

LIONS BAY CAPITAL INC.

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

For the Three Months Ended August 31, 2021

**(In Canadian Dollars)
(Unaudited – Prepared by Management)**

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim 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 financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim consolidated financial statements.

LIONS BAY CAPITAL INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
Expressed in Canadian Dollars

	Notes	August 31, 2021	May 31, 2021
ASSETS			
Current			
Cash		\$ 194,854	\$ 182,329
Prepays and other receivables		12,669	51,485
Investments	7	9,477,911	11,456,240
Derivative financial instrument	6	1,557,350	1,186,148
		11,242,784	12,876,202
Loan receivable	4	528,087	-
Exploration project	5	31,818	-
TOTAL ASSETS		\$ 11,802,689	\$ 12,876,202
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Trade and other payables		\$ 93,034	\$ 73,750
Borrowings	8	828,652	514,195
Taxes payable		208,805	128,829
		1,130,491	716,774
Deferred tax liability		921,842	1,145,995
Borrowings	8	81,955	-
TOTAL LIABILITIES		2,134,288	1,862,769
Shareholders' Equity			
Share capital	9	7,142,504	7,142,504
Share based payment reserves	10	472,557	472,557
Warrant reserves	10	772,971	660,894
Foreign currency translation reserves		(3,083)	9,601
Retained earnings (deficit)		1,283,452	2,727,877
Total shareholders' equity		9,668,401	11,013,433
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 11,802,689	\$ 12,876,202

Note 1 – Nature of operations and going concern

Note 17 – Subsequent events

On behalf of the Board of Directors

“John Byrne”
 Director

“Ross MacLachlan”
 Director

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

LIONS BAY CAPITAL INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND
COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)
Expressed in Canadian Dollars

For the three months ended 31 August	2021 \$	2020 \$
NET REALISED AND UNREALISED GAIN/(LOSS)		
Net realized gain/(loss) on disposal of marketable securities	301,458	-
Net change in unrealized gain/(loss) on marketable securities (note 7)	(1,782,565)	1,609,299
Unrealized fair value gain on derivative financial instrument (note 6)	125,693	534,570
OTHER INCOME		
Interest and other income	11,027	11,029
Finance expense – accretion	(58,568)	-
Expenses		
Professional fees	(42,540)	(38,700)
Directors fees	(65,875)	(36,000)
Travel expenses	-	(490)
Financing costs	(26,584)	(23,853)
Forex variance	(40,204)	75,626
General and administrative	(1,003)	(14,210)
Total expenses	(139,079)	(37,627)
Profit/(loss) before tax	(1,579,161)	2,117,271
Current income tax (expense)/recovery	(81,394)	-
Deferred income tax (expense)/recovery	216,130	-
Profit/(loss) after tax	(1,444,425)	2,117,271
Other comprehensive income/(loss) net of tax	(12,684)	554
Net income/(loss) and total comprehensive income	1,457,109	2,117,825
Profit/(loss) per common share		
- Basic	(\$0.01)	\$0.02
- Diluted	(\$0.01)	\$0.02
Weighted average number of common shares		
- Basic	135,056,963	97,304,478
- Diluted	135,056,963	97,304,478

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

LIONS BAY CAPITAL INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited – Prepared by Management)

Expressed in Canadian Dollars

	Issued Common Shares		Foreign currency translation reserves	Share based payment reserves	Warrant reserves	Retained earnings (deficit)	Total Equity
	Number	Share capital					
		\$	\$	\$	\$	\$	\$
BALANCE, MAY 31, 2021	135,056,963	7,142,504	9,601	472,557	660,894	2,727,877	11,013,433
Cumulative translation adjustment	-	-	(12,684)	-	-	-	(12,684)
Warrants issued – transaction costs	-	-	-	-	112,077	-	112,077
Net income for the year	-	-	-	-	-	(1,444,425)	(1,444,425)
BALANCE, AUGUST 31, 2021	135,056,963	7,142,504	(3,083)	472,557	772,971	1,283,452	9,668,401

	Issued Common Shares		Foreign currency translation reserves	Share based payment reserves	Warrant Reserves	Accumulated deficit	Total Equity
	Number	Amount Received					
		\$	\$	\$	\$		\$
BALANCE, MAY 31, 2020	97,304,473	5,216,492	(2,630)	472,557	38,497	(3,406,149)	2,318,767
Cumulative translation adjustment	-	-	554	-	-	-	554
Net loss and comprehensive loss for the year	-	-	-	-	-	2,117,271	2,117,271
BALANCE, AUGUST 31, 2020	97,304,473	5,216,492	(2,076)	472,557	38,497	(1,288,878)	4,436,592

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

LIONS BAY CAPITAL INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
Expressed in Canadian Dollars

For the three months ended 31 August	2021 \$	2020 \$
Operating Activities		
Net Profit/(loss) after tax	(1,444,425)	2,117,271
Deduct/add Non-Cash & Other Items:		
Net realized (gain) on disposal of investments	(301,458)	-
Change in unrealized (gain) on investments	1,782,565	(1,609,299)
Unrealized fair value gain on derivative financial instrument	(125,693)	(534,570)
Exchange variation	51,214	(79,138)
Finance costs	26,584	23,853
Accretion	58,568	-
Deferred tax expense/(recovery)	(216,130)	-
Income tax expense/(recovery)	81,394	-
Changes in Non-Cash Working Capital:		
(Increase)/decrease in receivable	(12,609)	(9,504)
(Increase)/decrease in trade and other payable	18,431	27,680
Proceeds from disposal of marketable securities	349,997	-
Purchase of investments	(136,550)	(250,000)
Cash Flows From (Used In) Operating Activities	131,888	(313,707)
Financing Activities		
Proceed from loan	438,223	336,196
Repayment of loan	-	(6,673)
Cash Flows From (Used In) Financing Activities	438,223	329,523
Investing Activities		
Loan receivable	(513,815)	-
Exploration asset	(31,818)	-
Cash Flows From (Used In) Financing Activities	(545,633)	-
Net increase/(decrease) in cash	24,478	15,816
Effect of foreign exchange on cash	(11,952)	-
Cash - Beginning of period	182,329	6,670
Cash - End of period	194,855	22,486

