

## **GOLD LION RESOURCES INC.**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED DECEMBER 31, 2019**

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**February 19, 2020**

This Management Discussion and Analysis ("MD&A") of Gold Lion Resources Inc. ("Gold Lion" or the "Company") has been prepared by management as of February 19, 2020 and should be read together with the interim financial statements and related notes for the period ended December 31, 2019 which are prepared in accordance with International Financial Reporting Standards ("IFRS"). Additional information regarding the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com). All of the following amounts are expressed in Canadian dollars unless otherwise stated.

#### **FORWARD LOOKING STATEMENTS**

The information set forth in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, forward-looking statements. These statements concerning possible or assumed future results of operations of the Company are preceded by, followed by or include the words 'believes,' 'expects,' 'anticipates,' 'estimates,' 'intends,' 'plans,' 'forecasts,' or similar expressions. Forward-looking statements are not guarantees of future performance. These forward-looking statements are based on current expectations that involve numerous risks and uncertainties, including, but not limited to, those identified in the Risks Factors section. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. The Company may not provide updates or revise any forward-looking statements, except those otherwise required under paragraph 5.8(2) of NI 51-102, whether written or oral that may be made by or on the Company's behalf.

## OVERALL PERFORMANCE

The Company is engaged in the business of mineral exploration.

The Company's head office is located at #305-1770 Burrard Street, Vancouver, British Columbia, V6J 3G7, and its registered and records office is located at #600 – 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7.

The Company was incorporated under the *Business Corporations Act* (British Columbia) on October 5, 2018 under the name "Blue Lion Holdings Inc." The Company changed its name to "Gold Lion Resources Inc." on November 15, 2018.

## SELECTED ANNUAL INFORMATION

The following table sets forth summary financial information for the Company for the period from incorporation to June 30, 2019. This information has been summarized from the Company's audited financial statements for the same period and should be read in conjunction with the Company's audited financial statements, including the notes thereto.

	<u>Period from Incorporation to June 30, 2019</u>
Mineral properties	\$115,467
Total assets	\$930,713
Total revenues	\$-
Long-term debt	\$-
Property investigation fee	\$7,894
General and administrative expenses	\$17,633
Net loss	\$25,527
Basic and diluted loss per share <sup>(1)</sup>	\$-

(1) Based on weighted average number of common shares issued and outstanding for the period. See "Selected Financial Information and Management's Discussion and Analysis".

## RESULTS OF OPERATIONS

As at December 31, 2019, the Company had total assets of \$1,176,175 (2018: \$930,713). As at December 31, 2019, the Company did not have any non-current liabilities (2018: \$nil).

### Three Months Ended December 31, 2019

For the three months ended December 31, 2019, the Company reported a net loss of \$27,846 (2018: \$8,614). The losses for the three months ended December 31, 2019 comprised of general and administrative fees of \$58,548 (2018, \$143), legal fees of \$24,838 (2018: \$1,677), and consulting fees of \$1,650 (2018: \$6,794).

### Six Months Ended December 31, 2019

For the six months ended December 31, 2019, the Company reported a net loss of \$203,740 (2018: \$8,614). The losses for the six months ended December 31, 2019 comprised of general and administrative fees of \$63,722 (2018, \$143), stock based compensation expense of 138,195 (2018, nil), legal fees of \$39,266 (2018: \$1,677), consulting fees of \$10,650 (2018: \$6,794), and audit fees of \$9,098 (2018: \$nil).

### SUMMARY OF QUARTERLY RESULTS

The Company was incorporated on October 5, 2018 and, for that reason, only the previous five quarters have been presented in the table below.

	Q2	Q1	Q4	Q3	Q2
	2020	2020	2019	2019	2019
Net Loss for the Period	\$27,846	\$(175,894)	\$ (16,940)	\$ (15,749)	\$ -
Loss per Share	-	\$(0.01)	-	-	-

### EXPLORATION AND PROJECTS

The principal asset of the Company consists of its option to acquire up to an 100% interest in the Fairview Property (the "Property"). The agreement is subject to a 2% net smelter return ("NSR"). The Company may purchase one third of the NSR for total consideration of \$1,000,000 at any time prior to such time when:

- (i) the concentrator processing ores, for other than testing purposes, has operated for a period of 45 consecutive days at an average rate of not less than 70% of design capacity; or
- (ii) if a concentrator is not erected on the Property, when ores have been produced for a period of 45 consecutive production days at rate of not less than 70% of mining rate specified in a study and mine plan recommending placing the Property in production.

#### Fairview Property

The Property is located in the central interior of British Columbia, approximately 220 km northeast of Vancouver, British Columbia, and 50 km west of the city of Kamloops. The Property consists of two Mineral Tenure Online mineral titles and covers an area of 2,574 hectares.

