

Gold Lion Resources Inc.

Consolidated Financial Statements

For the Years Ended June 30, 2022 and 2021

(Expressed in Canadian dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Gold Lion Resources Inc.:

Opinion

We have audited the consolidated financial statements of Gold Lion Resources Inc. and its subsidiaries (together the "Company"), which comprise the consolidated statement of financial position as at June 30, 2022, and the consolidated statement of comprehensive loss, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which describes events and conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

The consolidated financial statements of the Company for the year ended June 30, 2021 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on October 26, 2021.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis filed with the relevant Canadian securities commissions.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Graeme L. Cocke.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
October 28, 2022

Gold Lion Resources Inc.
Consolidated Statements of Financial Position
Expressed in Canadian Dollars

	As at June 30, 2022	As at June 30, 2021
Assets		
Current		
Cash	\$ 1,055,552	\$ 2,189,630
Sales tax recoverable	9,048	45,894
Prepaid expenses and deposits	278,985	15,887
	1,343,585	2,251,411
Non-current assets		
Exploration and evaluation asset (Notes 4, 5)	1,080,393	4,304,901
Total Assets	\$ 2,423,978	\$ 6,556,312
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 163,792	\$ 80,551
Total Liabilities	163,792	80,551
Shareholders' Equity		
Share capital (Note 6)	9,071,824	8,069,324
Equity reserve (Note 6)	1,438,281	1,286,346
Deficit	(8,249,919)	(2,879,909)
Total Shareholders' Equity	2,260,186	6,475,761
Total Liabilities and Shareholders' Equity	\$ 2,423,978	\$ 6,556,312

Nature of operations and going concern (Note 1)
Subsequent events (Note 13)

Approved on behalf of the Board on October 28, 2022:

"David Beck"
David Beck, Director

"Shidan Gouran"
Shidan Gouran, Director

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

Gold Lion Resources Inc.
Consolidated Statements of Comprehensive Loss
Expressed in Canadian dollars

	Year ended June 30, 2022	Year ended June 30, 2021
Expenses		
Consulting fees (Note 8)	\$ 483,594	\$ 327,807
Legal	28,637	14,911
Audit and accounting	66,344	25,433
Investor relations	125,000	37,875
Management fee	17,750	-
Marketing, filing and office fees	184,264	531,110
Share-based compensation (Notes 6, 8)	7,418	321,561
	(913,007)	(1,258,697)
Other Items		
Impairment of exploration and evaluation assets (Note 5)	(4,812,165)	(695,948)
Interest income	4,660	6,652
Foreign exchange	(1,481)	-
	\$ (5,721,993)	\$(1,947,993)
Net and comprehensive loss		
Loss per common share – basic and diluted	\$ (0.15)	\$ (0.05)
Weighted average number of common shares outstanding	39,187,295	35,487,589

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

Gold Lion Resources Inc.
Consolidated Statements of Changes in Shareholders' Equity
Expressed in Canadian Dollar

	Share Capital		Equity reserve	Deficit	Total
	Number	Amount			
Balance, June 30, 2020	28,391,070	\$ 4,539,323	\$ 470,886	\$ (989,214)	\$ 4,020,995
Shares issued for private placement, net of issuance costs (Note 6)	6,666,667	1,962,176	585,673	-	2,547,849
Shares issued on exercise of warrants (Note 6)	61,750	12,350	-	-	12,350
Shares issued for properties (Note 6)	2,600,000	1,456,000	-	-	1,456,000
Shares issued for exercise of options (Note 6)	100,000	70,975	(34,476)	-	36,499
Shares issued for services (Note 6)	50,000	28,500	-	-	28,500
Share-based compensation (Note 6)	-	-	321,561	-	321,561
Options cancelled (Note 6)	-	-	(57,298)	57,298	-
Net and comprehensive loss	-	-	-	(1,947,993)	(1,947,993)
Balance, June 30, 2021	37,869,487	8,069,324	1,286,346	(2,879,909)	6,475,761
Shares issued for acquisition of 1000173975 Ontario Inc. (Note 6)	20,000,000	1,000,000	-	-	1,000,000
Shares issued for warrant conversion (Note 6)	50,000	2,500	(1,250)	-	1,250
Warrants issued for private placement (Note 6)	-	-	517,750	-	517,750
Issuance cost	-	-	(20,000)	-	(20,000)
Share-based compensation (Note 6)	-	-	7,418	-	7,418
Options cancelled (Note 6)	-	-	(351,983)	351,983	-
Net and comprehensive loss	-	-	-	(5,721,993)	(5,721,993)
Balance, June 30, 2022	57,919,487	\$ 9,071,824	\$ 1,438,281	\$ (8,249,919)	\$ 2,260,186