Supplemental cash flow information (note 14)

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

LIONS BAY CAPITAL INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED AUGUST 31, 2021 (in Canadian dollars)

(Unaudited – Prepared by Management)

1. Nature of Operations and Going Concern

Lions Bay Capital Inc. (the “Company”) was formed as a Capital Pool Company in 2010 and completed its Qualifying Transaction on November 14, 2017 with Pan Andean Capital Pty Limited (“Pan Andean”). Pan Andean was established as an investment holding company and commenced its current business operations in October 2014.

The Company’s primary objective is to increase shareholder value through the identification of, and investment in, securities of primarily publicly listed and/or private corporations offering capital appreciation potential. Investments will be acquired and held for short-term gains or long-term capital appreciation, dependent upon the specific investment.

The principal place of business is Suite 1201-1166 Alberni Street, Vancouver, BC, V6E 3Z3

At August 31, 2021, the Company had working capital of \$10,112,293 which includes investments with a fair market value of \$9,477,911 and cash of \$194,854.

The Company’s ability to continue as a going concern is dependent upon the Company’s ability to generate returns from its investments or obtaining investor financing to meet its on-going levels of corporate overhead and investment objectives. These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge liabilities in the normal course of business. In the past, the Company has been successful in obtaining financing, although there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in these consolidated financial statements. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

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, economies, and financial markets globally, potentially leading to an economic downturn. 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. Basis of Presentation

Reporting and basis of measurement

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB have been condensed or omitted and these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended May 31, 2021.

LIONS BAY CAPITAL INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED AUGUST 31, 2021 (in Canadian dollars)

(Unaudited – Prepared by Management)

The Company's management makes judgments in its process of applying the Company's accounting policies in the preparation of its unaudited interim condensed consolidated financial statements. In addition, the preparation of the financial data requires that the Company's management make assumptions and estimates of the effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The critical judgments and estimates applied in the preparation of the Company's unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended May 31, 2021. In addition the accounting policies applied in these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended May 31, 2021.

The Company's interim results are not necessarily indicative of its results for a full year.

These unaudited condensed consolidated interim financial statements were approved by the Board of Directors on October 29, 2021.

3. Summary of Significant Accounting Policies

Critical accounting estimates and judgments

The preparation of the Company's consolidated financial statements in accordance with IFRS requires management to make estimates and exercise judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Key areas of estimation where management has made complex or subjective judgments include:

(i) Determination of investment entity

The preparation of the financial statements requires management to make significant judgments and assumptions in determining how the Company meets the definition of an investment entity as previously discussed in Note 1. Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at FVTPL in accordance with IFRS 9 rather than to consolidate them. An investment entity is an entity that meets all of the following criteria:

- a) An entity that obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
 - o The Company's main source of financing since inception had been via funds

LIONS BAY CAPITAL INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED AUGUST 31, 2021 *(in Canadian dollars)*

(Unaudited – Prepared by Management)

received from investors.

- o Through ownership of the Company's shares, these investors are provided with investment management services through their right to investment returns via the performance of the Company's investments.

b) An entity that commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- o The Company has communicated to investors via corporate documents that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both.

c) An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

- o Substantially all of the Company's investment portfolio has been carried at fair value since inception.

Based on the analysis above, management has concluded that the Company meets the definition of an investment entity as all of the criteria are met. This will be reassessed on a continuous basis, in case any of the criteria or characteristics change.

(ii) Fair value of derivative financial instruments and investments

Derivative financial instruments are initially measured at fair value using the black-scholes valuation method and the subsequently remeasured at fair value with changes in fair value recognized in the statement of operations and comprehensive loss (note 5). The Company's investments are initially measured at fair value and subsequently remeasured at fair value with changes in fair value recognized in the statement of operations and comprehensive loss (note 6).

(iii) Income tax

The group is subject to income taxes in the jurisdiction in which it operates. Significant judgment is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on the group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which determination is made.

(iv) Share-based payment transactions

Under IFRS 2 Share Based Payments, the Company must recognise the fair value of shares granted to directors, employees and consultants as remuneration as an expense on a pro-rata basis over the vesting period in profit or loss with a corresponding adjustment to equity.

LIONS BAY CAPITAL INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED AUGUST 31, 2021 (in Canadian dollars)

(Unaudited – Prepared by Management)

The Company provides benefits to employees (including directors) of the Company in the form of share based payment transactions, whereby employees render services in exchange for shares of rights over shares (“equity-settled transactions”).

Estimating fair value of share-based payment transactions requires determination of the most appropriate valuations model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Company uses the black-scholes model for the options.

4. Loan Receivable

On June 16, 2021, the Company entered into a loan and option agreement with Salamander Mining International Ltd. (“Salamander”).

