

LIONS BAY CAPITAL INC.

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

For the Three Months Ended August 31, 2022

(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.

LIIONS BAY CAPITAL INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in Canadian dollars)

	Notes	August 31, 2022	May 31, 2022
ASSETS			
Current			
Cash		\$ 538,690	\$ 553,730
Prepays and other receivables	4	11,840	28,257
Investments	6	7,531,355	10,924,068
Derivative financial instrument	5	563,251	631,594
Debt investment	7	1,147,208	1,074,359
		9,792,344	13,212,008
Exploration investment	8	479,989	479,989
TOTAL ASSETS		\$ 10,227,333	\$ 13,691,997
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Trade and other payables		\$ 152,543	\$ 155,043
Borrowings	9	240,254	529,024
Taxes payable	15	275,063	277,848
		667,860	961,915
Deferred tax liability	15	815,942	1,068,000
TOTAL LIABILITIES		1,483,802	2,029,915
Shareholders' Equity			
Share capital	10	7,565,874	7,565,874
Share based payment reserves	11	569,704	569,704
Warrant reserves	11	913,374	913,374
Foreign currency translation reserves		(28,500)	(16,911)
Retained earnings		(231,921)	2,630,041
Total shareholders' equity		8,788,531	11,662,082
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 10,272,333	\$ 13,691,997

Note 1 – Nature of operations and going concern

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.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(in Canadian dollars)

For the three months ended 31 August	2022	2021
	\$	\$
NET REALISED AND UNREALISED GAIN/(LOSS)		
Net realized gain/(loss) on disposal of marketable securities	264,491	301,458
Net change in unrealized gain/(loss) on marketable securities (note 7)	(3,061,658)	(1,782,565)
Unrealized fair value gain on derivative financial instrument (note 6)	(113,283)	125,693
	<u>(2,910,450)</u>	<u>(1,355,414)</u>
Expenses		
Interest and other income	42,703	11,027
Finance expense – accretion	(48,967)	(58,568)
Professional fees	(80,042)	(42,540)
Directors fees	(66,125)	(65,875)
Financing costs	(6,349)	(26,584)
Forex variance	(10,740)	(40,204)
General and administrative	(26,992)	(1,003)
	<u>(196,512)</u>	<u>(223,747)</u>
Total expenses	<u>(196,512)</u>	<u>(223,747)</u>
Loss before tax	(3,106,962)	(1,579,161)
Current income tax (expense)/recovery	-	(81,394)
Deferred income tax (expense)/recovery	245,000	216,130
	<u>(2,861,962)</u>	<u>(1,444,425)</u>
Loss after tax	<u>(2,861,962)</u>	<u>(1,444,425)</u>
Other comprehensive income/(loss) net of tax	<u>(11,589)</u>	<u>(12,684)</u>
Net loss and total comprehensive income	<u>(2,873,551)</u>	<u>(1,457,109)</u>
Loss per common share		
- Basic	(\$0.02)	(\$0.01)
- Diluted	<u>(\$0.02)</u>	<u>(\$0.01)</u>
Weighted average number of common shares		
- Basic	135,056,963	135,056,963
- Diluted	<u>135,056,963</u>	<u>135,056,963</u>

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

LIONS BAY CAPITAL INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(in Canadian dollars, except share number)

	Issued Common Shares		Foreign currency translation reserves	Share based payment reserves	Warrant reserves	Retained earnings	Total Equity
	Number	Share capital					
		\$	\$	\$	\$	\$	\$
BALANCE, MAY 31, 2022	142,105,852	7,565,874	(16,911)	569,704	913,374	2,630,041	11,662,082
Cumulative translation adjustment	-	-	(11,589)	-	-	-	(11,589)
Net loss for the year	-	-	-	-	-	(2,861,962)	(2,861,962)
BALANCE, AUGUST 31, 2022	142,105,852	7,565,874	(28,500)	569,704	913,374	(231,921)	8,788,531

	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
Shares for debt	-	-	-	-	-	-	-
Private placement	-	-	-	-	-	-	-
Share issuance costs	-	-	-	-	-	-	-
Cumulative translation adjustment	-	-	(12,684)	-	-	-	(12,684)
Share-based payments	-	-	-	-	-	-	-
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

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

LIONS BAY CAPITAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in Canadian dollars)