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

Gold Lion Resources Inc.
Consolidated Statements of Cash Flows
Expressed in Canadian Dollars

	Year ended June 30, 2022	Year ended June 30, 2021
Operating activities		
Net loss for the year	\$ (5,721,993)	\$ (1,947,993)
Item not affecting cash:		
Share-based compensation	7,418	321,561
Shares issued for services	-	28,500
Impairment of exploration and evaluation assets	4,812,165	695,948
Changes in non-cash working capital balances:		
Prepaid expenses and deposits	(263,098)	72,197
Sales tax recoverable	36,846	(31,797)
Interest receivable	-	6,293
Mineral tax credit recovery	-	25,040
Accounts payable and accrued liabilities	83,241	(54,757)
Net cash used by operating activities	(1,045,421)	(885,008)
Investing activity		
Exploration and evaluation expenditures	(587,657)	(949,300)
Net cash used by investing activity	(587,657)	(949,300)
Financing activities		
Proceeds from private placement, net of issuance costs	497,750	2,547,849
Proceeds from exercise of warrants	1,250	12,350
Proceeds from exercise of options	-	36,499
Net cash provided by financing activities	499,000	2,596,698
Change in cash	(1,134,078)	762,390
Cash, beginning of year	2,189,630	1,427,240
Cash, end of year	\$ 1,055,552	\$ 2,189,630

Supplemental Cash Flow Information (Note 11)

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

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 #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.

These 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 year ended June 30, 2022, the Company incurred a net loss of \$5,721,993 (2021 - \$1,947,993), used net cash from operations of \$1,045,421 (2021 - \$885,008) and at June 30, 2022, the Company's net working capital is \$1,179,793 (2021 - \$2,170,860).

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic, which 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 2023.

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 events and 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.

These 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.

2. BASIS OF PREPARATION

a) Basis of Presentation

The consolidated financial statements for the years ended June 30, 2022 and 2021 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 these consolidated financial statements and have been applied consistently to all periods presented unless otherwise indicated.

2. BASIS OF PREPARATION (continued)

b) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. The financial statements of the subsidiaries are included in the 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 is exposed, or has rights to, variable returns from its involvement with the investee and has the ability to use its power over the investee to affect those returns.

The principal subsidiaries of the Company as of June 30, 2022 are as follows:

Name of subsidiary	Principal activity	Place of Incorporation	Ownership Interest June 30, 2022	Ownership Interest June 30, 2021
1238339 BC LTD. ("123 LTD.")	Mineral exploration	Canada	100%	100%
1000173975 Ontario Inc.	Mineral exploration	Canada	100%	-
Gold Lion Resources (NV) Inc.	Mineral exploration	USA	100%	100%
Ohadi Geox Inc.	Mineral exploration	USA	100%	100%

Foreign currency translation:

The presentation currency of the 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 each of 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 consolidated 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 currency-denominated transactions or balances are recorded as a component of profit or loss in the period in which they occur.

Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported revenues and expenses during the year. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates. The most significant accounts that require estimates as the basis for determining the stated amounts include the estimate of assumptions around share-based awards and payments and recoverability of exploration and evaluation assets. Note 6 describes the inputs to the Black-Scholes option pricing model used to value share-based awards and note 5 describes circumstances around impairment decisions on exploration and evaluation assets. Should the inputs management has used in coming to those estimates be determined to be incorrect, the results could be materially different.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Financial Instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification of the Company’s financial instruments:

<u>Financial assets/liabilities</u>	<u>Classification</u>
Cash	FVTPL
Accounts payable and accrued liabilities	Amortized cost

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment. Financial instruments measured at amortized cost utilize the effective interest method of accounting. The ‘effective interest rate’ is the rate that discounts estimated future cash payments over the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortized cost of the financial liability. The effective interest rate is calculated considering all contractual terms of the financial instruments, except for the expected credit losses of financial assets. Interest expense is reported in profit or loss.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the profit or loss in the period in which they arise.

Debt investments at FVTOCI

These assets are initial measured at fair value plus transaction costs, and are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairments are recognized in profit or loss. Other net gains and losses are recognized in Other Comprehensive Income (“OCI”). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI

These assets are initial measured at fair value plus transaction costs, and are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Financial Instruments – (continued)

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are recognized in profit or loss.

b) Earnings (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 by including additional shares in the weighted average number of shares outstanding for the assumed exercise of stock options and warrants, if dilutive.

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

c) Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Income taxes (continued)

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

d) 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 annually for indicators of impairment. An exploration and evaluation asset is deemed to have an indicator of impairment if the period for which the Company has the right to explore the property has expired or is not expected to be renewed, substantive expenditure on further exploration and evaluation of mineral resources is neither budgeted nor planned, exploration and evaluation activities have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities for the specific property, or if sufficient data exists to indicate that development of a specific property would be unlikely to recover the carrying amount of the associated capitalized exploration and evaluation expenditures.

If there is an indication of impairment, the Company determines the recoverable amount of the specific exploration and evaluation asset as the greater of the asset's value in use or fair value less costs of disposal, and comparing this to the carrying amount as at the reporting date. If the carrying amount exceeds the recoverable amount, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss as an impairment loss.

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 assets.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) 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 equity 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. The value relating to options which are cancelled or expire unexercised is moved to deficit.

Equity reserve

The equity reserve records items recognized as share-based compensation expense and issuance of financing or broker warrants, until such time as the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital. If the options or warrants expire unexercised or are cancelled, the amount is transferred to deficit.

f) Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. The Company's common shares, options and warrants are classified as equity instruments.

Costs directly identifiable with the raising of share capital are charged against share capital. Share issuance costs incurred in advance of share subscriptions are recorded as deferred assets. Share issuance costs related to uncompleted share subscriptions are recognized in profit or loss.

Equity financing transactions may involve the issuance of units. Units comprise common shares and share purchase warrants. The Company accounts for unit offering proceeds between common shares and share purchase warrants using the residual value method, wherein the fair value of the common shares is based on the quoted market price and the balance, if any, is allocated to the attached warrants.

g) Impairment of non-current assets

Non-current assets (which consist of exploration and evaluation assets) are reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less direct costs of disposal and the asset value in use (being the present value of the expected future cash flows of the asset). An impairment loss is recognized for the amount by which the carrying amount exceeds its recoverable amount.

h) 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 consolidated financial statements.

4. ACQUISITION OF 1000173975 ONTARIO INC.

On June 6, 2022, the Company acquired, through the purchase of 1000173975 Ontario Inc. (“1000173975”), an option agreement for the Black Lake Mineral Property (the “Property”), which is located in northern Saskatchewan. The Property presents an opportunity with respect to battery metals, including Cobalt, Nickel, Copper and Gold.

Under the terms of the agreement, the Company issued 20,000,000 common shares with a fair value of \$0.05 per share to the shareholders of 1000173975.

