

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2023

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

000-55139  
(Commission File Number)

LION COPPER AND GOLD CORP.  
(Exact name of registrant as specified in its charter)

British Columbia, Canada  
(State or other jurisdiction  
of incorporation or organization)

98-1664106  
(IRS Employer  
Identification No.)

143 S Nevada St., Yerington, NV 89447  
(Address of principal executive offices) (Zip Code)

(778) 898-0057  
(Registrant's telephone number, including area code)

N/A  
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐  
Smaller reporting company ☒ Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ☐ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ☐ ] No [X]

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: **As of August 14, 2023, the registrant's outstanding common stock consisted of 309,567,975 shares.**

## **PART I. FINANCIAL INFORMATION**

### **Item 1. Financial Statements**



# **Lion Copper and Gold Corp.**

## **Condensed Interim Consolidated Financial Statements**

**For the three and six months ended June 30, 2023 and 2022**

**(Expressed in thousands of U.S. Dollars)**

**Lion Copper and Gold Corp.**

Condensed Interim Consolidated Balance Sheets

As at June 30, 2023 and December 31, 2022

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

|                                                                                                                          | Note   | June 30,<br>2023 | December 31,<br>2022 |
|--------------------------------------------------------------------------------------------------------------------------|--------|------------------|----------------------|
| <b>ASSETS</b>                                                                                                            |        |                  |                      |
| <b>Current assets</b>                                                                                                    |        |                  |                      |
| Cash                                                                                                                     |        | \$ 7,117         | \$ 1,365             |
| Other receivables                                                                                                        |        | 5                | 7                    |
| Prepaid and deposit                                                                                                      |        | 137              | 56                   |
|                                                                                                                          |        | 7,259            | 1,428                |
| Mineral properties                                                                                                       | 4,14   | 7,542            | 7,884                |
| Reclamation bonds                                                                                                        |        | 22               | 23                   |
| Investment in associate                                                                                                  | 5      | 1,489            | 1,504                |
| <b>Total assets</b>                                                                                                      |        | <b>\$ 16,312</b> | <b>\$ 10,839</b>     |
| <b>LIABILITIES</b>                                                                                                       |        |                  |                      |
| <b>Current liabilities</b>                                                                                               |        |                  |                      |
| Accounts payable                                                                                                         |        | \$ 464           | \$ 232               |
| Accrued liabilities                                                                                                      |        | 22               | 4                    |
| Rio Tinto Deposit                                                                                                        | 6      | 4,326            | 613                  |
| SAFE Notes                                                                                                               | 10     | -                | 1,131                |
| Derivative liabilities                                                                                                   | 8      | 51               | 4                    |
| Convertible Debentures – current                                                                                         | 8,9,13 | 2,123            | -                    |
|                                                                                                                          |        | 6,986            | 1,984                |
| Convertible debentures – long term                                                                                       | 8,9,13 | 922              | 1,874                |
| <b>Total liabilities</b>                                                                                                 |        | <b>7,908</b>     | <b>3,858</b>         |
| <b>Stockholders' equity</b>                                                                                              |        |                  |                      |
| Share capital, No par value, unlimited common shares authorized; 309,567,975 issued and outstanding (2022 – 309,567,975) |        |                  |                      |
|                                                                                                                          | 11     | 105,384          | 105,384              |
| Additional paid-in capital                                                                                               | 12     | 22,907           | 23,043               |
| Deficit                                                                                                                  |        | (123,362)        | (121,834)            |
| Non-controlling interest                                                                                                 | 7      | 3,475            | 388                  |
| <b>Total stockholders' equity</b>                                                                                        |        | <b>8,404</b>     | <b>6,981</b>         |
| <b>Total liabilities and stockholders' equity</b>                                                                        |        | <b>\$ 16,312</b> | <b>\$ 10,839</b>     |

**NATURE OF OPERATIONS AND GOING CONCERN (Note 1)****COMMITMENTS (Note 15)****CONTINGENCIES (Note 16)****SUBSEQUENT EVENTS (Note 18)**

Approved on behalf of the Board of Directors on August 14, 2023:

/s/ "Travis Naugle"  
Chief Executive Officer

/s/ "Stephen Goodman"  
President & Chief Financial Officer

*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 six months ended June 30, 2023 and June 30, 2022

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

|                                                                         | Note  | Three months ended June 30, |                 | Six months ended June 30, |                |
|-------------------------------------------------------------------------|-------|-----------------------------|-----------------|---------------------------|----------------|
|                                                                         |       | 2023                        | 2022            | 2023                      | 2022           |
| <b>Operating expenses</b>                                               |       |                             |                 |                           |                |
| Exploration expenditures                                                | 4     | \$ 2,159                    | \$ 1,339        | \$ 3,409                  | \$ 1,912       |
| Rio Tinto Deposit                                                       |       | (2,250)                     | (1,669)         | (3,572)                   | (1,669)        |
| General office                                                          |       | 41                          | 65              | 82                        | 75             |
| Interest                                                                |       | 116                         | 5               | 199                       | 5              |
| Insurance                                                               |       | 23                          | 20              | 34                        | 25             |
| Investor relations and corporate development                            |       | -                           | 15              | 6                         | 29             |
| Professional fees                                                       |       | 399                         | 220             | 641                       | 423            |
| Rent                                                                    |       | 4                           | 4               | 8                         | 7              |
| Salaries and benefits                                                   | 13    | 333                         | 199             | 674                       | 519            |
| Share-based payments                                                    | 12,13 | (231)                       | 409             | (136)                     | 695            |
| Transfer agent and regulatory                                           |       | 19                          | 37              | 64                        | 72             |
| Travel                                                                  |       | 19                          | 28              | 28                        | 30             |
| <b>Operating loss</b>                                                   |       | <b>(632)</b>                | <b>(672)</b>    | <b>(1,437)</b>            | <b>(2,123)</b> |
| <b>Non-operating Income/(expenses)</b>                                  |       |                             |                 |                           |                |
| Fair value (loss) gain on derivative liabilities                        | 8     | 1,421                       | (2)             | 481                       | 35             |
| Foreign exchange gain                                                   |       | -                           | 3               | -                         | 12             |
| Gain on settlement of debt                                              | 5     | -                           | 6               | -                         | 6              |
| Accretion expense                                                       | 9     | (121)                       | (4)             | (195)                     | (4)            |
| Gain on sale of Butte Valley                                            | 4,11  | -                           | 2,207           | -                         | 2,207          |
| Gain on transfer of shares                                              | 5     | -                           | -               | 22                        | -              |
| NSR buy-down                                                            | 4,11  | -                           | 250             | -                         | 250            |
| Loss on revaluation of SAFE notes                                       | 10    | -                           | -               | (305)                     | -              |
| Share of loss in associate                                              | 5     | 22                          | (31)            | (4)                       | (31)           |
| Interest and other income                                               |       | 51                          | -               | 63                        | -              |
| Impairment of mineral properties                                        | 4     | (602)                       | -               | (602)                     | -              |
|                                                                         |       | 771                         | 2,429           | (540)                     | 2,475          |
| <b>Net income (loss) and comprehensive income (loss) for the period</b> |       | <b>\$ 139</b>               | <b>\$ 1,757</b> | <b>\$ (1,977)</b>         | <b>\$ 352</b>  |
| <b>Net income (loss) and comprehensive income (loss) attributed to:</b> |       |                             |                 |                           |                |
| Stockholders of the Company                                             |       | \$ 425                      | \$ 1,757        | \$ (1,528)                | \$ 352         |
| Non-controlling interest                                                | 7     | \$ (286)                    | \$ -            | \$ (449)                  | \$ -           |
| <b>Income (loss) per share, basic and diluted</b>                       |       | <b>\$ 0.00</b>              | <b>\$ 0.01</b>  | <b>\$ (0.00)</b>          | <b>\$ 0.00</b> |
| Weighted average number of shares outstanding - basic                   |       | 309,567,975                 | 303,939,578     | 309,567,975               | 299,920,423    |
| Weighted average number of shares outstanding - diluted                 |       | 313,356,224                 | 305,190,195     | 309,567,975               | 301,596,321    |

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 six months ended June 30, 2023 and year ended December 31, 2022

