



**NORTHERN LION
GOLD CORP.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

Notice of no Auditor review of Interim 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 the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the management.

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

NORTHERN LION GOLD CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars - unaudited)

	September 30, 2018	December 31, 2017
	\$	\$
ASSETS		
Current assets		
Cash	219,998	305,797
Marketable securities (Note 4)	-	65,877
Receivables (Note 5)	4,107	2,382
Prepaid expenses	4,966	2,153
Total current assets	229,071	376,209
Non-current assets		
Equipment (Note 7)	993	1,281
Exploration and evaluation assets (Note 6)	321,566	300,066
Total assets	551,630	677,556
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	11,898	32,678
Due to related parties (Note 8)	112,500	86,638
Total liabilities	124,398	119,316
Shareholders' equity		
Share capital (Note 9)	29,519,716	29,519,716
Reserves (Note 9)	191,906	191,906
Deficit	(29,284,390)	(29,153,382)
Total shareholders' equity	437,232	558,240
Total liabilities and shareholders' equity	551,630	677,556

Nature and continuance of operations (Note 1)

Approved and authorized by the Board on November 28, 2018

On behalf of the Board of Directors:

"Luke Norman"
Director

"Lyle Brown"
Director

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

NORTHERN LION GOLD CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars - unaudited)

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2018	2017	2018	2017
	\$	\$	\$	\$
OPERATING EXPENSES				
Depreciation (Note 7)	96	137	288	411
Filing and regulatory fees	2,983	2,041	13,562	11,826
Foreign exchange loss (gain)	743	554	(21)	(928)
Management fees (Note 8)	27,000	3,500	81,000	55,417
Office and general	2,060	3,575	7,089	9,088
Professional fees	26,599	4,082	62,283	43,381
	<u>(59,481)</u>	<u>(13,889)</u>	<u>(164,201)</u>	<u>(119,195)</u>
Gain (loss) on marketable securities (Note 4)	-	(4,880)	33,193	19,519
Loss on settlement of accounts payable (Note 9)	-	-	-	(233,303)
	<u>-</u>	<u>(4,880)</u>	<u>33,193</u>	<u>(213,784)</u>
Loss and comprehensive loss for the period	<u>(59,481)</u>	<u>(18,769)</u>	<u>(131,008)</u>	<u>(332,979)</u>
Basic and diluted loss per common share	<u>(0.01)</u>	<u>(0.00)</u>	<u>(0.02)</u>	<u>(0.04)</u>
Weighted average number of common shares outstanding	8,662,600	8,662,600	8,662,600	8,216,291

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

NORTHERN LION GOLD CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars - unaudited)

	For the nine months ended September 30,	
	2018	2017
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	(131,008)	(332,979)
Items not affecting cash:		
Depreciation	288	411
Gain on marketable securities	(33,193)	(19,519)
Loss on settlement of accounts payable	-	233,303
Changes in non-cash working capital items:		
Receivables	(1,725)	478
Prepaid expenses	(2,813)	(2,933)
Accounts payable and accrued liabilities	(20,780)	(51,640)
Due to related parties	35,862	(1,895)
	<u>(153,369)</u>	<u>(174,774)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets expenditure	(31,500)	(104,066)
Proceeds from marketable securities disposition	99,070	-
	<u>67,570</u>	<u>(104,066)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Share subscriptions receivable	-	82,500
Change in cash during the period	(85,799)	(196,340)
Cash, beginning of period	305,797	519,188
Cash, end of period	219,998	322,848
Non-cash transactions		
Shares for debt settlement	-	358,928
Shares issued for exploration and evaluation assets acquisition	-	196,000
Reclassification of expired stock options	-	12,655

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

NORTHERN LION GOLD CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars - unaudited)

	Number of Shares Outstanding	Share Capital \$	Share Subscriptions Receivable \$	Obligation to Issue Shares \$	Reserves \$	Deficit \$	Shareholders' Equity \$
Balance at December 31, 2016	6,481,184	28,611,150	(82,500)	353,638	204,561	(28,715,559)	371,290
Shares for settlement of accounts payable	1,781,416	712,566	-	(353,638)	-	-	358,928
Shares issued for cash	-	-	82,500	-	-	-	82,500
Shares issued for acquisition of exploration and evaluation assets	400,000	196,000	-	-	-	-	196,000
Stock options expired	-	-	-	-	(12,655)	12,655	-
Loss for the period	-	-	-	-	-	(332,979)	(332,979)
Balance at September 30, 2017	8,662,600	29,519,716	-	-	191,906	(29,035,883)	675,739
Loss for the period	-	-	-	-	-	(117,499)	(117,499)
Balance at December 31, 2017	8,662,600	29,519,716	-	-	191,906	(29,153,382)	558,240
Loss for the period	-	-	-	-	-	(131,008)	(131,008)
Balance at September 30, 2018	8,662,600	29,519,716	-	-	191,906	(29,284,390)	427,232