This acquisition did not meet the definition of a business under IFRS 3; therefore, the acquisition of 1000173975 was treated as an acquisition of assets. The fair value of the assets acquired as at the date of acquisition were as follows:

Net assets acquired		
Exploration and evaluation assets	\$	1,080,393
Accounts payable		(50,000)
Total	\$	1,030,393
Consideration		
Fair value of 20,000,000 common shares issued (Notes 5 and 6)	\$	1,000,000
Acquisition related costs		30,393
Total	\$	1,030,393

5. EXPLORATION AND EVALUATION ASSET

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 a rate of not less than 70% of the 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, notes 6 and 8);
- (iv) Incur exploration expenditures of \$250,000 between January 1, 2021 and December 31, 2021 (not met); and
- (v) Incur exploration expenditures of \$500,000 between January 1, 2022 and December 31, 2022.

The Company did not fulfill the required exploration expenditures between January 1, 2021 and December 31, 2021, and as such the option agreement terminated and management impaired the property to \$Nil.

5. EXPLORATION AND EVALUATION ASSET (CONTINUED)

Cuteye Group Properties

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

During the year-ended June 30, 2022, the Company impaired the property to \$Nil as a result of lapsed claims.

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% interest in 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").

Each Project is covered by a separate exploration and option agreement (each, an "Agreement"), with identical terms (as described below). 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 a cash payment of US\$15,000 and issue 200,000 common shares upon signing of the agreement (paid and issued for all three projects, Note 6);
- (ii) Make a cash payment of US\$25,000 and incur minimum exploration expenditures of US\$100,000 on or before July 7, 2021 (paid and met for all three projects);
- (iii) Make a cash payment of US\$40,000 and issue 250,000 common shares and incur minimum exploration expenditures of US\$200,000 on or before April 7, 2022 (not met);
- (iv) Make a cash payment of US\$70,000 and incur minimum exploration expenditures of US\$300,000 on or before April 7, 2023;
- (v) Make a cash payment of US\$150,000 and incur minimum exploration expenditures 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 expenditures 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.

5. EXPLORATION AND EVALUATION ASSET (CONTINUED)

Robber Gulch/South Orogrande/Erikson Ridge (continued)

As of June 30, 2021, management decided not to continue with the Robber Gulch option agreement and subsequent to June 30, 2021 provided notice to Bronco Creek Exploration Inc. of its intention to terminate the option agreement. Accordingly, at June 30, 2021, the Company recognized an impaired charge of \$695,948 to reduce the exploration and evaluation assets at Rubber Gulch to \$nil.

On March 24, 2022, the Company terminated its South Orogrande and Erickson Ridge option agreements and consequently, impaired the properties 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). During the year ended June 30, 2022, the Company determined that it would not pursue the South Orogrande Extension further, and consequently, the properties were impaired to \$Nil.

Black Lake Mineral Property

On June 6, 2022 (the "Effective Date"), the Company acquired, through the purchase of 1000173975, an option agreement (the "Option Agreement") for the Black Lake Mineral Property, which is located in northern Saskatchewan.

Pursuant to the Option Agreement, the Company can exercise its option to earn 100% interest in the Black Lake Mineral Property by completing the following milestones on or before the dates indicated:

- Make a cash payment of \$50,000 thirty days from the Effective Date (paid by 1000173975);
- Make a cash payment of \$50,000 and expend \$100,000 in exploration and evaluation expenditures 12 months from the Effective Date;
- Make a cash payment of \$50,000 and expend \$100,000 in exploration and evaluation expenditures 24 months from the Effective Date;
- Make a cash payment of \$50,000 and expend \$100,000 in exploration and evaluation expenditures 26 months from the Effective Date;
- Issue 300,000 common shares within 6 months from the Effective Date (issued subsequent to year-end) (Note 13);
- Issue 300,000 common shares within 12 months from the Effective Date;
- Issue 300,000 common shares within 24 months from the Effective Date; and
- Issue 300,000 common shares within 26 months from the Effective Date.