Under the terms of the agreement the Company will:

- Loan Salamander USD \$1 million over the next four months secured by a first charge over its assets;
- Receive interest of 15% on the outstanding balance.
- The loan will be repaid on a monthly basis from the free cash flow from the Joyce tailings project commencing five months from the loan initiation with total term of the loan being 18 months;
- Receive a raising fee entitling the Company to 25% of the free cash flow of the Joyce tailings project in Zimbabwe;
- Be granted a 9-month option to acquire 100% of Salamander in return for the issuance of 100 million the Company’s common shares;
- Be mandated to secure a public listing of Salamander on an appropriate recognized international stock exchange; and
- Receive a 12-month option to acquire 20% of Salamander for \$2 million.

As at August 31, 2021, the Company has advanced \$528,087 (USD \$410,000) under the terms of the loan. During the period ended August 31, 2021, the Company has recorded interest income of \$11,027 (2020: \$nil). The 9-month option to acquire 100% and 12-month option to acquire 20% of Salamander have been allocated a fair value of \$nil based on the uncertainty of executing these transactions.

LIONS BAY CAPITAL INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2021 (in Canadian dollars)***(Unaudited – Prepared by Management)***5. Exploration Property**

On August 23, 2021, the Company entered into an option agreement, which if exercised, enables the Company to enter into a joint venture (“JV”) on rare earth exploration licenses in Western Victoria, Australia which are held by Savic Pty Ltd. (“Savic”). Under the terms of the option agreement, the Company will pay an option fee of AUD \$200,000 (CAD \$183,000) (paid subsequent to year end) to enable it to carry out a 4-month evaluation of the area. At the end of the option period the Company has the right to enter a JV agreement under which it can earn a 50% interest in the Savic areas by spending AUD \$5.0 million (CAD \$4.57 million) over 3 years. At the end of the 4-month period, Savic will have the right to put 100% of the areas to the Company in return for 50 million common shares of the Company. This right can only be put if the Company’s share price has averaged more than \$0.25 for the previous five trading days.

During the period ended August 31, 2021, the Company has capitalized \$31,818 (May 31, 2021: \$nil) related to the exploration activities of the project.

6. Derivative Financial Instrument

The table below provides a summary of the Company’s derivatives, consisting of warrants of FMN, Elementos Ltd. (“ELT”) and Partly Paid Parkway Corporate Limited.

ELT Warrants

Issuance/Purchase Date	Exercise Price \$	Number of warrants exercisable	Expiry date
April 30, 2021	0.015	17,500,000	April 30, 2022
July 21, 2021	0.015	5,000,000	July 21, 2022
		May 31, 2021	May 31, 2021
Expected warrant life		1.0 years	1.0 years
Expected stock price volatility		160%	167%
Dividend payment during life of warrant		Nil	Nil
Risk free interest rate		0.02%	0.07%
Weighted average strike price	\$	0.015	\$ 0.015
Weighted average fair value per warrant	\$	0.011	\$ 0.016
Weighted average share price	\$	0.018	\$ 0.02

LIONS BAY CAPITAL INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2021 (in Canadian dollars)***(Unaudited – Prepared by Management)***Parkway Corporate Warrants**

Issuance/Purchase Date	Exercise Price \$	Number of warrants exercisable	Expiry date
-	0.019	54,534,252	July 28, 2024

During the period ended August 31, 2021, the Partly Paid Parkway Corporate Limited options were no longer quoted and therefore have become a derivative asset and \$199,979 has been reclassified to derivative assets.

	May 31, 2021	May 31, 2021
Expected warrant life	3 years	-
Expected stock price volatility	146%	-
Dividend payment during life of warrant	Nil	-
Risk free interest rate	0.15%	-
Weighted average strike price	\$ 0.019	\$ -
Weighted average fair value per warrant	\$ 0.011	\$ -
Weighted average share price	\$ 0.014	\$ -

FMN Warrants

Issuance/Purchase Date	Exercise Price \$	Number of warrants exercisable	Expiry date
December 19, 2019	0.06	1,800,000	December 19, 2021
June 3, 2020	0.05	4,000,000	December 17, 2021
April 30, 2021	0.05	1,600,000	December 17, 2021
August 10, 2020	0.07	5,015,583	August 10, 2022
April 16, 2021	0.15	1,056,000	April 16, 2023

	May 31, 2021	May 31, 2021
Expected warrant life	0.84 years	0.95 years
Expected stock price volatility	141%	141%
Dividend payment during life of warrant	Nil	Nil
Risk free interest rate	0.19%	0.19%
Weighted average strike price	\$ 0.04	\$ 0.04
Weighted average fair value per warrant	\$ 0.03	\$ 0.04
Weighted average share price	\$ 0.05	\$ 0.06

LIONS BAY CAPITAL INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2021 (in Canadian dollars)***(Unaudited – Prepared by Management)*

	Number of warrants	Weighted average exercise price	Derivative
Balance, May 31, 2020	2,246,000	0.10	34,631
FMN Warrants Expired	(446,000)	0.30	-
FMN Warrants acquired (note 6)	4,000,000	0.05	62,230
FMN Warrants acquired (note 6)	1,056,000	0.15	94,498
FMN Warrants acquired (note 6)	5,015,583	0.07	230,819
FMN Warrants acquired *	1,600,000	0.05	80,000
ELT Warrants acquired (note 6)	17,500,000	0.015	209,200
Change in fair value	-	-	474,770
Balance, May 31, 2021	30,971,583	0.03	1,186,148
ELT Warrants acquired (note 6)	5,000,000	0.015	45,530
Partly Paid Parkway Corporate Limited	54,534,252	0.019	199,979
Change in fair value	-	-	125,693
Balance, August 31, 2021	30,971,583	0.03	1,557,350

* These warrants were purchased privately from an individual for a cash payment of \$80,000.

During the period ended August 31, 2021, the Company has a total gain on derivatives of \$125,693 (2020 – gain of \$179,302).