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

NORTHERN LION GOLD CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars - unaudited)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018

1. NATURE AND CONTINUANCE OF OPERATIONS

Northern Lion Gold Corp. (the "Company") was incorporated on November 19, 1980 under the Laws of British Columbia and is listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol "V.NL" and on the Frankfurt Stock Exchange under the symbol "N3E". The Company's registered and records office address is Suite 650, 1188 West Georgia Street, Vancouver, BC, V6E 4A2.

The Company is a mineral exploration company focused on acquiring, exploring and developing mineral properties in Canada.

At the date of the condensed interim consolidated financial statements, the Company has not identified a known body of commercial grade mineral on its property. The ability of the Company to realize the costs it has incurred to date on its property is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property.

These condensed interim consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, or other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing. These circumstances comprise a material uncertainty which may cast significant doubt as to the ability of the Company to continue as a going concern.

There can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in these financial statements.

The condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance and basis of presentation

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB").

This condensed interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual consolidated financial statements of the Company for the year ended December 31, 2017.

These condensed interim consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The condensed interim consolidated financial statements are presented in Canadian dollars unless otherwise noted.

NORTHERN LION GOLD CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars - unaudited)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Statement of compliance and basis of presentation - continued

The accounting policies applied in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2017, except for the following

Financial instruments

On January 1, 2018, the Company adopted IFRS 9 – Financial Instruments (“IFRS 9”) which replaced IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking ‘expected loss’ impairment model. IFRS 9 also includes significant changes to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018. The Company adopted the standard retrospectively. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities.

The following summarizes the significant changes in IFRS 9 compared to the current standard:

- IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. The change did not impact the carrying amounts of any of the Company's financial assets on the transition date. Prior periods were not restated and no material changes resulted from adopting this new standard.
- The adoption of the new “expected credit loss” impairment model under IFRS 9, as opposed to an incurred credit loss model under IAS 39, had no impact on the carrying amounts of our financial assets on the transition date given the Company transacts exclusively with large international financial institutions and other organizations with strong credit ratings.

Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiary. The financial statements of the subsidiary 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 and transactions, income and expenses have been eliminated upon consolidation.

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

The principal subsidiary of the Company as of September 30, 2018 is as follows:

Name of subsidiary	Principal Activity	Incorporation	Interest
Katla Exploration Ltd.	Mineral exploration	Republic of Cyprus	100%

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Foreign exchange

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and each of its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than Canadian dollars are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate 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 are included in profit or loss.

Significant accounting estimates and judgments

The preparation of the condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The condensed interim consolidated financial statements include estimates which, by their nature, are uncertain. The impact of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- Recoverability of exploration and evaluation assets: Management is required to assess impairment in respect of intangible exploration and evaluation assets. The triggering events are defined in IFRS 6. In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and some assets are likely to become impaired in future periods.

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Significant accounting estimates and judgments - continued

Critical accounting judgments

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- **Going concern of operations:** The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Company's ability to source future operations and continue as a going concern involves judgement. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption is not appropriate for the financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the statement of financial position classifications used (Note 1).
- **Determination of provisions for income taxes and the recognition of deferred income taxes:** In assessing the probability of realizing deferred tax assets, management makes estimates related to the expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that the tax position taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Financial instruments

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive.

The classification determines the method by which the financial assets are carried on the balance sheet subsequent to inception and how changes in value are recorded. Receivables is measured at amortized cost with subsequent impairments recognized in profit or loss and cash and marketable investment are classified as FVTPL.

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2. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the balance sheet subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities and carried on the balance sheet at amortized cost.

As at September 30, 2018, the Company does not have any derivative financial liabilities.