For the three months ended 31 August	2022 \$	2021 \$
Operating Activities		
Net Profit/(loss) after tax	(2,861,962)	(1,444,425)
Deduct/add Non-Cash & Other Items:		
Net realized (gain) on disposal of investments	(264,491)	(301,458)
Change in unrealized (gain) on investments	3,061,658	1,782,565
Unrealized fair value gain on derivative financial instrument	113,283	(125,693)
Exchange variation	(30,147)	51,214
Finance costs	6,349	26,584
Accretion	26,558	58,568
Interest income	(42,703)	-
Deferred tax expense/(recovery)	(245,000)	(216,130)
Income tax expense/(recovery)	-	81,394
Changes in Non-Cash Working Capital:		
(Increase)/decrease in receivable	16,418	(12,609)
(Increase)/decrease in trade and other payable	(3,370)	18,431
Proceeds from disposal of marketable securities	650,889	349,997
Purchase of investments	(91,103)	(136,550)
Cash Flows From (Used In) Operating Activities	336,379	131,888
Financing Activities		
Proceed from loan	-	438,223
Repayment of loan	(340,835)	-
Cash Flows From (Used In) Financing Activities	(340,835)	438,223
Investing Activities		
Loan receivable	-	(513,815)
Exploration asset	-	(31,818)
Cash Flows From (Used In) Investing Activities	-	(545,633)
Net increase/(decrease) in cash	(4,456)	24,478
Effect of foreign exchange on cash	(10,584)	(11,952)
Cash - Beginning of period	553,730	182,329
Cash - End of period	538,690	194,855

Supplemental cash flow information (note 15)

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

LIONS BAY CAPITAL INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2022 and 2021 (in Canadian dollars)

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, 2022, the Company had working capital of \$9,124,484 which includes investments with a fair market value of \$7,531,355 and cash of \$538,690.

The Company’s ability to continue as a going concern is dependent upon the Company’s ability to generate proceeds 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, 2022.

LIONS BAY CAPITAL INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2022 and 2021 (in Canadian dollars)

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, 2022. 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, 2022.

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 31, 2022.

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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2022 and 2021 (in Canadian dollars)

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. 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 income (loss) (note 13).

(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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED
AUGUST 31, 2022 and 2021 (in Canadian dollars)**

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. Prepaids and Other Receivables

The table below provides a summary of the Company’s other receivables:

	August 31 2022	May 31 2022
	\$	\$
Prepaid expenses	-	6,241
Other receivables	11,840	22,016
	<u>11,840</u>	<u>28,257</u>

5. Derivative Financial Instrument

The table below provides a summary of the Company’s derivatives, consisting of warrants of Fidelity Minerals Corp., Partly Paid Parkway Corporate Limited, Arctic Star Exploration Corp. and Heavy Rare Earths Limited.

Parkway Corporate Warrants

Issuance/Purchase Date	Exercise Price \$	Number of warrants exercisable	Expiry date
July 28, 2019	0.019	54,534,252	July 28, 2024

LIONS BAY CAPITAL INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED
AUGUST 31, 2022 and 2021 (in Canadian dollars)**

During the year ended May 31, 2022, 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.

	August 31, 2022	May 31, 2022
Expected warrant life	1.82 years	2.16 years
Expected stock price volatility	146%	146%
Dividend payment during life of warrant	Nil	Nil
Risk free interest rate	2.60%	2.60%
Weighted average strike price	\$ 0.019	\$ 0.019
Weighted average fair value per warrant	\$ 0.007	\$ 0.007
Weighted average share price	\$ 0.011	\$ 0.011

FMN Warrants

Issuance/Purchase Date	Exercise Price \$	Number of warrants exercisable	Expiry date
April 16, 2021	0.15	1,056,000	April 16, 2023
April 16, 2022	0.11	3,500,000	October 12, 2022

	August 31, 2022	May 31, 2022
Expected warrant life	0.23 years	0.33 years
Expected stock price volatility	254%	77%
Dividend payment during life of warrant	Nil	Nil
Risk free interest rate	3.64%	2.67%
Weighted average strike price	\$ 0.12	\$ 0.09
Weighted average fair value per warrant	\$ 0.03	\$ 0.03
Weighted average share price	\$ 0.09	\$ 0.11

Arctic Star Exploration Corp.

