

# **LIONS BAY MINING CORP.**

## **Condensed Interim Financial Statements For the three months ended January 31, 2019**

*(Unaudited - Expressed in Canadian dollars)*

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of Lions Bay Mining Corp. (the "Company") have been prepared by and are the responsibility of management. These condensed interim financial statements for the three months ended January 31, 2019 have not been reviewed or audited by the Company's independent auditors.

**Lions Bay Mining Corp.**  
**Condensed Interim Statement of Financial Position**  
*(Expressed in Canadian dollars)*

As at	January 31, 2019 (unaudited)	October 31, 2018 (audited)
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 334,968	\$ 15,649
GST receivable	7,154	3,228
Prepaid expenses	1,240	14,862
	343,362	33,739
Mineral property interests (note 5)	75,004	75,004
<b>TOTAL ASSETS</b>	<b>\$ 418,366</b>	<b>\$ 108,743</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIT</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (notes 6 and 7)	\$ 72,327	\$ 69,600
Due to related party (note 7)	-	115,060
<b>TOTAL LIABILITIES</b>	<b>72,327</b>	<b>184,660</b>
<b>SHAREHOLDERS' DEFICIT</b>		
Share capital (note 8)	556,834	75,004
Reserves (note 8)	15,875	10,305
Deficit	(226,670)	(161,226)
<b>TOTAL SHAREHOLDERS' DEFICIT</b>	<b>346,039</b>	<b>(75,917)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT</b>	<b>\$ 418,366</b>	<b>\$ 108,743</b>

These financial statements were authorized for issue by the Board of Directors on April 1, 2019. They are signed on the Company's behalf by:

*/s/ Jeremy Poirier*

\_\_\_\_\_

Director

*/s/ William Heenan*

\_\_\_\_\_

Director

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

**Lions Bay Mining Corp.**  
**Condensed Interim Statement of Comprehensive Loss**  
*(Unaudited - Expressed in Canadian dollars)*

---

<b>For the three months ended</b>	<b>January 31, 2019</b>
<b>EXPENSES</b>	
General and administrative expenses	\$ 467
Investor relations	370
Management and consulting fees (note 7)	23,900
Professional fees	25,538
Transfer agent, regulatory and listing fees	15,169
<b>COMPREHENSIVE LOSS</b>	<b>\$ 65,444</b>
<b>Loss per share, basic and diluted</b>	<b>\$ 0.01</b>
<b>Weighted average number of common shares outstanding</b>	<b>9,368,696</b>

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

**Lions Bay Mining Corp.**  
**Condensed Interim Statement of Changes in Shareholders' Equity**  
*(Unaudited - Expressed in Canadian dollars)*

	Number of outstanding shares	Share capital	Reserve	Deficit	Total shareholders' deficit
<b>Balance, April 25, 2018 (date of incorporation)</b>	-	\$ -	\$ -	\$ -	\$ -
Shares issued pursuant to Arrangement	5,510,000	75,004	-	-	75,004
Share based compensation	-	-	10,305	-	10,305
Comprehensive loss	-	-	-	(161,226)	(161,226)
<b>Balance, October 31, 2018</b>	<b>5,510,000</b>	<b>\$ 75,004</b>	<b>\$ 10,305</b>	<b>\$ (161,226)</b>	<b>\$ (75,917)</b>
Shares issued pursuant to private placement	5,000,000	500,000	-	-	500,000
Share issuance costs	-	(18,170)	5,570	-	(12,600)
Comprehensive loss	-	-	-	(65,444)	(65,444)
<b>Balance, January 31, 2019</b>	<b>10,510,000</b>	<b>\$ 556,834</b>	<b>\$ 15,875</b>	<b>\$ (226,670)</b>	<b>\$ (346,039)</b>

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

**Lions Bay Mining Corp.**  
**Condensed Interim Statement of Cash Flows**  
*(Unaudited - Expressed in Canadian dollars)*

---

<b>Three months ended</b>	<b>January 31, 2019</b>
<b>OPERATING ACTIVITIES</b>	
Net loss	\$ (65,444)
Net changes in non-cash working capital items:	
GST receivable	(3,926)
Prepaid expenses	13,622
Accounts payable and accrued liabilities	2,727
Due to related parties	(63,000)
<b>Cash used in operating activities</b>	<b>(116,021)</b>
<b>FINANCING ACTIVITIES</b>	
Repayment of advances from related parties	(52,060)
Issuance of common shares	500,000
Share issuance costs	(12,600)
<b>Cash provided by financing activities</b>	<b>435,340</b>
Change in cash	319,319
Cash, beginning	15,649
<b>Cash, end</b>	<b>\$ 334,968</b>

