



# **Lion Copper and Gold Corp.**

## **Condensed Interim Consolidated Financial Statements**

**For the three and nine months ended September 30, 2024 and 2023**

**(Expressed in thousands of U.S. Dollars except for shares and per share amounts)**

**(Unaudited)**

**Lion Copper and Gold Corp.**

Condensed Interim Consolidated Balance Sheets  
As at September 30, 2024, and December 31, 2023  
(Unaudited - In thousands of U.S. Dollars)

|                                                                                                                          | Note   | September 30,<br>2024 | December 31,<br>2023 |
|--------------------------------------------------------------------------------------------------------------------------|--------|-----------------------|----------------------|
| <b>ASSETS</b>                                                                                                            |        |                       |                      |
| <b>Current assets</b>                                                                                                    |        |                       |                      |
| Cash and cash equivalents                                                                                                |        | \$ 5,487              | \$ 2,310             |
| Other receivables                                                                                                        |        | 20                    | 14                   |
| Prepaid and deposit                                                                                                      |        | 110                   | 62                   |
|                                                                                                                          |        | 5,617                 | 2,386                |
| Other receivables                                                                                                        |        | 10                    | 10                   |
| Mineral properties                                                                                                       | 4,12   | 7,857                 | 7,647                |
| Reclamation bonds                                                                                                        |        | 9                     | 9                    |
| Investment in associate                                                                                                  | 5      | 789                   | 1,206                |
| Right of use asset                                                                                                       |        | 50                    | -                    |
| <b>Total assets</b>                                                                                                      |        | <b>\$ 14,332</b>      | <b>\$ 11,258</b>     |
| <b>LIABILITIES</b>                                                                                                       |        |                       |                      |
| <b>Current liabilities</b>                                                                                               |        |                       |                      |
| Accounts payable and accrued liabilities                                                                                 |        | \$ 665                | \$ 163               |
| Rio Tinto deposit                                                                                                        | 4      | 3,989                 | 1,357                |
| Derivative liabilities                                                                                                   | 7      | 327                   | 176                  |
| Convertible debentures                                                                                                   | 7,8,11 | 1,010                 | 3,544                |
| Lease liabilities - current                                                                                              |        | 42                    | -                    |
|                                                                                                                          |        | 6,033                 | 5,240                |
| Lease liabilities                                                                                                        |        | 8                     | -                    |
| <b>Total liabilities</b>                                                                                                 |        | <b>6,041</b>          | <b>5,240</b>         |
| <b>Stockholders' equity</b>                                                                                              |        |                       |                      |
| Share capital, no par value, unlimited common shares authorized; 385,855,710 issued and outstanding (2023 – 309,667,975) | 9      | 109,334               | 105,396              |
| Additional paid-in capital                                                                                               | 10     | 25,143                | 24,168               |
| Deficit                                                                                                                  |        | (129,915)             | (126,663)            |
| Non-controlling interest                                                                                                 | 6      | 3,729                 | 3,117                |
| <b>Total stockholders' equity</b>                                                                                        |        | <b>8,291</b>          | <b>6,018</b>         |
| <b>Total liabilities and stockholders' equity</b>                                                                        |        | <b>\$ 14,332</b>      | <b>\$ 11,258</b>     |

**NATURE OF OPERATIONS AND GOING CONCERN (Note 1)****COMMITMENTS (Note 13)****CONTINGENCIES (Note 14)****SUBSEQUENT EVENT (Note 16)**

Approved on behalf of the Board of Directors on November 14, 2024:

/s/ "Thomas Patton"  
Director

/s/ "Tony Alford"  
Director

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

# Lion Copper and Gold Corp.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

For the three and nine months ended September 30, 2024, and 2023

(Unaudited - In thousands of U.S. Dollars, except for shares and per share amounts)

|                                                                   | Note  | Three months ended<br>September 30, |                   | Nine months ended<br>September 30, |                   |
|-------------------------------------------------------------------|-------|-------------------------------------|-------------------|------------------------------------|-------------------|
|                                                                   |       | 2024                                | 2023              | 2024                               | 2023              |
| <b>Operating expenses</b>                                         |       |                                     |                   |                                    |                   |
| Exploration expenditures                                          | 4     | \$ 1,591                            | \$ 1,344          | 6,640                              | \$ 4,753          |
| General office                                                    |       | 129                                 | 35                | 369                                | 117               |
| Interest                                                          |       | 48                                  | 117               | 189                                | 316               |
| Insurance                                                         |       | -                                   | 22                | -                                  | 56                |
| Investor relations and corporate development                      |       | 71                                  | 15                | 94                                 | 21                |
| Professional fees                                                 |       | 563                                 | 333               | 1,681                              | 974               |
| Rent                                                              |       | -                                   | 4                 | -                                  | 12                |
| Salaries and benefits                                             | 11    | 452                                 | 324               | 1,331                              | 998               |
| Share-based payments                                              | 10,11 | 129                                 | 1,269             | 789                                | 1,133             |
| Transfer agent and regulatory                                     |       | 38                                  | 10                | 98                                 | 74                |
| Travel                                                            |       | 72                                  | 19                | 130                                | 47                |
| Rio Tinto Deposit                                                 | 4     | (2,336)                             | (1,262)           | (8,656)                            | (4,834)           |
| <b>Operating loss</b>                                             |       | (757)                               | (2,230)           | (2,665)                            | (3,667)           |
| <b>Non-operating Income/(expenses)</b>                            |       |                                     |                   |                                    |                   |
| Fair value gain on derivative liabilities                         | 7     | 439                                 | 6                 | 692                                | 487               |
| Foreign exchange loss                                             |       | (4)                                 | -                 | (12)                               | -                 |
| Accretion expense                                                 | 8     | (31)                                | (129)             | (171)                              | (324)             |
| Gain on transfer of shares                                        | 5     | -                                   | -                 | -                                  | 22                |
| Loss on revaluation of SAFE notes                                 |       | -                                   | -                 | -                                  | (305)             |
| Share of income (loss) in associate                               | 5     | (105)                               | 3                 | (417)                              | (1)               |
| Interest and other income                                         |       | 95                                  | 32                | 333                                | 95                |
| Impairment of mineral properties                                  | 4     | -                                   | -                 | -                                  | (602)             |
| Loss on conversion                                                | 8     | -                                   | -                 | (1,690)                            | -                 |
| Loss on repayment of convertible debentures                       | 8     | -                                   | -                 | (5)                                | -                 |
| Loss on extinguishment of convertible debentures                  | 8     | -                                   | -                 | (55)                               | -                 |
|                                                                   |       | 394                                 | (88)              | (1,325)                            | (628)             |
| <b>Net loss and comprehensive loss for the period</b>             |       | <b>\$ (363)</b>                     | <b>\$ (2,318)</b> | <b>\$ (3,990)</b>                  | <b>\$ (4,295)</b> |
| <b>Net loss and comprehensive loss attributed to:</b>             |       |                                     |                   |                                    |                   |
| Stockholders of the Company                                       |       | \$ (34)                             | \$ (2,060)        | \$ (3,252)                         | \$ (3,588)        |
| Non-controlling interest                                          | 6     | \$ (329)                            | \$ (258)          | \$ (738)                           | \$ (707)          |
| <b>Loss per share, basic and diluted</b>                          |       | <b>\$ (0.00)</b>                    | <b>\$ (0.01)</b>  | <b>\$ (0.01)</b>                   | <b>\$ (0.01)</b>  |
| Weighted average number of shares outstanding – basic and diluted |       | 385,855,710                         | 309,602,758       | 366,463,027                        | 309,579,697       |

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

## Lion Copper and Gold Corp.

Condensed Interim Consolidated Statements of Changes in Equity  
For the three and nine months ended September 30, 2024 and 2023  
(Unaudited - In thousands of U.S. Dollars, except for shares)