(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, 2021</b>  |       | 293,806,611        | \$ 104,340        | \$ 22,012                        | \$ (120,018)        | \$ -                        | \$ 6,334                         |
| Shares issued for mineral properties | 4,11  | 9,500,000          | 625               | -                                | -                   | -                           | 625                              |
| Shares issued to settle debt         | 11    | 2,928,031          | 181               | -                                | -                   | -                           | 181                              |
| Shares issued for warrants exercised | 11,12 | 2,000,000          | 149               | (49)                             | -                   | -                           | 100                              |
| BCRC issuance of preferred shares    | 4, 7  | -                  | -                 | -                                | -                   | 500                         | 500                              |
| Grant of RSUs                        | 11,12 | 1,333,333          | 93                | -                                | -                   | -                           | 93                               |
| Share issuance costs                 |       | -                  | (4)               | -                                | -                   | -                           | (4)                              |
| Share-based payments                 | 12    | -                  | -                 | 1,080                            | -                   | -                           | 1,080                            |
| Net loss for the year                |       | -                  | -                 | -                                | (1,816)             | (112)                       | (1,928)                          |
| <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>                  |
| <b>Balance at December 31, 2022</b>  |       | 309,567,975        | \$ 105,384        | \$ 23,043                        | \$ (121,834)        | \$ 388                      | \$ 6,981                         |
| Share-based payments                 | 12    | -                  | -                 | (136)                            | -                   | -                           | (136)                            |
| Issuance of common shares of BCRC    | 7     | -                  | -                 | -                                | -                   | 3,536                       | 3,536                            |
| Net loss for the period              |       | -                  | -                 | -                                | (1,528)             | (449)                       | (1,977)                          |
| <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>                  |

*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 six months ended June 30, 2023 and 2022

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

|                                                             | For the six months ended June 30, |                 |
|-------------------------------------------------------------|-----------------------------------|-----------------|
|                                                             | 2023                              | 2022            |
| <b>Cash flows provided (used) in operating activities</b>   |                                   |                 |
| (Loss) income for the period                                | \$ (1,977)                        | \$ 352          |
| Non-cash transactions:                                      |                                   |                 |
| Interest expense                                            | 199                               | 5               |
| Accretion expense                                           | 195                               | 4               |
| Gain on settlement of debt                                  | -                                 | (6)             |
| Fair value loss (gain) on derivative liabilities – warrants | (481)                             | (35)            |
| Gain on Sale of Butte Valley                                | -                                 | (2,207)         |
| Gain on transfer of investment shares                       | (22)                              | -               |
| Share of loss of investment in associate                    | 4                                 | 31              |
| Wages settled through transfer of investment shares         | 33                                | -               |
| Share-based payments                                        | (136)                             | 695             |
| Loss on revaluation of SAFE notes                           | 305                               | -               |
| Impairment of mineral properties                            | 602                               | -               |
| Changes in operating assets and liabilities:                |                                   |                 |
| Other receivables                                           | 2                                 | (30)            |
| Trade payables and other liabilities                        | 16                                | (5)             |
| Prepaid and deposit                                         | (81)                              | (758)           |
| Rio Tinto deposit                                           | 3,946                             | 2,281           |
| <b>Net cash provided by operating activities</b>            | <b>2,605</b>                      | <b>327</b>      |
| <b>Cash flows used in investing activities</b>              |                                   |                 |
| Capitalized expenditures on mineral properties              | (260)                             | (61)            |
| Sale of Butte Valley                                        | -                                 | 500             |
| Reclamation bond                                            | 1                                 | 7               |
| <b>Net cash provided (used) in investing activities</b>     | <b>(259)</b>                      | <b>446</b>      |
| <b>Cash flows provided by financing activities</b>          |                                   |                 |
| Proceeds from convertible debentures                        | 1,306                             | 1,075           |
| Exercise of Warrants                                        | -                                 | 100             |
| Proceeds from SAFE notes                                    | 100                               | -               |
| BCRC - Proceeds from private placement                      | 2,000                             | -               |
| <b>Net cash provided by financing activities</b>            | <b>3,406</b>                      | <b>1,175</b>    |
| <b>Increase in cash</b>                                     | <b>5,752</b>                      | <b>1,948</b>    |
| <b>Cash, beginning of period</b>                            | <b>1,365</b>                      | <b>842</b>      |
| <b>Cash, end of period</b>                                  | <b>\$ 7,117</b>                   | <b>\$ 2,790</b> |
| <b>Supplemental cash flow information</b>                   |                                   |                 |
| Shares issued for conversion of SAFE notes                  | 1,536                             | -               |
| Shares issued for mineral properties                        | -                                 | 625             |
| Shares issued to Settle Debt                                | -                                 | 62              |

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 six months ended June 30, 2023 and 2022

(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 100% owned flagship copper projects at Yerington, Nevada subject to an option to earn-in agreement with Rio Tinto. The Company is incorporated in British Columbia, Canada. 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. to Lion Copper and Gold Corp. The shares of the Company commenced trading under the new name at the open of trading on November 23, 2021. The Company's common shares are listed on the TSX Venture Exchange ("TSXV") under the symbol "LEO" and trade on the OTCQB Market under the symbol "LCGMF".

The Company acquires its mineral properties through option or lease agreements and capitalizes all acquisition costs related to the properties. 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 complete the development of these properties.

These condensed interim consolidated financial statements are prepared on a going concern basis, which contemplates that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business for at least twelve months from the date of approval from the Board of Directors. The Company has incurred ongoing losses and expects to incur further losses in the advancement of its business activities. For the six months ended June 30, 2023 and 2022, the Company incurred a net loss of \$1,977 (2022 – Net income \$352). As at June 30, 2023, the Company had cash of \$7,117 (December 31, 2022 - \$1,365), working capital surplus of \$273 (December 31, 2022 – deficit of \$556) and an accumulated deficit of \$123,362 (December 31, 2022 - \$121,834).

The Company continues to incur losses, has limited financial resources, and has no current source of revenue or cash flow generated from operating activities. To address its financing requirements, the Company plans to seek financing through, but not limited to, debt financing, equity financing and strategic alliances. However, 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 some or all of its rights under the existing option and acquisition agreements. The above factors give rise to 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 condensed interim consolidated financial statements, then adjustments would be necessary to the carrying values of assets, liabilities, the reported expenses, and the condensed interim consolidated statement of financial position classifications used. Such adjustments could be material.

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

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022

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

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### **2. BASIS OF PRESENTATION**

#### **Statement of compliance**

Under U.S. federal securities laws, issuers must assess their foreign private issuer status as of the last business day of their second fiscal quarter. It was announced that more than 50% of the Company's common shares are held by U.S. stockholders, and the Company no longer meets the definition of a foreign private issuer under the United States securities laws. As a result, commencing in 2023, the Company is required to use forms and rules prescribed for U.S. domestic companies, including the requirement that condensed interim consolidated financial statements be presented in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") instead of International Financial Reporting Standards ("IFRS") as issued by the IAASB. The Company's common shares will continue to be listed on the TSX Venture Exchange and quoted on the OTCQB. These condensed interim consolidated financial statements have been prepared in accordance with U.S. GAAP.

These condensed interim consolidated financial statements have been prepared in accordance with U.S. GAAP for interim financial information and in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X promulgated by the U.S. Securities and Exchange Commission (the "SEC"), effective for the six months ended June 30, 2023. Certain information or footnote disclosures normally included in condensed interim consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted, pursuant to the rules and regulations of the SEC for interim financial reporting. Accordingly, they do not include all the information and footnotes necessary for a complete presentation of financial position, results of operations, or cash flows. In the opinion of management, the accompanying condensed interim consolidated financial statements include all adjustments, consisting of a normal recurring nature, which are necessary for a fair presentation of the financial position, operating results and cash flows for the periods presented.

The accompanying condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2022. 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.

Comparative figures, which were previously presented in accordance with IFRS as issued by the International Accounting Standards Board have been adjusted as necessary to be compliant with the Company's policies under U.S. GAAP.

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for the cash flow information.

