

**Gold Lion Resources Inc.**

Unaudited Condensed Interim Consolidated Financial Statements

**For the Three and Nine Months Ended March 31, 2022 and 2021**  
(Expressed in Canadian dollars)

## **NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed interim consolidated financial statements of Gold Lion Resources Inc. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**Gold Lion Resources Inc.**  
**Condensed Interim Consolidated Statements of Financial Position**  
(Unaudited)

	<b>As at March 31, 2022</b>	<b>As at June 30, 2021 (audited)</b>
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 1,015,010	\$ 2,189,630
Sales tax recoverable	39,549	45,894
Prepaid expenses	62,717	15,887
	1,117,276	2,251,411
<b>Non-current assets</b>		
Exploration and evaluation asset (Notes 5)	3,489,258	4,304,901
<b>Total Assets</b>	<b>\$ 4,606,534</b>	<b>\$ 6,556,312</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable & accrued liabilities	\$ 3,150	\$ 80,551
<b>Total Liabilities</b>	<b>3,150</b>	<b>80,551</b>
<b>Shareholders' Equity</b>		
Capital stock (Note 6)	8,069,324	8,069,324
Share-based payment reserve (Note 6)	934,363	1,286,346
Deficit	(4,400,303)	(2,879,909)
<b>Total Shareholder's Equity</b>	<b>4,603,384</b>	<b>6,475,761</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 4,606,534</b>	<b>\$ 6,556,312</b>

Nature of operations and going concern (Note 1)

Subsequent events (Note 10)

Approved on behalf of the Board on May 30, 2022:

"Guy Bourgeois"

Guy Bourgeois, Director

"Shidan Gouran"

Shidan Gouran, Director

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

**Gold Lion Resources Inc.**

**Condensed Interim Consolidated Statement of Comprehensive Loss**

(Unaudited)

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>March 31,</b>	<b>March 31,</b>	<b>March 31,</b>	<b>March 31,</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
<b>Expenses:</b>				
Consulting fees (Note 7)	233,528	100,883	353,671	302,312
Audit & accounting	-	6,350	25,344	25,433
Legal	736	-	10,378	7,637
Investor relations	125,000	-	125,000	37,875
Stock-based compensation (Note 6)	-	-	-	103,175
General and admin	11,264	8,608	39,365	519,117
<b>Total expenses</b>	<b>(370,529)</b>	<b>(115,841)</b>	<b>(553,758)</b>	<b>(995,549)</b>
<b>Other items</b>				
Impairment of exploration & evaluation assets	(1,322,907)	-	(1,322,907)	-
Currency exchange loss	-	-	(219)	-
Interest income (expense)	900	2,226	4,507	6,090
<b>Net loss and comprehensive loss for the period</b>	<b>(369,629)</b>	<b>(113,615)</b>	<b>(1,872,377)</b>	<b>(989,459)</b>
Loss Per Share	<b>(0.01)</b>	<b>(0.00)</b>	<b>(0.05)</b>	<b>(0.03)</b>
Weighted average number of common shares outstanding	37,869,487	37,869,487	37,869,487	32,710,505