LIONS BAY CAPITAL INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2021 (in Canadian dollars)***(Unaudited – Prepared by Management)***7. Schedule of investments**

The table below provides a summary of the Company's public listed investments:

	May 31, 2021 Fair value	Acquired	Disposed	Gain/(Loss)	CTA	August 31, 2021 Fair Value
Kalina Power Ltd (i)	\$ 1,092,121	\$ 19,950	\$ -	\$ (194,246)	\$ (7,133)	\$ 910,692
Fidelity Minerals Corp(ii)	2,932,715	81,391	-	(878,159)	-	2,135,947
Eurotin Inc	200,001	-	-	-	-	200,001
Elementos Ltd (iii)	3,808,551	43,104	(312,885)	(347,278)	(31,106)	3,160,386
Parkway Corporate Limited (iv)	2,096,407	-	(37,112)	94,158	(52,033)	2,101,420
Partly Paid Parkway Corporate Limited (iv)	199,979	-	(199,979)	-	-	-
South Harz Potash	900,003	-	-	(66,015)	-	833,988
Kalina Power Ltd. – warrants (i)	26,055	-	-	(7,649)	-	18,406
Meryllion Resources Corp. (v)	86,250	-	-	(26,250)	-	60,000
First AU Lid - listed options (vi)	114,158	-	-	(55,667)	(1,420)	57,071
Total	\$ 11,456,240	\$ 144,445	\$ (549,976)	\$ (1,481,107)	\$ (91,692)	\$ 9,477,911

The Company recognized a realized gain of \$301,458 upon the disposal of Elementos and Parkway shares for proceeds of \$349,997.

	May 31, 2020 Fair value	Acquired	Disposed	Gain/(Loss)	CTA	May 31, 2021 Fair Value
Kalina Power Ltd (i)	\$ 606,182	\$ 708,005	\$ (385,017)	\$ 164,568	\$ (1,617)	\$ 1,092,121
Fidelity Minerals Corp(ii)	271,477	771,243	-	1,889,995	-	2,932,715
Eurotin Inc	200,001	-	-	-	-	200,001
Elementos Ltd (iii)	430,218	344,750	-	3,041,121	(7,538)	3,808,551
Parkway Corporate Limited (iv)	1,426,782	144,081	(455,068)	993,445	(12,833)	2,096,407
Partly Paid Parkway Corporate Limited (iv)	149,079	-	-	52,205	(1,305)	199,979
South Harz Potash	365,765	-	-	534,238	-	900,003
Kalina Power Ltd. – warrants (i)	-	11,400	-	14,655	-	26,055
Meryllion Resources Corp. (v)	-	48,750	-	37,500	-	86,250
First AU Lid - listed options (vi)	-	95,730	-	19,146	(718)	114,158
Total	\$ 3,449,504	\$ 2,123,959	\$ (840,085)	\$ 6,746,873	\$ (24,011)	\$ 11,456,240

LIONS BAY CAPITAL INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2021 (in Canadian dollars)***(Unaudited – Prepared by Management)*

	Cost	Fair Value	Cost	Fair Value
	August 31	August 31	May 31	May 31
	2021	2021	2021	2021
	\$	\$	\$	\$
Kalina Power Ltd (i)	1,245,352	910,692	1,171,860	1,092,121
Fidelity Minerals Corp (ii)	3,145,565	2,135,947	3,064,174	2,932,715
Eurotin Inc	115,000	200,001	115,000	200,001
Elementos Ltd (iii)	1,257,446	3,160,386	1,282,783	3,808,551
Parkway Corporate Limited (iv)	551,075	2,101,420	551,075	2,096,407
Partly Paid Parkway Corporate Limited (iv)	-	-	42,963	199,979
South Harz Potash Ltd. (iv)	463,379	833,988	463,379	900,003
Kalina Power Ltd. – warrants (i)	11,400	18,406	11,400	26,055
Meryllion Resources Corp. (v)	48,750	60,000	48,750	86,250
First AU Lid - listed options (vi)	95,730	57,071	95,730	114,158
Total	6,893,697	9,477,911	6,847,114	11,456,240

- (i) During the period ended August 31, 2021, the Company purchased from the public markets 550,000 shares at a cost of \$19,950.

During the year ended May 31, 2021, the Company participated in a private placement for a total of \$47,460 for total shares of 2,000,000. The Company also bought from the public markets 14,200,000 shares at a cost of \$671,945. As part of the private placement the Company received 2,000,000 warrants fair valued at \$11,400 netted in the cost of the investment. These warrants are quoted and traded on an exchange. The Company also sold 10,000,000 shares for proceeds of \$476,017.

- (ii) During the period ended August 31, 2021, the Company purchased from the public markets 260,500 shares at a cost of \$29,966 and 420,000 shares at a cost of \$51,425 which was in prepaids as at May 31, 2021.

During the year ended May 31, 2021, the Company participated in private placements for a total of \$532,935 for total shares of 10,071,583. The Company also bought from the public markets 5,326,000 shares at a cost of \$625,855. As part of the private placement the Company received 10,071,583 warrants fair valued at \$387,547 netted in the cost of the investment (note 6). The fair value of the warrants received were calculated using the Black-Scholes option pricing model with the following weighted average assumptions: 0.29% risk free interest rate, expected life of 1.8 years, 174% annualized volatility and 0% dividend rate.

