

## **GOLD LION RESOURCES INC.**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED JUNE 30, 2020**

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**September 18, 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 September 18, 2020 and should be read together with the audited annual financial statements and related notes for the period ended June 30, 2020 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 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. 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 Suite 810 – 789 West Pender Street, Vancouver, BC, V6C 1H2

## SELECTED ANNUAL INFORMATION

The following table sets forth summary financial information for the Company for the year ended June 30, 2020 and for 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.

	Year ended June 30, 2020	Period from incorporation to June 30, 2019
Mineral properties	\$2,595,549	\$115,467
Total assets	\$4,156,303	\$930,713
Total revenues	\$-	\$-
Long-term debt	\$-	\$-
Consulting fees	\$259,634	\$14,844
Professional fees	\$75,105	10,128
General and administrative expenses	\$220,177	\$555
Net loss	\$977,852	\$25,527
Basic and diluted loss per share (1)	\$0.04	\$-

(1) Based on weighted average number of common shares issued and outstanding for the period.

## RESULTS OF OPERATIONS

As at June 30, 2020, the Company had total assets of \$4,156,303(2018: \$930,713). As at June 30, 2020, the Company did not have any non-current liabilities (2018: \$nil).

### Year Ended June 30, 2020

For the year ended June 30, 2020, the Company reported a net loss of \$977,852 (2019: \$25,527). The losses for the year ended June 30, 2020 comprised of general and administrative fees of \$220,177 (2019, \$555), legal fees of \$64,907 (2019: \$10,128), consulting fees of \$259,634 (2019: \$14,844), accounting and audit fees of \$10,198 (2019:nil), investor relations of \$7,875 (2019:nil), and stock-based compensation of \$485,051 (2019:nil).

## SUMMARY OF QUARTERLY RESULTS

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

	Q4	Q3	Q2	Q1
	2020	2020	2020	2020
Net loss (\$)	794,796	183,056	27,846	175,894
Loss per share (\$)	0.04	0.01	-	0.01
	2019	2019	2019	2019
Net loss	16,940	15,749	-	-
Loss per share	-	-	-	-

## EXPLORATION AND PROJECTS

### Fairview Property

On December 10, 2018, the Company entered into an agreement with Christopher Paul, Oliver Friesen, and 1132902 BC Ltd. to option a 100% interest in the Fairview Property (the “Property”). The Property consists of two mineral titles of approximately 2,574 hectares located in the Kamloops Mining District, British Columbia.

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.

The option will terminate if the Company does not complete all the following within the relevant time period:

- (i) Make cash payment of \$32,000 upon 60 days of signing of the agreement (paid);
- (ii) Incur minimum exploration expenditures of \$75,000 by December 31, 2019 (incurred);
- (iii) Issuing an aggregate of 255,320 common shares between January 1, 2020 and December 31, 2020 (issued);
- (iv) Incur exploration expenditures of \$250,000 between January 1, 2021 and December 31, 2021;
- (v) Incur exploration expenditures of \$500,000 between January 1, 2022 and December 31, 2022.

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.

#### Cuteye Properties

On January 24, 2020, Gold Lion Resources Inc. (“Gold Lion” or the “Company”) completed an acquisition agreement and an amalgamation agreement (collectively, the “Agreements”) with a private British Columbia numbered company (“Numberco”) pursuant to which Gold Lion acquired the Cuteye Group of Properties (the “Property”). Under the Agreements, Gold Lion and Numberco completed a “three-cornered amalgamation” pursuant to which Gold Lion issued an aggregate of 6,000,000 Gold Lion common shares to the shareholders of Numberco, and Numberco amalgamated with Gold Lion’s wholly-owned subsidiary to continue as 1238339 BC LTD. (“123 LTD.”).

The Property includes the Mister Jay (2373 ha), Lady Jane (242 ha), Lama (69 ha), and Missus Jay (468 ha) claim blocks covering twelve mineral showings in BC’s Golden Triangle, roughly 25km southwest of Glenora, British Columbia.