Issuance/Purchase Date	Exercise Price \$	Number of warrants exercisable	Expiry date
May 11, 2022	0.15	100,000	May 11, 2024

LIONS BAY CAPITAL INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED
AUGUST 31, 2022 and 2021 *(in Canadian dollars)*

	August 31, 2022	May 31, 2022
Expected warrant life	1.7 years	2.0 years
Expected stock price volatility	138%	163%
Dividend payment during life of warrant	Nil	Nil
Risk free interest rate	3.64%	2.73%
Weighted average strike price	\$ 0.15	\$ 0.15
Weighted average fair value per warrant	\$ 0.03	\$ 0.07
Weighted average share price	\$ 0.07	\$ 0.10

Heavy Rare Earths Limited

Issuance/Purchase Date	Exercise Price \$	Number of warrants exercisable	Expiry date
August 24, 2022	0.30	2,000,000	August 24, 2022

	August 31, 2022	May 31, 2022
Expected warrant life	3.0 years	-
Expected stock price volatility	77%	-
Dividend payment during life of warrant	Nil	-
Risk free interest rate	3.08%	-
Weighted average strike price	\$ 0.30	\$ -
Weighted average fair value per warrant	\$ 0.09	\$ -
Weighted average share price	\$ 0.22	\$ -

	Number of warrants	Weighted average exercise price \$	Derivative \$
Balance, May 31, 2021	14,171,583	0.03	1,186,148
ELT Warrants acquired (note 6)	200,000	0.375	45,530
Partly Paid Parkway Corporate Limited (note 6)	54,534,252	0.019	199,979
FMN Warrants exercised (note 6)	(7,400,000)	0.05	(105,300)
Arctic Star warrants acquired (Note 6)	100,000	0.15	7,058
FMN Warrants acquired (note 6)	3,500,000	0.11	71,224

LIONS BAY CAPITAL INC.
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED
AUGUST 31, 2022 and 2021 (in Canadian dollars)**

ELT Warrants exercised (note 6)	(900,000)	0.375	(265,776)
Change in fair value	-	-	(507,269)
Balance, May 31, 2022	60,705,835	0.03	631,594
HRE Warrants acquired (note 6)	2,000,000	0.30	44,940
FMN Warrants expired	(5,015,583)	0.07	-
Change in fair value	-	-	(113,283)
Balance, August 31, 2022	57,690,252	0.03	563,251

During the three months ended August 31, 2022, the Company has a total loss on derivatives of \$113,283 (2021 – loss of \$125,693).

6. Investments

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

	May 31, 2022 Fair value	Acquired	Disposed	Gain/(Loss)	CTA	August 31, 2022 Fair Value
Kalina Power Ltd (i)	\$ 1,106,292	\$ -	\$ -	\$(282,053)	\$(7,808)	\$ 816,431
Fidelity Minerals Corp(ii)	4,345,214	46,328	-	(626,815)	-	3,764,727
Elementos Ltd (iii)	2,837,865	-	(178,115)	(1,406,723)	(3,043)	1,249,984
Parkway Corporate Limited (iv)	1,657,552	-	-	(309,642)	(21,994)	1,325,916
South Harz Potash (viii)	742,276	-	(468,514)	(218,477)	-	55,285
Kalina Power Ltd. – warrants (i)	15,113	-	-	(15,113)	-	-
Meryllion Resources Corp. (vi)	52,000	-	(4,260)	21,010	-	68,750
First AU Lid - listed options (xi)	57,422	-	-	(17,920)	(676)	38,826
HRE Corporation (vii)	13,453	44,775	-	70,565	(2,238)	126,555
Arctic Star (ix)	24,000	-	-	(11,000)	-	13,000
Bishop Resources (x)	72,881	-	-	(1,000)	-	71,881
Total	\$ 10,924,068	\$91,103	\$(650,889)	\$(2,797,168)	\$(35,759)	\$ 7,531,355

The Company recorded an unrealized loss of \$3,061,658 on investments and recognized a realized gain of \$264,490 upon the disposal shares for proceeds of \$650,889.

