



**NORTHERN LION  
GOLD CORP.**

**MANAGEMENT DISCUSSION AND ANALYSIS**

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021**

## MANAGEMENT DISCUSSION AND ANALYSIS

The purpose of this Management Discussion and Analysis (“**MD&A**”) is to explain management’s point of view regarding the past performance and future outlook of Northern Lion Gold Corp. (“**Northern Lion**” or the “**Company**”). This report also provides information to improve the reader’s understanding of the financial statements and related notes as well as important trends and risks affecting the Company’s financial performance, and should therefore be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements and notes for the three and nine months ended September 30, 2021 and 2020 (the “**Financial Statements**”) and the audited consolidated financial statements and the related notes for the years ended December 31, 2020 and 2019.

All information contained in this MD&A is current as of November 29, 2021 (the “**Report Date**”) unless otherwise stated.

The Financial Statements and related notes of the Company and all financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board (“**IASB**”) and all dollar amounts are expressed in Canadian dollars unless otherwise indicated. Additional information on the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). See “Other MD&A Requirements” below.

## FORWARD LOOKING STATEMENTS

Certain statements contained in this MD&A may constitute “forward-looking statements” as the term is defined in applicable securities laws. The forward-looking information includes, without limitation, the success of exploration activities and other similar statements concerning anticipated future events, conditions or results that are not historical facts. These statements reflect management’s current estimates, beliefs, intentions and expectations; they are not guarantees of future performance. The Company cautions that all forward-looking information is inherently uncertain and that actual performance may be affected by a number of material factors, many of which are beyond the Company’s control. Such factors include, among others, risks and uncertainties relating to exploration and development; risks arising as a result of the Company operating in Cyprus; the ability of the Company to obtain additional financing; the Company’s limited operating history; the need to comply with environmental and governmental regulations; potential defects in title to the Company’s properties; fluctuations in currency exchange rates; fluctuating prices of commodities; operating hazards and risks; competition; and other risks and uncertainties. Accordingly, actual future events, conditions and results may differ materially from the estimates, beliefs, intentions and expectations expressed or implied in the forward-looking information. All statements are made as of the Report Date and, except as required by law, the Company is under no obligation to update or alter any forward-looking information.

## OVERVIEW AND OVERALL PERFORMANCE

Northern Lion is a Canadian mineral exploration company focused on the acquisition and exploration of gold-bearing mineral resource properties in Canada. The Company is a reporting issuer in Alberta and British Columbia and trades on the TSX Venture Exchange under the symbol “NL” and the Frankfurt Exchange under the symbol “N3E”. The Company has no revenues, thus its ability to ensure continuing operations is depended on its ability to obtain necessary financing to complete the acquisition and development of potential exploration and evaluation assets.

In March 2021, the Company entered into an amendment agreement with the Riverside Property’s optionor to amend the payment terms of the \$33,500 payment originally due on March 4, 2021 as follows:

- \$3,500 payable on March 4, 2021 (paid);
- the remaining \$30,000 on or before March 4, 2022.

## EXPLORATION AND EVALUATION ASSETS

For the nine months ended September 30, 2021, the Company incurred exploration and evaluation expenditures of \$3,500 as compared to \$3,500 in the comparative period for 2020 as follows:

	<b>Riverside Property</b>
	\$
<b>For the nine months ended September 30, 2021</b>	
Property acquisition costs	3,500
<b>Total</b>	<b>3,500</b>
<b>For the nine months ended September 30, 2020</b>	
Property acquisition costs	3,500
<b>Total</b>	<b>3,500</b>

The total cumulative acquisition and deferred exploration costs of the Company to September 30, 2021 are summarized as follows:

	<b>Riverside Property</b>
	\$
<b>Balance as at December 31, 2019</b>	<b>328,066</b>
Property acquisition costs	3,500
<b>Balance as at December 31, 2020</b>	<b>331,566</b>
Property acquisition costs	3,500
<b>Balance as at September 30, 2021</b>	<b>335,066</b>

### ***Riverside Property***

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**").

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.

From February 2018 to March 2021, the Company entered into several 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);
- \$3,500 payable on March 4, 2021 (paid);
- the remaining \$30,000 on or before March 4, 2022.

In connection with this agreement, the Company engaged a private company controlled by the optionor and incurred the required exploration expenditures.

The Riverside Property consists of three non-surveyed contiguous mineral claims totaling 491.60 hectares located on NTS maps centered at Latitude 50° 40' 0" Longitude -119° 59' 34". The claims are located within the Kamloops Mining Division of British Columbia. The Riverside Property is located 20 kilometers east of city of Kamloops, British Columbia, and overlooks Monte Creek on the South Thompson River.