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. All material intercompany transactions, balances and expenses are eliminated on consolidation. These condensed interim consolidated financial statements include the condensed interim consolidated financial statements of Lion Copper and Gold Corp., and its subsidiaries:

## Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022

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

### 2. BASIS OF PRESENTATION (continued)

#### Statement of compliance (continued)

| Subsidiaries                                | Percentage ownership           |                                | Country of incorporation |
|---------------------------------------------|--------------------------------|--------------------------------|--------------------------|
|                                             | June 30, 2023                  | December 31, 2022              |                          |
| Quaterra Alaska Inc.<br>("Quaterra Alaska") | 100.0%                         | 100.0%                         | USA                      |
| Singatse Peak Services,<br>LLC ("SPS")      | 100.0%                         | 100.0%                         | USA                      |
| Blue Copper Resources<br>Corp ("BCRC")      | 48.8%                          | 79.3%                          | USA                      |
| Blue Copper LLC                             | 48.8% indirect<br>through BCRC | 79.3% indirect<br>through BCRC | USA                      |

On March 30, 2022, Six Mile was dissolved, and its assets were transferred to Quaterra Alaska.

On December 13, 2022, Quaterra Alaska assigned and transferred 100% of its outstanding interest held in Blue Copper LLC to BCRC.

For partially owned subsidiaries, the interest attributable to non-controlling stockholders is reflected in non-controlling interest.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these condensed interim consolidated 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, 2022.

In preparing these condensed interim consolidated financial statements, management has made judgements, estimates and assumptions that affect the applicability of the Company's accounting policies. In preparing these condensed interim consolidated 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, 2022, other than noted below;

During the six months ended June 30, 2023, the Company's ownership in BCRC dropped from 79.3% to 48.8% and management assessed control exists and continues to consolidate BCRC as at June 30, 2023. In the absence of majority holdings, the Company will continue to consolidate BCRC as the Company has representation on the board of directors, and management of BCRC and the Company is shared.

## Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022

(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 |              |              |              | Lion CG                   | Quaterra Alaska |                | Blue Copper Resources Corp |             |              |
|--------------------------------------------|------------------------|--------------|--------------|--------------|---------------------------|-----------------|----------------|----------------------------|-------------|--------------|
|                                            |                        |              |              |              | Chaco<br>Bear &<br>Ashton | Butte<br>Valley | Blue<br>Copper | Groundhog                  | Blue Copper |              |
| (In thousands of U.S dollars)              | MacArthur              | Yerington    | Bear         | Wassuk       |                           |                 |                |                            |             | Total        |
|                                            | \$                     | \$           | \$           | \$           | \$                        | \$              | \$             | \$                         | \$          | \$           |
| <b>Balance December 31, 2021</b>           | <b>2,489</b>           | <b>1,195</b> | <b>1,532</b> | <b>1,405</b> | -                         | <b>200</b>      | -              | -                          | -           | <b>6,821</b> |
| Acquisition costs                          | -                      | -            | 193          | -            | 602                       | -               | 118            | -                          | 500         | 1,413        |
| Assignment of Butte Valley                 | -                      | -            | -            | -            | -                         | (200)           | -              | -                          | -           | (200)        |
| Transfer to BCRC                           | -                      | -            | -            | -            | -                         | -               | (118)          | -                          | 118         | -            |
| Paid by Rio Tinto                          | -                      | -            | (150)        | -            | -                         | -               | -              | -                          | -           | (150)        |
| Total additions (disposals) for the year   | -                      | -            | 43           | -            | 602                       | (200)           | -              | -                          | 618         | 1,063        |
| <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                          | -                      | -            | 131          | -            | -                         | -               | -              | -                          | 260         | 391          |
| Impairment                                 | -                      | -            | -            | -            | (602)                     | -               | -              | -                          | -           | (602)        |
| Paid by Rio Tinto                          | -                      | -            | (131)        | -            | -                         | -               | -              | -                          | -           | (131)        |
| Total additions (disposals) for the period | -                      | -            | -            | -            | (602)                     | -               | -              | -                          | 260         | (342)        |
| <b>Balance June 30, 2023</b>               | <b>2,489</b>           | <b>1,195</b> | <b>1,575</b> | <b>1,405</b> | -                         | -               | -              | -                          | <b>878</b>  | <b>7,542</b> |

The Company owns a 100% interest in the MacArthur and Yerington properties and has an option to earn a 100% interest in the Bear and Wassuk properties in Nevada. During the six months ended June 30, 2023, the Company terminated its option to earn a 100% interest in the Chaco Bear and Ashton properties in British Columbia.

During the six months ended June 30, 2023 and year ended December 31, 2022, the Company:

- On January 26, 2022, the Company sold and assigned the Butte Valley option agreements to Falcon Butte Minerals Corp. (Note 4(e));
- Transferred its 100% interest in the Blue Copper Project in Montana and its 90% interest in the Groundhog property in Alaska to Blue Copper Resources Corp., an entity in which the Company holds 48.8% at June 30, 2023 (December 31, 2022 – 79.3%) ownership of, which also holds a leased interest in the Arnold, Snowbird & Montana property (Notes 4(d)(e)(g)).
- On February 10, 2023 the Company announced the commencement of its 2023 exploration program. The exploration program is composed of 10,000 ft of core drilling, 9,500 ft of reverse circulation drilling and various soil and rock chip sampling programs. The primary exploration targets include the Bear Deposit, MacArthur East, MacArthur Wedge, Mason Pass Prospect, Reno Prospect and Singatse Target.

## Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022

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

### 4. MINERAL PROPERTIES (continued)

- On April 18, 2023, BCRC entered into a lease for a Montana property and paid an initial cash payment of \$200.
- On May 12, 2023, BCRC made a payment of \$60 for the Freedom and Cyclone claims in Montana.
- On June 1, 2023, Lion CG and Houston terminated the option agreement surrounding the Chaco Bear and Ashton Properties. (Note 4, (f))

Total exploration expenditures recorded on the statement of loss and comprehensive loss are listed in the tables below:

*Exploration expenditures incurred for the six months ended June 30, 2023*

|                                               | Singatse Peak Services |              |                |            |              | Lion CG                   | Blue Copper Resources Corp |             |           |            |            |                |
|-----------------------------------------------|------------------------|--------------|----------------|------------|--------------|---------------------------|----------------------------|-------------|-----------|------------|------------|----------------|
|                                               |                        |              |                |            |              | Chaco<br>Bear &<br>Ashton | Ground<br>hog              | Blue Copper | Recon     | Nevada     | Arizona    | Total          |
| (In thousands of U.S dollars)                 | MacArthur              | Yerington    | Bear           | Wassuk     | Prospects    |                           |                            |             |           |            |            |                |
|                                               | \$                     | \$           | \$             | \$         |              | \$                        | \$                         | \$          | \$        | \$         | \$         | \$             |
| Property maintenance                          | -                      | 6            | -              | 1          | -            | -                         | -                          | 58          | -         | -          | -          | 65             |
| Assay & Labs                                  | 47                     | 21           | 32             | -          | 59           | -                         | -                          | -           | -         | -          | -          | 159            |
| Drilling                                      | 190                    | 3            | 1,218          | -          | 303          | -                         | -                          | -           | -         | -          | -          | 1,714          |
| Environmental                                 | 5                      | 136          | -              | -          | -            | -                         | -                          | -           | -         | -          | -          | 141            |
| Geological & mapping                          | -                      | -            | -              | -          | -            | -                         | -                          | 4           | -         | -          | -          | 4              |
| Geophysical surveys                           | 3                      | 5            | 4              | -          | -            | -                         | -                          | 104         | 10        | 6          | 90         | 222            |
| Technical study                               | -                      | 641          | -              | -          | -            | -                         | -                          | 2           | -         | -          | -          | 643            |
| Field support                                 | -                      | -            | 44             | -          | -            | -                         | 45                         | 212         | -         | 145        | 15         | 461            |
| <b>Total expenses incurred</b>                | <b>245</b>             | <b>812</b>   | <b>1,298</b>   | <b>1</b>   | <b>362</b>   | <b>-</b>                  | <b>45</b>                  | <b>380</b>  | <b>10</b> | <b>151</b> | <b>105</b> | <b>3,409</b>   |
| <b>Total Expenditures funded by Rio Tinto</b> | <b>(245)</b>           | <b>(812)</b> | <b>(1,298)</b> | <b>(1)</b> | <b>(362)</b> | <b>-</b>                  | <b>-</b>                   | <b>-</b>    | <b>-</b>  | <b>-</b>   | <b>-</b>   | <b>(2,718)</b> |
| <b>Total Expenditures funded by Lion CG</b>   | <b>-</b>               | <b>-</b>     | <b>-</b>       | <b>-</b>   | <b>-</b>     | <b>-</b>                  | <b>45</b>                  | <b>380</b>  | <b>10</b> | <b>151</b> | <b>105</b> | <b>691</b>     |

## Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022

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

### 4. MINERAL PROPERTIES (continued)

*Exploration expenditures incurred for the six months ended June 30, 2022*

|                                               | Singatse Peak Services |              |            |          |           | Lion CG             | Quaterra Alaska |              |             |                |
|-----------------------------------------------|------------------------|--------------|------------|----------|-----------|---------------------|-----------------|--------------|-------------|----------------|
| (In thousands of U.S dollars)                 | MacArthur              | Yerington    | Bear       | Wassuk   | Prospects | Chaco Bear & Ashton | Groundhog       | Butte Valley | Blue Copper | Total          |
|                                               | \$                     | \$           | \$         | \$       |           | \$                  | \$              | \$           | \$          | \$             |
| Property maintenance                          | -                      | -            | -          | -        | -         | -                   | -               | 2            | 59          | 61             |
| Assay & Labs                                  | 68                     | -            | -          | -        | -         | -                   | -               | -            | -           | 68             |
| Drilling                                      | 392                    | 407          | -          | -        | -         | -                   | -               | -            | -           | 799            |
| Environmental                                 | 60                     | 121          | -          | -        | -         | -                   | -               | -            | -           | 181            |
| Geological & mapping                          | -                      | -            | -          | -        | -         | 8                   | -               | -            | 15          | 23             |
| Geophysical surveys                           | 102                    | 1            | 5          | -        | -         | -                   | -               | 11           | 16          | 135            |
| Technical study                               | 312                    | 34           | -          | -        | -         | -                   | -               | -            | -           | 346            |
| Field support                                 | 191                    | 16           | -          | -        | -         | -                   | 45              | 10           | 37          | 299            |
| <b>Total expenses incurred</b>                | <b>1,125</b>           | <b>579</b>   | <b>5</b>   | <b>-</b> | <b>-</b>  | <b>8</b>            | <b>45</b>       | <b>23</b>    | <b>127</b>  | <b>1,912</b>   |
| <b>Total Expenditures funded by Rio Tinto</b> | <b>(1,002)</b>         | <b>(558)</b> | <b>(5)</b> | <b>-</b> | <b>-</b>  | <b>-</b>            | <b>-</b>        | <b>-</b>     | <b>-</b>    | <b>(1,565)</b> |
| <b>Total Expenditures funded by Lion CG</b>   | <b>123</b>             | <b>21</b>    | <b>-</b>   | <b>-</b> | <b>-</b>  | <b>8</b>            | <b>45</b>       | <b>23</b>    | <b>127</b>  | <b>347</b>     |

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

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022

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

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### **4. MINERAL PROPERTIES (continued)**

#### **a) MacArthur and Yerington Properties, Nevada**

Located in the historic copper district of Yerington, Nevada, the Company's Yerington Mine and MacArthur properties are 100% owned by Singatse Peak Services LLC, a wholly-owned subsidiary of Lion CG.

The MacArthur Project consists of 897 unpatented lode claims totaling approximately 18,500 acres on lands administered by the U.S. Department of Interior - Bureau of Land Management (BLM).

On February 24, 2022, the Company filed a technical report titled "Mineral Resource Estimate" for its MacArthur Project, which can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com) and on the Company's website. Refer to Mineral Resource Estimate below for a summary of the report.

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.

On July 23, 2021, the Company received a 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 vigorously 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. Since receipt of the remand order, SPS has been in regular contact with the State Engineer's office to resolve the issue.

On May 15 2022, the Company and Rio Tinto America mutually agreed on a Stage 1 program of work with funding supplied by Rio Tinto to be applied against the Company's MacArthur and Yerington properties as work progresses (Notes 4(i), 6).

On January 13, 2023, the Company received \$7,500 from Rio Tinto America comprising of \$5,000 for Stage 2 work and \$2,500 as an immediate advance on part of the Stage 3 financing to be applied against the Company's MacArthur and Yerington properties. (Notes 4(i), 6).

#### **b) 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.

## Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022

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

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### 4. MINERAL PROPERTIES (continued)

#### b) Bear Deposit, Nevada (continued)

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 \$5,673 in cash payments over 15 years (\$5,222 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.

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

- \$193 due 2022 (paid);
- \$231 due in 2023 (\$131 paid, \$100 remains outstanding, and will be funded as a part of the Stage 2 Program of Work);
- \$81 due in 2024
- \$51 due in years 2025 to 2028.

Outstanding consideration payments 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 2024;
- \$8,975 for Circle Bar N, purchase option expiring in 2024;
- \$22,770 for Desert Pearl Farms, purchase option expiring in 2029.

On May 15, 2022, the Company and Rio Tinto America mutually agreed on a Stage 1 program of work with funding supplied by Rio Tinto to be applied against the Company's Bear property as work progresses (Notes 4(i), 6).

On January 13, 2023, the Company received \$7,500 from Rio Tinto America comprising of \$5,000 for Stage 2 work and \$2,500 as an immediate advance on part of the Stage 3 financing to be applied against the Company's Bear properties. (Notes 4(i), 6).

#### c) Wassuk, Nevada

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

As at December 31, 2021, the Company had satisfied all conditions required to execute the option to purchase and on January 14, 2023, the option was executed.

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.

On May 15, 2022, the Company and Rio Tinto America mutually agreed on a Stage 1 program of work with funding supplied by Rio Tinto to be applied against the Company's Wassuk property as work progresses (Notes 4(i), 6).

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

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022

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

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### **4. MINERAL PROPERTIES (continued)**

#### **c) Wassuk, Nevada (continued)**

On January 13, 2023, the Company received \$7,500 from Rio Tinto America comprising of \$5,000 for Stage 2 work and \$2,500 as an immediate advance on part of the Stage 3 financing to be applied against the Company's Wassuk properties. (Notes 4(i), 6).

#### **d) Groundhog, Alaska**

On April 20, 2017, the Company entered a lease with option to purchase agreement with Chuchuna Minerals Company ("Chuchuna") to earn a 90% interest in the Groundhog copper prospect, located two hundred miles southwest of Anchorage, Alaska.

The Groundhog claims cover the northern extension of a structural zone that hosts a number of porphyry copper-gold prospects. To earn the 90% interest, the Company must fund a total of \$5,000 (\$2,839 funded) of exploration expenditures and make a lump sum payment to Chuchuna of \$3,000 by the end of April 20, 2024. During the year ended December 31, 2021, the lease agreement was further extended from six to seven years, providing the Company more time to make the required exploration expenditures and lump sum payment. The Company can terminate the Agreement at its discretion.

The property is subject to a 1.75% NSR upon commencing commercial production, which can be reduced to a 0.875% NSR royalty in consideration of \$25,000.

On December 13, 2022, the Groundhog property was transferred from Quaterra Alaska to BCRC (Note 7).

#### **e) Butte Valley Prospect, Nevada**

On January 26, 2022, the Company entered into a property acquisition agreement to sell and assign its options to acquire the Butte Valley property to Falcon Butte Minerals Corp. (formerly 1301666 B.C. Ltd, or "Falcon Butte.") which is a private British Columbia company established to acquire mineral resource properties.

Pursuant to the agreement, Lion CG's 100% owned subsidiary Quaterra Alaska was granted an equity position in Falcon Butte (Note 5). In addition, Quaterra Alaska maintained a 1.5% NSR on each of the Butte Valley optioned properties, which is subject to a buy-down to a 1.0% NSR in exchange for a payment of \$7,500 per property ("Butte Valley Royalty").

On April 5, 2022, the Company completed the assignment of the two option agreements for the Butte Valley Property and the Company received 16,049,444 common shares of Falcon Butte with a fair value of \$1,906 and \$500 cash for the property, resulting in a gain on sale of \$2,207 (Note 5, 13).