LIIONS BAY CAPITAL INC.
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED
AUGUST 31, 2022 and 2021 (in Canadian dollars)**

	May 31, 2021 Fair value	Acquired	Disposed	Gain/(Loss)	CTA	May 31, 2022 Fair Value
Kalina Power Ltd (i)	\$ 1,092,121	\$ 545,044	\$ -	\$ (514,551)	\$ (16,322)	\$ 1,106,292
Fidelity Minerals Corp(ii)	2,932,715	1,347,020	-	65,479	-	4,345,214
Eurotin Inc (v)	200,001	-	(850,467)	650,466	-	-
Elementos Ltd (iii)	3,808,551	552,047	(2,871,726)	1,367,094	(18,101)	2,837,865
Parkway Corporate Limited (iv)	2,096,407	-	(88,302)	(308,409)	(42,144)	1,657,552
Partly Paid Parkway Corporate Limited (iv)	199,979	-	(199,979)	-	-	-
South Harz Potash (viii)	900,003	-	(797,691)	639,964	-	742,276
Kalina Power Ltd. – warrants (i)	26,055	4,341	-	(15,283)	-	15,113
Meryllion Resources Corp. (vi)	86,250	-	(8,212)	(26,038)	-	52,000
First AU Lid - listed options (xi)	114,158	-	-	(55,272)	(1,464)	57,422
HRE Corporation (vii)	-	13,818	-	-	(365)	13,453
Arctic Star (ix)	-	8,942	-	15,058	-	24,000
Bishop Resources (x)	-	75,073	-	(2,192)	-	72,881
Total	\$ 11,456,240	\$2,546,285	\$ (4,816,377)	\$1,816,316	\$ (78,396)	\$ 10,924,068

The Company recorded an unrealized loss of \$1,701,286 on investments and recognized a realized gain of \$3,517,602 upon the disposal shares for proceeds of \$4,616,398.

	Cost August 31 2022 \$	Fair Value August 31 2022 \$	Cost May 31 2022 \$	Fair Value May 31 2022 \$
Kalina Power Ltd (i)	1,716,904	816,431	1,716,904	1,106,292
Fidelity Minerals Corp (ii)	4,457,522	3,764,727	4,411,194	4,345,214
Elementos Ltd (iii)	859,179	1,249,984	1,050,928	2,837,865
Parkway Corporate Limited (iv)	531,551	1,325,916	531,551	1,657,552
South Harz Potash Ltd. (viii)	45,654	55,285	258,854	742,276
Kalina Power Ltd. – warrants (i)	-	-	15,741	15,113
Meryllion Resources Corp. (vi)	35,015	68,750	37,250	52,000
First AU Lid - listed options (xi)	95,730	38,826	95,730	57,422
HRE Corporation (vii)	103,698	126,555	13,818	13,453
Arctic Star (ix)	16,000	13,000	16,000	24,000
Bishop Resources (x)	75,073	71,881	75,073	72,881
Total	7,936,326	7,531,355	8,223,043	10,924,068

LIONS BAY CAPITAL INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2022 and 2021 *(in Canadian dollars)*

- (i) 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 three months ended August 31, 2022, the Company purchased from the public markets 447,500 shares at a cost of \$46,328.

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 three months ended August 31, 2022, the Company sold 500,000 shares for proceeds of \$178,115.

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 700,000 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 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 three months ended August 31, 2022, the Company sold 39,000 common shares for proceeds of \$4,260.
During the year ended May 31, 2022, the Company sold 100,000 common shares for proceeds of \$8,212.

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- (vii) During the three months ended May 31, 2022, the Company purchased 500,000 common shares of HRE Corporation which is a private company for proceeds of \$89,715. As part of the private placement the Company received 2,000,000 warrants fair valued at \$44,940 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: 3.08% risk free interest rate, expected life of 3.0 years, 25% annualized volatility and 0% dividend rate.

During the year ended May 31, 2022, the Company purchased 150,000 common shares of HRE Corporation which is a private company for proceeds of \$13,818.

- (viii) During the three months ended August 31, 2022, the Company sold 4,670,000 common shares for proceeds of \$468,514.

During the year ended May 31, 2022, the Company sold 4,479,978 common shares for proceeds of \$797,691.

- (ix) During the year ended May 31, 2022, the Company also participated in a private placement for a total of \$16,000 for a total of 200,000 units. As part of the private placement the Company received 100,000 warrants fair valued at \$7,058 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: 2.73% risk free interest rate, expected life of 2.0 years, 163% annualized volatility and 0% dividend rate.

- (x) During the year ended May 31, 2022, the Company participated in a private placement for a total of \$75,073 for a total of 500,000 shares.

- (xi) During the year ended May 31, 2022, the Company purchased listed options for a total of \$95,730 for total shares of 20,000,000.