- (iii) During the period ended August 31, 2021, the Company participated in private placements for a total of \$92,780 for total shares of 10,000,000. As part of the private placement the Company received 5,000,000 warrants fair valued at \$45,530 netted in the cost of the investment (note 6). The fair value of the warrants received were calculated

LIONS BAY CAPITAL INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED AUGUST 31, 2021 (in Canadian dollars)

(Unaudited – Prepared by Management)

using the Black-Scholes option pricing model with the following weighted average assumptions: 0.02% risk free interest rate, expected life of 1 years, 160% annualized volatility and 0% dividend rate. The Company also sold 20,000,000 shares for proceeds of \$312,855.

During the year ended May 31, 2021, the Company participated in private placements for a total of \$338,138 for total shares of 35,000,000. The Company also bought from the public markets 15,000,000 shares at a cost of \$215,812. As part of the private placement the Company received 17,500,000 warrants fair valued at \$209,200 netted in the cost of the investment (note 6). The fair value of the warrants received were calculated using the Black-Scholes option pricing model with the following weighted average assumptions: 0.07% risk free interest rate, expected life of 1 years, 183% annualized volatility and 0% dividend rate.

- (iv) During the period ended August 31, 2021, the Company sold 8,000,000 common shares for proceeds of \$37,112. The Partly Paid Parkway Corporate Limited options were no longer quoted and therefore have become a derivative assets and \$199,979 has been reclassified to derivative assets.

During the year ended May 31, 2021, the Company purchased 10,000,000 shares of PWN from the public markets at a cost of \$144,081 and sold 58,094,414 shares for proceeds of \$1,388,284.

- (v) During the year ended May 31, 2021, the Company participated in a private placement for a total of \$48,750 for total shares of 750,000.
- (vi) During the year ended May 31, 2021, the Company purchased listed options for a total of \$95,730 for total shares of 20,000,000.

As at August 31, 2021 the Company's investments consisted of the following:

- 1) Parkway Corporate Limited ("Formerly "Parkway Minerals Ltd") - listed on the ASX (PWN). The Company owns 157,000,000 (May 31, 2021 – 175,000,000) which represents 7.58% (May 31, 2021 – 10.20%) of the outstanding common shares of Parkway Corporate Limited valued at \$2,101,420 (May 31, 2021 - \$2,096,407).
- 2) Kalina Power Ltd - listed on the ASX (KPO). The Company owns 31,508,900 (May 31, 2021 – 29,458,900) which represents 2.76% (May 31, 2021 – 3.60%) of the outstanding common shares of Kalina Power Ltd. valued at \$910,692 (May 31, 2021 - \$1,092,121). The Company also holds 2,000,000 Kalina Power Ltd. Warrants (May 31, 2021 – 2,000,000) exercisable at AUD \$0.044 expiring August 27, 2022, valued at \$18,406 (May 31, 2021 - \$26,055) using the free-trading market price of the warrants. Kalina is considered a related party by virtue of a common director.

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- 3) Elementos Ltd. - listed on the ASX (ELT). The Company owns 192,912,569 (May 31, 2021 – 202,912,569) which represents 5.00% (May 31, 2021 – 5.26%) of the outstanding common shares of Elementos Ltd. valued at \$3,160,386 (May 31, 2021 - \$3,808,551).
- 4) South Harz Potash (Formerly “Davenport Resources Ltd”) - listed on the ASX (SHP). The Company owns 10,150,000 (May 31, 2021 – 10,150,000) which represents 2.40% (May 31, 2021 – 2.40%) of the outstanding common shares of South Harz Potash Ltd. valued at \$833,988 (May 31, 2021 - \$900,003).
- 5) Fidelity Minerals Corp - listed on the TSXV (FMN). The Company owns 25,127,311 (May 31, 2021 – 24,446,812) which represents 40.72% (May 31, 2021 – 40.72%) of the outstanding common shares of FMN valued at \$2,135,947 (May 31, 2021 - \$2,932,715). FMN is considered a related party by virtue of a common officer and director.
- 6) Eurotin Inc. - listed on the TSXV (TIN). The Company owns 13,333,334 (May 31, 2021 – 13,333,334) which represents 12.49% (May 31, 2021 – 12.49%) of the outstanding common shares of Eurotin Inc. valued at \$200,001 (May 31, 2021 - \$200,001).
- 7) Meryllion Resources Corp. - listed on the CSE (MYR). The Company owns 750,000 (May 31, 2021 – 750,000) which represents 3.6% (May 31, 2021 – 3.6%) of the outstanding common shares of Meryllion Resources Corp. valued at \$60,000 (May 31, 2021 - \$86,250).
- 8) First AU Limited – The Company holds 20,000,000 (May 31, 2021 – 20,000,000) warrants of First AU Limited which are exercisable at AUD \$0.02 expiring July 1, 2023, valued at \$57,071 (May 31, 2021 - \$114,158) using the free-trading market price of the warrants.

8. Borrowings - current

	May 31, 2021	Draw	Interest	Repayment	Trans Costs	Amort	FX	August 31, 2021
Riverfort 1 – secured (i)	\$ 454,778	-	18,833	-	-	44,373	19,522	537,505
Riverfort 2 – secured (i)	-	310,013	6,358	-	(116,559)	13,351	8,034	221,197
Riverfort 3 – secured (i)	-	128,210	452	-	(40,598)	844	3,351	92,258
Borrowings – related party (iii)	59,417	-	883	-	-	-	(655)	59,647
Total	\$ 514,195	\$ 438,223	\$ 26,526	\$ -	\$(157,157)	\$58,568	\$30,252	\$910,607
Classified as current								\$828,652
Classified as long-term								\$81,955