On April 13, 2022, the Company amended the assignment agreement. Pursuant to the addendum Falcon Butte had the option to pay a total of \$500 in exchange for a 0.5% buy-down and retirement of certain NSRs held by the Company. During the year ended December 31, 2022, the full consideration of \$500 was received.

On December 13, 2022, the Butte Valley Royalty rights were transferred from Quaterra Alaska to BCRC (Note 7).

## Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022

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

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### 4. MINERAL PROPERTIES (continued)

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 June 30, 2023, Lion CG impaired the full balance of property and recognized \$602 in impairment expense.

g) Blue Copper Prospect, Montana

During the year ended December 31, 2021, Blue Copper LLC acquired and staked a district scale exploration opportunity (the "Blue Copper Prospect") in Powell County and Lewis & Clark County in Montana, USA. The area is prospective for high grade porphyry copper-gold mineralization.

On December 13, 2022, Quaterra Alaska's interest in Blue Copper LLC was transferred to BCRC (Note 7).

On October 28, 2022, prior to transaction in Note 7, Blue Copper LLC entered into a mining lease agreement with Snowshoe Creek LLC ("Snowshoe"), a Montana limited liability company owned by the CEO of the of the Company. Pursuant to the Agreement, Snowshoe leases the property, including the patented mining claims on the Arnold, Snowbird and Montana, to Blue Copper LLC for a term of 20 years and extendable on the sole decision of Blue Copper LLC.

As consideration, 15,000,000 preferred stock in Blue Copper Resources Corp. was issued to the CEO of the Company.

The transaction was measured using the fair value of the asset received as the cost was more clearly evident. The fair value of the asset received was calculated using the original cost incurred to acquire the property and was determined to be \$500.

h) Recon, Nevada, Arizona, and other prospects

During the six months ended June 30, 2023, Blue Copper Resources Corp incurred \$266 in evaluation expenditures on the Recon, Nevada, and Arizona properties in order to determine whether they warranted further pursuit.

During the six months ended June 30, 2023, the Company, through Singatse Peak Services, incurred \$362 in evaluation expenditures, which was covered by Rio Tinto, on other prospects in order to determine whether they warranted further pursuit.

i) Option to Earn-in Agreement with Rio Tinto

On March 18, 2022, the Company entered into an Option to Earn-in Agreement with Rio Tinto to advance studies and exploration at Lion CG's copper assets in Mason Valley, Nevada (the "Rio Tinto Agreement"). Under the agreement, Rio Tinto has the exclusive option to earn a 65% interest in the assets comprising Yerington, MacArthur, Wassuk, Bear, and associated water rights (the "Mining Assets").

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

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022

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

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### **4. MINERAL PROPERTIES (continued)**

#### **i) Option to Earn-in Agreement with Rio Tinto (continued)**

In addition, Rio Tinto will evaluate the potential commercial deployment of its Nuton™ technologies at the site. Nuton™ offers copper heap leaching technologies developed by Rio Tinto to deliver greater copper recovery from mined ore and access new sources of copper such as low-grade sulphide resources and reprocessing of stockpiles and mineralized waste. The technologies have the potential to deliver leading environmental performance through more efficient water usage, lower carbon emission, and the ability to reclaim mine sites by reprocessing waste.

On April 27, 2022, the Company TSX Venture Exchange approved the Rio Tinto Agreement.

The status of the Rio Tinto Agreement is set out below.

##### **Stage 1**

Rio Tinto paid four million U.S. dollars (\$4,000) for the agreed-upon Program of Work on the Mining Assets. Stage 1 was deemed completed on December 22, 2022 (Note 6).

##### **Stage 2**

Within forty-five (45) days of the completion of Stage 1, Rio Tinto was to provide notice to Lion CG whether Rio Tinto elected to proceed with Stage 2 (notice was provided), upon which Rio Tinto was to pay up to \$5,000 for agreed-upon Mason Valley study and evaluation works to be completed by Lion CG within 12 months from the date that the parties agree upon the scope of Stage 2 work (\$7,500 paid January 13, 2023, representing \$5,000 for Stage 2 and an advance of \$2,500 for Stage 3).

##### **Stage 3 - Feasibility Study**

Within sixty (60) days of the completion of Stage 2, Rio Tinto shall provide notice to Lion CG whether Rio Tinto will exercise its Option and fund a Feasibility Study based on the results of the Stage 1 and Stage 2 work programs. Rio Tinto will fully-fund the Feasibility Study and ancillary work completed by Lion CG in amount not to exceed \$50,000.

##### **Investment Decision**

Upon completion of the Feasibility Study, Rio Tinto and Lion CG will decide whether to create an investment vehicle into which the Mining Assets will be transferred, with Rio Tinto holding not less than a 65% interest in the investment vehicle.

- If Rio Tinto elects to not to create the investment vehicle, then Lion CG shall grant to Rio Tinto a 1.5% NSR on the Mining Assets.
- If Rio Tinto elects to create the investment vehicle but Lion CG elects not to create the investment vehicle, then, at Rio Tinto's option, Lion CG shall create the investment vehicle and Rio Tinto will purchase Lion CG's interest in the investment vehicle for fair market value.

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

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022

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

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### **4. MINERAL PROPERTIES (continued)**

#### **i) Option to Earn-in Agreement with Rio Tinto (continued)**

##### **Project Financing**

- Following the formation of the investment vehicle, any project financing costs incurred will be funded by Rio Tinto and Lion CG in proportion to their respective ownership interest in the investment vehicle.
- Rio Tinto may elect to fund up to sixty million U.S. dollars (\$60,000) of Lion CG's project financing costs in exchange for a 10% increase in Rio Tinto's ownership percentage. In addition, upon mutual agreement of Rio Tinto and Lion CG, Rio Tinto may fund an additional forty million U.S. dollars (\$40,000) of Lion CG's project financing costs in exchange for an additional 5% increase in Rio Tinto's ownership percentage.
- If Lion CG's ownership percentage in the investment vehicle is diluted to 10% or less, then Lion CG's ownership interest will be converted into a 1% uncapped NSR.

On May 15, 2022, Rio Tinto approved the Stage 1 Work Program and provided \$4,000 to the Company for the development of the Mason Valley projects, which has been completed as of December 31, 2022. The remaining funds of the \$4,000 will be spent per agreement with Rio Tinto in 2023 for Stage 2 (Note 6).

On January 5, 2023, the Company announced the completion of Stage 1 Program of Work. Subsequently, on March 20, 2023, the Company and Rio Tinto formally agreed to proceed with the stage 2 Program of Work and an advance on the Stage 3 Program of Work (Note 6).

### **5. INVESTMENT IN ASSOCIATE**

On April 5, 2022, the Company received 16,049,444 shares in Falcon Butte Minerals Corp. (formerly 1301666 BC Ltd., "Falcon Butte"), a private British Columbia company established to acquire mineral resource properties, in connection with a property acquisition agreement to assign the Company's options to acquire the Butte Valley property (Note 4). At the time of acquisition, the 16,049,444 shares represented 25.54% of shares outstanding, and as at June 30, 2023 and December 31, 2022, the Company's share ownership was reduced to 21.02% and 19.44% respectively. The Company and Falcon Butte have common directors and managerial personnel, 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.

The opening balance of the investment was determined to be \$1,906 (\$2,374 CAD), which represents the fair value of the shares received. The value of the shares was determined based on Falcon Butte's unit financing that closed concurrently with the property acquisition using Goal Seek analysis to determine the value of the shares. This analysis required various estimates such as volatility which was estimated to be 100%, and discount rate estimated to be 0.02%. The Company's share of net loss for the period from acquisition on April 5, 2022 to December 31, 2022 and from January 1, 2023 to June 30, 2023 was \$389 and \$4, respectively. The portion of net loss attributable to the Company was determined using the weighted average percentage of voting rights held by the Company throughout the period.

On December 8, 2022, the Company transferred 116,071 shares of Falcon Butte to the CEO of the Company, pursuant to amended terms of the CEO's employment agreement. The cost value of the shares associated with the transfer was determined to be \$13 and a gain of \$19 was recorded on the transaction.

## Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022

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

### 5. INVESTMENT IN ASSOCIATE (continued)

On February 24, 2023, the Company transferred 116,071 shares of Falcon Butte to the CEO of the Company, pursuant to amended terms of the CEO's employment agreement. The cost value of the shares associated with the transfer was determined to be \$11 and a gain of \$22 was recorded on the transaction.