|                                                 | Notes | Common shares      | Share capital     | Additional<br>paid-in<br>capital | Deficit             | Non-controlling<br>interest | Total<br>stockholders'<br>equity |
|-------------------------------------------------|-------|--------------------|-------------------|----------------------------------|---------------------|-----------------------------|----------------------------------|
| <b>Balance at December 31, 2022</b>             |       | <b>309,567,975</b> | <b>\$ 105,384</b> | <b>\$ 23,043</b>                 | <b>\$ (121,834)</b> | <b>\$ 388</b>               | <b>\$ 6,981</b>                  |
| Share-based payments                            | 10    | -                  | -                 | 1,133                            | -                   | -                           | 1,133                            |
| Exercise of options                             |       | <b>100,000</b>     | <b>12</b>         | (8)                              | -                   | -                           | 4                                |
| Issuance of common shares of FCC                | 6     | -                  | -                 | -                                | -                   | 3,536                       | 3,536                            |
| Net loss for the period                         |       | -                  | -                 | -                                | (3,588)             | (707)                       | (4,295)                          |
| <b>Balance at September 30, 2023</b>            |       | <b>309,667,975</b> | <b>\$ 105,396</b> | <b>\$ 24,168</b>                 | <b>\$ (125,422)</b> | <b>\$ 3,217</b>             | <b>\$ 7,359</b>                  |
| <b>Balance at December 31, 2023</b>             |       | <b>309,667,975</b> | <b>\$ 105,396</b> | <b>\$ 24,168</b>                 | <b>\$ (126,663)</b> | <b>\$ 3,117</b>             | <b>\$ 6,018</b>                  |
| Private placement                               |       | 23,809,522         | 654               | -                                | -                   | -                           | 654                              |
| Private placement - share issuance cost         |       | -                  | (27)              | -                                | -                   | -                           | (27)                             |
| Conversion of convertible debentures - original | 8     | 3,500,000          | 234               | -                                | -                   | -                           | 234                              |
| Conversion of convertible debentures - induced  | 8     | 45,815,213         | 2,723             | -                                | -                   | -                           | 2,723                            |
| Issuance of warrants                            | 8     | -                  | -                 | 359                              | -                   | -                           | 359                              |
| Exercise of options                             | 10    | 3,063,000          | 354               | (173)                            | -                   | -                           | 181                              |
| Share-based payments                            | 10    | -                  | -                 | 789                              | -                   | -                           | 789                              |
| Issuance of common shares of FCC                | 6     | -                  | -                 | -                                | -                   | 1,350                       | 1,350                            |
| Net loss for the period                         |       | -                  | -                 | -                                | (3,252)             | (738)                       | (3,990)                          |
| <b>Balance at September 30, 2024</b>            |       | <b>385,855,710</b> | <b>\$ 109,334</b> | <b>\$ 25,143</b>                 | <b>\$ (129,915)</b> | <b>\$ 3,729</b>             | <b>\$ 8,291</b>                  |

*The accompanying notes form an integral part of these condensed interim consolidated financial statements*

## Lion Copper and Gold Corp.

Condensed Interim Consolidated Statements of Changes in Equity

For the three and nine months ended September 30, 2024 and 2023

(Unaudited - In thousands of U.S. Dollars, except for shares)

|                                      | Notes | Common shares      | Share capital     | Additional<br>paid-in<br>capital | Deficit             | Non-controlling<br>interest | Total<br>stockholders'<br>equity |
|--------------------------------------|-------|--------------------|-------------------|----------------------------------|---------------------|-----------------------------|----------------------------------|
| <b>Balance at June 30, 2023</b>      |       | <b>309,567,975</b> | <b>\$ 105,384</b> | <b>\$ 22,907</b>                 | <b>\$ (123,362)</b> | <b>\$ 3,475</b>             | <b>\$ 8,404</b>                  |
| Share-based payments                 | 10    | -                  | -                 | 1,269                            | -                   | -                           | 1,269                            |
| Exercise of options                  |       | <b>100,000</b>     | <b>12</b>         | (8)                              | -                   | -                           | 4                                |
| Issuance of common shares of FCC     | 6     | -                  | -                 | -                                | -                   | -                           | -                                |
| Net loss for the period              |       | -                  | -                 | -                                | (2,060)             | (258)                       | (2,318)                          |
| <b>Balance at September 30, 2023</b> |       | <b>309,667,975</b> | <b>\$ 105,396</b> | <b>\$ 24,168</b>                 | <b>\$ (125,422)</b> | <b>\$ 3,217</b>             | <b>\$ 7,359</b>                  |
| <b>Balance at June 30, 2024</b>      |       | <b>385,855,710</b> | <b>\$ 109,334</b> | <b>\$ 24,655</b>                 | <b>\$ (129,881)</b> | <b>\$ 4,058</b>             | <b>\$ 8,166</b>                  |
| Issuance of warrants                 | 8     | -                  | -                 | 359                              | -                   | -                           | 359                              |
| Share-based payments                 | 10    | -                  | -                 | 129                              | -                   | -                           | 129                              |
| Net loss for the period              |       | -                  | -                 | -                                | (34)                | (329)                       | (363)                            |
| <b>Balance at September 30, 2024</b> |       | <b>385,855,710</b> | <b>\$ 109,334</b> | <b>\$ 25,143</b>                 | <b>\$ (129,915)</b> | <b>\$ 3,729</b>             | <b>\$ 8,291</b>                  |

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

**Lion Copper and Gold Corp.**

## Condensed Interim Consolidated Statements of Cash Flow

For the nine months ended September 30, 2024, and 2023

(Unaudited - In thousands of U.S. Dollars)

|                                                       | For the nine months ended September 30, |                 |
|-------------------------------------------------------|-----------------------------------------|-----------------|
|                                                       | 2024                                    | 2023            |
| <b>Cash flows provided by operating activities</b>    |                                         |                 |
| Loss for the period                                   | \$ (3,990)                              | \$ (4,295)      |
| Non-cash transactions:                                |                                         |                 |
| Interest expense                                      | 189                                     | 316             |
| Accretion expense                                     | 171                                     | 324             |
| Fair value gain on derivative liabilities             | (692)                                   | (487)           |
| Gain on transfer of investment shares                 | -                                       | (22)            |
| Share of loss of investment in associate              | 417                                     | 1               |
| Wages settled through transfer of investment shares   | -                                       | 33              |
| Share-based payments                                  | 789                                     | 1,133           |
| Loss on revaluation of SAFE notes                     | -                                       | 305             |
| Impairment of mineral properties                      | -                                       | 602             |
| Loss on conversion of convertible debentures          | 1,690                                   | -               |
| Loss on repayment of convertible debentures           | 5                                       | -               |
| Loss on extinguishment of convertible debentures      | 55                                      | -               |
| Amortization of ROU asset                             | 13                                      | -               |
| Changes in operating assets and liabilities:          |                                         |                 |
| Other receivables                                     | (6)                                     | 1               |
| Accounts payable and accrued liabilities              | 502                                     | (99)            |
| Prepaid and deposit                                   | (48)                                    | (40)            |
| Rio Tinto deposit                                     | 2,632                                   | 2,684           |
| Lease liabilities                                     | (13)                                    | -               |
| <b>Net cash provided by operating activities</b>      | <b>1,714</b>                            | <b>456</b>      |
| <b>Cash flows used in investing activities</b>        |                                         |                 |
| Capitalized expenditures on mineral properties        | (210)                                   | (270)           |
| Reclamation bond                                      | -                                       | 14              |
| <b>Net cash used in investing activities</b>          | <b>(210)</b>                            | <b>(256)</b>    |
| <b>Cash flows provided by financing activities</b>    |                                         |                 |
| Proceeds from convertible debentures                  | -                                       | 1,306           |
| Proceeds from FCC SAFE notes                          | -                                       | 100             |
| Proceeds for issuance of common shares of FCC         | 1,350                                   | 2,000           |
| Proceeds from private placement                       | 1,000                                   | -               |
| Share issuance costs                                  | (27)                                    | -               |
| Repayment of convertible debentures                   | (831)                                   | -               |
| Exercise of options                                   | 181                                     | 4               |
| <b>Net cash provided by financing activities</b>      | <b>1,673</b>                            | <b>3,410</b>    |
| <b>Increase in cash and cash equivalents</b>          | <b>3,177</b>                            | <b>3,610</b>    |
| <b>Cash and cash equivalents, beginning of period</b> | <b>2,310</b>                            | <b>1,365</b>    |
| <b>Cash and cash equivalents, end of period</b>       | <b>\$ 5,487</b>                         | <b>\$ 4,975</b> |
| <b>Supplemental cash flow information</b>             |                                         |                 |
| Shares issued for conversion of SAFE notes            | -                                       | 1,536           |
| Shares issued for convertible debentures              | 2,957                                   | -               |

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

# Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2024 and 2023

(Unaudited - In thousands of U.S. Dollars except for shares and per share amounts)

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## 1. NATURE OF OPERATIONS AND GOING CONCERN

Lion Copper and Gold Corp. (together with its subsidiaries, "**Lion CG**" or the "**Company**") is a Canadian-based Company advancing its flagship copper assets at Yerington, Nevada through an option to earn-in agreement with Nuton LLC, a Rio Tinto venture. The Company was incorporated in British Columbia, Canada on May 11, 1993. Its registered and records offices are located at 1200 – 750 West Pender Street, Vancouver, British Columbia, Canada, V6C 2T8. On November 22, 2021, the Company changed its name from Quaterra Resources Inc. with a new trading symbol "LEO". On September 19, 2024, the Company voluntarily delisted its common shares from the TSX Venture Exchange ("**TSXV**") and were subsequently listed on the Canadian Securities Exchange ("**CSE**") under the same symbol "LEO" and continues to trade on the OTCQB Market under the symbol "LCGMF".

The Company acquires its mineral properties through option or lease agreements and capitalizes acquisition costs related to the properties but expense exploration and evaluation costs unless a proven or probable reserve can be established. The underlying value of the amounts recorded as mineral properties does not reflect current or future values. The Company's continued existence depends on discovering economically recoverable mineral reserves and obtaining the necessary funding to advance these properties.

These condensed interim consolidated financial statements ("**Interim Financial Statements**") are prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for at least twelve months from the reporting date. As of September 30, 2024, the Company had cash and cash equivalents of \$5,487 (December 31, 2023 - \$2,310), working capital deficit of \$416 (December 31, 2023 – \$2,854) and an accumulated deficit of \$129,915 (December 31, 2023 - \$126,663).