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

**Gold Lion Resources Inc.**  
**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**  
(Unaudited)

	<u>Share Capital</u>		Share-based	Deficit	Total
	Number	Amount	Payment Reserve		
		\$	\$	\$	\$
<b>Balance, June 30, 2020</b>	<b>28,391,070</b>	<b>4,539,323</b>	<b>470,886</b>	<b>(989,214)</b>	<b>4,020,995</b>
Shares issued for private placement, net issuance cost	6,666,667	1,962,176	585,673	-	2,547,849
Shares issued for properties	2,600,000	1,456,000	-	-	1,456,000
Shares issued on exercise of warrants	61,750	12,350	-	-	12,350
Shares issued for exercise of options	100,000	70,975	(34,476)	-	36,499
Shares issued for services	50,000	28,500	-	-	28,500
Stock-based compensation	-	-	103,175	-	103,175
Net loss	-	-	-	(989,459)	(989,459)
<b>Balance, March 31, 2021</b>	<b>37,869,487</b>	<b>8,069,324</b>	<b>1,125,258</b>	<b>(1,978,673)</b>	<b>7,215,909</b>
<b>Balance, June 30, 2021</b>	<b>37,869,487</b>	<b>8,069,324</b>	<b>1,286,346</b>	<b>(2,879,909)</b>	<b>6,475,761</b>
Options cancelled	-	-	(351,983)	351,983	-
Net loss	-	-	-	(1,872,377)	(1,872,377)
<b>Balance, March 31, 2022</b>	<b>37,869,487</b>	<b>8,069,324</b>	<b>934,363</b>	<b>(4,400,303)</b>	<b>4,603,384</b>

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

**Gold Lion Resources Inc.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
(Unaudited)

	<b>Nine Months Ended</b>	
	<b>March 31, 2022</b>	<b>March 31, 2021</b>
	\$	\$
<b>Operating activities</b>		
Net loss for the period	(1,872,377)	(989,459)
Items not affecting cash:		
Stock based compensation	-	103,175
Impairment of exploration & evaluation assets	1,322,907	
Changes in working capital related to operating activities:		
Prepaid expense	(46,830)	80,635
Shares issued for services	-	28,500
Mineral tax credit recovery	-	25,040
Sales tax receivable	6,345	(32,986)
Interest receivable	-	6,293
Accounts payable and accrued liabilities	(77,401)	(126,899)
<b>Cash used in operating activities</b>	<b>(667,356)</b>	<b>(905,701)</b>
<b>Investing activities</b>		
Exploration and evaluation expenditure	(507,264)	(749,080)
<b>Cash used in investing activities</b>	<b>(507,264)</b>	<b>(749,080)</b>
<b>Financing activities</b>		
Proceeds from private placement, net issuance cost	-	2,608,716
Proceeds from warrant exercise	-	12,350
Proceeds from options exercise	-	36,500
<b>Cash provided by financing activities</b>	<b>-</b>	<b>2,657,566</b>
Change in cash and cash equivalents	(1,174,620)	1,002,785
Cash and cash equivalents, beginning of the period	2,189,630	1,427,240
<b>Cash and cash equivalents, end of period</b>	<b>1,015,010</b>	<b>2,430,025</b>

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

**Gold Lion Resources Inc.**

**Notes to the condensed interim consolidated financial statements**

For the Three and Nine Months Ended March 31, 2022

Unaudited -Expressed in Canadian dollars

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

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 #600 - 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7, 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.

These condensed interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. During the period ended March 31, 2022, the Company incurred a net loss of \$1,872,377 and at March 31, 2022, the Company's net working capital is \$1,114,126.

The Company expects to incur losses in the development of its business, has no source of operating cash flow, and provides no assurances that sufficient funding, including adequate financing, will be available to conduct further exploration and development of its mineral properties. These conditions indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Management intends to finance operating costs with the proceeds from equity financings, and its current working capital; however, there is no assurance that the Company will be successful in these actions.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt upon the Company's ability to continue as a going concern as described above, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These condensed interim consolidated financial statements do not include any adjustments relating to the realization of assets and liquidation of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and has adversely affected global workforces, financial markets, and the general economy. It is not possible for the Company to determine the duration or magnitude of the adverse results of COVID-19 nor its effects on the Company's business or operations. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in fiscal 2022.

**2. BASIS OF PREPARATION**

**a) Basis of Presentation**

The condensed interim consolidated financial statements for the period ended March 31, 2022 were prepared in accordance with the International Financial Reporting Standards ("IFRS") and interpretations of IFRS as issued by the International Accounting Standards Board (IASB). The accounting policies set out below are in effect in the condensed interim consolidated financial statements and have been applied consistently to all periods presented unless otherwise indicated.

