



**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE AND NINE MONTHS ENDED  
SEPTEMBER 30, 2020 AND 2019**

*(Expressed in Canadian dollars - Unaudited)*

### **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,<br>2020 | December 31,<br>2019 |
|---------------------------------------------------|-----------------------|----------------------|
|                                                   | \$                    | \$                   |
| <b>ASSETS</b>                                     |                       |                      |
| <b>Current assets</b>                             |                       |                      |
| Cash                                              | 40,554                | 72,071               |
| Receivables (Note 3)                              | 5,852                 | 5,769                |
| Prepaid expenses                                  | 5,057                 | 2,020                |
| <b>Total current assets</b>                       | <b>51,463</b>         | 79,860               |
| <b>Non-current assets</b>                         |                       |                      |
| Exploration and evaluation assets (Note 4)        | 331,566               | 328,066              |
| Equipment (Note 5)                                | 486                   | 627                  |
| <b>Total assets</b>                               | <b>383,515</b>        | 408,553              |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       |                       |                      |
| <b>Current liabilities</b>                        |                       |                      |
| Accounts payable and accrued liabilities          | 60,038                | 40,999               |
| Due to related parties (Note 6)                   | 292,500               | 225,000              |
| <b>Total liabilities</b>                          | <b>352,538</b>        | 265,999              |
| <b>Shareholders' equity</b>                       |                       |                      |
| Share capital (Note 7)                            | 29,523,716            | 29,519,716           |
| Reserves (Note 7)                                 | 191,906               | 191,906              |
| Deficit                                           | (29,684,645)          | (29,569,068)         |
| <b>Total shareholders' equity</b>                 | <b>30,977</b>         | 142,554              |
| <b>Total liabilities and shareholders' equity</b> | <b>383,515</b>        | 408,553              |

Nature and continuance of operations (Note 1)

Approved and authorized by the Board on November 20, 2020

On behalf of the Board of Directors:

\_\_\_\_\_  
"Luke Norman"  
Director

\_\_\_\_\_  
"Richard Silas"  
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<br>September 30, |                  | For the nine months ended<br>September 30, |                  |
|-----------------------------------------------------------------|---------------------------------------------|------------------|--------------------------------------------|------------------|
|                                                                 | 2020                                        | 2019             | 2020                                       | 2019             |
|                                                                 | \$                                          | \$               | \$                                         | \$               |
| <b>OPERATING EXPENSES</b>                                       |                                             |                  |                                            |                  |
| Depreciation (Note 5)                                           | 47                                          | 68               | 141                                        | 202              |
| Filing and regulatory fees                                      | 5,603                                       | 2,648            | 12,947                                     | 9,087            |
| Foreign exchange loss (gain)                                    | (117)                                       | 277              | (393)                                      | 1,180            |
| Management fees (Note 6)                                        | 22,500                                      | 26,415           | 67,500                                     | 80,415           |
| Office and general                                              | 1,832                                       | 1,801            | 5,899                                      | 15,648           |
| Professional fees                                               | 3,680                                       | 10,492           | 29,483                                     | 27,345           |
| <b>Loss and comprehensive loss<br/>for the period</b>           | <b>(33,545)</b>                             | <b>(41,701)</b>  | <b>(115,577)</b>                           | <b>(133,877)</b> |
| <b>Basic and diluted loss per<br/>common share (Note 8)</b>     | <b>(0.00)</b>                               | <b>(0.00)</b>    | <b>(0.01)</b>                              | <b>(0.02)</b>    |
| <b>Weighted average number of<br/>common shares outstanding</b> | <b>8,679,339</b>                            | <b>8,662,600</b> | <b>8,668,220</b>                           | <b>8,662,600</b> |

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<br>September 30, |                 |
|------------------------------------------------|--------------------------------------------|-----------------|
|                                                | 2020                                       | 2019            |
|                                                | \$                                         | \$              |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>    |                                            |                 |
| Loss for the period                            | (115,577)                                  | (13,876)        |
| Item not affecting cash:                       |                                            |                 |
| Depreciation                                   | 141                                        | 202             |
| Changes in non-cash working capital items:     |                                            |                 |
| Receivables                                    | (83)                                       | (882)           |
| Prepaid expenses                               | (3,037)                                    | (2,575)         |
| Accounts payable and accrued liabilities       | 19,039                                     | (6,799)         |
| Due to related parties                         | 67,500                                     | 68,075          |
|                                                | <u>(32,017)</u>                            | <u>(75,856)</u> |
| <b>CASH FLOWS USED IN INVESTING ACTIVITIES</b> |                                            |                 |
| Exploration and evaluation assets expenditure  | <u>(3,500)</u>                             | <u>(6,500)</u>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>    |                                            |                 |
| Warrants exercised                             | <u>4,000</u>                               | <u>-</u>        |
| <b>Change in cash during the period</b>        | <b>(31,517)</b>                            | <b>(82,356)</b> |
| <b>Cash, beginning of period</b>               | <b>72,071</b>                              | <b>175,321</b>  |
| <b>Cash, end of period</b>                     | <b>40,554</b>                              | <b>92,965</b>   |