3. NEW OR REVISED ACCOUNTING STANDARDS NOT YET ADOPTED

New accounting standards issued but not yet effective

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the nine months ended September 30, 2018 and have not been applied in preparing these condensed interim consolidated financial statements. The new and revised standards are as follows:

- IFRS 16 – Leases: On January 13, 2016, the IASB issued the final version of IFRS 16 Leases. The new standard will replace IAS 17 Leases and is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applying IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less) and leases of low-value assets. The Company is evaluating the effect of this standard on the Company's condensed interim consolidated financial statements.
- IFRIC 23 – Uncertainty Over Income Tax Treatments: clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. It is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. The Company does not expect that the adoption of this standard will have a material effect on the Company's condensed interim consolidated financial statements.

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NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars - unaudited)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018

4. MARKETABLE SECURITIES

Marketable securities are comprised of the following:

	September 30, 2018		December 31, 2017	
	Fair value	Cost	Fair value	Cost
	\$	\$	\$	\$
New World Resource Corp. Nil common shares (December 31, 2017 487,976 common shares)	-	-	65,877	263,507

During the nine months ended September 30, 2018, the Company sold 487,976 common shares of New World Resource Corp. and recorded a gain of \$33,193 on its marketable securities.

5. RECEIVABLES

The Company's receivables arise from two main sources: goods and services tax and harmonized sales tax ("GST") receivable due from the Canadian taxation authorities and value added tax ("VAT") due from the Cypriot taxation authorities.

	September 30, 2018	December 31, 2017
	\$	\$
VAT receivable	2,810	1,605
GST receivable	1,297	777
	4,107	2,382

6. EXPLORATION AND EVALUATION ASSETS

In March 2017, the Company entered into an option agreement to acquire an undivided 100 % interest in certain mineral claims located in Kamloops, B.C. (the "Riverside Property"). Expenditures for the fiscal year related to exploration and evaluation assets are as follows:

	Riverside Property
	\$
Balance as at December 31, 2016	-
Property acquisition costs	216,000
<i>Exploration expenditures:</i>	
Assays	345
Geological	83,245
Travel	476
Balance as at December 31, 2017	300,066
Property acquisition costs	6,500
<i>Exploration expenditures:</i>	
Consulting	15,000
Balance as at September 30, 2018	321,566

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6. EXPLORATION AND EVALUATION ASSETS - continued

In order to exercise the option, the Company must:

- Pay \$70,000 cash to the optionor as follows: \$20,000 upon execution (paid); and an additional \$50,000 on or before March 9, 2018;
- Issue 400,000 common shares (issued) at a value of \$196,000 of the Company to the optionor;
- Incur exploration expenditures of \$75,000 (incurred) on the Riverside Property within six months following exchange acceptance, which expenditures constitute a binding obligation on the part of the Company.

In February 2018, the Company entered into an amendment agreement with the optionor to amend the payment terms of the \$50,000 payment originally due on March 9, 2018 as follows:

- \$6,500 payable immediately (paid);
- the remaining \$43,500 on or before March 9, 2019.

7. EQUIPMENT

	Computer equipment
Cost	\$
Balance, December 31, 2016, December 31, 2017 and September 30, 2018	36,897
Accumulated depreciation	
Balance, December 31, 2016	35,068
Depreciation for the year	548
Balance, December 31, 2017	35,616
Depreciation for the period	288
Balance, September 30, 2018	35,904
Carrying amounts	
As at December 31, 2017	1,281
As at September 30, 2018	993

8. RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and includes both executive and non-executive directors, and entities controlled by such persons. The Company considers all Directors and Officers of the Company to be key management personnel.

Summary of key management personnel compensation (includes officers and directors of the Company):

	For the nine months ended September 30,	
	2018	2017
	\$	\$
Management fees	81,000	54,917

Amounts owing to related parties (including key management personnel) total \$112,500 (December 31, 2017 - \$86,638).

NORTHERN LION GOLD CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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9. SHARE CAPITAL AND RESERVES

Common Shares

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

During the year ended December 31, 2017:

- (a) the Company entered into certain shares-for-debt agreements. Pursuant to the agreements, the Company issued 897,321 common shares to settle \$125,625 of debt relating to unpaid director and consulting fees and expenses and other payables. The Company issued the shares at a value of \$358,928, resulting in a loss on settlement of accounts payable of \$233,303.
- (b) the Company issued 400,000 common shares with a fair value of totaling \$196,000 to the optionor of the Riverside property (Note 6).