**Gold Lion Resources Inc.****Notes to the condensed interim consolidated financial statements**

For the Three and Nine Months Ended March 31, 2022 and 2021

Unaudited -Expressed in Canadian dollars

**2. BASIS OF PREPARATION (continued)****b) Basis of Consolidation**

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries. The financial statements of the subsidiaries are included in the condensed interim consolidated financial statements from the date that control commences until the date that control ceases. All inter-company balances, transactions, income and expenses have been eliminated upon consolidation.

Subsidiaries:

Subsidiaries are entities controlled by the Company. Control exists when the Company possesses power over an investee, has exposure to variable returns from the investee and has the ability to use its power over the investee to affect its returns. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Company.

The principal subsidiaries of the Company as of March 31, 2022 are as follows:

Name of subsidiary	Principal activity	Place of Incorporation	Ownership Interest March 31, 2022	Ownership Interest June 30, 2021
1238339 BC LTD. ("123 LTD.")	Mineral exploration	Canada	100%	100%
Gold Lion Resources (NV) Inc.	Mineral exploration	USA	100%	100%
Ohadi GeoEx Inc.	Mineral exploration	USA	100%	100%

Foreign currency translation:

The presentation currency of the condensed interim consolidated financial statements is the Canadian dollar. The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the group. The Company considers the functional currency for itself and its subsidiaries to be the Canadian dollar.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the date of transaction. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date, while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation of foreign operations with functional currencies different from the presentation currency are included in the statement of comprehensive loss.



**3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, AND ASSUMPTIONS**

**a) Exploration and evaluation assets**

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination.

Pre-exploration costs are expensed in the period in which they are incurred. All costs related to the acquisition, and exploration of mineral properties are capitalized by property until the commencement of commercial production. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the mineral property is considered to be a mine under development and is classified as "Mining Assets". Exploration and evaluation expenditures accumulated are also tested for impairment before the property costs are transferred to mining asset.

**b) Loss Per Share**

Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity.

In a loss year, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive. Basic and diluted loss per share are the same for the period presented.

**c) Share based payments**

The fair value of share options granted to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instrument issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payments reserve.

The fair value of options is determined using the Black-Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted, shall be based on the number of equity instruments that eventually vest.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, AND ASSUMPTIONS (continued)**

**d) New standards and interpretations not yet applied**

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

**4. EXPLORATION AND EVALUATION ASSET**

***Cuteye Group Properties***

On January 24, 2020, the Company completed the acquisition of the Cuteye Group of Properties for \$1,800,000 (Notes 4 and 6). The properties include the Mister Jay, Lady Jane, Lama, and Missus Jay claim blocks near Glenora, British Columbia.

***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 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 plane recommending placing the Property in production.

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 plane 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; and
- (v) Incur exploration expenditures of \$500,000 between January 1, 2022 and December 31, 2022.

**Gold Lion Resources Inc.**

**Notes to the condensed interim consolidated financial statements**

For the Three and Nine Months Ended March 31, 2022 and 2021

Unaudited -Expressed in Canadian dollars

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**5. EXPLORATION AND EVALUATION ASSET (continued)**

***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% interest in the South Orogrande, and Erikson Ridge gold projects (the "Projects") in Idaho from Bronco Creek Exploration Inc., a wholly-owned subsidiary of EMX Royalty Corp ("EMX").

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;(paid and incurred)
- (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; and
- (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 (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 by 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, the Company 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.

On March 24, 2022, the Company announced that it has terminated its option and consequently, and impaired the property to \$Nil.

***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 (Note 6). On March 24, 2022, the Company announced that it is in the best interest to acquire a new exploration or development project and consequently, all related costs were impaired.