The Company has no source of revenue and has significant requirements to maintain its mineral property interests and meet its obligations as they come due. Although the Company has raised funds in the past through debt, equity and strategic investors, there is no assurance that such financing will be available. If adequate financing is not available or cannot be obtained on a timely basis, the Company may be required to delay, reduce the scope of, or eliminate one or more of its exploration programs, or relinquish its rights under the existing option and acquisition agreements. The above factors represent material uncertainties that cast substantial doubt on the Company's ability to continue as a going concern.

If the going concern assumptions were not appropriate for these Interim Financial Statements, adjustments would be necessary to the carrying values of assets, liabilities, the reported expenses, and the consolidated balance sheet classifications used. Such adjustments could be material.

## 2. BASIS OF PRESENTATION

### Statement of compliance

The Interim Financial Statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("**U.S. GAAP**") including the accounts of the Company and its subsidiaries. All intercompany accounts and transactions were eliminated upon consolidation.

These Interim Financial Statements have been prepared on a historical cost and accrual basis except for certain financial instruments measured at fair value and the cash flow, respectively.

The Company consolidates an entity when it has power over that entity, is exposed, or has rights, to variable returns from its involvement with that entity and can affect those returns through its control over that entity.

The Interim Financial Statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2023. The interim period results do not necessarily indicate the results that may be expected for any other interim period or for the full fiscal year.

## Lion Copper and Gold Corp.

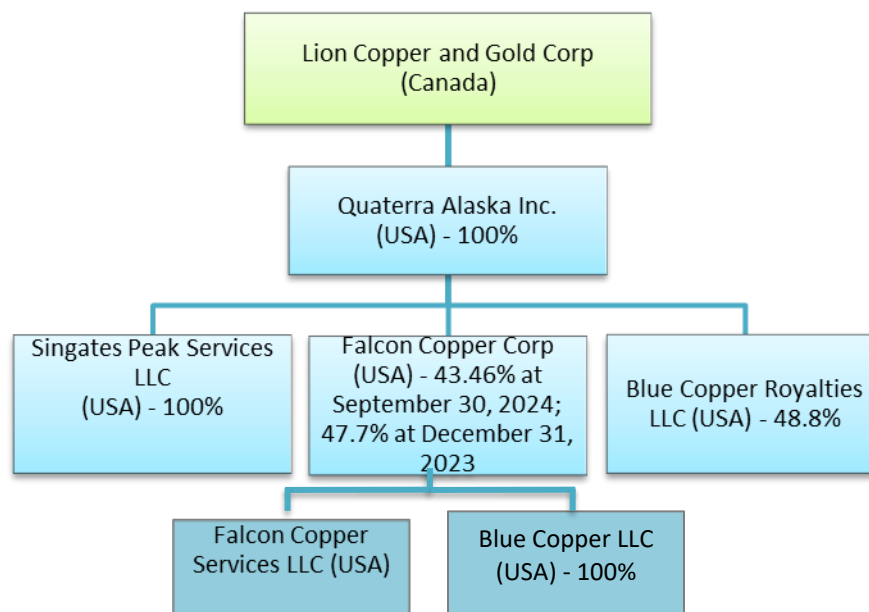
Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2024 and 2023

(Unaudited - In thousands of U.S. Dollars except for shares and per share amounts)

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These Interim Financial Statements include the financial statements of Lion CG and its subsidiaries:



On October 4, 2021, Blue Copper LLC was incorporated in Montana, USA and acquired Blue Copper Prospect in Powell County and Lewis & Clark County in Montana.

On April 5, 2022, Quaterra Alaska sold its two options to acquire the Butte Valley property to Falcon Butte Minerals Corp., ("**Falcon Butte**"), formerly 1301666 B.C. Ltd., for \$500 cash and 16,049,444 shares in Falcon Butte represented 25.54% of shares outstanding (Note 5).

On December 13, 2022, Quaterra Alaska transferred its 100% interest in Blue Copper LLC, a 90% interest in the Groundhog property in Alaska, a 5% net profit interest associated with the Nieves silver property in Mexico, and Butte Valley royalty to Falcon Copper Corp., ("**FCC**") formerly, Blue Copper Resources Corp. in exchange for 57,513,764 common shares of FCC, represented 79.3% of FCC's then-issued and outstanding shares (Note 6).

On August 25, 2023, Blue Copper Royalties LLC was incorporated in Wyoming and on September 6, 2023, FCC transferred the Butte Valley royalty and interest in Nieves to Blue Copper Royalties.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these Interim Financial Statements are consistent with the accounting policies disclosed in Note 3 of the Company's audited consolidated financial statements for the year ended December 31, 2023.

In preparing these Interim Financial Statements, management has made judgements, estimates and assumptions that affect the applicability of the Company's accounting policies. In preparing these Interim Financial Statements, the significant estimates and critical judgments were the same as those applied to the audited consolidated financial statements as at and for the year ended December 31, 2023.

During the year ended December 31, 2023 and the nine months ended September 30, 2024, the Company's ownership in FCC dropped below 50% and management assessed control still exists and thus continues to consolidate FCC. In the absence of majority holdings, the Company will continue to consolidate FCC as the Company has majority representation on the board of directors and management of FCC.

## Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2024 and 2023

(Unaudited - In thousands of U.S. Dollars except for shares and per share amounts)

### 4. MINERAL PROPERTIES

Total mineral property acquisition costs are listed in the table below:

|                                          | Singatse Peak Services ("SPS") |              |              |              |               | Lion CG ("LCG")     | Falcon Copper Corp. ("FCC") |            |              |
|------------------------------------------|--------------------------------|--------------|--------------|--------------|---------------|---------------------|-----------------------------|------------|--------------|
| (In thousands of U.S. dollars)           | MacArthur                      | Yerington    | Bear         | Wassuk       | Copper Canyon | Chaco Bear & Ashton | Blue Copper                 | Muncy      | Total        |
|                                          | \$                             | \$           | \$           | \$           | \$            | \$                  | \$                          | \$         | \$           |
| <b>Balance December 31, 2022</b>         | <b>2,489</b>                   | <b>1,195</b> | <b>1,575</b> | <b>1,405</b> | -             | <b>602</b>          | <b>618</b>                  | -          | <b>7,884</b> |
| Acquisition costs                        | -                              | -            | 231          | -            | 10            | -                   | 260                         | 95         | 596          |
| Impairment                               | -                              | -            | -            | -            | -             | (602)               | -                           | -          | (602)        |
| Paid by Rio Tinto                        | -                              | -            | (231)        | -            | -             | -                   | -                           | -          | (231)        |
| Total additions (disposals) for the year | -                              | -            | -            | -            | 10            | (602)               | 260                         | 95         | (237)        |
| <b>Balance December 31, 2023</b>         | <b>2,489</b>                   | <b>1,195</b> | <b>1,575</b> | <b>1,405</b> | <b>10</b>     | -                   | <b>878</b>                  | <b>95</b>  | <b>7,647</b> |
| Acquisition costs                        | -                              | -            | 131          | -            | -             | -                   | 150                         | 60         | 341          |
| Paid by Rio Tinto                        | -                              | -            | (131)        | -            | -             | -                   | -                           | -          | (131)        |
| Total additions for the period           | -                              | -            | -            | -            | -             | -                   | 150                         | 60         | 210          |
| <b>Balance September 30, 2024</b>        | <b>2,489</b>                   | <b>1,195</b> | <b>1,575</b> | <b>1,405</b> | <b>10</b>     | -                   | <b>1,028</b>                | <b>155</b> | <b>7,857</b> |

The Company owns a 100% interest in the MacArthur, Yerington and Wassuk properties and has an option to earn a 100% interest in the Bear property in Nevada. During the year ended December 31, 2023, the Company terminated its option to earn a 100% interest in the Chaco Bear and Ashton properties in British Columbia.

## Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2024 and 2023

(Unaudited - In thousands of U.S. Dollars except for shares and per share amounts)

Total exploration expenditures recorded on the condensed interim consolidated statements of operations and comprehensive income (loss) are listed in the tables below:

*Exploration expenditures incurred for the nine months ended September 30, 2024*

|                                               | Singatse Peak Services |                |                |             | Falcon Copper Corp |           |           |                |
|-----------------------------------------------|------------------------|----------------|----------------|-------------|--------------------|-----------|-----------|----------------|
| (In thousands of U.S. dollars)                | MacArthur              | Yerington      | Bear           | Wassuk      | Blue Copper        | Muncy     | Other     | Total          |
|                                               | \$                     | \$             | \$             | \$          | \$                 | \$        | \$        | \$             |
| Property maintenance                          | 197                    | 710            | -              | 80          | 165                | 62        | 82        | 1,296          |
| Assay & Labs                                  | 180                    | 90             | 49             | -           | -                  | -         | -         | 319            |
| Drilling                                      | 366                    | 1,284          | 1,466          | -           | -                  | -         | -         | 3,116          |
| Environmental                                 | 42                     | 572            | -              | -           | -                  | -         | -         | 614            |
| Geological & mapping                          | -                      | -              | -              | -           | -                  | 3         | -         | 3              |
| Geophysical surveys                           | -                      | 45             | -              | -           | -                  | 29        | -         | 74             |
| Technical study                               | -                      | 1,149          | -              | -           | -                  | -         | -         | 1,149          |
| Field support                                 | -                      | 1              | 18             | -           | 43                 | -         | 7         | 69             |
| <b>Total expenses incurred</b>                | <b>785</b>             | <b>3,851</b>   | <b>1,533</b>   | <b>80</b>   | <b>208</b>         | <b>94</b> | <b>89</b> | <b>6,640</b>   |
| <b>Total Expenditures funded by Rio Tinto</b> | <b>(785)</b>           | <b>(3,851)</b> | <b>(1,533)</b> | <b>(80)</b> | <b>-</b>           | <b>-</b>  | <b>-</b>  | <b>(6,249)</b> |
| <b>Total Expenditures funded by Lion CG</b>   | <b>-</b>               | <b>-</b>       | <b>-</b>       | <b>-</b>    | <b>208</b>         | <b>94</b> | <b>89</b> | <b>391</b>     |

## Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2024 and 2023

(Unaudited - In thousands of U.S. Dollars except for shares and per share amounts)

*Exploration expenditures incurred for the nine months ended September 30, 2023*

|                                               | Singatse Peak Services |                |                |             |              | Lion CG                   | Falcon Copper Corp |             |            |            |                |
|-----------------------------------------------|------------------------|----------------|----------------|-------------|--------------|---------------------------|--------------------|-------------|------------|------------|----------------|
|                                               |                        |                |                |             |              | Chaco<br>Bear &<br>Ashton | Ground<br>hog      | Blue Copper | Other      | Total      |                |
| (In thousands of U.S dollars)                 | MacArthur              | Yerington      | Bear           | Wassuk      | Prospects    | Copper<br>Canyon          |                    |             |            |            |                |
|                                               | \$                     | \$             | \$             | \$          | \$           | \$                        | \$                 | \$          | \$         | \$         | \$             |
| Property maintenance                          | 165                    | 72             | -              | 57          | 1            | -                         | -                  | -           | 209        | -          | 504            |
| Assay & Labs                                  | 65                     | 21             | 52             | -           | 59           | -                         | -                  | -           | -          | -          | 197            |
| Drilling                                      | 191                    | 3              | 1,325          | -           | 304          | -                         | -                  | -           | -          | -          | 1,823          |
| Environmental                                 | 5                      | 260            | -              | -           | -            | -                         | -                  | -           | -          | -          | 265            |
| Geological & mapping                          | -                      | -              | -              | -           | -            | -                         | -                  | -           | 4          | -          | 4              |
| Geophysical surveys                           | 2                      | 5              | 23             | -           | -            | -                         | -                  | -           | 17         | 138        | 185            |
| Technical study                               | -                      | 992            | -              | -           | -            | 1                         | -                  | -           | 3          | -          | 996            |
| Field support                                 | -                      | 1              | 75             | -           | 1            | -                         | -                  | 45          | 488        | 169        | 779            |
| <b>Total expenses incurred</b>                | <b>428</b>             | <b>1,354</b>   | <b>1,475</b>   | <b>57</b>   | <b>365</b>   | <b>1</b>                  | <b>-</b>           | <b>45</b>   | <b>721</b> | <b>307</b> | <b>4,753</b>   |
| <b>Total Expenditures funded by Rio Tinto</b> | <b>(428)</b>           | <b>(1,354)</b> | <b>(1,475)</b> | <b>(57)</b> | <b>(365)</b> | <b>-</b>                  | <b>-</b>           | <b>-</b>    | <b>-</b>   | <b>-</b>   | <b>(3,679)</b> |
| <b>Total Expenditures funded by Lion CG</b>   | <b>-</b>               | <b>-</b>       | <b>-</b>       | <b>-</b>    | <b>-</b>     | <b>1</b>                  | <b>-</b>           | <b>45</b>   | <b>721</b> | <b>307</b> | <b>1,074</b>   |

## Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

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### a) Option Agreement with Rio Tinto

On March 18, 2022, the Company entered into an Option Agreement, as amended, with Rio Tinto America Inc. ("Rio Tinto") whereby Rio Tinto has the exclusive option to earn an initial 65% interest in the assets comprising Yerington, MacArthur, Wassuk, Bear, and associated water rights (the "**Mining Assets**") by funding a three-stage programs of work up to completion of a feasibility study not to exceed an aggregate amount of \$59,000.

Such initial interest may be further increased upon the terms and conditions set forth in the Option Agreement.

In addition, Rio Tinto will evaluate the potential commercial deployment of its Nuton™ technologies at the Company's project site.

The Option Agreement was effective on April 27, 2022, when TSXV approved it.

On May 16, 2022, Stage 1 Program of Work was approved, including metallurgical testing, MacArthur project engineering scoping studies, and 6,500 feet drilling. Rio Tinto provided Stage 1 funding of \$4,000. Stage 1 was completed on December 22, 2022.

On January 5, 2023, the scope of Stage 2 Program of Work was approved, including Yerington Site engineering studies, and 17,000 feet drill program to evaluate high priority exploration targets. As a result, Rio Tinto provided Stage 2 funding of \$5,000 and an advance of \$2,500 from Stage 3. The Company completed the Stage 2 Program of Work on January 12, 2024.

On October 5, 2023, Stage 2 was amended and divided into Stage 2a, comprised work completed to original January 12, 2024 end date, and Stage 2b covering the extend term to September 12, 2024 to allow completion of a pre-feasibility study incorporating Rio Tinto's Nuton™ technologies. On January 4, 2024, \$11,500 was received from Rio Tinto relating to the Stage 2b and the Stage 3 Programs of Work.

Stage 2b provided funding of \$10,000 for completion of a pre-feasibility study for the Yerington Copper Project and a further \$1,500 for exploration at the Bear deposit. A total of \$11,500 was received on Jan 4, 2024.

The Parties agree that Lion CG may allocate \$50 per month for its corporate G&A expenses from the funds paid under the payments above (if any) and such allocation will be detailed in the relevant Program of Work Agreement(s).

## Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

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A continuity of the Company's Rio Tinto deposit is as follows:

|                                                 |           |              |
|-------------------------------------------------|-----------|--------------|
| <b>Balance December 31, 2022</b>                | <b>\$</b> | <b>613</b>   |
| Proceeds received                               |           | 7,500        |
| Funds applied to reclamation deposit            |           | (9)          |
| Funds applied to capitalized acquisition costs  |           | (231)        |
| Funds applied to exploration expenditures       |           | (4,739)      |
| Funds applied to general operating expenditures |           | (1,777)      |
| <b>Balance December 31, 2023</b>                | <b>\$</b> | <b>1,357</b> |
| Proceeds received                               |           | 11,500       |
| Funds applied to prepaids                       |           | (81)         |
| Funds applied to capitalized acquisition costs  |           | (131)        |
| Funds applied to exploration expenditures       |           | (6,249)      |
| Funds applied to general operating expenditures |           | (2,407)      |
| <b>Balance September 30, 2024</b>               | <b>\$</b> | <b>3,989</b> |

b) MacArthur and Yerington Properties, Nevada

Located in the historic copper district of Yerington, Nevada, the Company's Yerington and MacArthur properties are 100% owned by SPS, a wholly owned subsidiary of Quaterra Alaska.

The MacArthur Project consists of 902 unpatented lode claims and 8 placer claims and covers approximately 18,800 acres on lands administered by the U.S. Department of Interior - Bureau of Land Management ("BLM").

The MacArthur Project is subject to a 2% net smelter return royalty ("NSR") upon commencing commercial production, which can be reduced to a 1% NSR in consideration of \$1,000.

The Yerington Mine Property covers approximately 11 square miles centered on the former Anaconda open pit copper mine. This includes 2,768 acres of fee simple parcels and patented mining claims as well as 208 unpatented lode and placer claims totaling approximately 4,300 acres on lands administered by the BLM.

The Yerington Mine Property is subject to a 2% NSR upon commencing commercial production. The total lifetime royalty is capped at \$7,500.

c) Bear Deposit, Nevada

The Bear deposit consists of approximately 2,300 acres of private land located to the northeast of the Yerington Mine Property, plus several hundred acres beneath the Yerington Mine property.

The Company has five option agreements, entered from March 2013 to May 2015, to acquire a 100% interest in private lands covering the Bear deposit. Under the terms of these option agreements, as amended, the Company is required to make \$5,988 in cash payments over 15 years (\$5,584 paid) to maintain the exclusive right to purchase the land, mineral rights, and certain water rights and to conduct mineral exploration on these properties. Two of the properties are subject to a 2% NSR upon commencing commercial production, which can be reduced to a 1% NSR in consideration of \$1,250 total.

## Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

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(Unaudited - In thousands of U.S. Dollars except for shares and per share amounts)

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Outstanding payments to keep the option agreements current are as follows, by year:

- \$131 due in 2024 (paid)
- \$404 due in years 2025 to 2028.