The Company did not perform any exploration activities at the Riverside Property during fiscal year 2020 and the first quarter of 2021. For a description of the Riverside Property including previous exploration by the Company and others as well as the next phase of exploration work recommended in the NI 43-101 Technical Report on the Riverside Property dated March 24, 2017 prepared by Derrick Strickland, P.Geo., please refer to the Company's Management Discussion and Analysis dated November 29, 2017 for the third quarter of 2017, a copy of which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## SUMMARY OF QUARTERLY RESULTS

The following table sets out selected quarterly financial information derived from the Company's Financial Statements, for each of the eight recently completed quarters. The financial information has been reported in accordance with IFRS. This requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the deferral and valuation of exploration expenditures. Actual results may differ from these estimates.

<b>Period</b>	<b>Operating expenses</b>	<b>Loss for the period</b>	<b>Net loss per share, basic and fully diluted</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
September 30, 2021	(70,886)	(70,886)	(0.01)
June 30, 2021	(31,423)	(31,423)	(0.00)
March 31, 2021	(35,457)	(35,457)	(0.00)
December 31, 2020	(61,130)	(61,130)	(0.01)
September 30, 2020	(33,545)	(33,545)	(0.00)
June 30, 2020	(51,651)	(51,651)	(0.01)
March 31, 2020	(30,381)	(30,381)	(0.00)
December 31, 2019	(63,363)	(63,363)	(0.01)

The Company's future financial success will be dependent upon the ability to obtain necessary financing to complete the development of reserves or the discovery and development of a body of commercial ore. Such discovery and development may take years, if at all, to complete and the amount of resulting income, if any, is impossible to determine.

These amounts fluctuate from quarter to quarter and year to year depending on its outstanding cash balance. The Company has not yet earned revenue from any of its mineral properties. If a property is determined to have limited exploration potential the property is abandoned and expenditures are written off to operations.

## RESULTS OF OPERATIONS

### During the three months ended September 30, 2021 and September 30, 2020

The Company had a net loss of \$70,886 for the three months ended September 30, 2021 compared to a net loss of \$33,545 for the three months ended September 30, 2020. The change was due to the following:

- Operating expenses increased by \$37,341 primarily due to an increase in legal fees of \$18,128 and an increase in management fees of \$22,500.

### During the nine months ended September 30, 2021 and September 30, 2020

The Company had a net loss of \$137,766 for the nine months ended September 30, 2021 compared to a net loss of \$115,577 for the nine months ended September 30, 2020. The change was primarily due to the following:

- Operating expenses increased by \$22,189 primarily due to an increase in management fees of \$22,500.

### LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2021, the Company had working capital deficit of \$503,325 (December 31, 2020 - \$362,158) and a cash position of \$17,976 (December 31, 2020 - \$33,076). The decrease in the working capital of \$141,167 was primarily due to the Company's operating activities and related party transactions.

	September 30, 2021	December 31, 2020
	\$	\$
Cash	17,976	33,076
Receivables	307	140
Prepaid expenses	5,427	2,207
Total current assets	23,710	35,423
Accounts payable and accrued liabilities	76,143	82,581
Due to related parties	450,892	315,000
Working capital deficiency	<u>(503,325)</u>	<u>(362,158)</u>

The Company does not currently have any revenue generating assets or operations. The Company will require additional financial resources to explore, quantify and develop its mineral properties. The continued operations of the Company and the recoverability of the amounts reported for resource property interests is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete exploration and development programs, and upon future profitable production.

### CAPITAL RESOURCES

The discovery, development and acquisition of mineral properties are in many instances unpredictable events. Future metal prices, the success of exploration programs and other property transactions can have a significant impact on capital requirements. The Company does not expect to receive any income from any of its properties within the foreseeable future. Should the Company decide to further develop any of its properties, the Company may fund its capital requirements by arranging further financings via private placements or other financial instruments deemed appropriate.

### TRANSACTIONS WITH RELATED PARTIES

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.

The Company entered into the following transactions with related parties during the nine months ended September 30, 2021:

- a) Incurred management fees of \$67,500 (September 30, 2020 - \$67,500) to a company controlled by Luke Norman, Chief Executive Officer and director of the Company. As at September 30, 2021, \$432,500 (December 31, 2020 - \$315,000) was included in due to related parties for management fees.
- b) As at September 30, 2021, \$4,108 (December 31, 2020 - \$nil) was included in due to related parties for amounts owing from a company controlled by Luke Norman, Chief Executive Officer and director of the Company.
- c) Incurred management fees of \$22,500 (September 30, 2020 - \$nil) to a company controlled by Richard Silas, Chief Financial Officer and director of the Company. As at September 30, 2021, \$22,500 (December 31, 2020 - \$nil) was included in due to related parties for management fees.

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

	<b>For the nine months ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
	\$	\$
Management fees	90,000	67,500

#### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements.

#### **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 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. 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.