**Gold Lion Resources Inc.****Notes to the condensed interim consolidated financial statements**

For the Three and Nine Months Ended March 31, 2022 and 2021

Unaudited -Expressed in Canadian dollars

**5. EXPLORATION AND EVALUATION ASSET (continued)**

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

	Fairview \$	South Orogrande \$	Erickson Ridge \$	Cuteye \$	South Organed Extension \$	Total \$
Acquisition Costs						
Balance, beginning at July 1, 2021	167,320	91,200	91,200	1,800,000	1,456,000	3,605,720
Incurred during the period	-	31,670	31,670	-	-	63,340
<b>Balance, ending at March 31, 2022</b>	<b>167,320</b>	<b>122,870</b>	<b>122,870</b>	<b>1,800,000</b>	<b>1,456,000</b>	<b>3,669,060</b>
Deferred Exploration Costs						
Balance, beginning at July 1, 2021	58,427	381,458	252,862	-	6,435	699,182
Drilling	-	132,485	-	-	-	132,485
Equipment rental	-	12,609	2,937	-	-	15,546
Geological and geophysical	-	31,961	-	-	-	31,961
Project preparation and support	-	22,551	3,985	575	-	27,111
Permitting	-	13,341	-	-	-	13,341
Sampling and analysis costs	-	25,889	56,472	-	-	82,361
Travel and accommodations	-	12,812	-	-	-	12,812
Report and data compilation	-	-	13,111	-	-	13,111
Taxes and mineral claims	-	91,461	23,233	500	-	115,195
<b>Balance, ending at March 31, 2022</b>	<b>58,427</b>	<b>724,567</b>	<b>352,600</b>	<b>1,075</b>	<b>6,435</b>	<b>1,143,105</b>
Impairment	-	(847,437)	(475,470)	-	-	(1,322,907)
<b>Total exploration and evaluation</b>	<b>255,747</b>	<b>-</b>	<b>-</b>	<b>1,801,075</b>	<b>1,462,435</b>	<b>3,489,258</b>

## **6. SHARE CAPITAL**

Authorized and Issued:

- Unlimited common shares without par value; and
- 37,869,487 shares issued and outstanding.

Issuances:

During the period from July 1, 2020 to March 31, 2022 the Company issued the following share capital:

- 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 July 16, 2020, 100,000 common shares were issued at \$0.37 as part of options exercise for proceeds of \$35,500.
- On November 2, 2020, as part of a prospectus offering, the Company issued 6,666,667 units at a price of \$0.45 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 \$0.60 to November 2, 2022. A value of \$466,667 was attributable to the share purchase warrants using the residual method. The Company paid \$452,151 and issued 455,875 broker warrants as finder's fees. Each broker warrant is exercisable to purchase one common share of the Company for a period of two years at a price of \$0.45. The value of the broker warrants was determined to be \$119,006 using the Black-Scholes Option Pricing Model using the following assumptions: risk-free rate of 0.25%, expected life of two years, expected volatility of 150%, and dividend yield of nil.
- During the year ending June 30, 2021, 61,750 common shares were issued at \$0.20 as part of warrant exercises for proceeds of \$12,350.

### *Stock Options*

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 November 9, 2020, the Company issued 150,000 stock options at a price of \$0.40 per share, expiring November 8, 2025. The estimated fair value of the options was \$54,445 which was determined using the Black-Scholes Option Pricing Model with the following assumptions: an annualized volatility of 150%; an expected life of 5 years; a dividend yield rate of 0%; and a risk-free interest rate of 0.41%.

On November 30, 2020, the Company issued 250,000 stock options at a price of \$0.285 per share, expiring November 29, 2025. The estimated fair value of the options was \$64,648 which was determined using the Black-Scholes Option Pricing Model with the following assumptions: an annualized volatility of 150%; an expected life of 5 years; a dividend yield rate of 0%; and a risk-free interest rate of 0.37%.

**Gold Lion Resources Inc.****Notes to the condensed interim consolidated financial statements**

For the Three and Nine Months Ended March 31, 2022 and 2021

Unaudited -Expressed in Canadian dollars

**6. SHARE CAPITAL (continued)**

On April 14 2021, the Company issued 1,000,000 stock options at a price of \$0.185 per share, expiring April 13, 2026. The estimated fair value of the options was \$168,116 which was determined using the Black-Scholes Option Pricing Model with the following assumptions: an annualized volatility of 150%; an expected life of 5 years; a dividend yield rate of 0%; and a risk-free interest rate of 0.77%.