#### Robber Gulch/South Orogrande/Erikson Ridge

On April 7, 2020 the Company’s wholly-owned subsidiary, Gold Lion Resources (NV) Inc., entered into an option agreement to earn 100% of the South Orogrande, Robber Gulch, and Erikson Ridge gold projects (the “Projects”) in Idaho from Bronco Creek Exploration Inc., a wholly-owned subsidiary of EMX Royalty Corp (“EMX”).

The three Projects comprise 4,400 hectares within regions of Idaho.

Each Project is covered by a separate exploration and option agreement (each, an “Agreement”). Pursuant to each Agreement, the Company can exercise its option to earn 100% interest in the respective Project by completing the following milestones on or before the dates indicated:

- (i) Make cash payment of US\$15,000 and issue 200,000 common shares upon signing of the agreement (paid and issued, note 6);
- (ii) Make cash payment of US\$25,000 and incur minimum exploration expenditure of US\$100,000 on or before July 7, 2021;
- (iii) Make cash payment of US\$40,000 and issue 250,000 common shares and incur minimum exploration expenditure of US\$200,000 on or before April 7, 2022;
- (iv) Make cash payment of US\$70,000 and incur minimum exploration expenditure of US\$300,000 on or before April 7, 2023;
- (v) Make cash payment of US\$150,000 and incur minimum exploration expenditure of US\$400,000 on or before April 7, 2024;
- (vi) Make cash payment of US\$300,000 and issue 500,000 common shares and incur minimum exploration expenditure of US\$500,000 on or before April 7, 2025;

For cash option payments beginning on the 2nd anniversary to the 5th anniversary of the effective date, the Company may elect to pay half of the value of the option payments through the issuance of common

shares.

Upon the Company's exercise of the option for a Project, EMX will retain a 3.5% NSR royalty on the Project, of which the Company may purchase up to 1.0% of the NSR royalty (the first 0.5% for 350 ounces of gold or cash equivalent prior to the third anniversary after exercise of the option, then the remaining 0.5% can be purchased at any time thereafter, until commercial production, for 1,150 ounces of gold or cash equivalent). The Company may, at its election, make up to one-half of the payment for the first 0.5% through the issuance of common shares. After exercise of the option, annual advance royalty ("AAR") payments are due starting at US\$30,000 on the first anniversary of the exercise of the option and increasing to US\$10,000 per year to a maximum of US\$80,000 per year. All AAR payments cease upon commencement of commercial production from a Project.

In addition, Gold Lion will make milestone payments for a given Project to EMX consisting of:

- 300 ounces of gold upon completion of a Preliminary Economic Assessment,
- 550 ounces of gold upon completion of a Pre-Feasibility Study, and
- 650 ounces of gold upon completion of a Feasibility Study.

The Company may elect to make any such milestone payments in cash or in kind as refined bullion.

**The continuity of the Company's exploration and evaluation assets is as follows:**

	Fairview	Robber Gulch	South Orogrande	Erickson Ridge	Cuteye	Total
Acquisition Costs						
At October 5, 2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Incurred during the year	32,000	-	-	-	-	32,000
Balance, beginning at July 1, 2019	32,000	-	-	-	-	32,000
Incurred during the year	135,320	91,200	91,200	91,200	1,800,000	2,208,920
<b>Balance, ending at June 30, 2020</b>	<b>167,320</b>	<b>91,200</b>	<b>91,200</b>	<b>91,200</b>	<b>1,800,000</b>	<b>2,240,920</b>
Deferred Exploration Costs						
At October 5, 2019	-	-	-	-	-	-
Incurred during the year	83,467	-	-	-	-	83,467
Balance, beginning at July 1, 2019	83,467	-	-	-	-	83,467
Equipment rental	-	15,900	3,695	3,079	-	22,674
Geological and geophysical	-	24,375	79,465	4,166	-	108,006
Management fees	-	4,284	427	356	-	5,067
Project preparation and support	-	2,970	1,980	1,650	-	6,600
Sampling and analysis costs	-	62,592	13,650	11,375	-	87,617
Travel and accommodations	-	8,544	2,900	2,237	-	13,681
Report and data compilation	-	10,080	-	-	-	10,080
Taxes and mineral claims	-	5,549	1,824	23,104	-	30,477
Camp costs and field expenses	-	-	12,000	-	-	12,000
Mining exploration tax credit	(25,040)	-	-	-	-	(25,040)
<b>Balance, ending at June 30, 2020</b>	<b>58,427</b>	<b>134,294</b>	<b>115,941</b>	<b>45,967</b>	<b>-</b>	<b>354,629</b>
<b>Total exploration and evaluation</b>	<b>\$ 225,747</b>	<b>\$ 225,494</b>	<b>\$ 207,141</b>	<b>\$ 137,167</b>	<b>\$ 1,800,000</b>	<b>\$ 2,595,549</b>

