allocated between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the estimated market price or quoted price of the shares and the amount the investor pays for the flow-through shares. A flow-through share premium liability is recognized for this difference.

The Company may renounce the deductions for tax purposes related to the eligible exploration and evaluation expenditures on the date the flow-through shares are issued under the look-back rule. Where the look-back rule is unavailable, the deduction for tax purposes are renounced as incurred. The flow-through share premium liability is reduced on a pro-rata basis and recorded in profit or loss based on the incurred eligible expenditures that qualify for renunciation.

#### Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company classifies its financial instruments as follows:

Cash	Amortized cost
Accounts payable	Amortized cost

#### Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

#### *Financial assets and liabilities at FVTPL*

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of net loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of net loss in the period in which they arise.

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

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## Goldseek Resources Inc.

### Notes to Financial Statements

Year Ended June 30, 2020 and Period from September 21, 2018 (Incorporation) to June 30, 2019  
(Expressed in Canadian Dollars)

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#### 4. Summary of significant accounting policies (continued)

##### Financial instrument (continued)

###### Measurement (continued)

###### *Debt investments at FVTOCI*

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

###### *Equity investments at FVTOCI*

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

###### Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

##### Changes in accounting policy

Effective July 1, 2019, the Company adopted IFRS 16. 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. The adoption of IFRS 16 had no impact to the Company's financial statements.

##### Accounting standards issued but not yet effective

The Company has reviewed the accounting standards or amendments to existing accounting standards that have been issued but have future effective dates and determined that these are either not applicable or are not expected to have a significant impact on the Company's financial statements.

# Goldseek Resources Inc.

## Notes to Financial Statements

Year Ended June 30, 2020 and Period from September 21, 2018 (Incorporation) to June 30, 2019  
(Expressed in Canadian Dollars)

### 4. Summary of significant accounting policies (continued)

#### Accounting estimates and judgments

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there are significant risk of material adjustments to assets and liabilities in future accounting periods include:

- recoverability and measurement of deferred tax assets;
- provisions for restoration and environmental obligations and contingent liabilities;
- recoverable amount of its evaluation and exploration assets; and
- fair value of stock-based transactions.

Significant judgments:

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgment in the Company's financial statements is the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

### 5. Exploration and evaluation assets

During the year ended June 30, 2020 and the period from September 21, 2018 to June 30, 2019, the Company's exploration and evaluation asset activities were as follows:

	Bonanza Property	Horizon Property	Quevillon West Property	Southern Arm Property	Total
Balance, September 21, 2018	\$ -	\$ -	\$ -	\$ -	\$ -
Acquisition	300,000	182,500	-	-	482,500
Exploration expenditures:					
Permitting and filing expenses	7,401	-	-	-	7,401
Surveying and geophysics	89,762	85,284	-	-	175,046
Balance, June 30, 2019	397,163	267,784	-	-	664,947
Acquisition	-	-	16,929	5,500	22,429
Exploration expenditures:					
Permitting and filing expenses	1,392	-	-	398	1,790
Surveying and geophysics	103,108	4,433	18,718	-	126,259
Balance, June 30, 2020	\$ 501,663	\$ 272,217	\$ 35,647	\$ 5,898	\$ 815,425

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## **Goldseek Resources Inc.**

### **Notes to Financial Statements**

**Year Ended June 30, 2020 and Period from September 21, 2018 (Incorporation) to June 30, 2019  
(Expressed in Canadian Dollars)**

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#### **5. Exploration and evaluation assets (continued)**

##### **Bonanza Property**

The Bonanza Property is located near the Municipality of Senneterre, Quebec. On October 11, 2018, the Company signed a purchase agreement with Delford Investments Inc., Jonathon Deluce (Chief Executive Officer ("CEO") of the Company) and Bradel Properties Ltd. (a shareholder of the Company) and Delinks Holdings Ltd. (a shareholder of the Company) (collectively, the "Bonanza Sellers") to purchase the property, including surface rights, mineral rights and personal property and permits associated with the Bonanza Property. In terms of the agreement, the Company was required to issue 6,000,000 consideration shares to satisfy payment of the purchase price of \$300,000 (issued - note 7). In addition to the issuance of the consideration shares, the Company has also granted the Bonanza Sellers an undivided royalty equal to 3.0% of the Net Smelter Return ("NSR") in respect to any production from the Bonanza Property.

##### **Horizon #1 Property**

The Horizon #1 Property is located near the Township of Wabikoba Lake Area, Ontario. On February 22, 2019, the Company signed a purchase agreement with four parties, two of which are related to directors (collectively, the "Horizon #1 Sellers") to purchase the property, including surface rights, mineral rights and personal property and permits associated with the property. In terms of the agreement, the Company was required to issue 3,500,000 consideration shares to satisfy payment of the purchase price of \$175,000 (issued - note 7). In addition to the issuance of the consideration shares, the Company has also granted the Horizon #1 Sellers an undivided royalty equal to 3.0% of the NSR in respect to any production from the Horizon #1 Property.