Stock Options

The Company has a Stock Option Plan whereby the maximum number of common shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant. The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSX-V). Options may be granted for a maximum term of ten years from the date of the grant, are non-transferable and expire within one year of termination of employment, consulting arrangement or holding office as a director or officer of the Company, are subject to vesting provisions as determined by the Board and, in the case of death, expire within one year thereafter. Upon death, the options may be exercised by legal representation or designated beneficiaries of the holder of the option.

During the year ended December 31, 2017, 7,813 incentive stock options expired unexercised, and accordingly \$12,655 was reversed from reserves to deficit.

Warrants

As at September 30, 2018, the following warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
5,000,000	\$0.20	December 30, 2021

10. LOSS PER SHARE

The calculation of basic and diluted loss per share for the nine months ended September 30, 2018 was based on the loss attributable to common shareholders of \$131,008 (September 30, 2017 – \$332,979) and a weighted average number of common shares outstanding of 8,662,600 (September 30, 2017 – 8,216,291).

Diluted loss per share did not include the effect of 5,000,000 (September 30, 2017 – 5,000,000) warrants as they are anti-dilutive.

11. MANAGEMENT OF CAPITAL

The Company's capital structure consists of items in equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and investments.

There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. 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 cash is based on level 1 inputs of the fair value hierarchy.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company has historically relied upon equity financings and related party loans to satisfy its capital requirements and will continue to depend heavily upon equity capital and possible loans to finance its activities. The Company manages liquidity risk through its capital management as outlined in Note 11 above. Accounts payable and accrued liabilities are due within one year.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term maturity.

Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash, marketable securities, and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

The majority of the Company's cash is held with major Canadian based financial institutions. Receivables mainly consist of refundable GST from the Government of Canada and VAT from the Cypriot tax authorities.

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12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

Currency Risk

The Company operates in Canada and the Republic of Cyprus and is therefore exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

The operating results and the financial position of the Company are reported in Canadian dollars. The fluctuations of the operating currencies in relation to the Canadian dollar will, consequently, have an impact upon the reporting results of the Company and may also affect the value of the Company's assets and liabilities.

The Company's cash, receivables, and accounts payable and accrued liabilities are held in several currencies and therefore are subject to fluctuations against the Canadian dollar. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

Commodity Price Risk

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

Financial Assets

The estimated fair value of financial assets is equal to their carrying values due to the short-term nature of these instruments. The Company's financial assets were held in the following currencies:

Stated in Canadian Dollars				
As at September 30, 2018				
Carrying Value	Canadian Dollar	US Dollar	European Euro	Total
Cash	196,949	(8)	23,057	219,998
Receivables	1,297	-	2,810	4,107

Stated in Canadian Dollars				
As at December 31, 2017				
Carrying Value	Canadian Dollar	US Dollar	European Euro	Total
Cash	256,902	11,312	37,583	305,797
Receivables	777	-	1,605	2,382
Marketable securities	65,877	-	-	65,877

NORTHERN LION GOLD CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars - unaudited)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

Financial Liabilities

The estimated fair value of financial liabilities is equal to their carrying values due to the short-term nature of these instruments. The Company's financial liabilities were held in the following currencies:

Stated in Canadian Dollars				
As at September 30, 2018				
Carrying Value	Canadian Dollar	US Dollar	European Euro	Total
Accounts payable	10,866	58	974	11,898
Due to related parties	112,500	-	-	112,500

Stated in Canadian Dollars				
As at December 31, 2017				
Carrying Value	Canadian Dollar	European Euro	Total	
Accounts payable	29,258	3,420	32,678	
Due to related parties	86,638	-	86,638	

13. SEGMENTED INFORMATION

The Company operates in one business segment, the exploration of mineral properties. Geographic information is as follows:

	Canada	Republic of Cyprus	Total
September 30, 2018	\$	\$	\$
Equipment	993	-	993
Exploration and evaluation assets	321,566	-	321,566
Other assets	203,204	25,867	229,071
Total assets	525,763	25,867	551,630

	Canada	Republic of Cyprus	Total
December 31, 2017	\$	\$	\$
Equipment	1,281	-	1,281
Exploration and evaluation assets	300,066	-	300,066
Other assets	337,021	39,188	376,209
Total assets	638,368	39,188	677,556