Outstanding consideration payments to purchase the property under the five option agreements are as follows:

- \$1,250 for Taylor, purchase option expiring April 4, 2025
- \$250 for Chisum, purchase option has no expiration date, \$50 per year payment required for continuation
- \$5,000 for Yerington Mining, purchase option expiring in Q4 2024
- Circle Bar N purchase option:
  - On or before June 15, 2025: \$12,000
  - June 16, 2025 – June 15, 2026: \$13,000
  - June 16, 2026 – June 15, 2027: \$14,000
  - June 16, 2027 – June 15, 2028: \$15,000
  - June 16, 2028 – June 15, 2029: \$16,000
- \$22,770 for Desert Pearl Farms, purchase option expiring in 2029.

d) Wassuk, Nevada

The Wassuk property consists of 310 unpatented lode claims totaling approximately 6,400 acres on lands administered by the BLM.

The property is subject to a 3% NSR upon commencing commercial production, which can be reduced to a 2% NSR royalty in consideration of \$1,500.

e) Copper Canyon, Nevada

On August 21, 2023, the Company entered into a Purchase and Sale Agreement with Convergent Mining, LLC, whereby the Company purchased the title to the Copper Canyon claims from Convergent Mining, LLC upon closing of agreement. As consideration, the Company paid \$10 in necessary claim fees. Further, the Company is required to pay an exploration fee to Convergent Mining, LLC calculated as the 5% of the first \$2,000 of qualifying exploration costs, not exceeding \$100.

f) Chaco Bear and Ashton Properties, British Columbia

On August 25, 2021, the Company entered into a non-binding letter of intent with Houston Minerals Ltd. setting forth the terms of an option whereby the Company may acquire a 100% interest in the Chaco Bear and Ashton properties in British Columbia.

On June 1, 2023, Lion CG and Houston terminated the option agreement surrounding the Chaco Bear and Ashton properties. As at September 30, 2024, and December 31, 2023, Lion CG impaired the full balance of property and recognized \$602 in impairment expense during the nine months ended September 30, 2023.

g) Blue Copper Project, Montana

A Plan of Operations for exploration of the Blue Copper Project is currently under review for approval by the relevant agencies.

## Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2024 and 2023

(Unaudited - In thousands of U.S. Dollars except for shares and per share amounts)

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h) Cabin Property, Nevada

In 2023, FCC staked approximately 9,000 acres of federal mining claims in White Pine County, Nevada, the area of interest which is termed Cabin. The Cabin Property represents a potential major copper-moly porphyry discovery concealed beneath the Spring Valley pediment within a district-scale BLM land package, located immediately north of the Muncy Property.

i) Muncy Property, Nevada

On November 22, 2023, FCC entered into an Option to Joint Venture Agreement with Kennecott Exploration Company ("Kennecott"), a Rio Tinto subsidiary.

Pursuant to the agreement, Kennecott grants FCC the sole and exclusive right and option to acquire 100% interest in the Muncy Property. To exercise this option, FCC must satisfy the following:

- pay the payment commitment of \$95 to Kennecott on or before the effective date of November 22, 2023 (Paid);
- pay an additional payment commitment of \$5 by February 18, 2024 (Paid);
- pay an additional payment commitment of \$51 by July 1, 2024 (Paid);
- incur expenditures of \$1,500 with respect to the Muncy Property and \$1,000 with respect to the Cabin Property on or before the expenditure commitment date of November 22, 2025;
- ensure that no less than 70% of the expenditure commitment for the Muncy Property consists of drilling expenses for the Muncy Property;
- ensure that no less than 70% of the expenditure commitment for the Cabin Property consists of drilling expenses for the Cabin Property.

If FCC decides to terminate the option at any time, they will grant Kennecott a 2.0% net smelter royalty in the Cabin Property. After this is done, the agreement, except for specified sections, will terminate.

If Kennecott elects not to form a joint venture, Kennecott must transfer all their rights in the Muncy Property to the FCC. In return, FCC will grant the optionor a 2.0% net smelter royalty (NSR) in the Properties. Before FCC decides to develop a commercial mining operation on any portion of the Properties, FCC has the right to reduce the net smelter royalty from 2.0% to 1.0% by paying the optionor \$10,000 in cash.

A Plan of Operations for exploration of the Muncy Property is currently under review for approval by the relevant agencies.

j) Pioneer, Arizona

In 2023, FCC staked an approximate 1,300 acre covered target area prospective for high grade primary or enriched porphyry copper mineralization located within Arizona's prolific Copper Triangle and within 10 miles of the Resolution & Ray mines.

k) Groundhog, Alaska

The Groundhog prospect lies on the Alaskan peninsula on state lands, within an established copper porphyry belt 200 miles southwest Anchorage.

l) Recon, Nevada, Arizona, and other prospects

During the nine months ended September 30, 2024, FCC incurred \$183 in evaluation expenditures on reconnaissance on targets in Nevada, Arizona and Montana in order to determine whether they warranted further pursuit.

## Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

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### 5. INVESTMENT IN ASSOCIATE

On April 5, 2022, the Company received 16,049,444 shares in Falcon Butte, in connection with a property acquisition agreement to assign the Company's options to acquire the Butte Valley property. At the time of acquisition, the 16,049,444 shares represented 25.54% of shares outstanding and the initial balance of the investment was determined to be \$1,906 (\$2,374 CAD). As at September 30, 2024, and December 31, 2023, the Company's share ownership was 20.48%. The Company and Falcon Butte have one common director, as such, management has assessed that the Company has significant influence over Falcon Butte and that the investment should be accounted for using the equity method of accounting.

Summarized financial information of Falcon Butte and a reconciliation of the carrying amount of the investment in the Interim Financial Statements are set out below:

#### Summarized balance sheet:

|                                               | September 30, 2024 | December 31, 2023 |
|-----------------------------------------------|--------------------|-------------------|
| <b>Assets</b>                                 |                    |                   |
| Cash                                          | \$ 473             | \$ 1,375          |
| Receivables                                   | 15                 | 10                |
| Financial asset - Convertible loan receivable | 100                | -                 |
| Prepays & deposits                            | 17                 | 54                |
| Exploration and evaluation assets             | 2,870              | 2,904             |
| <b>Total Assets</b>                           | <b>\$ 3,475</b>    | <b>\$ 4,343</b>   |
| <b>Liabilities</b>                            |                    |                   |
| Accounts payable & accrued liabilities        | \$ 10              | \$ 70             |
| Freeport deposit                              | -                  | 397               |
| Derivative liabilities                        | 37                 | 490               |
| <b>Total Liabilities</b>                      | <b>\$ 47</b>       | <b>\$ 957</b>     |

#### Summarized statement of loss

|                                                | Nine months ended<br>September 30, 2024 | Nine months ended<br>September 30, 2023 |
|------------------------------------------------|-----------------------------------------|-----------------------------------------|
| <b>Operating expenses</b>                      |                                         |                                         |
| General and administrative expenses            | \$ 2,800                                | \$ 3,490                                |
| <b>Total operating expenses</b>                | <b>2,800</b>                            | <b>3,490</b>                            |
| Fair value (gain) loss on derivative liability | (440)                                   | (129)                                   |
| Other income                                   | (244)                                   | (3,526)                                 |
| Impairment                                     | -                                       | 56                                      |
| Foreign exchange loss (gain)                   | (83)                                    | 114                                     |
| <b>Net loss</b>                                | <b>\$ 2,033</b>                         | <b>\$ 5</b>                             |

## Lion Copper and Gold Corp.

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A continuity of the Company's investment in associate is as follows:

|                                      |           |              |
|--------------------------------------|-----------|--------------|
| <b>Balance December 31, 2022</b>     | <b>\$</b> | <b>1,504</b> |
| Transfer of shares to the former CEO |           | (10)         |
| Company's share of net loss          |           | (288)        |
| <b>Balance December 31, 2023</b>     | <b>\$</b> | <b>1,206</b> |
| Company's share of net loss          |           | (417)        |
| <b>Balance September 30, 2024</b>    | <b>\$</b> | <b>789</b>   |

### 6. NON-CONTROLLING INTEREST

On December 13, 2022, Quaterra Alaska assigned and transferred all right, title and interest in the Groundhog property, Butte Valley Royalty, 100% of the outstanding membership interest held in Blue Copper LLC, and the interest in the Nieves project to FCC.

As consideration, Quaterra Alaska was issued 57,513,764 common shares of FCC which represented 79.3% of all issued and outstanding shares at December 13, 2022. This transaction was considered a transaction between entities under common control, and thus was recorded at carrying value.

On March 2, 2023, FCC completed a private placement financing of \$2,000 by issuing 23,809,524 units at a price of \$0.084. Each unit consists of one common share, and one common share purchase warrant exercisable at \$0.15 for a period of 1 year.

In addition, the private placement was considered a "triggering event" for Simple Agreements for Future Equity ("SAFE Notes"). FCC had previously raised \$868 in SAFE Notes and were converted into equity of FCC, resulting in FCC issuing an additional 21,629,382 common shares.