As at August 31, 2022 the Company's investments consisted of the following:

- 1) Parkway Corporate Limited - listed on the ASX (PWN). The Company owns 167,000,000 (May 31, 2022 – 167,000,000) which represents 7.55% (May 31, 2022 – 7.55%) of the outstanding common shares of Parkway Corporate Limited valued at \$1,325,916 (May 31, 2022 - \$1,657,552).
- 2) Kalina Power Ltd - listed on the ASX (KPO). The Company owns 51,118,115 (May 31, 2022 – 51,118,115) which represents 3.25% (May 31, 2022 – 3.25%) of the outstanding common shares of Kalina Power Ltd. valued at \$816,431 (May 31, 2022 - \$1,106,292). The Company

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2022 and 2021 *(in Canadian dollars)*

also holds nil Kalina Power Ltd. Warrants (May 31, 2022 – 4,000,000) which were exercisable at AUD \$0.044 and expired on August 27, 2022 valued at \$nil (May 31, 2022 - \$15,113) using the free-trading market price of the warrants. Kalina is considered a related party by virtue of a common director.

- 3) Elementos Ltd. - listed on the ASX (ELT). The Company owns 4,456,549 (May 31, 2022 – 4,456,549) which represents 2.50% (May 31, 2022 – 2.52%) of the outstanding common shares of Elementos Ltd. valued at \$1,249,984 (May 31, 2022 - \$2,837,865).
- 4) South Harz Potash (formerly “Davenport Resources Ltd”) - listed on the ASX (SHP). The Company owns 1,000,022 (May 31, 2022 – 5,670,022) which represents 0.19% (May 31, 2022 – 1.07%) of the outstanding common shares of South Harz Potash Ltd. valued at \$55,285 (May 31, 2022 - \$742,276).
- 5) Fidelity Minerals Corp - listed on the TSXV (FMN). The Company owns 41,830,311 (May 31, 2022 – 41,382,811) which represents 49.32% (May 31, 2022 – 48.79%) of the outstanding common shares of FMN valued at \$3,764,727 (May 31, 2022 - \$4,345,214). FMN is considered a related party by virtue of a common officers and directors.
- 6) Meryllion Resources Corp. - listed on the CSE (MYR). The Company owns 611,000 (May 31, 2022 – 650,000) which represents 2.19% (May 31, 2022 – 2.33%) of the outstanding common shares of Meryllion Resources Corp. valued at \$68,750 (May 31, 2022 - \$52,000).
- 7) First AU Limited – The Company holds 20,000,000 (May 31, 2022 – 20,000,000) warrants of First AU Limited which are exercisable at AUD \$0.02 expiring July 1, 2023, valued at \$38,826 (May 31, 2022 - \$57,422) using the free-trading market price of the warrants.
- 8) Arctic Star Exploration Corp. - listed on the TSX-V (ADD). The Company owns 200,000 (May 31, 2022 – 200,000) which represents 0.10% (May 31, 2022 – 0.16%) of the outstanding common shares of Arctic Star valued at \$13,000 (May 31, 2022 - \$24,000).
- 9) HRE Corporation – private company. The Company owns 650,000 (May 31, 2022 – 150,000) of the outstanding common shares of HRE Corporation valued at \$126,555 (May 31, 2022 - \$13,453).
- 10) Bishop Resources – private company. The Company owns 500,000 (May 31, 2022 – 500,000) of the outstanding common shares of HRE Corporation valued at \$71,881 (May 31, 2022 - \$72,881).

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7. Debt Investment

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 up to USD \$1 million 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 upon commencement of the project, 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; (expired)
- Be mandated to secure a public listing of Salamander on an appropriate recognized international stock exchange (expired); and
- Receive a 12-month option to acquire 20% of Salamander for \$2 million (expired)

As at August 31, 2022, the Company has advanced \$1,003,228 (USD \$767,350) under the terms of the loan. During the three months ended August 31, 2022, the Company has recorded interest income of \$42,702 (May 31, 2022: \$101,277) for a total interest accrual of \$143,980. As at August 31, 2022, the Company used a market and calibration approach to fair value the debt investment. This market approach to valuation, where a prior (and the most recent) investment transaction is used to establish the value of the overall business enterprise, by calibrating to the original investment price. Under the assumption that the original transaction price was fair value at initial recognition, adjustments (if necessary) are applied to the valuation date based on quantitative and qualitative factors.