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

**Lions Bay Mining Corp.**  
**Notes to the Condensed Interim Financial Statements**  
**For the three months ended January 31, 2019**  
*(Unaudited - Expressed in Canadian dollars)*

---

**1. NATURE OF OPERATIONS**

Lions Bay Mining Corp. (the “Company”) was a wholly-owned subsidiary of Bearing Lithium Corp. (“Bearing”) and was incorporated on April 25, 2018, pursuant to the provisions of the Business Corporations Act of BC. The Company is a mineral exploration company. The Company adopted October 31 as its fiscal year end. Effective November 20, 2018, the Company’s shares are traded on the Canadian Securities Exchange (the “CSE”) under the symbol “LBM”. The registered and records office is located at Suite 2600, 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X1.

On July 19, 2018, the Board of Directors of Bearing approved a statutory arrangement (the “Arrangement”) where it distributed the shares of the Company to the shareholders of Bearing on the basis of 0.049921 of the Company’s shares for 1 common share of Bearing. The arrangement resulted in participating shareholders of Bearing holding, immediately following completion of the arrangement, 50% of the outstanding common shares in proportion to their holdings of common shares of Bearing and Bearing holding the remaining 50%. In accordance with the terms of the Arrangement, each holder of Bearing’s options and warrants is entitled to receive a replacement option and warrant, each replacement option or warrant entitles the holder to acquire 0.049921 common share of the Company. At the time of the Arrangement, Bearing had a total of 185,228 outstanding warrants and 3,835,000 outstanding options. As a result of the Arrangement, the Company issued 5,510,000 shares, 191,446 stock options and 9,246 warrants.

Prior to the distribution, Bearing transferred, to the Company, its interest in 81 lode claims (the “Fish Lake Project”) located in Fish Lake Valley, central-western Nevada as well as the Bearing’s interest in 4 additional mineral properties located in the Yukon, Canada.

**2. BASIS OF PREPARATION**

**(a) Statement of compliance**

These condensed interim financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, including International Accounting Standards (“IAS”) 34 – Interim Financial Reporting. The accounting policies followed in these condensed interim financial statements are consistent with those of the previous financial year.

**(b) Basis of preparation**

These condensed interim financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for the cash flow information.

**(c) Going concern of operation**

These condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. The Company’s ability to continue as a going concern and realize the carrying value of its assets is dependent on its ability to raise capital through equity and debt financing, the outcome of which cannot be predicted at this time. These matters indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. These condensed interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

**(d) Functional and presentation currency**

These condensed interim financial statements are presented in Canadian dollars, which is the Company’s functional and reporting currency.

**Lions Bay Mining Corp.**  
**Notes to the Condensed Interim Financial Statements**  
**For the three months ended January 31, 2019**  
*(Unaudited - Expressed in Canadian dollars)*

---

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These condensed interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's audited annual financial statement for the fiscal year ended October 31, 2018.

**4. RECENT ACCOUNTING PRONOUNCEMENTS**

IFRS 16, *Leases*, specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 *Leases*. The Company does not anticipate the adoption of this standard to have a significant impact on the Company's financial statements. This standard is effective to the Company for the fiscal year beginning on November 1, 2019.

**5. MINERAL PROPERTY INTERESTS**

On July 19, 2018, immediately prior to the closing of the Arrangement, the Company and Bearing entered into an Asset Purchase Agreement pursuant to which the Company acquired Bearing's interest in the Fish Lake Project located in Nevada, USA and Bearing's interests in the HY and Jay, VM and VBA properties located in the Yukon, Canada (collectively, the "North America Assets").