##### **Horizon #2 Property**

The Horizon #2 Property is located near the Township of Wabikoba Lake Area, Ontario. On February 22, 2019, the Company signed a purchase agreement with North American Exploration Inc. (the "Horizon #2 Seller") to purchase the property, including surface rights, mineral rights and personal property and permits associated with the property. According to the agreement, the Company was required to issue 150,000 consideration shares to satisfy payment of the purchase price of \$7,500 (issued - note 7). Upon issuance of the consideration shares, the Company has also granted the Horizon #2 Seller an undivided royalty equal to 3.0% of the NSR in respect to any production from the Horizon #2 Property.

Collectively, the Horizon #1 Property and the Horizon #2 Property are presented as the Horizon property.

##### **Quevillon West Property**

On May 28, 2020, the Company acquired the Quevillon West Property, consisting of 257 claims, by direct staking. On June 26, 2020 the Company added an extension to the Quevillon West Property, consisting of 257 claims, by direct staking. With this addition, the total size of the Quevillon West Property is 497 claims with no underlying royalties.

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## Goldseek Resources Inc.

### Notes to Financial Statements

Year Ended June 30, 2020 and Period from September 21, 2018 (Incorporation) to June 30, 2019  
(Expressed in Canadian Dollars)

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#### 5. Exploration and evaluation assets (continued)

##### Southern Arm Property

On April 22, 2020, the Company acquired the Southern Arm Property, consisting of 62 claims, by direct staking. On May 26, 2020, the Company acquired additional 8 claims from Midland Exploration Inc. ("Midland"). The agreement for the property acquisition is as follows:

- The 8 claims were acquired through an exchange of properties agreement with Midland whereby the Company exchanged its Quevillon North Property (see below). The Company granted to Midland a 2% NSR on the Property with a 1% buyback option for \$1 million. Midland agreed to assume the 2% NSR payable on the Quevillon North property as described below:
- The Quevillon North property was acquired by the Company on May 12, 2020. Pursuant to a definitive agreement, the Company acquired 100% interest, subject to a 2% NSR, in the Quevillon North property from two vendors which owned the property as to 50% each, and one vendor was a company controlled by the CEO of the Company. The terms of the purchase were as follows:
  - Upon CSE acceptance, pay \$1,000 in cash (paid) and issue 15,000 shares of the Company (issued with a fair value of \$4,500, see note 7); and
  - The Company can purchase 1% (or 1/2) of the NSR at any time for \$1 million. The royalty was agreed to be assumed by Midland under the terms of the exchange of properties agreement.

#### 6. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities of the Company are principally comprised of amounts outstanding for purchases relating to general operating activities.

	June 30, 2020	June 30, 2019
Accounts payable	\$ 57,869	\$ 20,834
Accrued liabilities	102,823	-
	<b>160,692</b>	<b>20,834</b>

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## Goldseek Resources Inc.

### Notes to Financial Statements

Year Ended June 30, 2020 and Period from September 21, 2018 (Incorporation) to June 30, 2019  
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#### 7. Share capital

##### (a) Authorized share capital

Unlimited number of common shares without par value.

##### (b) Issued

###### During the year ended June 30, 2020

On February 14, 2020, upon the final receipt of the prospectus filed with the provincial securities commission, 2,405,000 Series B special warrants were automatically converted into 2,405,000 common shares and 1,202,500 warrants. 162,000 Series A special warrants were converted into 162,000 common shares.

On March 9, 2020, the Company issued 97,500 common shares at a price of \$0.05 per share with a fair value of \$4,875 for services.

On June 12, 2020, the Company issued:

- 2,549,999 Quebec flow-through units ("Quebec FT Unit") at a price of \$0.30 per Quebec FT Unit for gross proceeds of \$765,000;
- 70,000 flow-through units ("FT Unit") at a price of \$0.27 per FT Unit for gross proceeds of \$18,900; and
- 1,760,000 non-flow-through units ("Unit") at a price of \$0.25 per Unit for gross proceeds of \$440,000.

Each Quebec FT Unit and FT Unit consisted of one common share and one-half warrant exercisable at \$0.50 per share until June 11, 2022. Each Unit is comprised of one common share and one-half warrant exercisable at \$0.50 per share until June 11, 2022. The Company incurred a cash share issuance cost of \$76,800. As the estimated price for a non-flow share was \$0.295, the Company recorded a flow-through liability premium of \$12,750 at the time of the financing. During the year ended June 30, 2020, \$2,015 of the flow-through liability premium was reversed.

On June 23, 2020, the Company issued 15,000 common shares at a price of \$0.30 per share with a fair value of \$4,500 for the acquisition of the Quevillion North Property (see note 5).