8. Exploration Investment

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

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Savic Exploration Investment

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) 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 had 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. This right was initially valued at \$nil and has now expired.

During the three months ended August 31, 2022, the Company has capitalized \$445,696 (May 31, 2022: \$445,696) related to the exploration activities of the project.

Epic Minerals Exploration Investment

During the three months ended August 31, 2022, the Company has capitalized \$34,293 (May 31, 2022: \$34,293) related to the exploration activities of Epic Minerals which is engaged in the business of exploring for tin, gold, copper and other minerals in Queensland, Australia. During the three months ended August 31, 2022, the Company entered into an option agreement to earn into a portfolio or claims in Queensland, Australia under the following terms:

- Pay AUD \$10,000 to optionor 14 days after signing the agreement,
- Spend AUD \$50,000 to earn a 10% interest in the project,
- Spend a further AUD \$250,000 to earn a 51% interest in the project,
- Spend a further AUD \$500,000 to earn a 90% interest in the project, and
- Upon earning a 90% interest, the optionor will retain a 10% free carried interest

Exploration investment	Savic	Epic Minerals	Total
Balance at May 31 2022	\$ 445,696	\$ 34,293	\$ 479,989
Additions	-	-	-
Balance at August 31, 2022	\$ 445,696	\$ 34,293	\$ 479,989

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9. Borrowings

	May 31, 2021	Draw	Interest	Repayment	Trans Costs	Amort	FX	August 31, 2022
Riverfort 1 – secured (i)	\$ 52,314	\$ -	\$ -	(52,314)	\$ -	\$ -	\$ -	-
Riverfort 2 – secured (i)	323,014	-	2,467	(288,521)	-	19,497	6,229	62,686
Riverfort 3 – secured (i)	122,516	-	3,774	-	-	7,061	13,239	146,590
Borrowings – related party (ii)	31,180	-	108	-	-	-	(310)	30,978
Total	\$ 529,024	\$ -	\$ 6,349	\$ (340,835)	\$ -	\$26,558	\$19,158	\$ 240,254
Classified as current								\$ 240,254

	May 31, 2021	Draw	Interest	Repayment	Trans Costs	Amort	FX	May 31, 2022
Riverfort 1 – secured (i)	\$ 454,778	-	68,225	(631,550)	-	156,754	4,107	52,314
Riverfort 2 – secured (i)	-	310,013	34,457	-	(116,559)	71,206	23,897	323,014
Riverfort 3 – secured (i)	-	128,210	3,774	-	(40,598)	21,796	9,334	122,516
Borrowings – related party (ii)	59,417	-	3,456	(30,688)	-	-	(1,005)	31,180
Total	\$ 514,195	\$ 438,223	\$ 109,912	\$ (662,238)	\$(157,157)	\$249,756	\$36,333	\$ 529,024

(i) **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 was subject to an implementation fee of USD \$35,000 and incurred 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 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 value of \$117,897 was recorded as a reduction of the loan and will be amortized over the term of

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the loan. The fair value of the warrants received were calculated using the Black-Scholes option pricing model with the following weighted average assumptions: 0.31% risk free interest rate, expected life of 1 years, 162% annualized volatility and 0% dividend rate. During the three months ended August 31, 2022, the Company fully repaid the loan of \$52,314 in principal and interest.

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 arranged for the advancement of USD \$250,000 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 value of \$81,274 was recorded as a 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%. During the three months ended August 31, 2022, the Company repaid \$288,521 in principal and interest.

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 value of \$30,803 was recorded as a 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 10% per annum and is due on demand.

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10. Share Capital

a) Authorized:

Unlimited number of common shares, without par value.

Unlimited number of preferred shares, without par value.

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 September 14, 2021, the Company issued 7,048,889 units 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. The fair value of the warrants issued was calculated as \$0.04 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: 0.40% risk free interest rate, expected life of 2.0 years, 146% annualized volatility and 0% dividend rate. The share purchase warrant's relative fair value of \$140,403 was allocated to the warrant and recorded in reserves. The Company incurred share issuance costs of \$138 related to the financing.