	Fish Lake Valley	Yukon	Total
<b>Balance, April 25, 2018</b>	\$ -	\$ -	\$ -
Additions	75,000	4	75,004
<b>Balance, October 31, 2018 and January 31, 2019</b>	<b>\$ 75,000</b>	<b>\$ 4</b>	<b>\$ 75,004</b>

**Fish Lake Valley property**

On May 2, 2018, Bearing entered into an Option Agreement with First Division Ventures Inc. ("First Division") whereby First Division has the option to acquire a 50% interest in the Fish Lake Project (the "Option Agreement"). Bearing transferred its interest in the Fish Lake Project and the Option Agreement to the Company under the Asset Purchase Agreement.

Pursuant to the Option Agreement, in order to exercise its option, First Division was required to make a cash payment in the initial amount of \$20,000 and issue 20,000 common shares to the Company (both of which have been completed), and thereafter issue an additional 3,000,000 common shares to the Company on or before September 25, 2020. First Division must incur an aggregate of \$1,500,000 in exploration expenditures on the Fish Lake Project as follows: (a) \$60,000 on or before September 25, 2018 (incurred); (b) \$440,000 on or before September 25, 2019; and (c) \$1,000,000 on or before September 25, 2020. If First Division exercises the Option, the Company and First Division will form a joint venture on terms to be negotiated by the parties.

**Yukon**

The Company acquired, from Bearing, the HY (subject to a 2% Net Smelter Return "(NSR)") and Jay, VM, and VBA properties. As part of these properties, the Company acquired royalties on properties owned by Aben Resources Ltd. (a 2% NSR on the VF property) and Precipitate Gold Corporation (a 2% NSR on the Jay East Property).



**Lions Bay Mining Corp.**  
**Notes to the Condensed Interim Financial Statements**  
**For the three months ended January 31, 2019**  
*(Unaudited - Expressed in Canadian dollars)*

---

**5. MINERAL PROPERTY INTERESTS (continued)**

**Yukon (continued)**

On December 23, 2016, Bearing entered into an agreement with Golden Predator Mining Corp. (“Golden”), pursuant to which Golden has agreed to purchase all of the Company’s interest in certain mineral claims in the Yukon Territory. As partial consideration for the purchase agreement, Golden will pay an aggregate fee of \$275,000, payable over 48 months from the execution date of the purchase agreement. In addition, Golden will issue shares according to the following schedule:

- (i) 35,000 common shares on date of execution with a fair value of \$21,700 (received by Bearing);
- (ii) 50,000 common shares 8 months after date of execution with a fair value of \$44,000 (received by Bearing);
- (iii) Common shares equal to \$100,000 on the 26 month anniversary of the execution date;
- (iv) Common shares equal to \$250,000 on the 32 month anniversary of the execution date; and
- (v) Common shares equal to \$250,000 on the 48 month anniversary of the execution date.

As part of the Arrangement between the Company and Bearing, related to the acquisition by the Company of the Yukon properties, the Company will be the beneficiary of any amounts paid by Golden as well as any share issuance as stated in the agreement.

Under the terms of the agreement, Golden will also grant to the Company a 2% NSR on certain claims and a 1% NSR on the remaining claims. Golden has the right to re-purchase 50% of the NSR for \$1,000,000 at any time.

As of July 19, 2018, the effective date of the Arrangement, Bearing had received \$30,000 and 85,000 common shares as part of the agreement with Golden.

Golden was issued of notice for a breach of the agreement on March 18, 2019 and has 30 days to make the required \$100,000 anniversary payment.

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>January 31, 2019</b>		<b>October 31, 2018</b>	
Accounts payable	\$	24,052	\$	3,874
Accrued liabilities		48,275		65,726
	<b>\$</b>	<b>72,327</b>	<b>\$</b>	<b>69,600</b>

**7. RELATED PARTY TRANSACTIONS**

The Company and Bearing, its former parent company, entered into an Arrangement described in note 1. The Arrangement provides for the transfer from Bearing of mineral property interests (note 5) to the Company, a wholly-owned subsidiary, and the immediate distribution of a controlling interest in the common shares of the Company to the shareholders of Bearing as at July 19, 2018. The shareholders of Bearing, at the completion of the Arrangement, continued to collectively own the interest in Bearing’s assets, albeit through an altered corporate structure. On November 21, 2018, the Company issued 5,000,000 common shares (note 8b) resulting in Bearing’s ownership decreasing to 26.21%.