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	May 31, 2020	Draw	Interest	Repayment	Trans Costs	Amort	FX	May 31, 2021
Borrowings – secured (i)	\$ 289,091	\$ -	\$ 59,065	\$ (320,685)	\$ -	\$ -	\$ (27,471)	\$ -
Riverfort 1 – secured (i)	-	624,910	8,354	-	(176,047)	19,293	(21,732)	454,778
Borrowings – unsecured (ii)	147,816	-	2,235	(150,051)	-	-	-	-
Borrowings – related party (iii)	63,151	435,763	14,067	(454,862)	-	-	1,298	59,417
Total	\$ 500,058	\$ 1,060,673	\$ 83,721	\$ (925,598)	\$(176,047)	\$19,293	\$(47,905)	\$514,195

- (i) On July 1, 2019, the Company borrowed USD \$200,000 at an interest rate of 12% per annum. USD \$36,383 was used to repay the previous loan outstanding and USD \$21,500 was paid in transaction costs. The loan had a repayment schedule of USD \$100,000 on November 30, 2019 and December 31, 2019. The loan was secured by a guarantee from the Company's wholly owned subsidiary, Pan Andean and a pledge by Pan Andean of certain of the investments held by Pan Andean. On December 12, 2019, the Company entered into an agreement to extend the maturity date of the facility where USD \$11,046 was paid upon execution and monthly interest of USD \$5,000 would be paid monthly January to June in addition to principal payments of USD \$100,000 to be paid on May 31, 2020 and June 30, 2020. There was no gain or loss realized upon modification of the borrowing. In addition, 2,358,000 warrants were issued at an exercise price of \$0.05 expiring July 9, 2020 pursuant to modifying the loan. The fair value of \$38,497 was recorded as borrowing costs. The fair value of the warrants issued was calculated using the Black-Scholes option pricing model with the following weighted average assumptions: 1.41% risk free interest rate, expected life of 1 years, 150% annualized volatility and 0% dividend rate. On June 16, 2020, the loan was further extended with principal repayments of USD \$100,000 now due on November 30, 2020 and December 31, 2020. During the year ended May 31, 2021, this loan was repaid.

Riverfort 1

On April 22, 2021, the Company drew down USD \$500,000 from the Riverfort facility. The advance has a 12-month term, bears interest at 12% per annum and is subject to an implementation fee of USD \$35,000 and USD \$10,000 in other transaction costs for total transaction costs of \$58,150. The advance is secured by a guarantee from the Company and its wholly owned subsidiary, Pan Andean Capital Pty Ltd. ("Pan Andean") and a pledge by Pan Andean of certain of the investments held by Pan Andean. As part of the draw down, the Company issued 2,560,991 warrants exercisable at \$0.11 for a period of 12 months. The fair of \$117,897 was recorded as reduction of the loan and will be amortized over the term of the loan. The fair value of the warrants received were calculated using the Black-

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Scholes option pricing model with the following weighted average assumptions: 0.31% risk free interest rate, expected life of 1 years, 162% annualized volatility and 0% dividend rate.

Riverfort 2

On June 30, 2021, the Company amended the secured loan facility (“Loan Facility”) with Riverfort Global Capital Ltd. on behalf of Riverfort Global Opportunities PCC Ltd. (the “Lender”). The Loan Facility has amended the previously announced secured facility and amended on July 4, 2019 to increase the Loan Facility to USD \$2.0 million. Concurrent with the amendment the Company has arranged for the advancement of USD \$250,000 (received) for a total of USD \$750,000 advanced on the Loan Facility. As part of the new advance, the Company issued 1,438,686 warrants exercisable at \$0.095 for a period of 18 months to the Lender. The fair of \$81,274 was recorded as reduction of the loan and will be amortized over the term of the loan. The fair value of the warrants received were calculated using the Black-Scholes option pricing model with the following weighted average assumptions: 0.44% risk free interest rate, expected life of 1.5 years, 148% annualized volatility and 0% dividend rate.

The additional advance has an 18-month term, with 70% of the advance payable in 12 months with 5% of the advance payable monthly in each of the last 6 months. The additional advance bears interest at 12% per annum and is subject to an implementation fee of 7%.

Riverfort 3

On August 20, 2021, the Company drew down an additional USD \$100,000 on the Riverfort facility and issued 592,939 warrants exercisable at \$0.095 for a period of 18 months to the Lender. The fair of \$30,803 was recorded as reduction of the loan and will be amortized over the term of the loan. The fair value of the warrants received were calculated using the Black-Scholes option pricing model with the following weighted average assumptions: 0.45% risk free interest rate, expected life of 1.5 years, 147% annualized volatility and 0% dividend rate.

The additional advance has an 18-month term, with 70% of the advance payable in 12 months with 5% of the advance payable monthly in each of the last 6 months. The additional advance bears interest at 12% per annum and is subject to an implementation fee of 7%.

- (ii) Interest payable at 8% per annum (2021 - 8%) and was due on demand. During the year ended May 31, 2021 the amount was settled in a shares for debt transaction (note 9 (b)).
- (iii) Interest payable at 10% per annum and is due on demand During the year ended May 31, 2021 the amount was settled in a shares for debt transaction (note 9 (b)).

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9. Share Capital

a) Authorized:

Unlimited number of common shares, without par value.

As at August 31, 2021 the Company has 135,056,963 common shares issued and outstanding.