The Option Agreement is subject to a 2% net smelter return, of which ½ can be purchased back for \$1,000,000.

Gold Lion Resources Inc.**Notes to the Consolidated Financial Statements**

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5. EXPLORATION AND EVALUATION ASSET (continued)

The continuity of the Company's exploration and evaluation assets, which are classified as intangible assets, is as follows:

	Fairview \$	South Orogrande \$	Erickson Ridge \$	Cuteye \$	Black Lake \$	South Orogrande Extension \$	Total \$
Acquisition Costs							
Balance, June 30, 2021	167,320	91,200	91,200	1,800,000	-	1,456,000	3,605,720
Incurring during the year	-	31,670	31,670	-	1,080,393	-	1,143,733
Balance, June 30, 2022	167,320	122,870	122,870	1,800,000	1,080,393	1,456,000	4,749,453
Deferred Exploration Costs							
Balance, June 30, 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	576	-	-	27,112
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	-	-	115,194
Balance, June 30, 2022	58,427	724,567	352,600	1,076	-	6,435	1,143,105
Impairment	(225,747)	(847,437)	(475,470)	(1,801,076)	-	(1,462,435)	(4,812,165)
Total exploration and evaluation	-	-	-	-	1,080,393	-	1,080,393

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5. EXPLORATION AND EVALUATION ASSET (continued)

	Fairview	Robber Gulch	South Orogrande	Erickson Ridge	Cuteye	South Orogrande Extension	Total
	\$	\$	\$	\$	\$	\$	\$
Acquisition Costs							
Balance, June 30, 2020	167,320	91,200	91,200	91,200	1,800,000	-	2,240,920
Incurring during the year	-	-	-	-	-	1,456,000	1,456,000
Balance, June 30, 2021	167,320	91,200	91,200	91,200	1,800,000	1,456,000	3,696,920
Deferred Exploration Costs							
Balance, June 30, 2020	58,427	134,294	115,941	45,967	-	-	354,629
Drilling	-	102,386	-	-	-	-	102,386
Trenching	-	20,000	-	-	-	-	20,000
Equipment rental	-	60,191	8,617	23,385	-	-	91,194
Geological and geophysical	-	32,501	32,200	76,381	-	-	141,082
Project preparation and support	-	61,615	21,839	30,484	-	-	113,938
Permitting	-	14,546	35,363	25,632	-	-	75,540
Sampling and analysis costs	-	22,861	20,759	-	-	-	43,620
Travel and accommodations	-	46,990	19,299	11,378	-	-	77,667
Report and data compilation	-	11,777	48,405	7,451	-	-	67,633
Taxes and mineral claims	-	43,923	79,034	30,395	-	6,435	159,787
Camp costs and field expenses	-	21,375	-	-	-	-	21,375
Reclamation costs	-	28,031	-	-	-	-	28,031
Miscellaneous	-	4,258	-	1,789	-	-	6,047
Balance, June 30, 2021	58,427	604,748	381,457	252,862	-	6,435	1,303,929
Impairment	-	(695,948)	-	-	-	-	(695,948)
Total exploration and evaluation	225,747	-	472,657	344,062	1,800,000	1,462,435	4,304,901

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6. SHARE CAPITAL

Authorized and Issued:

- Unlimited common shares without par value; and
- 57,919,487 shares issued and outstanding

691,650 shares are held in escrow and will be released by November 13, 2022.

Issuances:

During the year ended June 30, 2022, the Company issued the following shares:

- On June 6, 2022, the Company issued 20,000,000 common shares with a fair value of \$1,000,000 pursuant to the acquisition of 1000173975 Ontario Inc. (Note 4).
- On June 10, 2022, the Company issued 50,000 common shares and 50,000 warrants for \$2,500 pursuant to the conversion of warrants. The Company's shares on the date of conversion were trading at \$0.045 per share. The Company transferred \$1,250 from equity reserve to share capital.