## LIQUIDITY AND CAPITAL RESOURCES

The Company reported working capital of \$1,425,446 at June 30, 2020 and cash of \$1,427,240 Current liabilities as at June 30, 2020 consisted of accounts payable of \$135,308.

During the year ended June 30, 2020 the Company issued the following shares:

- On July 3, 2019 the Company issued an aggregate of 10,066,000 units at \$0.10 per unit for gross 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 entitling the holder to purchase an additional common share at a price of \$0.20 to July 3, 2021.
- On January 24, 2020, 6,000,000 common shares with a fair value of \$0.30 were issued as part of asset purchase agreement for a total consideration of \$1,800,000 (note 5).
- On April 7, 2020, 600,000 common shares with a fair value of \$0.35 per share were issued as part of an option agreement for a total consideration of \$210,000 (note 5).
- On May 22, 2020, the Company issued an aggregate of 2,000,000 units at \$0.50 for proceeds of \$1,000,000. Each unit is comprised of one common share of the Company and one common share purchase warrant entitling the holder to purchase an additional common share at a price of \$0.75 to May 22, 2022.
- On June 4, 2020 255,320 common shares with a fair value of \$0.53 per share were issued to the CEO of the Company as part of an option agreement for total consideration of \$135,320 (Notes 5, 8)
- During year ended June 30, 2020, 669,750 common shares were issued at \$0.20 as part of warrant exercise for proceeds of \$133,950.

### Stock Option

The Company has adopted a stock option plan, pursuant to which the board of directors of the Company may from time to time, in its discretion, and in accordance with the Canadian Securities Exchange ("Exchange") requirements, grant to directors, officers, and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares exercisable for a period of up to five years from the date of issuance.

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 \$174,696 which was determined using the Black-Scholes Option Pricing Model. with the following assumptions: an annualized volatility of 170%; an expected life of 5 years; a dividend yield rate of 0%; and a risk-free interest rate of 1.19%.

On February 18, 2020 the Company issued 100,000 stock options at a price of \$0.365 per share, expiring February 18, 2025. The estimated fair value of the options was \$34,476 which was determined using the Black-Scholes Option Pricing Model with the following assumptions: an annualized volatility of 170%; an expected life of 5 years; a dividend yield rate of 0%; and a risk-free interest rate of 1.34%.

On May 15, 2020 the Company issued 650,000 stock options at a price of \$0.45 per share, expiring May 15, 2025. The estimated fair value of the options was \$278,879 which was determined using the Black-Scholes Option Pricing Model with the following assumptions: an annualized volatility of 170%; an expected life of 5 years; a dividend yield rate of 0%; and a risk-free rate of 0.37%.

The following table summarizes information about stock options outstanding and exercisable at June 30, 2020:

Number of Options	Exercise Price	Expiry Date	Exercisable
1,700,000	\$0.10	August 20, 2024	1,700,000
100,000	\$0.365	February 18, 2025	100,000
650,000	\$0.45	May 15, 2025	650,000

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.

#### CRITICAL ACCOUNTING ESTIMATES

Not applicable for Venture Issuers.