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 SHAREHOLDERS' EQUITY**  
(Expressed in Canadian Dollars - unaudited)

|                                      | Number of<br>Shares<br>Outstanding | Share Capital<br>\$ | Reserves<br>\$ | Deficit<br>\$       | Shareholders'<br>Equity<br>\$ |
|--------------------------------------|------------------------------------|---------------------|----------------|---------------------|-------------------------------|
| <b>Balance at December 31, 2018</b>  | <b>8,662,600</b>                   | <b>29,519,716</b>   | <b>191,906</b> | <b>(29,371,828)</b> | <b>339,794</b>                |
| Loss for the period                  | -                                  | -                   | -              | (133,877)           | (133,877)                     |
| <b>Balance at September 30, 2019</b> | <b>8,662,600</b>                   | <b>29,519,716</b>   | <b>191,906</b> | <b>(29,505,705)</b> | <b>205,917</b>                |
| Loss for the period                  | -                                  | -                   | -              | (63,363)            | (63,363)                      |
| <b>Balance at December 31, 2019</b>  | <b>8,662,600</b>                   | <b>29,519,716</b>   | <b>191,906</b> | <b>(29,569,068)</b> | <b>142,554</b>                |
| Warrants exercised                   | 20,000                             | 4,000               | -              | -                   | 4,000                         |
| Loss for the period                  | -                                  | -                   | -              | (115,577)           | (115,577)                     |
| <b>Balance at September 30, 2020</b> | <b>8,682,600</b>                   | <b>29,523,716</b>   | <b>191,906</b> | <b>(29,684,645)</b> | <b>30,977</b>                 |

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

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**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, 2020**

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**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 "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.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, customers, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses, including the Company's. This outbreak could decrease spending, adversely affect and harm our business and results of operations. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

**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").

## **2. SIGNIFICANT ACCOUNTING POLICIES - continued**

### **Statement of compliance and basis of presentation - continued**

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 years ended December 31, 2019 and 2018.

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.

### **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, 2020 is as follows:

| <b>Name of subsidiary</b> | <b>Principal Activity</b> | <b>Incorporation</b> | <b>Interest</b> |
|---------------------------|---------------------------|----------------------|-----------------|
| Katla Exploration Ltd.    | Mineral exploration       | Republic of Cyprus   | 100%            |

### **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 its subsidiary 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.

## **2. SIGNIFICANT ACCOUNTING POLICIES - continued**

### **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.

#### *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.

**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, 2020**

**3. 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.

|                | <b>September 30, 2020</b> | <b>December 31, 2019</b> |
|----------------|---------------------------|--------------------------|
|                | <b>\$</b>                 | <b>\$</b>                |
| VAT receivable | <b>5,365</b>              | 5,005                    |
| GST receivable | <b>487</b>                | 764                      |
|                | <b>5,852</b>              | 5,769                    |

**4. 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 related to exploration and evaluation assets are as follows:

|                                         | <b>Riverside<br/>Property</b> |
|-----------------------------------------|-------------------------------|
|                                         | <b>\$</b>                     |
| <b>Balance as at December 31, 2018</b>  | <b>321,566</b>                |
| Property acquisition costs              | 6,500                         |
| <b>Balance as at December 31, 2019</b>  | <b>328,066</b>                |
| Property acquisition costs              | 3,500                         |
| <b>Balance as at September 30, 2020</b> | <b>331,566</b>                |

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, March 2019, and March 2020, the Company entered into amendment agreements with the optionor to amend the payment terms of the \$50,000 payment originally due on March 9, 2018 as follows:

- \$6,500 payable on February 27, 2018 (paid);
- \$6,500 payable on April 5, 2019 (paid);
- \$3,500 payable on March 5, 2020 (paid);
- the remaining \$33,500 on or before March 4, 2021.

**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, 2020**

**5. EQUIPMENT**

|                                                                | <b>Computer<br/>equipment</b> |
|----------------------------------------------------------------|-------------------------------|
|                                                                | \$                            |
| <b>Cost</b>                                                    |                               |
| Balance, December 31, 2018 and 2019, and<br>September 30, 2020 | 36,897                        |
| <b>Accumulated depreciation</b>                                |                               |
| Balance, December 31, 2018                                     | 36,001                        |
| Depreciation for the year                                      | 269                           |
| Balance, December 31, 2019                                     | 36,270                        |
| Depreciation for the period                                    | 141                           |
| Balance, September 30, 2020                                    | 36,411                        |
| <b>Carrying amounts</b>                                        |                               |
| As at December 31, 2019                                        | 627                           |
| As at September 30, 2020                                       | 486                           |

**6. 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):

|                 | <b>For the nine months ended September 30,</b> |             |
|-----------------|------------------------------------------------|-------------|
|                 | <b>2020</b>                                    | <b>2019</b> |
|                 | \$                                             | \$          |
| Management fees | 67,500                                         | 80,415      |

As at September 30, 2020, amounts owing to related parties (including key management personnel) total \$292,500 (December 31, 2019 - \$225,000).