**Lions Bay Mining Corp.**  
**Notes to the Condensed Interim Financial Statements**  
**For the three months ended January 31, 2019**  
*(Unaudited - Expressed in Canadian dollars)*

**7. RELATED PARTY TRANSACTIONS (continued)**

**Key management compensation**

Key management consists of the Officers and Directors who are responsible for planning, directing and controlling the activities of the Company. For the three months ended January 31, 2019, the following expenses were incurred to the Company's key management:

	<b>January 31, 2019</b>	
Management and consulting fees	\$	13,500
	<b>\$</b>	<b>13,500</b>

As at January 31, 2019, included in accounts payable and accrued liabilities is \$22,500 (October 31, 2018 - \$9,000) owing to related parties. The amount is non-interest bearing and has no terms of repayments.

As at January 31, 2019 the Company was indebted to Bearing for a total of \$Nil (October 31, 2018 - \$115,060). The amount is unsecured, non-interest bearing, and due on demand.

**8. SHARE CAPITAL**

**(a) Authorized common shares**

Unlimited number of common shares without par value authorized for issue.

**(b) Issued**

Share capital activity for the three months ended January 31, 2019:

- (i) On November 21, 2018, the Company issued 5,000,000 units for total proceeds of \$500,000. Each unit consists of one common share and one share purchase warrant exercisable for a period of two years at an exercise price of \$0.10 per share. The Company paid cash commissions of \$12,210, other share issuance costs of \$390 and issued 122,100 brokers' warrants with a fair value of \$5,570. The brokers' warrants are exercisable for a period of two years at an exercise price of \$0.10 per share.

**(c) Stock options**

The Company has a stock option plan (the "Plan") that permits the grant of share purchase options up to 10% of the issued and outstanding common shares of the Company to directors, officers, key employees and consultants. Terms and pricing of options are determined at the date of grant in accordance with the Plan.

	<b>Number</b>	<b>Weighted Average Exercise Price \$</b>
<b>Balance, April 25, 2018</b>	-	-
Replacement options pursuant Arrangement	191,446	0.028
Options granted	450,000	0.025
<b>Balance, October 31, 2018</b>	<b>641,446</b>	<b>0.026</b>
Cancelled	(13,728)	(0.025)
<b>Balance, January 31, 2019</b>	<b>627,718</b>	<b>0.026</b>

**Lions Bay Mining Corp.**  
**Notes to the Condensed Interim Financial Statements**  
**For the three months ended January 31, 2019**  
*(Unaudited - Expressed in Canadian dollars)*

**8. SHARE CAPITAL (continued)**

**(c) Stock options (continued)**

<b>Date of Expiry</b>	<b>Exercise Price \$</b>	<b>Number of Options Issued and Exercisable</b>
August 1, 2019	0.0100	1,248
October 24 to 30, 2021	0.0130	29,953
December 2, 2021	0.0250	6,240
January 4, 2022	0.0275	6,240
January 5, 2022	0.0310	6,240
January 6, 2022	0.0290	11,232
May 25, 2022	0.0414	7,488
October 10, 2021	0.0429	2,496
October 6 to 10, 2021	0.0399	61,402
October 31, 2021	0.0379	7,488
May 4, 2022	0.0190	37,691
July 5, 2023	0.0250	450,000
<b>Balance, January 31, 2019</b>		<b>627,718</b>

As of January 31, 2019, the weighted average remaining life for outstanding options was 4.22 years.

At the time of the Arrangement (note 1), Bearing had a total 3,835,000 outstanding options. As a result of the Arrangement, the Company issued 191,446 stock options which would be exercised concurrently with the exercise of the related Bearing stock option from under which the entitlement was granted.

**(d) Common share purchase warrants**

During the three months ended January 31, 2019, the following transactions related to share purchase warrants occurred:

	<b>Number</b>	<b>Weighted Average Exercise Price \$</b>
<b>Balance, April 25, 2018</b>	-	-
Replacement warrants pursuant to the Arrangement	9,246	0.04
<b>Balance, October 31, 2018</b>	<b>9,246</b>	<b>0.04</b>
Issued	5,000,000	0.10
Expired	(9,246)	(0.04)
<b>Balance, January 31, 2019</b>	<b>5,000,000</b>	<b>0.10</b>

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number of Warrants</b>
November 21, 2020	\$0.10	5,000,000
<b>Balance, January 31, 2019</b>		<b>5,000,000</b>

During the three months ended January 31, 2019, common share purchase warrants granted were valued using the residual value method and had a fair value of \$nil.