#### RELATED PARTY TRANSACTIONS

During the year ended June 30, 2020, the Company carried out the following transactions with related parties:

	June 30, 2020	June 30, 2019
Consulting fees to officers and director and to a company controlled by an officer and director	\$ 28,250	\$ 7,000
Share-based compensation	\$ 357,722	\$ -
Loan payable to officer or director	-	\$ 30,000
Shares issued to officer or director to settle debt (note 5)	\$ -	\$ 30,000
Shares issued to CEO as part of property option payment	\$ 135,320	\$ -

## 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.

The Company is exposed to a variety of financial risks by virtue of its activities including credit, interest rate, liquidity, commodity price, and global economic risk.

a) *Credit risk*

Credit risk is risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held in large Canadian financial institutions and its receivables are due from the Government of Canada. As such, the Company determined that it is not exposed to significant credit risk.

b) *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. The Company is exposed to limited interest rate risk as it only holds cash and highly liquid short-term investments.

c) *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments.

d) *Commodity price risk*

The ability of the Company to explore and develop its exploration and evaluation assets and the future profitability of the Company are directly related to the price of base metals. The Company monitors these metal prices to determine the appropriate course of action to be taken.

e) *Foreign currency risk*

The Company is not exposed to significant foreign currency risk on fluctuations related to cash and accounts payable liabilities that are denominated in United States dollars ("US\$"). The Company does not use derivatives or other techniques to manage foreign currency risk.

f) *Global economic risk*

General global economic conditions, including, without limitation, general levels of economic activity, fluctuations in the market prices of securities, participation by other investors in the financial markets, economic uncertainty, national and international political circumstances, natural disasters, public health crises (such as the recent global outbreak of a novel coronavirus, COVID-19, refer to note below) and other events outside of our control, may affect the activities of the Company.

### COVID-19

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. Global equity markets have experienced significant volatility and weakness.



The Company may face future disruption to operations, supply chain delays, travel and trade restrictions and impact on economic activity in affected countries or regions can be expected and can be difficult to quantify. Such pandemics or diseases represent a serious threat to maintaining a skilled workforce industry and could be a major health-care challenge for the Company. There can be no assurance that the Company's personnel will not be impacted by these pandemic diseases. In addition, the COVID-19 pandemic has created a dramatic slowdown in the global economy. The duration of the COVID-19 outbreak and the resultant travel restrictions, social distancing, Government response actions, business closures and business disruptions, can all have an impact on the Company's operations and access to capital. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about by the COVID-19 pandemic on global financial markets may reduce resource prices, share prices and financial liquidity and thereby that may severely limit the financing capital available.

## **NEW ACCOUNTING POLICY**

New accounting standards adopted

### **IFRS 16 Leases:**

In January 2016, the IASB issued IFRS16 – Leases which replaces IAS 17 – Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019. The Company adopted this new standard on October 1, 2019. This new standard did not have any impact on the Company's financial statements because the Company does not have any leases.

## **SUBSEQUENT EVENTS**

On July 13, 2020, the Company entered into an agreement and issued 2,600,000 common shares with a fair value of \$0.56 per share to acquire, through the purchase of a private Idaho corporation, four additional gold properties which lie to the south of the Company's South Orogrande property in Idaho.

In July 2020, the Company staked an additional ground adjoining to the southwest of its Robber Gulch Property located near Burley, Idaho.

On July 10, 2020, the Company issued 50,000 common shares with a fair value of \$0.57 per share as part of a compensation to a consultant.

On July 16, 2020, the Company issued 100,000 common shares at \$0.37 on exercise of options for proceeds of \$36,500.

Subsequent to year ended June 30, 2020, the Company issued 40,500 common shares at \$0.20 on

exercise of warrants for proceeds of \$8,100.

## **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 September 18, 2020***

Authorized: Unlimited number of common shares without par value.

Issued and outstanding: 31,181,570 Common Shares

Warrants: 6,317,250 @ \$0.37

Options: 2,350,000 @ \$0.19

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).