On September 6, 2023, FCC carried out a re-organization of its assets and capital structure (the transaction described herein is referred to as the "Reorganization"). On August 25, 2023, a new entity, BCR LLC was organized in Wyoming. BCR LLC subsequently adopted an Operating Agreement that provided for issuance of LLC Interests to its Members in the same amounts as shares issued to Shareholders of FCC. On September 6, 2023, two of the mining assets, referred to as the Butte Valley Royalty and the Nieves Royalty, that had been held by FCC were assigned to BCR LLC in exchange for 100% of the issued and outstanding LLC Interests of BCR LLC. The Nieves Royalty may only be transferred with the written consent of a third party which was received October 23, 2023 resulting in the Nieves property transferring immediately. The same LLC interests were immediately distributed pro rata to the shareholders of FCC. Furthermore, FCC had previously issued Warrants to purchase 7,936,508 (total of 23,809,524 common share purchase warrants) shares of Common Stock of FCC at a Warrant Price of \$0.15 per Share. As part of the Reorganization, these Warrants were exchanged by the Warrant Holders for two new Warrants; one issued by FCC to purchase 7,936,508 Shares of FCC at a Warrant Price of \$0.1332 per Share, and the other issued by BCR LLC to purchase 7,936,508 LLC Units of BCR LLC at a Warrant Price of \$0.0168 per LLC Unit. The exchange transaction was accounted for under ASC 815 whereby the effect of the exchange was measured as the excess of the fair value of the exchanged warrant over the fair value of the warrant immediately before it is exchanged. Using this method, the effect of the exchange was calculated to be \$Nil. As a result of the Reorganization and the issuance and distribution of these LLC Interests, each shareholder of FCC holds the same percentage interest in FCC as the shareholders holds in BCR LLC. Additionally, the Warrant Holders now holds two Warrants, one issued by each of FCC and BCR LLC, with the aggregate value of the two warrants equal to the aggregate value of the Warrant that they held prior to the exchange. The net effect is that the capital structure of BCR LLC matches the capital structure of FCC, including the issuance of new Warrants, and the Butte Valley Royalty and Nieves Royalty are now held by BCR LLC rather than FCC.

On October 17, 2023, FCC issued 2,750,000 common shares at a price of \$0.10 per common share for total proceeds of \$275.

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From February to May 2024, FCC issued a total of 11,637,931 common shares at \$0.116 per common share for gross proceeds of \$1,350.

As a result, the Company's ownership in FCC is reduced to 43.46% as of September 30, 2024, with the changes in NCI listed below:

|                                                        |           |              |
|--------------------------------------------------------|-----------|--------------|
| <b>Balance December 31, 2022</b>                       | <b>\$</b> | <b>388</b>   |
| Issuance of common shares for conversion of SAFE notes |           | 1,536        |
| Issuance of common shares equity financing             |           | 2,000        |
| Issuance of common shares                              |           | 275          |
| Net loss and comprehensive loss attributable to NCI    |           | (1,082)      |
| <b>Balance December 31, 2023</b>                       | <b>\$</b> | <b>3,117</b> |
| Issuance of common shares                              |           | 1,350        |
| Net loss and comprehensive loss attributable to NCI    |           | (738)        |
| <b>Balance September 30, 2024</b>                      | <b>\$</b> | <b>3,729</b> |

## 7. DERIVATIVE LIABILITIES

During the period ended September 30, 2024, and year ended December 31, 2023, the Company issued certain share purchase warrants and convertible debt that can be exercised and converted in USD or CAD (Note 8). The warrants and the conversion feature were classified as derivative liabilities, carried at fair value and revalued at each reporting date.

A continuity schedule of the Company's derivative liabilities is as follows:

|                                                                                                |               |
|------------------------------------------------------------------------------------------------|---------------|
| <b>Balance December 31, 2022</b>                                                               | <b>4</b>      |
| Issuance of Warrants (Note 8)                                                                  | 280           |
| Issuance of convertible debentures with conversion feature (Note 8)                            | 248           |
| Fair value change on derivative liabilities                                                    | (356)         |
| <b>Balance December 31, 2023</b>                                                               | <b>\$ 176</b> |
| Issuance of warrants for private placement (Note 10)                                           | 346           |
| Issuance of warrants upon conversion of existing debentures (Note 8)                           | 60            |
| Issuance of contingent warrants upon conversion of existing debentures (Note 8)                | 649           |
| Issuance of warrants and conversion feature for extinguishment of existing debentures (Note 8) | 55            |
| Modification of warrants upon restructuring of debentures (Note 8)                             | 109           |
| Modification of conversion feature upon restructuring of debentures (Note 8)                   | 129           |
| Issuance of warrants – equity (Note 8)                                                         | (359)         |
| Fair value change on derivative liabilities                                                    | (838)         |
| <b>Balance September 30, 2024</b>                                                              | <b>\$ 327</b> |

## 8. CONVERTIBLE DEBENTURES

On February 16, 2024, the Company issued 12-month convertible debentures of \$941, bearing an interest rate of 20% per annum. These debentures replaced previously issued debentures that were due in February 2024.

These debentures are convertible into common shares of the Company at a price of \$0.06 per share, or at the holder's option, are converted in-kind for common shares of FCC at \$0.25 per FCC share.

## **Lion Copper and Gold Corp.**

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15,696,882 warrants are issued exercisable at \$0.06 till February 16, 2025. These warrants were determined to be liability classified as the warrants can be exercised in a currency other than its functional currency (Notes 7, 10).

Based on the terms of the newly issued debentures, the convertible debentures were determined to be a financial instrument comprising a host debt component, and the conversion feature and warrants denominated in Canadian dollars are classified as a derivative liability. In this case, as the conversion option on the instrument is bifurcated both before and after the modification or exchange, the Company used the 10% cash flow test. As a result, the change in cash flows was considered not substantial for the convertible debentures issued on June 17, 2022, and July 8, 2022, and extinguishment accounting was not applied. A new effective interest rate was determined and there was no gain or loss recorded on the condensed interim consolidated statements of operations and comprehensive loss. However, the convertible debentures issued on March 2, 2023, surpassed the 10% cash flow test and as a result, the debentures were considered extinguished. A new effective interest was determined and there was a loss on extinguishment recorded on the condensed interim consolidated statements of operations and comprehensive loss.

Under ASC 815, for the convertible debentures that did not meet the 10% cash flow test, the amended conversion feature and the replacement warrants were valued using the Black Scholes model and the difference between the fair value of the original conversion feature and amended conversion feature were reflected on the condensed interim consolidated statements of operations and comprehensive loss as a gain/loss on the revaluation of the derivative liabilities. The changes in fair value of the warrants associated with the prior debentures was recognized as a gain/loss and the fair value of the replacement warrants were deducted from the face value of the replacement debentures. For the convertible debentures that surpassed the 10% cash flow test, the fair value of the debentures at maturity were present valued using the new effective interest rate of 44.01% and the conversion feature and replacement warrants were valued using the Black Scholes model. The difference between the present value of the new debentures, conversion feature, replacement warrants and the carrying value of the prior debentures, fair value of the original conversion feature and warrants were recorded on the condensed interim consolidated statements of operations and comprehensive loss as a loss on extinguishment of \$55.

On March 8, 2024, the Company completed a private placement of \$1,000 and issued 4,107,998 units and 41,707,215 common shares to settle \$1,924 of debenture debt. The fair value of the shares and warrants is \$2,723 and \$59, respectively. These warrants were determined to be liability classified as the warrants have an exercise price in a currency other than its functional currency (Notes 7, 10).

In conjunction with the Company's CSE listing on September 19, 2024, 41,707,215 warrants were issued to certain directors and individual who converted their debts into common shares of the Company on March 8, 2024. These warrants were treated as a contingency with their fair value being recorded as a derivative liability on March 8, 2024. On September 19, 2024, these warrants were revalued at \$359 and recorded as equity since all are exercisable in USD, the functional currency of the Company.

Under ASC 815, the conversion of debt with a bifurcated conversion option is accounted for under the debt extinguishment accounting model. Therefore, both the debt and the conversion option that is accounted for as a derivative was derecognized at their carrying amounts and the consideration transferred were measured at its then-current fair value, with any difference recorded as a gain or loss on the extinguishment of the two separate liabilities. The existing debenture settlement resulted in a loss on conversion of \$1,690.

Additionally, on March 8, 2024, the Company repaid convertible debentures of a total of \$831 in cash with a loss of \$5.