11. 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, 2022		May 31, 2022	
	Number of options	Exercise price \$	Number of options	Exercise price \$
Options outstanding beginning of the year	1,400,000	0.10	-	-
Options cancelled	-	-	-	-
Options issued	-	-	1,400,000	0.10
Options outstanding	<u>1,400,000</u>	<u>0.10</u>	<u>1,400,000</u>	<u>0.10</u>
	Number of warrants	Exercise price \$	Number of warrants	Exercise price \$
Warrants outstanding, beginning of the year	24,353,213	0.09	21,358,054	0.09
Warrants granted	-	-	5,556,070	0.10
Warrants expired	(18,797,143)	0.085	(2,560,911)	0.11
Warrants outstanding	<u>5,556,070</u>	<u>0.10</u>	<u>24,353,213</u>	<u>0.09</u>

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

Number of options/warrants outstanding	Exercise Price \$	Number of warrants exercisable	Weighted average remaining life (years)	Expiry date
1,438,686	0.095	1,438,686	0.33	December 28, 2022
592,939	0.095	592,939	0.47	February 18, 2023
3,524,445	0.10	3,524,445	1.04	September 14, 2023
1,400,000	0.10	1,400,000	0.99	August 27, 2023

12. 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.

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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.

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.

13. 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, 2022	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Investments	7,459,474	71,881	-	7,531,355
Derivative financial instrument (note 5)	-	-	563,251	563,251
Debt investment (note 7)	-	-	1,147,208	1,147,208
	7,459,474	71,881	1,710,459	9,241,814

As at May 31, 2022	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Investments	10,837,734	86,334	-	10,924,068
Derivative financial instrument (note 5)	-	-	631,594	631,594
Debt investment (note 7)	-	-	1,074,359	1,074,359
	10,837,734	86,334	1,705,953	12,630,021

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. During the year ended May 31, 2022, the Partly Paid Parkway Corporate Limited warrants ceased to be traded on a quoted market and the warrants moved from investments fair valued at level 1 to derivative financial instruments fair valued at level 3. For the three months ended August 31, 2022 there were no transfers between the various levels of the fair value hierarchy

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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.

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, 2022, if interest rates were higher by 1% per annum, the potential effect to the Company would change in net income (loss) of approximately \$2,403 (May 31, 2022: \$5,290).

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, 2022, the Company is primarily exposed to foreign exchange risk through Australian dollar denominated investments of \$3,684,887 (May 31, 2022: \$6,502,854), which represent approximately 48.9% (May 31, 2022: 59.5%) 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 \$184,244 respectively (May 31, 2022: \$325,298).

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 \$753,136 (May 31, 2022: \$1,092,717).

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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 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

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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 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 issue. The Company regularly considers whether any indications of deterioration in the value of the underlying business exist, which suggest that the debts 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 debts 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, 2022, the Company has investment in the un-listed securities of Bishop Resources.

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14. 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 three months ended August 31, 2022, Twenty-Second Yeneb Pty Limited, a company controlled by John Byrne, President and CEO of the Company for the provision of services of John Byrne. During the three months ended August 31, 2022 total fee charged was \$60,000 (2021 - \$60,000). Total amount accrued for Twenty-Second Yeneb Pty Limited as at August 31, 2022, which included fees and business expenses was \$34,466 (May 31, 2022 - \$25,724).

During the three months ended August 31, 2022, a company controlled by Anthony Balic charged fees for CFO services of \$26,250 (2022 - \$15,000). As at August 31, 2022, the amount owed was \$nil (May 31, 2022 - \$nil).

During the three months ended August 31, 2022, the Company was charged directors fees of \$6,000 (2022 - \$6,000) by Ross MacLachlan. As at August 31, 2022, the Company had \$44,178 (2022 - \$38,178) payable to Ross. During the three months ended August 31, 2022, the Company paid Kalina Power Ltd. \$10,773 (2022 - \$11,133) for management services. As at August 31, 2022 the Company had accounts payable of \$nil (2022 - \$16,628) outstanding to Kalina Power Ltd. which is considered a related party by virtue of a common director.

During the three months ended August 31, 2022, Twenty-Second Yeneb Pty Limited, a company controlled by John Byrne advanced a loan to the Company. Interest payable at 10% per annum. As at August 31, 2022, total loan and interest outstanding is \$30,978 (May 31, 2022 - \$31,180).

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15. Supplemental cash flow information

	<u>August 31, 2022</u>	<u>August 31, 2021</u>
Warrants issued for debt transaction costs	\$ -	\$ 112,077
Cash paid for interest	-	-
Cash paid for taxes	-	-