Summarized financial information of Falcon Butte and a reconciliation of the carrying amount of the investment in the condensed interim consolidated financial statements are set out below:

#### Summarized statement of loss

(Expressed in thousands of U.S. Dollars)

|                                                | Six months ended June<br>30, 2023 | Period from April 5 to<br>December 31, 2022 |
|------------------------------------------------|-----------------------------------|---------------------------------------------|
| <b>Operating expenses</b>                      |                                   |                                             |
| General and administrative expenses            | \$ 1,208                          | \$ 3,313                                    |
| Total operating expenses                       | 1,208                             | 3,313                                       |
| Gain on settlement of debt                     | -                                 | (100)                                       |
| Fair value (gain) loss on derivative liability | (90)                              | 4                                           |
| Other income                                   | (1,314)                           | (1,093)                                     |
| Foreign exchange loss (gain)                   | 217                               | (396)                                       |
| <b>Net loss</b>                                | <b>\$ 21</b>                      | <b>\$ 1,728</b>                             |

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

|                                  |                 |
|----------------------------------|-----------------|
| <b>Balance December 31, 2021</b> | <b>\$ -</b>     |
| Initial investment               | 1,906           |
| Transfer of shares to the CEO    | (13)            |
| Company's share of net loss      | (389)           |
| <b>Balance December 31, 2022</b> | <b>\$ 1,504</b> |
| Transfer of shares to the CEO    | (11)            |
| Company's share of net loss      | (4)             |
| <b>Balance June 30, 2023</b>     | <b>\$ 1,489</b> |

### 6. RIO TINTO DEPOSIT

On May 15, 2022, the Company received \$4,000 in connection to Stage 1 of the option to Earn-in Agreement with Rio Tinto America Inc (Note 4 (i)). The Company and Rio Tinto America mutually agreed on the Stage 1 program of work and the balance of the deposit will be applied against the Company's Yerington, MacArthur, Wassuk property, and Bear mineral properties as work progresses. On January 5, 2023, the Company announced the completion of Stage 1 Program of Work. Subsequently, on March 20, 2023, the Company and Rio Tinto formally agreed to proceed with the stage 2 Program of Work.

On January 13, 2023, the Company received \$7,500 from Rio Tinto America comprising of \$5,000 for Stage 2 work and \$2,500 as an immediate advance on part of the Stage 3 financing to be applied against the Company's MacArthur, Yerington, Bear, and Wassuk properties as work progresses on Stage 2 program of work (Notes 4(i)).

## Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022

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

### 6. RIO TINTO DEPOSIT (continued)

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

|                                                         |           |              |
|---------------------------------------------------------|-----------|--------------|
| <b>Balance December 31, 2021</b>                        | <b>\$</b> | <b>-</b>     |
| Proceeds received                                       |           | 4,000        |
| Funds applied to capitalized acquisition costs (Note 4) |           | (150)        |
| Funds applied to exploration expenditures (Note 4)      |           | (3,086)      |
| Funds applied to general operating expenditures         |           | (151)        |
| <b>Balance December 31, 2022</b>                        | <b>\$</b> | <b>613</b>   |
| Proceeds received                                       |           | 7,500        |
| Funds applied to reclamation deposit                    |           | (8)          |
| Funds applied to capitalized acquisition costs (Note 4) |           | (131)        |
| Funds applied to exploration expenditures (Note 4)      |           | (2,718)      |
| Funds applied to prepaid expenses                       |           | (100)        |
| Funds applied to general operating expenditures         |           | (830)        |
| <b>Balance June 30, 2023</b>                            | <b>\$</b> | <b>4,326</b> |

### 7. 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 Blue Copper Resources Corp.

As consideration, on the date of transfer of assets to Blue Copper Resources Corp, Quaterra Alaska was issued 57,513,764 common shares of Blue Copper Resources Corp which represented 79.3% of all issued and outstanding shares at December 13, 2022 and December 31, 2022. This transaction was considered a transaction between entities under common control, and thus was recorded at carrying value.

On March 2, 2023, BCRC completed a financing of \$2,000 by way of a private placement and issued 23,809,524 units at a price of \$0.084 per share. 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"). BCRC had previously raised \$868 in SAFE Notes, and were converted into equity of BCRC, resulting in BCRC issuing an additional 21,629,382 common shares. At June 30, 2023, the company held 48.8% of shares in BCRC. In the absence of majority holdings, the Company will continue to consolidate BCRC as the Company has representation on the board of directors, and management of BCRC and the Company is shared.

## 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)

### 7. NON-CONTROLLING INTEREST (continued)

The following table summarizes the balance recognized as NCI during the year ended December 31, 2022 and six months ended June 30, 2023:

|                                                                    |           |              |
|--------------------------------------------------------------------|-----------|--------------|
| <b>Balance December 31, 2021</b>                                   | <b>\$</b> | <b>-</b>     |
| Preferred stock issued for the Arnold, Snowbird & Montana property |           | 500          |
| Net loss and comprehensive loss attributable to NCI                |           | (112)        |
| <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        |
| Net loss and comprehensive loss attributable to NCI                |           | (449)        |
| <b>Balance June 30, 2023</b>                                       | <b>\$</b> | <b>3,475</b> |

### 8. DERIVATIVE LIABILITIES

#### *Warrants & Conversion Feature Derivative Liability*

As at December 31, 2021, the Company had certain outstanding share purchase warrants that are exercisable in a currency different from the Company's functional currency. These warrants were classified as derivative liabilities and carried at fair value and revalued at each reporting date. These warrants expired during the twelve months ended December 31, 2022 and thus, the derivative liability attached to these warrants have been reduced to \$nil.

During the year ended December 31, 2022, the Company issued certain share purchase warrants and issued convertible debt with a conversion feature that are both exercisable in a currency different from the Company's functional currency (Note 9). The warrants and the conversion feature were classified as derivative liabilities, carried at fair value and revalued at each reporting date.

During the period ended June 30, 2023, the Company issued certain share purchase warrants and issued convertible debt with a conversion feature that are both exercisable in a currency different from the Company's functional currency (Note 9). 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, 2021</b>                                    | <b>\$</b> | <b>55</b> |
| Expiry of warrants                                                  |           | (55)      |
| Issuance of Warrants (Note 9)                                       |           | 247       |
| Issuance of convertible debentures with conversion feature (Note 9) |           | 131       |
| Fair value change on derivative liabilities                         |           | (374)     |
| <b>Balance December 31, 2022</b>                                    |           | <b>4</b>  |
| Issuance of Warrants (Note 9)                                       |           | 280       |
| Issuance of convertible debentures with conversion feature (Note 9) |           | 248       |
| Fair value change on derivative liabilities                         |           | (481)     |
| <b>Balance June 30, 2023</b>                                        | <b>\$</b> | <b>51</b> |

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

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022

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

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### **9. CONVERTIBLE DEBENTURES**

On June 17, 2022, the Company closed the first tranche of its non-brokered private placement of unsecured convertible debentures for gross proceeds of \$1,075 (Note 12). The debentures bear interest at a rate of 14% per annum and mature on February 17, 2024 and are convertible into shares of the Company at \$0.067 (\$0.085 CAD) per share until June 17, 2023 and thereafter at \$0.078 (\$0.10 CAD) per share. The holder also has the option to elect at any time prior to the election date to be repaid by way of shares the Company owns of Falcon Butte (Note 5) at the rate of \$0.25 per Falcon Butte share.

In conjunction with the first tranche of the convertible debt financing, the Company issued 16,044,774 warrants. The warrants are exercisable into one common share of the Company at \$0.067 (\$0.085 CAD) per share and expire on February 17, 2024.

The convertible debentures were determined to be a financial instrument comprising a host debt component, a conversion feature classified as a derivative liability, and freestanding warrants classified as a derivative liability. The warrants and conversion features were determined to be derivative liabilities because the exercise prices are denominated in both the functional currency of the Company and a foreign currency. Thus, the instrument fails to meet the criterion of an equity instrument that states that the instrument must be indexed to its own stock.