The fair value of the warrants and conversion features were determined using the Black-Scholes Option Pricing Model using the assumptions set out as follows:

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|                         | Initial<br>recognition in<br>2023 | Fair value at<br>December 31,<br>2023 | Initial recognition<br>in 2024 | Fair value at<br>September 30,<br>2024 | Fair value at<br>September 19,<br>2024 |
|-------------------------|-----------------------------------|---------------------------------------|--------------------------------|----------------------------------------|----------------------------------------|
| Risk-free interest rate | 4.27%                             | 3.91%                                 | 4.07 - 4.41%                   | 2.73 – 2.94%                           | 2.72%                                  |
| Expected volatility     | 10%                               | 10%                                   | 10%                            | 16.15%                                 | 16.15%                                 |
| Dividend yield          | 0%                                | 0%                                    | 0%                             | 0%                                     | 0%                                     |
| Expected life           | 1.67 years                        | 0.13 – 0.84 years                     | 1 – 5.56 years                 | 0.09 – 5.03 years                      | 5.00 years                             |

A continuity schedule of the Company's convertible debt is as follows:

|                                                      |           |              |
|------------------------------------------------------|-----------|--------------|
| <b>Balance as at December 31, 2022</b>               | <b>\$</b> | <b>1,874</b> |
| Issued                                               |           | 1,306        |
| Fair value of conversion feature                     |           | (280)        |
| Fair value of warrants                               |           | (248)        |
| Accretion                                            |           | 460          |
| Interest                                             |           | 432          |
| <b>Balance as at December 31, 2023</b>               | <b>\$</b> | <b>3,544</b> |
| Issued                                               |           | 211          |
| Extinguished debt - fair value of conversion feature |           | (30)         |
| Extinguished debt - fair value of warrants           |           | (30)         |
| Modified debt - fair value of warrants               |           | (93)         |
| Accretion                                            |           | 171          |
| Interest                                             |           | 189          |
| Extinguished                                         |           | (150)        |
| Converted                                            |           | (1,976)      |
| Repayment                                            |           | (831)        |
| Loss on repayment                                    |           | 5            |
| <b>Balance as at September 30, 2024</b>              | <b>\$</b> | <b>1,010</b> |

## 9. SHARE CAPITAL

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

### *Share transactions for the nine months ended September 30, 2024*

- On February 16, 2024 and March 8, 2024, the Company issued 3,500,000 and 45,815,213 common shares to settle existing debentures at a price of \$0.074 and \$0.042 per common share (Note 8), respectively.
- On March 8, 2024, the Company closed a private placement consisting of an aggregate of 23,809,522 units at a price of \$0.042 per unit for aggregate gross proceeds to the Company of \$1,000. Each unit consists of one common share and one common share purchase warrant of the Company (Note 7, 10).
- In June 2024, the Company issued 3,063,000 common shares in connection with stock options exercised for total proceeds of \$181.

### *Share transactions for the nine months ended September 30, 2023*

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On August 30, 2023, the Company issued 100,000 common shares in connection with stock options exercised for \$4.

### 10. ADDITIONAL PAID-IN CAPITAL

#### a) Stock options

The Company has a stock option plan under which the Company is authorized to grant stock options of up to 20% of the number of common shares issued and outstanding of the Company upon adoption on December 31, 2022.

The continuity of the number of stock options issued and outstanding is as follows:

|                                   | September 30, 2024 |                                       | December 31, 2023 |                                       |
|-----------------------------------|--------------------|---------------------------------------|-------------------|---------------------------------------|
|                                   | Number of options  | Weighted average exercise price (CAD) | Number of options | Weighted average exercise price (CAD) |
| Outstanding, beginning of period  | 49,239,020         | 0.10                                  | 29,614,283        | 0.11                                  |
| Granted                           | 23,495,000         | 0.07                                  | 23,544,737        | 0.08                                  |
| Expired                           | (2,150,000)        | 0.06                                  | (1,370,000)       | 0.06                                  |
| Cancelled                         | (9,500,000)        | 0.11                                  | (2,450,000)       | 0.10                                  |
| Exercised                         | (3,063,000)        | 0.08                                  | (100,000)         | 0.06                                  |
| <b>Outstanding, end of period</b> | <b>58,021,020</b>  | <b>0.09</b>                           | <b>49,239,020</b> | <b>0.10</b>                           |

As of September 30, 2024, and December 31, 2023, the number of stock options outstanding and exercisable were:

| Expiry date                        | Exercise price (CAD) | Number of options outstanding | Remaining contractual life in years | Number of options exercisable |
|------------------------------------|----------------------|-------------------------------|-------------------------------------|-------------------------------|
| October 24, 2024                   | 0.08                 | 1,700,000                     | 0.07                                | 1,700,000                     |
| June 20, 2025                      | 0.08                 | 2,450,000                     | 0.72                                | 2,450,000                     |
| August 18, 2025                    | 0.072                | 1,744,283                     | 0.88                                | 1,744,283                     |
| June 18, 2026                      | 0.25                 | 3,050,000                     | 1.72                                | 3,050,000                     |
| September 17, 2026                 | 0.11                 | 1,500,000                     | 1.96                                | 1,500,000                     |
| October 21, 2026*                  | 0.09                 | 1,200,000                     | 2.06                                | 1,200,000                     |
| May 25, 2027*                      | 0.085                | 5,070,000                     | 2.65                                | 5,070,000                     |
| March 2, 2028                      | 0.095                | 350,000                       | 3.42                                | 350,000                       |
| July 21, 2028*                     | 0.08                 | 19,161,737                    | 3.81                                | 19,161,737                    |
| March 1, 2029                      | 0.07                 | 14,295,000                    | 4.42                                | 14,295,000                    |
| July 26, 2029                      | 0.08                 | 7,500,000                     | 4.82                                | 1,500,000                     |
| <b>Balance, September 30, 2024</b> |                      | <b>58,021,020</b>             |                                     | <b>52,021,020</b>             |

\* Subsequent to the quarter end, a total of 11,445,772 options were expired under the stock option plan.

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| Expiry date                           | Exercise price<br>(CAD) | Number of<br>options<br>outstanding | Remaining<br>contractual life<br>in years | Number of<br>options<br>exercisable |
|---------------------------------------|-------------------------|-------------------------------------|-------------------------------------------|-------------------------------------|
| June 21, 2024                         | 0.07                    | 1,900,000                           | 0.47                                      | 1,900,000                           |
| August 8, 2024                        | 0.06                    | 500,000                             | 0.61                                      | 500,000                             |
| June 20, 2025                         | 0.08                    | 2,450,000                           | 1.47                                      | 2,450,000                           |
| August 18, 2025                       | 0.072                   | 2,394,283                           | 1.63                                      | 2,394,283                           |
| June 18, 2026                         | 0.25                    | 3,950,000                           | 2.47                                      | 3,950,000                           |
| September 17, 2026                    | 0.11                    | 4,500,000                           | 2.72                                      | 4,500,000                           |
| October 21, 2026                      | 0.09                    | 2,700,000                           | 2.81                                      | 2,700,000                           |
| May 25, 2027                          | 0.085                   | 8,300,000                           | 3.40                                      | 8,300,000                           |
| March 2, 2028                         | 0.095                   | 350,000                             | 4.17                                      | 350,000                             |
| July 21, 2028                         | 0.080                   | 22,194,737                          | 4.56                                      | 22,194,737                          |
| <b>Outstanding, December 31, 2023</b> |                         | <b>49,239,020</b>                   |                                           | <b>49,239,020</b>                   |

During the nine months ended September 30, 2024, an amount of \$789 (2023 - \$1,133) was expensed as share-based payments related to the vesting of options. The portion of share-based payments recorded is based on the vesting schedule of the options. The following weighted average assumptions were applied using the Black-Scholes Option Pricing model used to estimate the weighted average fair value of stock options granted during the nine months ended September 30, 2024.

|                         | Nine months ended<br>September 30, 2024 | Nine months ended<br>September 30, 2023 |
|-------------------------|-----------------------------------------|-----------------------------------------|
| Risk-free interest rate | 3.65%                                   | 3.81%                                   |
| Expected life (years)   | 4.83                                    | 5                                       |
| Annualized volatility   | 138%                                    | 145%                                    |
| Forfeiture rate         | 0%                                      | 0%                                      |
| Dividend yield          | 0%                                      | 0%                                      |

### b) Share purchase warrants

The continuity of the number of share purchase warrants outstanding as of September 30, 2024, and December 31, 2023, is as follows:

|                                         | September 30, 2024    |                                       | December 31, 2023     |                                       |
|-----------------------------------------|-----------------------|---------------------------------------|-----------------------|---------------------------------------|
|                                         | Number of<br>warrants | Weighted<br>average<br>exercise price | Number of<br>warrants | Weighted<br>average<br>exercise price |
| <b>Outstanding, beginning of period</b> | <b>119,626,027</b>    | <b>\$ 0.09</b>                        | <b>101,165,012</b>    | <b>\$ 0.09</b>                        |
| Issued                                  | 85,321,617            | 0.06                                  | 18,461,015            | 0.07                                  |
| Expired                                 | (39,641,642)          | 0.10                                  | -                     | -                                     |
| Cancelled                               | (32,270,021)          | 0.07                                  | -                     | -                                     |
| <b>Outstanding, end of period</b>       | <b>133,035,981</b>    | <b>0.07</b>                           | <b>119,626,027</b>    | <b>\$ 0.09</b>                        |

The following table summarizes warrants outstanding as of September 30, 2024, and December 31, 2023:

| Expiry date        | Currency | Exercise price | September<br>30, 2024 | December 31,<br>2023 |
|--------------------|----------|----------------|-----------------------|----------------------|
| September 13, 2024 | USD      | 0.10           | -                     | 26,488,733           |
| September 27, 2024 | USD      | 0.10           | -                     | 13,152,909           |
| October 21, 2024   | USD      | 0.10           | 31,672,632            | 31,672,632           |

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|                                             |     |       |                    |                    |
|---------------------------------------------|-----|-------|--------------------|--------------------|
| February 17, 2024                           | USD | 0.067 | -                  | 16,044,774         |
| March 8, 2024                               | USD | 0.067 | -                  | 13,805,964         |
| November 2, 2024                            | USD | 0.070 | 16,041,732         | 18,461,015         |
| February 16, 2025                           | USD | 0.06  | 15,696,882         | -                  |
| March 8, 2029                               | USD | 0.056 | 23,809,522         | -                  |
| March 8, 2029                               | USD | 0.056 | 4,107,998          | -                  |
| September 19, 2029                          | USD | 0.056 | 41,707,215         | -                  |
| <b>Outstanding at the end of the period</b> |     |       | <b>133,035,981</b> | <b>119,626,027</b> |

Subsequent to the quarter end, 47,714,364 warrants are expired unexercised.