During the year ended June 30, 2020, 100,000 warrants were exercised for gross proceeds of \$13,000.

Pursuant to an escrow agreement dated January 7, 2020, 10,155,000 shares of the Company were deposited into escrow. Under the escrow agreement, the escrowed shares will be released as follows:

- On the date the Company's securities were listed on the CSE ("listing date") 1/10 of the escrowed shares
- 6 months after the listing date 1/6 of the remaining escrowed shares
- 12 months after the listing date 1/5 of the remaining escrowed shares
- 18 months after the listing date 1/4 of the remaining escrowed shares
- 24 months after the listing date 1/3 of the remaining escrowed shares
- 30 months after the listing date 1/2 of the remaining escrowed shares
- 36 months after the listing date the remaining escrowed shares

As at June 30, 2020, there were 9,139,500 shares remaining in escrow.



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## Goldseek Resources Inc.

### Notes to Financial Statements

Year Ended June 30, 2020 and Period from September 21, 2018 (Incorporation) to June 30, 2019  
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#### 7. Share capital (continued)

##### (b) Issued (continued)

###### During the year ended June 30, 2019

On November 6, 2018, the Company closed a private placement and issued 2,400,000 common shares at a price of \$0.005 per share for gross proceeds of \$12,000. The Company also issued 100,000 shares with a fair value of \$500 for services.

On November 15, 2018, the Company closed a private placement and issued 2,600,000 common shares at a price of \$0.05 per share for gross proceeds of \$130,000. The Company also issued 195,000 shares with a fair value of \$9,750 for services.

On November 29, 2018, the Company closed a private placement and issued 1,560,000 common shares at a price of \$0.05 per share for gross proceeds of \$78,000.

On March 1, 2019, the Company issued 800,000 flow-through shares at a price of \$0.10 per share for gross proceeds of \$80,000. As the estimated price for a non-flow share was \$0.05, the Company recorded a flow-through liability premium of \$40,000 at the time of the financing. During the year ended June 30, 2019, \$40,000 of the flow-through liability premium was reversed.

On March 13, 2019, the Company issued 3,500,000 common shares at a price of \$0.05 per share with a fair value of \$175,000. This share issuance was in accordance to an agreement to purchase the Horizon #1 Property (Note 5).

On March 19, 2019, the Company issued 6,000,000 common shares at a price of \$0.05 per share with a fair value of \$300,000. This share issuance was in accordance to an agreement to purchase the Bonanza Property (note 5).

On March 20, 2019, the Company issued 150,000 common shares at a price of \$0.05 per share with a fair value of \$7,500. This share issuance was in accordance to an agreement to purchase the Horizon #2 Property (Note 5).

##### (c) Special warrants

On August 12, 2019, the Company closed a non-brokered private placement for 2,405,000 non-transferable Series B special warrants at a price of \$0.10 per special warrant for proceeds of \$240,500. Upon the final receipt of the Company's prospectus filed with provincial securities commission, the special warrants were automatically converted into one common share of the Company and one-half warrant. Each whole warrant may be exercised for the purchase of one common share of the Company at a price of \$0.13 per share, for a two year period.

On October 7, 2019, the Company closed a non-brokered private placement for 162,000 non-transferable Series A special warrants, at a price of \$0.05 per special warrant, for proceeds of \$8,100. On February 14, 2020, upon the final receipt of the Company's prospectus filed with provincial securities commission, the special warrants automatically converted into one common share of the Company.

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## Goldseek Resources Inc.

### Notes to Financial Statements

Year Ended June 30, 2020 and Period from September 21, 2018 (Incorporation) to June 30, 2019  
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#### 8. Stock options

The Company adopted a stock option plan effective May 1, 2019, whereby options may be granted by the Board to officers, employees and consultants to the Company. The maximum number of stock options issuable has been set at 10% of the then outstanding number of common shares.

A summary of changes of the Company's stock options is presented below for the year ended June 30, 2020:

	Number of stock options	Weighted average exercise price
Balance, September 21, 2018 and June 30, 2019	-	\$ -
Granted (i)	400,000	0.10
Balance, June 30, 2020	400,000	\$ 0.10

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(i) On July 30, 2019, the Company granted 400,000 stock options to certain directors of the Company. The stock options grant the holder the option to purchase one common share in the Company at a price of \$0.10 per share for a period of four years from the date of listing the Company's shares on the CSE. The stock options were determined to have a fair value of \$19,359 at the time of grant. The fair value of stock options was estimated using the Black-Scholes option pricing model. The model used the following current market assumptions: expected dividend yield 0%, risk free rate of 1.46%, expected life of 4 years and expected volatility of 100%.

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

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding
July 30, 2023	0.10	3.33	400,000

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Reserve represents the fair value of stock options until such time that the share-based payments are exercised, at which time the corresponding amount will be transferred to share capital.

