

## **GOLD LION RESOURCES INC.**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE PERIOD ENDED December 31, 2020**

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**February 25, 2021**

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 25, 2021 and should be read together with the audited annual financial statements and related notes for the period ended December 31, 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’s head office is located at #305-1770 Burrard Street, Vancouver, British Columbia, V6J 3G7, and its registered and records office is located #810– 789 West Pender Street, Vancouver, British Columbia, V6C 1H2.

The Company is engaged in the business of mineral exploration in British Columbia, Canada and Idaho, United States.

## 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 <sup>(1)</sup>	\$0.04	\$-

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

## RESULTS OF OPERATIONS

As at December 31, 2020, the Company had total assets of \$7,583,972 (June 30, 2020: \$4,156,303) and total liabilities of \$189,445 (June 30, 2020:\$135,305). As at December 31, 2020, the Company did not have any non-current liabilities (June 30, 2020: \$nil).

### Quarter Ended December 31, 2020

For the quarter ended December 31, 2020, the Company reported a net loss of \$343,625 (2019: \$27,845). The losses for the quarter ended December 31, 2020 comprised of general and administrative fees of \$102,728 (2019, \$58,548), legal fees of \$3,639 (2019: \$24,838), consulting fees of \$116,182 (2019: \$1,650), accounting and audit fees of \$nil (2019:\$nil), and stock based compensation of \$123,795 (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.

	Q2	Q1	Q4	Q3
	2021	2021	2020	2020
Net loss (\$)	343,625	521,162	794,796	183,056
Loss per share (\$)	0.01	0.02	0.04	0.01
	2020	2020	2019	2019
Net loss	27,846	175,894	16,940	15,749
Loss per share	-	0.01	-	-

## EXPLORATION AND PROJECTS

### Acquisition of Ohadi Geoex Inc.

On July 15, 2020, the Company acquired, through the purchase of a Ohadi GeoEx Inc. a private Idaho corporation, four additional gold properties, The Doc, Majestic, Mammoth, and Red Cloud which lie to the south of Gold Lion's South Orogrande property located near Dixie, Idaho

Under the terms of the agreement under which Gold Lion will acquire all of the issued and outstanding shares of the Idaho company, Gold Lion will issue an aggregate of 2,600,000 Gold Lion common shares at a price of \$0.56 per share to that company's shareholders upon closing of the transaction

This acquisition did not meet the definition of a business under IFRS 3; therefore the acquisition of the Property was treated as an acquisition of exploration and evaluation assets. The fair value of the assets acquired, and liabilities assumed as at the date of acquisition were as follows:

Net assets acquired	
Exploration and evaluation assets	\$ 1,456,000
Consideration	
Fair value of 2,600,000 common shares issued	\$ 1,456,000

### 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);
- (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.

#### South Orogrande Extension

On July 15, 2020, the Company acquired, through the purchase of Ohadi GeoEx Inc., four additional gold properties, The Doc, Majestic, Mammoth, and Red Cloud. which lie to the south of Gold Lion’s South Orogrande property.

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

	Fairview	Robber Gulch	South Orogrande	Erickson Ridge	Cuteye	South Orogrande Extension	Total
<b>Acquisition Costs</b>							
Balance, beginning at July 1, 2020	\$ 167,320	\$ 91,200	\$ 91,200	\$ 91,200	\$ 1,800,000	\$ -	2,240,920
Incurred during the year	-	-	-	-	-	1,456,000	1,456,000
<b>Balance, ending at December 31, 2020</b>	<b>167,320</b>	<b>91,200</b>	<b>91,200</b>	<b>91,200</b>	<b>1,800,000</b>	<b>1,456,000</b>	<b>3,696,920</b>
<b>Deferred Exploration Costs</b>							
Balance, beginning at July 1, 2020	\$ 58,427	\$ 134,294	\$ 115,941	\$ 45,967	\$ -	\$ -	354,629
Drilling		52,669	-	-	-	-	52,669
Trenching		39,000	-	-	-	-	39,000
Equipment rental	-	29,452	5,141	18,090	-	-	52,683
Geological and geophysical	-	26,469	24,325	52,346	-	-	103,140
Project preparation and support	-	72,182	-	-	-	-	72,182
Permitting	-	4,761	35,363	24,781	-	-	64,905
Sampling and analysis costs	-	15,723	20,759	-	-	-	36,482
Travel and accommodations	-	49,292	3,535	4,626	-	-	57,453
Report and data compilation	-	2,462	13,995	1,936	-	-	18,393
Taxes and mineral claims	-	39,211	79,033	30,395	-	6,435	155,074
Camp costs and field expenses	-	21,375	-	-	-	-	21,375
Reclamation costs	-	12,009	-	-	-	-	12,009
Miscellaneous	-	3,325	-	1,790	-	-	5,115
Balance, ending at December 31, 2020	58,427	502,224	298,092	179,931	-	6,435.00	953,441
Impairment	-	-	-	-	-	-	-
<b>Total exploration and evaluation</b>	<b>\$ 225,747</b>	<b>\$ 593,424</b>	<b>\$ 389,292</b>	<b>\$ 271,131</b>	<b>\$ 1,800,000</b>	<b>\$ 1,462,435</b>	<b>\$4,650,361</b>

**LIQUIDITY AND CAPITAL RESOURCES**

The Company reported working capital of \$552,912 at December 31, 2020 and cash of \$2,708,092 Current liabilities as at December 31, 2020 consisted of accounts payable of \$189,455.

During the period from July 1, 2019 to December 31, 2020 the Company issued the following share capital:

- 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.
- 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.
- 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.
- 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.
- On July 10, 2020, the Company issued 50,000 common shares at \$0.57 per share as part of a shares for services to a consultant.
- On July 15, 2020, 2,600,000 common shares with a fair value of \$0.56 were issued as part of asset purchase agreement for a total consideration of \$1,456,000.
- On November 2, 2020, as part of a prospectus offering, the company issued 6,666,667 units at a price of \$0.45 cents per unit for gross proceeds of \$3,000,000. Each unit consists of one common share of the company and one common share purchase warrant entitling the holder to purchase one common share of the company at a price of 60 cents per warrant share for a period of 24 months following issuance of such warrant.
- During the period ending December 31, 2020, 61,750 common shares were issued at \$0.20 as part of warrant exercise for proceeds of \$8,100.

### 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 September 30, 2020:

Number of Options	Exercise Price	Expiry Date	Exercisable
1,700,000	\$0.10	August 20, 2024	1,700,000
650,000	\$0.45	May 15, 2025	650,000
150,000	\$0.40	November 9, 2025	150,000
250,000	\$0.285	November 30, 2025	250,000

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 six months ended December 31, 2020,

- The Company incurred and paid a consulting and advisory fee of \$15,000 to the Company's CEO.
- The Company incurred and paid a consulting and advisory fee of \$1,865 to the Company's CFO.
- The Company incurred and paid a consulting and advisory fee of \$9,900 to the Directors of the Company.
- The Company's CEO purchased 44,444 units at \$0.45 for proceeds of \$49,375 as part of the Company's prospectus offering.
- 50,000 common shares were issued at \$0.37 as part of options exercise for proceeds of \$18,250 to Dan Dente, a director of the Company.
- 50,000 common shares were issued at \$0.37 as part of options exercise for proceeds of \$18,250 to Douglas Meirelles, a director of the Company.

#### **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.

### **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 25, 2021***

Authorized: Unlimited number of common shares without par value.

Issued and outstanding: 37,869,487 Common Shares

Warrants: 13,418,542

Options: 2,350,000

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).