### 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.

### Financial Assets

The estimated fair values of financial assets approximate 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, 2021				
Carrying Value	Canadian Dollar	US Dollar	European Euro	Total
Cash	11,316	(8)	6,668	17,976
Receivables	307	-	-	307
Stated in Canadian Dollars				
As at December 31, 2020				
Carrying Value	Canadian Dollar	US Dollar	European Euro	Total
Cash	23,391	(8)	9,693	33,076
Receivables	140	-	-	140

## Financial Liabilities

The estimated fair values of financial liabilities approximate 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, 2021				
Carrying Value	Canadian Dollar	US Dollar	European Euro	Total
Accounts payable	37,587	-	38,556	76,143
Due to related parties	450,892	-	-	450,892

Stated in Canadian Dollars				
As at December 31, 2020				
Carrying Value	Canadian Dollar	US Dollar	European Euro	Total
Accounts payable	62,255	49	20,277	82,581
Due to related parties	315,000	-	-	315,000

## RISK AND UNCERTAINTIES

The risks and uncertainties described in this section are considered by management to be the most important in the context of the Company's business. The risks and uncertainties below are not inclusive of all the risks and uncertainties the Company may be subject to and other risks may apply.

### Dependence on Management

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

### Competition and Agreements with Other Parties

The mining industry is intensely competitive in all its phases, and the Company competes with other companies that have greater financial resources and technical capacity. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future. The Company may, in the future, be unable to meet its share of costs incurred under such agreements to which it is a party and it may have its interest in the properties subject to such agreements reduced as a result.

### Early Stage

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks including under-capitalization, cash shortages, and limitations with respect to personnel, financial and other resources and the lack of revenue. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

The Company currently has no source of revenue and expects to obtain financing in the future primarily through further equity and/or debt financing, as well as possibly through joint venturing and/or optioning out the Company's properties to qualified mineral exploration companies. While it has been successful in obtaining financing in the past, there is no guarantee that the Company will be successful now, or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operations and eventually to forfeit or sell its interest in its mineral properties.

## **Exploration and Development**

Mineral exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits, but also from finding mineral deposits that, though present, are of insufficient size and/or grade to return a profit from production.

The Company does not have any operating mines at present. All the Company's properties are in the exploration stage only, without a known body of commercial bodies of ore. There is no assurance that a commercially viable mineral deposit exists on any of the Company's properties and substantial additional work will be required in order to determine the presence of any such deposit.

Upon discovery of a mineralized occurrence, several stages of exploration and assessment are required before its economic viability can be determined. Development of the subject mineral properties would follow only if favorable results are determined at each stage of assessment. Few precious and base metal deposits are ultimately developed into producing mines.

There is no assurance that the Company's mineral exploration activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors.

## **Operating Hazards and Risks**

Mining operations involve many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. In the course of exploration, development and production of mineral properties, certain risks, and in particular unexpected or unusual geological operating conditions, including rock bursts, cave-ins, fires, flooding and earthquakes, may occur. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of mineral deposits, any of which could result in damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damages.

## **Metal Prices**

The mining industry, in general, is intensely competitive and there is no assurance that a profitable market will exist for the sale of metals produced even if commercial quantities of precious and/or base metals are discovered. Factors beyond the control of the Company may affect the marketability of metals discovered. Pricing is affected by numerous factors beyond the Company's control, such as international economic and political trends, global or regional consumption and demand patterns, increased production and smelter availability. There is no assurance that the price of metals recovered from any mineral deposit will be such that they can be mined at a profit.

## **Global Financial Conditions**

Recent global financial conditions have been characterized by increased volatility and access to public financing, has been negatively impacted. These conditions may affect the Company's ability to obtain equity or debt financing in the future on terms favorable to the Company or at all. If these increased levels of volatility continue, the Company's operations and the trading price of the common shares could be adversely affected.

## Environmental Regulations, Permits and Licenses

The Company's operations are subject to various laws and regulations governing the protection of the environment, exploration, development, production, taxes, labour standards, occupational health, waste disposal, safety and other matters. Environmental legislation may provide restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact statements. Environmental legislation is evolving in a direction of stricter standards and enforcement, and higher fines and penalties for noncompliance.

Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

## CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the 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 statement and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The 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 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.

- *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.
- *Uncertainty of COVID-19 pandemic:* In March 2020, the World Health Organization declared 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.

## MANAGEMENT OF CAPITAL

The Company's capital structure consists of items in equity (deficiency). 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 nine months ended September 30, 2021. The Company is not subject to externally imposed capital requirements.

## DISCLOSURE OF DATA FOR OUTSTANDING COMMON SHARES, STOCK OPTIONS, AND WARRANTS

The following table summarizes the outstanding common shares and warrants of the Company:

	As at September 30, 2021	Report Date
Common shares	8,682,600	8,682,600
Warrants	4,980,000	4,980,000

As at the Report Date, details of the outstanding warrants are as follows:

Outstanding Warrants		
Number of Warrants	Exercise Price	Expiry Date
4,980,000	\$ 0.20	December 30, 2021

As at the Report Date, there were no stock options outstanding.

## **OTHER MD&A REQUIREMENTS**

Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com) including, but not limited to:

- the Company's audited consolidated financial statements for the years ended December 31, 2020 and 2019;
- the Company's condensed interim consolidated financial statements for the three and nine months ended September 30, 2021 and 2020.

This MD&A has been approved by the Board effective November 29, 2021.