**Lions Bay Mining Corp.**  
**Notes to the Condensed Interim Financial Statements**  
**For the three months ended January 31, 2019**  
*(Unaudited - Expressed in Canadian dollars)*

**8. SHARE CAPITAL (continued)**

**(e) Brokers' warrants**

During the three months ended January 31, 2019, the following transactions related to brokers' warrants occurred:

	Number	Weighted Average Exercise Price \$
<b>Balance, April 25, 2018 and October 31, 2018</b>	-	-
Issued	122,100	0.10
<b>Balance, January 31, 2019</b>	<b>122,100</b>	<b>0.10</b>

Expiry Date	Exercise Price	Number of Warrants
November 21, 2020	\$0.10	122,100
<b>Balance, January 31, 2019</b>		<b>122,100</b>

During the three months ended January 31, 2019, brokers' warrants granted were valued using the following Black-Scholes pricing assumptions: risk free rate of 2.23%, estimated annualized volatility of 75.55%, expected life of 2 years, exercise price of \$0.10, expected dividend yield of 0% and share price of \$0.105.

**(f) Reserves**

The reserve records items recognized as share based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

**9. FINANCIAL INSTRUMENTS**

*Fair value*

As at January 31, 2019, the Company's financial instruments consist of cash and accounts payable. The fair values of these financial instruments approximate their carrying values because of their current nature.

IFRS 13, *Fair Value Measurement*, establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 13 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e. quoted prices for similar assets or liabilities).

Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

**Lions Bay Mining Corp.**  
**Notes to the Condensed Interim Financial Statements**  
**For the three months ended January 31, 2019**  
*(Unaudited - Expressed in Canadian dollars)*

**9. FINANCIAL INSTRUMENTS (continued)**

The Company's financial assets and liabilities recorded at fair value as of January 31, 2019 and October 31, 2018 were calculated as follows:

	January 31, 2019		October 31, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
<i>Loans and receivables:</i>				
Cash	\$ 334,968	\$ 334,968	\$ 15,649	\$ 15,649
<b>Total financial assets</b>	<b>\$ 334,968</b>	<b>\$ 334,968</b>	<b>\$ 15,649</b>	<b>\$ 15,649</b>
<b>Financial liabilities</b>				
<i>At amortized cost:</i>				
Accounts payable	\$ 24,052	\$ 24,052	\$ 3,874	\$ 3,874
Due to related party	-	-	115,060	115,060
<b>Total financial liabilities</b>	<b>\$ 24,052</b>	<b>\$ 24,052</b>	<b>\$ 118,934</b>	<b>\$ 118,934</b>

The Company is exposed to varying degrees to a variety of financial instrument related risks:

**Foreign Exchange Risk**

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. The functional and reporting currency of the Company is the Canadian dollar. The Company is not exposed to significant foreign exchange risk.

**Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. The does not have significant exposure to credit risk.

**Interest Rate Risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at January 31, 2019, the Company is not exposed to significant interest rate risk.

**Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date.

As of January 31, 2019, the Company had cash of \$334,968 and accounts payable and accrued liabilities of \$72,327. The Company's accounts payable and accrued liabilities are due within 90 days. The amounts due to related party are due on demand. The Company addresses its liquidity through debt and equity financing obtained through the sale of common shares and the exercise of warrants and options. There is no assurance that it will be able to do so in the future.

## **10. MANAGEMENT OF CAPITAL**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. As at January 31 2019, the Company does not have any externally imposed capital requirements. The Company defines its capital as share capital and reserves. The Company has financed its capital requirements primarily through share issuances, option grants, warrant issuances and obtaining loans. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares or obtain new loans.

The Company's ability to continue its operations is dependent on its success in raising equity through share issuances, suitable debt financing and/or other financing arrangements. The Company will need to raise additional funds since its current cash position is not sufficient to cover its anticipated operating budget for the next twelve months. Given sentiment and capital market conditions in the mining sector, there exists a material uncertainty as to the Company's ability to raise additional funds on favorable terms in order to continue as a going concern.

## **11. SUBSEQUENT EVENTS**

On March 22, 2019, the Company issued 275,000 common shares pursuant to the exercise of 250,000 stock options and 25,000 warrants for total cash proceeds of \$8,750.