An independent geological report (the "Technical Report") prepared by Agnes M. Koffyberg, P. Geo., who is a "Qualified Person" as defined in National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"), was completed in relation to the Property on March 12, 2019. The Technical Report recommends that the Company conduct a two phase exploration program, comprised of: phase one, consisting of a thorough review and compilation of the prior work done on the Property, prospecting, geological mapping and soil sampling, and a IP survey; and phase two, if warranted by the results of phase one, consisting of a drilling program to examine targets generated from the results of phase one.

### Exploration Expenditures

Gold Lion has incurred the following exploration expenditures with regards to the Property that were capitalized as incurred:

<b>DESCRIPTION OF WORK</b>	<b>TOTAL</b>
Geophysics survey	\$21,000
Geophysics interpretation and report	\$15,300
Geological, supervision and field management	\$10,550
Line cutting	\$36,617
<b>Total</b>	<b>\$83,467</b>

The above expenditures include all applicable taxes

### Future Plans

In relation to the Property, the Company currently plans to follow recommendations made in the Technical Report. The Technical Report recommends that the Company conduct a two phase exploration program, comprised of: phase one, consisting of a thorough review and compilation of the prior work done on the Property, prospecting, geological mapping and soil sampling, and a IP survey; and phase two, if warranted by the results of phase one, consisting of a drilling program to examine targets generated from the results of phase one. The estimated budget for phase one is \$110,000, and the estimated budget for phase two is \$226,000. The Company will make a decision regarding whether to proceed with phase two based on the results from phase one.

### **LIQUIDITY AND CAPITAL RESOURCES**

The Company reported working capital of \$1,060,061 at December 31, 2019 and cash of \$1,055,099. Current liabilities as at December 31, 2019 consisted of accounts payable of \$647.

On July 3, 2019 Company issued an aggregate of 10,066,000 units (the Units”) at \$0.10 per Unit as part of a private placement for proceeds of \$1,006,600. Each Unit is comprised of one common share of the Company and one-half of one common share purchase warrant, with each whole common share purchase warrant (a “Warrant”) entitling the holder to purchase an additional common share (a “Warrant Share”) at a price of \$0.20 for a period of 24 months from the closing of the Offering.

On August 20, 2019, the Company issued 1,850,000 stock options at a price of \$0.10 per share, expiring August 20, 2024. The estimated fair value of the options was \$138,195 which was determined using the Black-Scholes Option Pricing Model with the following assumptions: an annualized volatility of 100%; an expected life of 5 years; a dividend yield rate of 0%; and a risk-free interest rate of 1.56%.

The Company may continue to have capital requirements in excess of its currently available resources. In the event the Company's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund operations, the Company may be required to seek additional financing. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

#### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not utilize off-balance sheet arrangements.

#### **RELATED PARTY TRANSACTIONS**

During the six months ended December 31, 2019, the Company paid the following advisory and consulting fees:

- \$6,500 (2018: \$5,000) to Dorian Banks, an independent director of the Company;
- \$4,000 (2018: \$Nil) to Nikolay Vassev, former CEO of the Company;

On August 20, 2019, the Company issued 1,850,000 stock options at a price of \$0.10 per share, expiring August 20, 2024, to directors and officers of the Company.

On October 30, 2019 two of the Company's directors surrendered for cancellation an aggregate of 5,500 common share purchase warrants that were issued on July 3, 2019.

#### **CRITICAL ACCOUNTING ESTIMATES**

Not applicable for Venture Issuers.

#### **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

The carrying amounts of cash and accounts payable approximate fair value because of the short-term maturity of these items.

#### **SUBSEQUENT EVENTS**

On January 24, 2020, the Company closed its acquisition of the Cuteye Group of Properties from a private British Columbia numbered company ("Numberco"). Under the transaction, Gold Lion issued an aggregate of 6,000,000 Gold Lion common shares to the shareholders of Numberco.

On January 20, 2020, 90,000 common shares at \$0.20 were issued as part of a warrants exercise for proceeds of \$18,000.

On January 24, 2020, 10,000 common shares at \$0.20 were issued as part of a of warrants exercise for proceeds of \$2,000.

On January 30, 2020, 258,750 common shares at \$0.20 were issued as part of a of warrants exercise for proceeds of \$51,750.

## **MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The information provided in this report as referenced from the Company's consolidated financial statements for the referenced reporting period is the sole responsibility of management. In the preparation of the information along with related and accompanying statements and estimates contained herein, management uses careful judgement in assessing the values (or future values) of certain assets or liabilities. It is the opinion of management that such estimates are fair and accurate as presented.

## **OTHER REQUIREMENTS**

### ***Summary of Outstanding Securities as at February 19, 2020***

Authorized: Unlimited number of common shares without par value.

Issued and outstanding: 25,224,750 Common Shares

Warrants: 4,670,750 @ \$0.20

Options: 1,850,000 @ \$0.10

Additional disclosures pertaining to the Company's technical report, management information circulars, material change reports, press releases and other information are available on the SEDAR website at [www.sedar.com](http://www.sedar.com).