## Goldseek Resources Inc.

### Notes to Financial Statements

Year Ended June 30, 2020 and Period from September 21, 2018 (Incorporation) to June 30, 2019  
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#### 9. Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of warrants	Weighted average exercise price
Balance, September 21, 2018 and June 30, 2019	-	\$ -
Issued	3,392,500	0.37
Exercised	(100,000)	(0.13)
Balance, June 30, 2020	3,292,500	\$ 0.38

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

Expiry date	Exercise price (\$)	Number of warrants outstanding
February 14, 2022	0.13	1,102,500
June 11, 2022	0.50	2,190,000
	0.38	3,292,500

#### 10. Related party transactions

The Company entered into the following transactions with related parties:

	Year Ended June 30, 2020	Year Ended June 30, 2019
Consulting (i)(ii)	\$ 81,875	\$ 10,250
Professional fees (iii)	9,180	-
General and administrative (iii)	6,713	-
Share-based payments	19,359	-
	\$ 117,127	\$ 10,250

(i) During the year ended June 30, 2020, the Company incurred consulting fees of \$37,000 (2019 - \$10,250) to a company controlled by the CEO. As at June 30, 2020, \$2,260 was owed to this company (2019 - \$nil) and this amount was recorded in accounts payable and accrued liabilities.

(ii) During the year ended June 30, 2020, the Company incurred consulting fees of \$44,875 (2019 - \$nil) to a company controlled by a director.

## Goldseek Resources Inc.

### Notes to Financial Statements

Year Ended June 30, 2020 and Period from September 21, 2018 (Incorporation) to June 30, 2019  
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#### 10. Related party transactions (continued)

(iii) During the year ended June 30, 2020, the Company paid professional fees and general and administrative of \$15,893 (2019 - \$nil) to Marrelli Support Services Inc., DSA Corporate Services Inc. and DSA Filing Services Limited, together known as the "Marrelli Group", for Eric Myung, an employee of Marrelli Group, to act as the Chief Financial Officer of the Company, bookkeeping services, regulatory filing services, and corporate secretarial services.

As at June 30, 2020, \$4,367 was owed to the Marrelli Group (2019 - \$nil) and this amount was recorded in accounts payable and accrued liabilities.

#### 11. Income taxes

A reconciliation of income taxes calculated at the combined statutory tax rate to the income tax expense is as follows:

	Year Ended June 30, 2020	Year Ended June 30, 2019
Loss before income taxes	\$ (254,913)	\$ 10,673
Expected tax (recovery) expense at 27% (2019 - 26.5%)	(68,827)	2,828
Adjustments for the following items:		
Non-deductible items and other	(21,354)	(10,571)
Change in unrecognized deferred tax asset	90,181	7,743
Total income tax expense	-	-

The significant components of the Company's deferred tax assets and liabilities are as follows:

	June 30, 2020	June 30, 2019
Non-capital losses	\$ 81,334	\$ 7,742
Share issue costs	16,589	-
Unrecognized deferred tax asset	(97,923)	(7,742)
Net deferred tax asset	\$ -	\$ -

As at June 30, 2020, the Company has estimated non-capital losses totalling \$301,239 (2019 - \$29,217) in Canada that may be carried forward to reduce taxable income derived in future years.

2039	\$ 29,327
2040	271,912
	<u>\$ 301,239</u>

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## **Goldseek Resources Inc.**

### **Notes to Financial Statements**

**Year Ended June 30, 2020 and Period from September 21, 2018 (Incorporation) to June 30, 2019  
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#### **12. Subsequent events**

On July 3, 2020, the Company closed the final tranche of their non-brokered private placement. The Company issued:

- 1,295,000 Quebec FT Units at the price of \$0.30 per Quebec FT Unit for gross proceeds of \$388,500;
- 1,385,185 FT Units at a price of \$0.27 per FT Unit for gross proceeds of \$368,600; and
- 1,520,000 Units at a price of \$0.25 per Unit for gross proceeds of \$360,000.

Each Quebec FT Unit, FT Unit and Unit is comprised of one common share and one-half of one warrant exercisable at \$0.50 per share for two years after closing. As at June 30, 2020, the Company received cash proceeds of \$234,300.

On August 7, 2020, the Company granted 550,000 stock options to certain consultants of the Company. The stock options grant the holder the option to purchase one common share on the Company at a price of \$0.40 per share for a period of 3 years from the grant date, vesting immediately.

On September 22, 2020, the Company closed financing of \$370,000 with Palisade Gold Corp. The Company issued 1,000,000 non-flow-through units at a price of \$0.37 per unit for gross proceeds of \$370,000. Each non-flow-through unit is comprised of one common share and one warrant exercisable at \$0.57 per share until three years after closing.