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

No preferred shares have been issued since the Company's inception.

b) On November 17, 2020, the Company closed a shares for debt transaction and issued 18,955,347 common shares at a fair value of \$1,137,371 to settle debt of \$947,767 recording a loss of \$189,604. Of this, 15,955,348 common shares were issued to settle \$797,767 of related party debt.

c) On December 22, 2020, the Company issued 18,797,143 units at \$0.07 per unit for gross proceeds of \$1,315,800. Each unit consists of one common share and one transferable share purchase warrant with each warrant exercisable into an additional common share at \$0.085 per share for a period of 18 months. The fair value of the warrants issued was calculated as \$0.03 per warrant and was determined using the relative fair value method on the date of the issuance using the Black-Scholes option pricing model with the following weighted average assumptions: 0.22% risk free interest rate, expected life of 1.5 years, 154% annualized volatility and 0% dividend rate. The value of the share was determined to be \$0.04. The share purchase warrant's relative fair value of \$504,500 was allocated to the warrant and recorded in reserves. The Company incurred share issuance costs of \$22,659 related to the financing.

10. Stock Options and Warrants

The Company has established a stock option plan for its directors, officers and consultants under which the Company may grant options from time to time to acquire a maximum of 10% of the common shares issued and outstanding. Options may be granted for a maximum term of ten years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as director or officer of the Company 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. Unless otherwise stated, the options fully vest when granted.

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A summary of the status of stock and warrant option activity under Company's Stock Option Plan and changes to outstanding and exercisable stock and warrant options during the year is presented below:

	August 31, 2021		May 31, 2021	
	Number of options	Exercise price \$	Number of options	Exercise price \$
Options outstanding beginning of the year	5,015,000	0.06	5,015,000	0.06
Options cancelled	(5,015,000)	0.06	(5,015,000)	0.06
Options outstanding	-	-	-	-
	Number of warrants	Exercise price \$	Number of warrants	Exercise price \$
Warrants outstanding, beginning of the year	21,358,054	0.09	2,358,000	0.05
Warrants granted	2,031,625	0.09	21,358,054	0.09
Warrants expired	-	-	(2,358,000)	0.05
Warrants outstanding	23,389,759	0.09	21,358,054	0.09

The following table summarizes stock options and warrants currently outstanding and exercisable:

Number of warrants outstanding	Exercise Price \$	Number of warrants exercisable	Weighted average remaining life (years)	Expiry date
2,560,991	0.11	2,560,991	0.64	April 22, 2022
18,797,143	0.085	18,797,143	0.81	June 22, 2022
1,438,686	0.095	1,438,686	1.33	December 28, 2022
592,939	0.095	592,939	1.47	February 18, 2023

11. Capital Management

The Company's objectives in managing capital are to maintain a capital structure that allows the Company to meet its growth objectives and build long-term shareholder value, while satisfying its financial obligations and meeting its working capital needs.

The Company's capital consists of shareholder's equity. The Company's management is responsible for the management of capital. The Company's Board of Directors is responsible for reviewing and approving the Company's capital policy and management.

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The Company continued to prudently manage its liquidity and capital and, where desirable deleverage its statement of financial position.

The Company does not have any externally imposed capital requirements.

12. Fair value measurement

The following tables summarize the valuation of the Company's financial assets and liabilities reported at fair value by the fair value hierarchy levels:

As at August 31, 2021	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Investments	9,477,911	-	-	9,477,911
Derivative financial instrument	-	-	1,557,350	1,557,350
	9,477,911	-	1,557,350	11,035,261

As at May 31, 2021	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Investments	11,456,240	-	-	11,456,240
Derivative financial instrument	-	-	1,186,148	1,186,148
	11,456,240	-	1,186,148	12,642,388

Transfers between levels of the fair value hierarchy are deemed to have occurred at the date of the event or change in circumstance that caused the transfer. There were no transfers between the various levels of the fair value hierarchy for the period ended August 31, 2021 and May 31, 2021.

Risk Associated with Financial Instruments

The Company's business activities expose to a variety of financial risks: market risk (which includes interest rate risk, currency risk, and price risk), credit risk and liquidity risk. The following is a description of these risks and how they are managed.

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Market risk

Market risk is defined for these purposes as the risk that the fair value or future cash flows of a financial instrument held by the Company will fluctuate because of changes in market prices. Market risk includes the risk of changes in the interest rates, currency exchange rates and changes in market prices due to factors other than interest rates or currency exchange rates, such changes in equity prices, commodity prices or credit spreads.

Interest rate risk

The observable impacts on the fair values and future cash flows of financial instruments that can be directly attributable to interest rate risk include change in net income from financial instruments whose cash flows are determined with reference to floating interest rates and changes in value of financial instruments whose cash flows are fixed in nature.

As at August 31, 2021, if interest rates were higher by 1% per annum, the potential effect to the Company would a decrease in net income of approximately \$9,106 (May 31, 2021: \$5,142). If interest rates were lower by 1% per annum, the potential effect would increase in net income of approximately \$9,106 (May 31, 2021: \$5,142).

Currency risk

Changes in currency rates will impact the carrying value of instruments denominated in currencies other than the Canadian dollar. As at August 31, 2021, the Company is primarily exposed to foreign exchange risk through Australian dollar denominated investments of \$7,173,666 (May 31, 2021: \$8,261,287), which represent approximately 75.7% (May 31, 2021: 72.1%) of total investments. The Company does not currently hedge its foreign currency exposure. If the Canadian dollar strengthened or weakened by 5% in relation to the foreign currencies, the investments would decrease or increase in value by approximately \$358,683 respectively (May 31, 2021: \$413,064).

Price risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. The Company's investments are susceptible to price risk arising from uncertainties about their future values. If the fair value for these financial assets were to increase or decrease by 10%, the Company would incur an associated increase or decrease in net gain of approximately \$947,791 (May 31, 2021: \$1,145,624).

The fair value of the Company's investments are determined as follows:

Listed securities

The fair value of securities traded on active markets are based on quoted market prices at the close of trading on the reporting date. The Company uses the last traded market price where the last trade price falls within the bid-ask spread. In circumstances where the last

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traded price is not within the bid-ask spread, the Company determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The fair value of securities that are subject to trading restrictions are recorded at a value that takes into account the length and nature of the restrictions.