**7. SHARE CAPITAL AND RESERVES**

**Authorized Share Capital**

The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

**Issued Shares**

*During the nine months ended September 30, 2020:*

The Company issued 20,000 common shares in connection with the exercise of 20,000 warrants with an exercise price of \$0.20 for total proceeds of \$4,000.

There was no share issuance during the year ended December 31, 2019.

**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, 2020**

**7. SHARE CAPITAL AND RESERVES - continued**

**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.

As at September 30, 2020, there are no stock options outstanding.

**Warrants**

A summary of warrant activity is as follows:

|                                           | <b>Number of<br/>warrants</b> | <b>Weighted average<br/>exercise price</b> |
|-------------------------------------------|-------------------------------|--------------------------------------------|
|                                           |                               | <b>\$</b>                                  |
| Outstanding at December 31, 2018 and 2019 | 5,000,000                     | 0.20                                       |
| Exercised                                 | (20,000)                      | 0.20                                       |
| Outstanding at September 30, 2020         | <u>4,980,000</u>              | 0.20                                       |

As at September 30, 2020, the following warrants were outstanding:

| <b>Number of<br/>Warrants</b> | <b>Exercise Price</b> | <b>Expiry Date</b> |
|-------------------------------|-----------------------|--------------------|
| 4,980,000                     | \$0.20                | December 30, 2021  |

**8. LOSS PER SHARE**

The calculation of basic and diluted loss per share for the nine months ended September 30, 2020 was based on the loss attributable to common shareholders of \$115,577 (September 30, 2019 – \$133,877) and a weighted average number of common shares outstanding of 8,668,220 (September 30, 2019 – 8,662,600).

Diluted loss per share did not include the effect of 4,980,000 (September 30, 2019 – 5,000,000) warrants as they are anti-dilutive.

**9. 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.

**10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

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**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, 2020**

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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 are 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 9. Accounts payable and accrued liabilities are due within one year.

**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 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.

**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.

**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.

**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, 2020**

**10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued**

**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, 2020   |                 |           |               |        |
| Carrying Value             | Canadian Dollar | US Dollar | European Euro | Total  |
| Cash                       | 29,386          | (8)       | 11,176        | 40,554 |
| Receivables                | 487             | -         | 5,365         | 5,852  |

| Stated in Canadian Dollars |                 |           |               |        |
|----------------------------|-----------------|-----------|---------------|--------|
| As at December 31, 2019    |                 |           |               |        |
| Carrying Value             | Canadian Dollar | US Dollar | European Euro | Total  |
| Cash                       | 60,387          | (12)      | 11,696        | 72,071 |
| Receivables                | 764             | -         | 5,005         | 5,769  |

**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, 2020   |                 |               |         |
| Carrying Value             | Canadian Dollar | European Euro | Total   |
| Accounts payable           | 48,699          | 11,339        | 60,038  |
| Due to related parties     | 292,500         | -             | 292,500 |

| Stated in Canadian Dollars |                 |               |         |
|----------------------------|-----------------|---------------|---------|
| As at December 31, 2019    |                 |               |         |
| Carrying Value             | Canadian Dollar | European Euro | Total   |
| Accounts payable           | 30,421          | 10,578        | 40,999  |
| Due to related parties     | 225,000         | -             | 225,000 |

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**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, 2020**

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**11. SEGMENTED INFORMATION**

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

|                                   | <b>Canada</b> | <b>Republic<br/>of Cyprus</b> | <b>Total</b> |
|-----------------------------------|---------------|-------------------------------|--------------|
| September 30, 2020                | \$            | \$                            | \$           |
| Equipment                         | 486           | -                             | 486          |
| Exploration and evaluation assets | 331,566       | -                             | 331,566      |
| Other assets                      | 34,921        | 16,542                        | 51,463       |
| Total assets                      | 366,973       | 16,542                        | 383,515      |

  

|                                   | <b>Canada</b> | <b>Republic<br/>of Cyprus</b> | <b>Total</b> |
|-----------------------------------|---------------|-------------------------------|--------------|
| December 31, 2019                 | \$            | \$                            | \$           |
| Equipment                         | 627           | -                             | 627          |
| Exploration and evaluation assets | 328,066       | -                             | 328,066      |
| Other assets                      | 63,159        | 16,701                        | 79,860       |
| Total assets                      | 391,852       | 16,701                        | 408,553      |