During the year ended June 30, 2021 the Company issued the following shares:

- On July 10, 2020, the Company issued 50,000 common shares at \$0.57 per share as part of shares for services to a consultant for total fair value of \$28,500.
- 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 total consideration of \$1,456,000.
- On July 16, 2020, 100,000 common shares were issued at \$0.37 upon exercise of options for proceeds of \$36,499. \$34,476, being the corresponding fair value of the options exercised, was transferred from equity reserve to share capital on exercise.
- 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 fair 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 ended June 30, 2021, 61,750 common shares were issued at \$0.20 as part of warrant exercises for proceeds of \$12,350. The weighted average market price of the Company's shares over the issuance dates was \$0.53.

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.

6. SHARE CAPITAL (continued)

Stock Options (continued)

During the year ended June 30, 2022:

On May 13, 2022, the Company issued 750,000 stock options at a price of \$0.05 per share, expiring May 13, 2027, with one-fourth of the options vesting on August 13, 2022, November 13, 2022, February 13, 2023 and May 13, 2023. The estimated fair value of the options was \$27,270 which was determined using the Black-Scholes Option Pricing Model with the following assumptions: an annualized volatility of 153%; an expected life of 5 years; a dividend yield rate of 0%; and a risk-free interest rate of 2.75%. The amount vested as of June 30, 2022 was \$7,418.

During the year ended June 30, 2022, the Company cancelled 1,440,000 stock options with an average price of \$0.26. The original fair value of the options calculated on the date of grant was \$351,983, which was transferred from the equity reserve to deficit on cancellation of the options.

During the year ended June 30, 2021:

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%.

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 May 27, 2021 the Company cancelled 135,000 stock options at a price of \$0.45. The original fair value of the options calculated on the date of grant was \$57,298, which was transferred from the equity reserve to deficit on cancellation of the options.

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6. SHARE CAPITAL (continued)

Stock Options (continued)

The following table summarizes information about stock options outstanding:

June 30, 2022			June 30, 2021		
Number of Options	Exercise Price	Exercisable	Number of Options	Exercise Price	Exercisable
1,400,000	\$0.10	1,400,000	1,700,000	\$0.10	1,700,000
-	-	-	515,000	\$0.45	515,000
150,000	\$0.40	150,000	150,000	\$0.40	150,000
250,000	\$0.285	250,000	250,000	\$0.285	250,000
375,000	\$0.185	375,000	1,000,000	\$0.185	1,000,000
85,000	\$0.225	85,000	85,000	\$0.225	85,000
85,000	\$0.22	85,000	85,000	\$0.22	85,000
750,000	\$0.05	-	-	-	-

As at June 30, 2022, 3,095,000 (2021: 3,785,000) options outstanding had a weighted average exercise price of \$0.13 (2021: \$0.20) and a weighted average life of 3.26 (2021: 3.89) years.

Warrants

June 30, 2022			June 30, 2021		
Number of Warrants	Exercise Price	Exercisable	Number of Warrants	Exercise Price	Exercisable
4,296,000	\$0.20	4,296,000	4,296,000	\$0.20	4,296,000
-	-	-	2,000,000	\$0.75	2,000,000
6,666,667	\$0.60	6,666,667	6,666,667	\$0.60	6,666,667
455,875	\$0.45	455,875	455,875	\$0.45	455,875
20,710,000	\$0.025	20,710,000	-	-	-

As at June 30, 2022, 32,128,542 (2021: 13,418,542) warrants outstanding had a weighted average exercise price of \$0.17 (2021: \$0.49) and weighted average life of 1.51 (2021: 0.85) years.