On May 28, 2021, the Company issued 85,000 stock options at a price of \$0.225 per share, expiring May 27, 2026. The estimated fair value of the options was \$17,369 which was determined using the Black-Scholes Option Pricing Model with the following assumptions: an annualized volatility of 150%; an expected life of 5 years; a dividend yield rate of 0%; and a risk-free interest rate of 0.74%.

On May 31, 2021, the Company issued 85,000 stock options at a price of \$0.22 per share, expiring May 30, 2026. The estimated fair value of the options was \$16,983 which was determined using the Black-Scholes Option Pricing Model with the following assumptions: an annualized volatility of 150%; an expected life of 5 years; a dividend yield rate of 0%; and a risk-free interest rate of 0.75%.

On March 17, 2022, the Company cancelled 300,000 stock options with an exercise price of \$0.10, 515,000 options with an exercise price of \$0.45 and 625,000 options with an exercise price of \$0.185. The estimate fair value of the options was \$351,983 which was transferred from the reserve account to deficit.

The following table summarizes information about stock options outstanding and exercisable at March 31, 2022 and June 30, 2021:

March 31, 2022		
Number of Options	Exercise Price	Exercisable
1,400,000	\$0.10	1,400,000
150,000	\$0.40	150,000
250,000	\$0.285	250,000
375,000	\$0.185	375,000
85,000	\$0.225	85,000
85,000	\$0.22	85,000

  

June 30, 2021		
Number of Options	Exercise Price	Exercisable
1,700,000	\$0.10	1,700,000
515,000	\$0.45	515,000
150,000	\$0.40	150,000
250,000	\$0.285	250,000
1,000,000	\$0.185	1,000,000
85,000	\$0.225	85,000
85,000	\$0.22	85,000

As at March 31, 2022, the 2,345,000 (2021: 3,785,000) options outstanding had a weighted average exercise price of \$0.16 (2021:\$0.20) and a weighted average life of 3 (2021:3.89) years.

**Gold Lion Resources Inc.****Notes to the condensed interim consolidated financial statements**

For the Three and Nine Months Ended March 31, 2022 and 2021

Unaudited -Expressed in Canadian dollars

**6. SHARE CAPITAL (continued)***Warrants*

March 31, 2022 and June 30, 2021		
Number of Warrants	Exercise Price	Exercisable
4,296,000	\$0.20	4,296,000
2,000,000	\$0.75	2,000,000
6,666,667	\$0.60	6,666,667
455,875	\$0.45	455,875

As at March 31, 2022, the 13,418,542 (2021: 13,418,542) warrants outstanding had a weighted average exercise price of \$0.49 (2021: \$0.49) and weighted average life of 1.06 (2021: \$0.85) years.

*Reserves*

The stock option reserve account records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised or are cancelled, the amount is transferred to deficit.

**7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The three levels of the fair value hierarchy are:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – inputs that are not based on observable market data.

The fair values of accounts payable approximate their carrying values due to the short-term maturity of these instruments.

The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at March 31, 2022 and June 30, 2021 as follows:

March 31, 2022				
	Level 1	Level 2	Level 3	Total
<b>Financial Instrument</b>				
Cash	\$ 1,015,010	-	-	\$ 1,015,010
Accounts payable	\$ 3,150	-	-	\$ 3,150
June 30, 2021				
	Level 1	Level 2	Level 3	Total
<b>Financial Instrument</b>				
Cash	\$ 2,189,630	-	-	\$ 2,189,630
Accounts payable	\$ 80,551	-	-	\$ 80,551

## 7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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

### Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the Company's functional currency. The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

### Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash. The Company's cash is held in large Canadian financial institution. The Company maintains cash deposits with a Schedule A financial institution, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

### Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates, and does not believe it is currently subject to any significant interest rate risk.

### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. 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. The Company is exposed to liquidity risk.

## 8. RELATED PARTY TRANSACTIONS

During the nine months ended March 31, 2022, the Company incurred and paid a consulting fee of \$15,750 to a company controller by Company's former interim CEO, CFO and Corporate Secretary.

During the nine months ended March 31, 2021, the Company incurred and paid:

- consulting and advisory fee of \$22,500 to the Company's former CEO.
- a consulting and advisory fee of \$3,865 to the Company's former CFO.
- a consulting and advisory fee of \$11,400 to former Directors of the Company.

During the period ended March 31, 2021, the Company's former CEO purchased 44,444 units at \$0.45 for proceeds of \$49,375 as part of the Company's prospectus offering.

During the period ended March 31, 2021, 50,000 common shares were issued at \$0.37 as part of options exercise for proceeds of \$18,250 by a former director of the Company.

During the period ended March 31, 2021, 50,000 common shares were issued at \$0.37 as part of options exercise for proceeds of \$18,250 by a former director of the Company.



## **9. CAPITAL MANAGEMENT**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The management of the capital structure is based on the funds available to the Company in order to support the acquisition, exploration and development of mineral properties and to maintain the Company in good standing with the various regulatory authorities. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities, issue debt instruments or return capital to its shareholders.

The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company is not subject to externally imposed capital requirements.

## **10. SUBSEQUENT EVENTS**

Subsequent to March 31, 2022, the Company:

- (a) granted 750,000 stock options with an exercise price of \$0.05 per share, expiring five years from issuance. The options vest quarterly over a period of one year.
- (b) signed a binding letter of intent dated May 5, 2022 (the "LOI") with 1000173975 Ontario Inc. ("OntarioCo") in respect of a proposed transaction (the "Proposed Transaction"), whereby the Company would acquire all of the issued and outstanding securities of OntarioCo by way of a share exchange agreement. OntarioCo's principal asset and undertaking is its interest in the Black Lake Mineral Property, which is located in Saskatchewan (the "Property"). Pursuant to the Proposed Transaction, the Company will issue common share in its capital (the "Consideration Shares") to the holders of common shares in the capital of OntarioCo at a deemed price per Consideration Share that is the greater of (i) \$0.05, and (ii) the minimum price allowed pursuant to the policies of the Canadian Securities Exchange (the "CSE"), representing aggregate consideration to be determined and mutually agreed upon by the parties with reference to a pending valuation of OntarioCo, expected to be in the range of \$500,000 to \$1,000,000. The Company and OntarioCo have agreed to negotiate in good faith the terms of a definitive agreement with respect to the Proposed Transaction within 30 days from the LOI. The Company also agreed to pay a refundable deposit of up to \$100,000 to OntarioCo to be used towards costs and expenses connected to the Property. If the LOI is terminated for any reason other than the execution of a definitive agreement, the deposit payments shall be returned to the Company by OntarioCo within 30 days, without interest.
- (c) closed a nonbrokered private placement of 20,710,000 warrants ("Warrants") at a price of CAD \$0.025 per Warrant for gross aggregate proceeds of \$517,750 (the "Private Placement"). Each Warrant entitles the holder to acquire one unit of the Company (each, a "Unit"). Each Unit consists of one common share in the capital of the Company (each, a "Share") and one transferable common share purchase warrant (each, a "Conversion Warrant"). Each Warrant will entitle the holder thereof to acquire one Unit at a price of \$0.025 per Unit for a period of two years from closing. Each Conversion Warrant will entitle the holder thereof to acquire one additional Share at a price of \$0.05 per Share until 5:00 p.m. (Vancouver time) on the date of expiration of the Conversion Warrant, which is two years following the closing date. All securities issued in connection with the Private Placement are subject to a statutory hold period of four months and one day which will expire August 23, 2022.