On initial recognition, the warrants and the conversion feature were fair valued, with the proceeds first allocated to the freestanding warrants, then the conversion feature. The residual proceeds are then allocated to the host debt component with an effective interest rate of 27.90%. Regarding the warrant and conversion feature, the volatility input was calibrated such that the conversion feature, warrants, and host debt component, on issuance date, equates proceeds. The fair values of the freestanding warrants and conversion features were calculated to be \$143 and \$77, respectively, and the fair value allocated to the host debt component was \$855.

On July 8, 2022, the Company closed the second tranche of its non-brokered private placement of unsecured convertible debentures for gross proceeds of \$925 (Note 12). The debentures bear interest at a rate of 14% per annum and mature on March 8, 2024 and are convertible into shares of the Company at \$0.067 (\$0.085 CAD) per share until July 8, 2023 and thereafter at \$0.078 (\$0.10 CAD) per share. The holder also has the option to elect at any time prior to the election date to be repaid by way of shares the Company owns of Falcon Butte (Note 5) at the rate of \$0.25 per Falcon Butte share.

In conjunction with the second tranche of the convertible debt financing, the Company issued 13,805,964 warrants. The warrants are exercisable into one common share of the Company at \$0.067 (\$0.085 CAD) per share and expire on March 8, 2024.

The convertible debentures were determined to be a financial instrument comprising a host debt component, a conversion feature classified as a derivative liability, and freestanding warrants classified as a derivative liability. On initial recognition, the warrants and the conversion feature were fair valued, with the proceeds first allocated to the freestanding warrants, then the conversion feature. The residual proceeds are then allocated to the host debt component with an effective interest rate of 14%-27.46%. Regarding the warrant and conversion feature, the volatility input was calibrated such that the conversion feature, warrants, and host debt component, on issuance date, equates proceeds. The fair values of the freestanding warrants and conversion features were calculated to be \$104 and \$54, respectively, and the residual value allocated to the host debt component was \$767.

On March 2, 2023, the Company closed a third tranche of its non-brokered private placement of unsecured convertible debenture for gross proceeds of \$1,306 (Note 12). The debenture 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. The holder also has the option any time prior to the election date to be repaid by way of shares the Company owns of Falcon Butte (Note 5) at the rate of \$0.28 (\$0.37 CAD) per Falcon Butte Share.

## Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022

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

### 9. CONVERTIBLE DEBENTURES (continued)

In conjunction with the third tranche of the convertible debt financing, the Company issued 18,461,015 warrants. The warrants are exercisable into one common share of the Company at \$0.070 (\$0.095 CAD) per share and expire on November 2, 2024.

The convertible debentures were determined to be a financial instrument comprising a host debt component, a conversion feature classified as a derivative liability, and freestanding warrants classified as a derivative liability. On initial recognition, the warrants and the conversion feature were fair valued, with the proceeds first allocated to the freestanding warrants, then the conversion feature. The residual proceeds are then allocated to the host debt component with an effective interest rate of 46.07%. Regarding the warrant and conversion feature, the volatility input was calibrated such that the conversion feature, warrants, and host debt component, on issuance date, equates proceeds. The fair values of the freestanding warrants and conversion features were calculated to be \$280 and \$248, respectively, and the residual value allocated to the host debt component was \$778.

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:

|                         | Initial recognition<br>in 2022 | Fair value at<br>December 31, 2022 | Initial recognition<br>in 2023 | Fair value at<br>June 30, 2023 |
|-------------------------|--------------------------------|------------------------------------|--------------------------------|--------------------------------|
| Risk-free interest rate | 3.20% - 3.84%                  | 4.07%                              | 4.27%                          | 4.54%                          |
| Expected volatility     | 10%                            | 10%                                | 10%                            | 10%                            |
| Dividend yield          | 0%                             | 0%                                 | 0%                             | 0%                             |
| Expected life           | 1.36 - 1.67 years              | 1.13 - 1.19 years                  | 1.67 years                     | 0.64 - 1.34 years              |

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

|                                        |           |              |
|----------------------------------------|-----------|--------------|
| <b>Balance as at January 1, 2022</b>   | <b>\$</b> | <b>-</b>     |
| Issued                                 |           | 2,000        |
| Fair value of conversion Note          |           | (131)        |
| Fair value of Warrants                 |           | (247)        |
| Accretion                              |           | 108          |
| Interest                               |           | 144          |
| <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                              |           | 195          |
| Interest                               |           | 199          |
| <b>Balance as at June 30, 2023</b>     | <b>\$</b> | <b>3,045</b> |
| Current                                |           | 2,123        |
| Long-term                              |           | 922          |

## Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022

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

### 10. SIMPLE AGREEMENT FOR FUTURE EQUITY

During the year ended December 31, 2022, Blue Copper Resources Corp. raised \$198 with a valuation cap of \$1,450 and \$569 with a valuation cap of \$4,120, respectively, by entering into Simple Agreement for Future Equity Notes ( "SAFE Note" ) with several parties.

During the six months ended June 30, 2023, BCRC raised an additional \$100 with a valuation cap of \$4,120 by entering into SAFE notes with several parties. The private placement described above in Note 7 was considered a triggering event, and the face value of SAFE Notes of \$868 were converted into common shares of BCRC resulting in 21,629,382 common shares being issued.

The valuation cap provides the basis for the price at which the SAFE notes are converted into common stock of BCRC. The SAFE Notes resulted in cash proceeds to the BCRC in exchange for the right to stock of the BCRC, or cash at a future date in the occurrence of certain events, as follows:

If there is an equity financing before the expiration or termination of the instrument, the BCRC will automatically issue to the investor, a number of shares of common stock equal to the purchase amount divided by the conversion price. The conversion price is equal to the price per share equal to the Valuation Cap divided by the BCRC capitalization immediately prior to the transaction.

If there is a liquidity event before the expiration or termination of the instrument, the investor will, at its option, either (i) receive a cash payment equal to the purchase amount, or (ii) automatically receive from the Company a number of shares of common stock equal to the purchase amount divided by the liquidity price, if the investor fails to select the cash option.

If there is a dissolution event before the instrument expires or terminates, the BCRC will pay an amount equal to the purchase amount, due and payable to the investor immediately prior to, or concurrent with, the consummation of the dissolution event.

The SAFE notes were classified as liabilities pursuant to ASC 480 as certain redemptions are based upon the occurrence of certain events that are outside of the control of the Company and were measured at fair value at each reporting period, with changes in fair value recorded within the condensed interim consolidated statements of operations and comprehensive loss.

A continuity of the BCRC's SAFE notes are as follows:

|                                                 |           |              |
|-------------------------------------------------|-----------|--------------|
| <b>Balance as at January 1, 2022</b>            | <b>\$</b> | <b>-</b>     |
| Issued                                          |           | 767          |
| Loss on change in fair value of SAFE notes      |           | 364          |
| <b>Balance as at December 31, 2022</b>          |           | <b>1,131</b> |
| Issued                                          |           | 100          |
| Loss on change in fair value of SAFE notes      |           | 305          |
| Conversion upon Equity Financing Event (Note 7) |           | (1,536)      |
| <b>Balance as at June 30, 2023</b>              | <b>\$</b> | <b>-</b>     |

## Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022

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

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### 11. SHARE CAPITAL

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

#### *Share transactions for the six months ended June 30, 2023*

- a) No share capital activity in the Company during the six months ended June 30, 2023. Refer to Note 7 for share issuances by BCRC.

#### *Share transactions for the year ended December 31, 2022*

- b) On February 17, 2022, as part of the Blue Copper Prospect transaction, the Company issued 1,500,000 common shares with a fair value of \$119 as part of the closing of the transaction (Note 4(g)).
- c) On March 17, 2022, the Company issued 8,000,000 common shares with a fair value of \$506 as part of the option agreement with Houston Minerals Ltd. to acquire a 100% interest in the Chaco, and the Ashton Properties (Note 4(f)).
- d) On February 17, 2022, as part of the Blue Copper Prospect transaction, the Company issued 1,500,000 common shares with a fair value of \$119 as part of the closing of the transaction (Note 4(g)).
- e) On March 17, 2022, the Company issued 8,000,000 common shares with a fair value of \$506 as part of the option agreement with Houston Minerals Ltd. to acquire a 100% interest in the Chaco, and the Ashton Properties (Note 4(f)).
- f) On April 25, 2022, the Company issued 800,000 common shares with a fair value of \$56 to settle debt in the amount of \$62(CAD\$80) and recognized a gain on the settlement of \$6.
- g) On June 29, 2022, the Company issued 2,000,000 common shares in connection with warrants exercised for proceeds of \$100 (Note 12).
- h) On July 5, 2022, the Company issued 1,212,121 common shares with a fair value of \$75 to settle outstanding debt of \$77 and recognized a gain on the settlement of \$2.
- i) On July 28, 2022, the Company issued 1,333,333 common shares, with a fair value of \$93 in relation to the release of 1,333,333 restricted share units.
- j) On August 23, 2022, the Company issued 915,910 common shares with a fair value of \$49 to settle outstanding debt of \$61 and recognized a gain on the settlement of \$12.