The Company issued 20,710,000 unit purchase warrants pursuant to a warrant financing for gross proceeds of \$517,750. The unit purchase warrants have an exercise price of \$0.025, entitle the holder to one common share and one warrant of the Company on exercise of each unit purchase warrant, and expire on April 22, 2024. \$20,000 paid in cash to consultants of the Company for issuance costs were incurred as part of this financing. During the year ended June 30, 2022, 50,000 of these warrants were exercised resulting in the issuance of 50,000 common shares and 50,000 warrants.

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7. INCOME TAXES

A reconciliation of current income taxes at statutory rates with the reported taxes is as follows:

	June 30, 2022	June 30, 2021
Loss before income taxes	\$ (5,721,993)	\$ (1,947,993)
Statutory tax rate	27%	27%
Expected income tax recovery at statutory rates	(1,544,938)	(525,958)
Non-deductible expenses and other	(3,397)	(4,090)
Adjustment to prior years provision	409,423	-
Increase in unrecognized deferred taxes	1,138,912	530,048
Deferred income tax recovery	\$ -	\$ -

The significant components of the Company's deferred income tax assets are as follows:

	June 30, 2022	June 30, 2021
Deferred income tax assets:		
Non-capital losses carried forward	\$ 673,405	\$ 362,321
Share issuance costs	86,830	111,551
Exploration and evaluation assets	1,046,640	194,092
Acquisition costs	3,801	3,800
Total unrecognized deferred income tax assets	\$ 1,810,676	\$ 671,764

Deferred tax assets have not been recognized as it is not probable that future taxable income will be available against which the Company can utilize the benefits from the deductible temporary differences and unused tax losses.

As at June 30, 2022, the Company has non-capital losses of \$2,494,093 which may be carried forward to apply against future years income tax for Canadian income tax purposes.

The non-capital losses expire as follows:

	Total
2039	\$ 25,527
2040	416,556
2041	1,038,042
2042	1,013,968
Total	\$ 2,494,093

8. RELATED PARTY TRANSACTIONS

The Company's related parties consist of the directors, executive officers and companies owned in whole or in part by them.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and senior officers.

During the years ended June 30, 2022 and 2021, the Company carried out the following transactions with key management personnel:

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8. RELATED PARTY TRANSACTIONS (CONTINUED)

	June 30, 2022	June 30, 2021
Consulting fees to the former CEO	\$ -	\$ 22,500
Consulting fees to the former CFO	\$ -	\$ 9,115
Management fees to the CEO	\$ 16,000	\$ -
Management fees to the CFO	\$ 1,750	\$ -
Share-based compensation (Note 6)	\$ 7,418	\$ 139,369
Exploration fees paid to a company controlled by the CEO	\$ -	\$ 73,798
Consulting fees paid to Directors	\$ 17,500	\$ 11,900
Proceeds from the former CEO as part of a private placement (Note 6)	\$ -	\$ 49,375
Proceeds from the Company's directors as part of an option exercise (Note 6)	\$ -	\$ 36,499

As at June 30, 2022, included in accounts payable and accrued liabilities are balances due to related parties of \$13,500 (2021 - \$62,688). The amounts owed are due on demand, unsecured and non-interest bearing.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value of financial instruments:

Fair values of financial instruments carried at fair value are calculated in accordance with the fair value hierarchy. 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 value of accounts payable and accrued liabilities approximates its carrying value due to the short-term maturity of this financial instrument.

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

June 30, 2022	Level 1	Level 2	Level 3	Total
Financial Instrument				
Cash	\$ 1,055,552	-	-	\$ 1,055,552

June 30, 2021	Level 1	Level 2	Level 3	Total
Financial Instrument				
Cash	\$ 2,189,630			\$ 2,189,630

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

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional and presentation 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 not considered to be material, nor has the Company seen a material change in this risk during the year ended June 30, 2022.

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 largely held in large Canadian deposit taking financial institutions. As a result, the Company believes it is not exposed to any material credit risk. There has been no material change to the Company's credit risk during the year ended June 30, 2022.