Unlisted securities

For investments that are not publicly traded, subsequent to initial recognition, the fair value of these investments is determined by the Company using the most appropriate valuation methodology in light of the nature, facts and circumstances of the investment and its materiality in the context of the total investment portfolio.

For unlisted equity instruments:

- Investments are valued at cost for a limited period after the date of acquisition, if the purchase price remains representative of the fair value at the reporting date; otherwise, investments are valued using one of the other methodologies detailed below.
- Investments in which there has been recent or in-progress funding round involving significant financing from external investors are valued at the price of the recent funding, whereby the various shareholder categories rights are taken into account in the valuation. The price is adjusted, where appropriate, if an external investor is motivated by strategic considerations.
- Investments in which there has been a recent financing round involving only existing investor participating proportionally to their existing investment are examined as to whether specific conditions exist that could reduce the reliability of this financing round as an indication of real value. An internal financing with investors at a lower price than the valuation at the previous reporting date may indicated a decrease in value and is taken into consideration.
- Investments that have achieved an exit after the valuation date but before finalization of the financial statements are valued based on the exit valuation, if the exit valuation was reasonably evident at the measurement date.
- Investment in which there has been a recent private secondary market trade of meaningful volume and the transaction is undertaken by sophisticated, arm's length investor are valued at the price of the recent trade and are adjusted, as appropriated, if the purchaser is motivated by strategic considerations.
- Investments in early-stage companies not generating sustainable revenue or earnings and for which there has not been any recent independent funding are valued using alternative methodologies. The Company considers investee company performance relative to plan, going concern risk, continued funding

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availability, comparable peer group valuations, exit market conditions and general sector conditions and calibrates its valuation of each investment as appropriate.

- For public company warrants (i.e., the underlying security of which is traded on a recognized stock exchange), valuation models such as the Black-Scholes model are used when there are sufficient and reliable observable market inputs. These market inputs include risk-free interest rate, exercise price, market price at date of valuation, expected dividend yield, expected life of the instrument and expected volatility of the underlying security. To the extent that the market inputs are insufficient or unreliable, the warrants are valued at their intrinsic value, which is equal to the higher of the closing price of the underlying security less the exercise price of the warrant, or nil. For private company warrants, the underlying security is not traded on a recognized stock exchange, therefore fair value is determined consistent with other investments that do not have an active market, as described above.

Fair values for unlisted debt instruments are determined as follows:

- Loans, debentures and promissory notes issued by investees are generally valued at the price at which the instrument was issued. The Company regularly considers whether any indications of deterioration in the value of the underlying business exist, which suggest that the debt instrument will not be fully recovered. The Company may employ discounted cash flow analysis, market comparable analysis, market comparable analysis of listed debt instruments with similar credit quality or liquidation value analysis to determine the fair value of the debt instrument.

The Company may apply a further illiquidity discount to the fair value of an investment if conditions exist that could make it challenging to monetize the investment in the near term at a price indicated by the valuation models. The amount illiquidity discount applied requires considerable judgment and is based on the facts and circumstances of each investment. As at August 31, 2021 and May 31, 2021 the Company does not have any investments in unlisted securities.

13. Related party transactions

The key management personnel of the Company are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including Directors and management.

During the period ended August 31, 2021, a company controlled by Anthony Balic charged fees for CFO services of \$15,000 (2021 - \$15,000). As at August 31, 2021, the amount owed was \$nil (May 31, 2021 - \$nil).

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During the period ended August 31, 2021, the Company was charged directors fees of \$6,000 (2021 - \$6,000) by Ross MacLachlan. As at August 31, 2021, the Company had \$20,000 (May 31, 2021 - \$14,000) payable to Ross.

During the period ended August 31, 2021, the Company charged management fees to Fidelity Minerals Corp. of \$nil (2021 - \$9,500). Fidelity Minerals Corp. is a related party by virtue of a common executive and director.

During the period ended August 31, 2021, Twenty-Second Yeneb Pty Limited, a company controlled by John Byrne, President and CEO of the Company charged the Company for the provision of services of John Byrne. During the period ended August 31, 2021, total fee charged was \$60,000 (2021 - \$42,000).

Total amount accrued for Twenty-Second Yeneb Pty Limited as at August 31, 2021, which included fees and business expenses was \$nil (May 31, 2021 - \$nil).

Twenty-Second Yeneb Pty Limited, a company controlled by John Byrne has a loan to the Company. Interest payable at 10% per annum. As at August 31, 2021, total loan and interest outstanding is \$59,647 (May 31, 2021 - \$59,417).

14. Supplemental cash flow information

	<u>August 31, 2021</u>	<u>August 31, 2020</u>
Shares received on settlement of other receivables	\$ -	\$ 150,935
Warrants issued for debt transaction costs	112,077	-
Cash paid for interest	-	23,666
Cash paid for taxes	-	-

15. Subsequent Events

- i) On September 14, 2021, the Company announced that it has closed a non-brokered private placement and issued a total of 7,048,889 units (each, a “Unit”) at \$0.08 per Unit for gross proceeds of \$563,911. Each Unit consists of one common share and one half of a transferable share purchase warrant with each full warrant exercisable into an additional common share at \$0.10 per share for a period of 2 years.

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- ii) On August 27, 2021, the Company granted 1,400,000 incentive stock options (the "Options") to a consultant of the Company pursuant to the Company's previously approved Stock Option Plan. The Options are exercisable at a price of \$0.10 per share for a period of 2 years.