### 11. RELATED PARTY TRANSACTIONS

The Company's related parties include its directors and officers whose remuneration was as follows, subject to change of control provisions for officers:

|                                   | Three months ended September 30 |                 | Nine months ended September 30 |                 |
|-----------------------------------|---------------------------------|-----------------|--------------------------------|-----------------|
|                                   | 2024                            | 2023            | 2024                           | 2023            |
| Salaries                          | \$ 125                          | \$ 115          | \$ 337                         | \$ 345          |
| Directors' fees                   | -                               | -               | -                              | 21              |
| Share-based payments              | 100                             | 957             | 381                            | 795             |
| Interest on convertible debenture | 20                              | 67              | 146                            | 171             |
|                                   | <b>\$ 245</b>                   | <b>\$ 1,139</b> | <b>\$ 864</b>                  | <b>\$ 1,332</b> |

Other transactions for the nine months ended September 30, 2024

- On February 16, 2024, the former CEO, former CFO and directors of the Company restructured \$407 of their existing convertible debentures into the new debentures (Note 8). The debentures bear interest at a rate of 20% per annum and mature on February 16, 2025, and are convertible into shares of the Company at \$0.06 (C\$0.08) per share. Additionally, certain directors converted \$259 of their existing convertible into 3,500,000 common shares at a price of \$0.074 (Notes 8, 9).
- On March 8, 2024, the former CFO and directors converted \$1,541 of their outstanding convertible debentures into 36,675,478 common shares at a price of US\$0.042 (Notes 8, 9).
- On March 8, 2024, the Company recognized 41,707,215 contingent warrants for the current CEO, former CFO, and one director who converted their existing debentures into units. The value of these warrants upon recognition was \$649 which was valued to be \$359, on September 19, 2024 (Note 8).
- On March 8, 2024, former CFO and directors subscribed for 12,202,380 common shares for total proceeds of \$513 in relation of a private placement (Note 9). Additionally, the directors received 12,202,380 warrants with a value of \$177 (Note 9).
- As at September 30, 2024, the Company had \$50 (December 31, 2023 - \$290) in interest accrued relating to outstanding convertible debentures with directors and officers of the Company.
- As at September 30, 2024, there was \$Nil (December 31, 2023 - \$11) in prepaid expenses to the former CEO of the Company.

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Other transactions for the nine months ended September 30, 2023

During the nine months ended September 30, 2023, certain directors of the Company subscribed for \$1,135 of unsecured convertible debt in the third tranche (Note 9). The debentures bear interest at a rate of 14% per annum and mature on November 2, 2024, and are convertible into shares of the Company at \$0.070 (\$0.095 CAD) per share until January 2, 2024, and thereafter at \$0.074 (\$0.10 CAD) per share.

### 12. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being mineral exploration. Geographic information relating to the Company's mineral properties as at September 30, 2024, and December 31, 2023, is as follows:

|                    | September 30, 2024 |          |          | December 31, 2023 |          |          |
|--------------------|--------------------|----------|----------|-------------------|----------|----------|
|                    | Canada             | USA      | Total    | Canada            | USA      | Total    |
| Mineral properties | \$ -               | \$ 7,857 | \$ 7,857 | \$ -              | \$ 7,647 | \$ 7,647 |

### 13. COMMITMENTS

To acquire certain mineral property interests as per Note 4, the Company must make optional acquisition expenditures to satisfy the terms of existing option agreements, failing which the rights to such mineral properties will revert to the property vendors.

### 14. CONTINGENCIES

#### Water Rights

On July 23, 2021, the Company received notice from the State of Nevada that three water rights permits had been forfeited. Further, the application for an extension of time to prevent forfeiture of a fourth certificate was denied. On August 20, 2021, the Company filed a Petition for Judicial Review of the Forfeiture Notice and has retained legal counsel to undertake the appeal process. SPS subsequently filed and was granted a Stay of the Forfeiture Notice on September 15, 2021. SPS filed its Opening Brief on March 28, 2022. The State Engineer filed its Answering Brief on July 8, 2022. SPS filed its Reply Brief on August 25, 2022. A hearing regarding the status of the forfeiture appeal was held in the Third Judicial Court District in Lyon County on November 4, 2022. On December 6, 2022, the Judge remanded the case back to the State for further written findings based on issues raised at the hearing.

On August 30, 2023, SPS received written notice from the Nevada State Engineer in response to the Remand Order that the three water rights applications for Extensions of Time were denied and declared forfeited. The fourth certificate was not forfeited although the Extension of Time has not yet been approved.

On September 28, 2023, SPS simultaneously timely filed an Amended Petition for Review and a Complaint for Equitable Relief with the Third Judicial District Court in Lyon County, Nevada seeking judicial relief from the August 30 Forfeiture Notice. On October 10, 2023, the Judge signed an order granting a Stipulated Stay of the August 30, 2023 Forfeiture Notice while the appeal process is ongoing.

The US firms representing SPS completed the briefing on the Amended Petition for Judicial Review and filed the opening brief on the Complaint for Equitable Relief. The hearing on both matters is tentatively scheduled to occur in the first quarter of 2025. The firms interviewed the likely witnesses in the matter and developed the Declarations in Support of the Equitable Relief briefing. The State of Nevada timely filed its responsive brief. SPS timely filed its reply brief on November 1, 2024. Further review of witness testimony is ongoing, and decisions are being contemplated regarding the necessity of expert testimony. The hearing is tentatively scheduled for Q1 2025 in Lyon County Circuit Court. Simultaneously with diligently defending against the forfeiture, SPS seeks non-judicial resolutions with the State Engineer.

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Just as SPS did with the initial forfeiture decision that was remanded by the Court, SPS continues to diligently defend against the wrongful forfeiture of its water rights with clear evidence of the need for those water rights in mine remediation, production and reclamation

### 15. FINANCIAL INSTRUMENT RISKS

The board of directors has overall responsibility for establishing and oversight of the Company's risk management framework. The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. Financial instruments consist of cash and cash equivalents, accounts payable, accrued liabilities, lease liabilities, Rio Tinto deposit, SAFE notes, convertible debentures, derivative liabilities.

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's activities expose it to financial risks of varying degrees of significance, which could affect its ability to achieve its strategic objectives for growth and stockholder returns. The principal financial risks to which the Company is exposed are liquidity risk, currency risk, interest rate risk, credit risk and commodity price risk. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis.

The carrying values of cash, accounts payable, accrued liabilities and Rio Tinto deposit approximate their fair values because of their immediate or short term to maturity and the Company's convertible debentures and lease liabilities are recorded at amortized cost.

The Company's derivative liabilities are measured at its fair value at the end of each reporting period and is categorized as Level 2 in the fair value hierarchy.

#### a) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. To mitigate this risk, the Company has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. The Company ensures that sufficient funds are raised from equity offerings or debt financing to meet its operating requirements, after considering existing cash and expected exercise of stock options and share purchase warrants. See Note 1 for further discussion.

#### b) Currency risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates in the United States and Canada; and is exposed to currency risk from transactions denominated in CAD. Currently, the Company does not have any foreign exchange hedge programs and manages its operational CAD requirements through spot purchases in the foreign exchange markets. Based on CAD financial assets and liabilities' magnitude, the Company does not have material sensitivity to CAD to USD exchange rates.

## **Lion Copper and Gold Corp.**

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c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to the interest rate risk on its liabilities through its outstanding borrowings and the interest earned on cash balances. The Company monitors its exposure to interest rates and maintains an investment policy that focuses primarily on the preservation of capital and liquidity.

d) Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk through its cash and cash equivalents. Cash and cash equivalents are held in large Canadian and US financial institutions that have high credit ratings assigned by international credit rating agencies.

### **16. SUBSEQUENT EVENT**

On November 8, 2024, the company closed a non-brokered private placement by issuing 25,155,554 units at \$0.045 per unit for gross proceeds of \$1,132. Each Unit comprises one common share and one common share purchase warrant that exercisable at \$0.06 for 5 years from the date of issuance.