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 maintain bank accounts which earn interest at variable rates, and does not believe it is currently subject to any material interest rate risk. There has been no material change to the Company's interest rate risk during the year ended June 30, 2022.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities; the Company's accounts payable and accrued liabilities are all due within 12 months of June 30, 2022. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. The Company believes it has adequate cash at June 30, 2022 to reduce its risk. There has been no material change to the Company's liquidity risk during the year ended June 30, 2022.

10. 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. In the definition of capital, the Company includes, as disclosed on its consolidated statement of financial position: share capital in the amount of \$9,071,824, deficit in the amount of (\$8,249,919) and equity reserve in the amount of \$1,458,281. 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. There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

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11. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash financing and investing activities along with other cash flow information during the years ended June 30, 2022 and 2021 are as follows:

	June 30, 2022 \$	June 30, 2021 \$
Shares issued for acquisitions	1,000,000	-
Shares issued for services	-	28,500
Options cancelled (1)	351,983	57,298

(1) Represents the transfer of the fair value of options cancelled from equity reserve to deficit during the years ended June 30, 2022 and 2021.

The Company did not pay any amounts for interest or income tax during the years ended June 30, 2022 and 2021. The Company received cash for interest income of \$4,660 during the year ended June 30, 2022 (2021 - \$359).

12. SEGMENTED INFORMATION

The Company has one reportable segment, being mineral exploration activities, in two geographic locations being Canada and the United States.

The following table allocates total assets, liabilities, and comprehensive loss by geographic location:

June 30, 2022	Canada	United States	Total
Total assets	2,423,978	-	2,423,978
Total liabilities	163,792	-	163,792
Total loss	2,936,651	2,785,342	5,721,993

June 30, 2021	Canada	United States	Total
Total assets	4,277,158	2,279,154	6,556,312
Total liabilities	80,551	-	80,551
Total loss	1,252,045	695,948	1,947,993

13. SUBSEQUENT EVENTS

On July 5, 2022, the Company issued 300,000 common shares to the Optionors with a fair value of \$15,000 in satisfaction of the first share issuance due pursuant to the Option Agreement for the Black Lake Mineral Property (Note 5).

On July 20, 2022, the Company entered into a Share Purchase Agreement (“SPA”) and acquire 100% of Sustainable Li-Ion Research Inc. (“SLIR”). SLIR’s primary asset is a license agreement and sponsored research agreement in the field of recycling lithium-ion batteries.

Pursuant to the SPA, the Company issued 10,000,000 common shares to SLIR’s shareholders with a fair value of \$400,000 on July 22, 2022. SLIR does not meet the definition of a business in accordance with IFRS 3, and as a result, the acquisition is considered an asset acquisition.

13. SUBSEQUENT EVENTS (CONTINUED)

On September 19, 2022, the Company entered into a mineral option agreement (“Option Agreement”) to acquire up to 50% interest in a mining license from Ermazon SARL, a wholly owned subsidiary of Elcora Advanced Materials Corp. On execution of the Option Agreement, Gold Lion has acquired a 25% interest in the License by making a cash payment of \$75,000 (including any amounts previously paid by Gold Lion as a deposit) and by issuing 5,000,000 common shares of the Company with a fair value of \$275,000 on September 21, 2022. The shares were issued pursuant to available prospectus exemptions and will be subject to a hold period of four month and one day from the date of issuance pursuant to applicable securities laws. The Company has the option to: (1) acquire a further 15% interest in the License (for a total interest of 40%) by making a cash of payment of \$125,000 within five business days of receiving notice that Ermazon has secured the exploitation license of the manganese concession; and (2) acquire a further 10% interest in the License (for a total interest of 50%) by making an additional cash payment of \$50,000 within 15 business days of receiving notice of anticipated commencement of commercial production on the License.

Subsequent to year-end, 85,000 stock options with an exercise price of \$0.225 and 85,000 stock options with an exercise price of \$0.220 were cancelled without exercise.