## 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)

### 11. SHARE CAPITAL (continued)

#### Weighted Average Breakdown

##### (i) Basic

Basic earnings per share is calculated by dividing the income attributable to equity owners of the Company by the weighted average number of shares in issue during the period.

|                                   | For the Three Months Ended |               | For the Six Months Ended |               |
|-----------------------------------|----------------------------|---------------|--------------------------|---------------|
|                                   | June 30, 2023              | June 30, 2022 | June 30, 2023            | June 30, 2022 |
| Net income (loss) for the period  | \$ 425,000                 | \$ 1,757,000  | \$ (1,528,000)           | \$ 352,000    |
| Weighted average number of shares | 309,567,975                | 303,939,578   | 309,567,975              | 299,920,423   |
| Basic earnings (loss) per share   | \$ 0.00                    | \$ 0.01       | \$ (0.00)                | \$ 0.00       |

##### (ii) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potentially dilutive shares. Potentially dilutive shares relate to the exercise of outstanding stock options, warrants and convertible debt.

|                                             | For the Three Months Ended |               | For the Six Months Ended |               |
|---------------------------------------------|----------------------------|---------------|--------------------------|---------------|
|                                             | June 30, 2023              | June 30, 2022 | June 30, 2023            | June 30, 2022 |
| Net income (loss) for the period            | \$ 425,000                 | \$ 1,757,000  | \$ (1,528,000)           | \$ 352,000    |
| Weighted average number of shares           | 309,567,975                | 303,939,578   | 309,567,975              | 299,920,423   |
| Effect of dilutive securities:              |                            |               |                          |               |
| Stock options                               | 2,329,968                  | 1,213,625     | -                        | 1,592,644     |
| Warrants                                    | -                          | 36,992        | -                        | 83,254        |
| Convertible debt                            | 1,458,281                  | 33,548        | -                        | 67,725        |
| Weighted average diluted shares outstanding | 313,356,224                | 305,190,195   | 309,567,975              | 301,596,321   |
| Diluted earnings (loss) per share           | \$ 0.00                    | \$ 0.01       | \$ (0.00)                | \$ 0.00       |

## Lion Copper and Gold Corp.

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### 12. 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 10% of the number of common shares issued and outstanding of the Company at any given time.

Stock option activity during the six months ended June 30, 2023, is summarized below:

- i. On March 2, 2023, the Company granted 350,000 stock options with an exercise price of \$0.095 CAD and an expiry date of March 2, 2028, which vested immediately upon grant.

The continuity of the number of stock options issued and outstanding as of June 30, 2023, and December 31, 2022 is as follows:

|                                   | As at June 30, 2023 |                                       | As at December 31, 2022 |                                       |
|-----------------------------------|---------------------|---------------------------------------|-------------------------|---------------------------------------|
|                                   | Number of options   | Weighted average exercise price (CAD) | Number of options       | Weighted average exercise price (CAD) |
| Outstanding, beginning of period  | 29,614,283          | 0.11                                  | 19,915,000              | 0.12                                  |
| Granted                           | 350,000             | 0.095                                 | 11,394,283              | 0.08                                  |
| Expired                           | -                   | -                                     | (1,695,000)             | 0.10                                  |
| Cancelled                         | -                   | -                                     | -                       | -                                     |
| Exercised                         | -                   | -                                     | -                       | -                                     |
| <b>Outstanding, end of period</b> | <b>29,964,283</b>   | <b>0.11</b>                           | <b>29,614,283</b>       | <b>0.11</b>                           |

As of June 30, 2023, and December 31, 2022, 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 |
|-----------------------------------|----------------------|-------------------------------|-------------------------------------|-------------------------------|
| September 20, 2023                | 0.06                 | 1,470,000                     | 0.22                                | 1,470,000                     |
| June 21, 2024                     | 0.07                 | 1,900,000                     | 0.98                                | 1,900,000                     |
| August 8, 2024                    | 0.06                 | 500,000                       | 1.11                                | 500,000                       |
| June 20, 2025                     | 0.08                 | 2,450,000                     | 1.98                                | 2,450,000                     |
| August 18, 2025                   | 0.072                | 2,394,283                     | 2.14                                | 2,394,283                     |
| June 18, 2026                     | 0.25                 | 3,950,000                     | 2.97                                | 3,950,000                     |
| September 17, 2026                | 0.11                 | 4,500,000                     | 3.22                                | 4,500,000                     |
| October 21, 2026                  | 0.09                 | 2,700,000                     | 3.31                                | 2,700,000                     |
| December 12, 2026                 | 0.12                 | 750,000                       | 3.45                                | 750,000                       |
| May 25, 2027                      | 0.085                | 9,000,000                     | 3.90                                | 9,000,000                     |
| March 2, 2028                     | 0.095                | 350,000                       | 4.68                                | 350,000                       |
| <b>Outstanding, June 30, 2023</b> |                      | <b>29,964,283</b>             |                                     | <b>29,964,283</b>             |

## Lion Copper and Gold Corp.

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

### 12. ADDITIONAL PAID-IN CAPITAL (continued)

#### a) Stock options (continued)

| 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 |
|---------------------------------------|-------------------------|-------------------------------------|-------------------------------------------|-------------------------------------|
| September 20, 2023                    | 0.06                    | 1,470,000                           | 0.72                                      | 1,470,000                           |
| June 21, 2024                         | 0.07                    | 1,900,000                           | 1.47                                      | 1,900,000                           |
| August 8, 2024                        | 0.06                    | 500,000                             | 1.61                                      | 500,000                             |
| June 20, 2025                         | 0.08                    | 2,450,000                           | 2.47                                      | 2,450,000                           |
| August 18, 2025                       | 0.072                   | 2,394,283                           | 2.63                                      | 2,394,283                           |
| June 18, 2026                         | 0.25                    | 3,950,000                           | 3.47                                      | 3,950,000                           |
| September 17, 2026                    | 0.11                    | 4,500,000                           | 3.72                                      | 4,500,000                           |
| October 21, 2026                      | 0.09                    | 2,700,000                           | 3.81                                      | 2,700,000                           |
| December 12, 2026                     | 0.12                    | 750,000                             | 3.95                                      | 750,000                             |
| May 25, 2027                          | 0.085                   | 9,000,000                           | 4.40                                      | 9,000,000                           |
| <b>Outstanding, December 31, 2022</b> |                         | <b>29,614,283</b>                   |                                           | <b>29,614,283</b>                   |

During the six months ended June 30, 2023, an amount of \$26 (2022 - \$695) 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 six months ended June 30, 2023:

|                         | Six months ended June 30, 2023 | Six months ended June 30, 2022 |
|-------------------------|--------------------------------|--------------------------------|
| Risk-free interest rate | 3.66%                          | 2.58%                          |
| Expected life (years)   | 5                              | 5                              |
| Annualized volatility   | 145%                           | 147%                           |
| Forfeiture rate         | 0%                             | 0%                             |
| Dividend yield          | 0%                             | 0%                             |

#### b) Share purchase warrants

Warrant activity during the six months ended June 30, 2023 is summarized below:

- i. On March 2, 2023, the Company granted 18,461,015 warrants with an exercise price of \$0.07 (CAD\$0.095) with an expiry date of November 2, 2024 pursuant of the grant of \$1,306 in convertible debenture (Note 9).

## 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)

### 12. ADDITIONAL PAID-IN CAPITAL (continued)

#### b) Share purchase warrants (continued)

The continuity of the number of share purchase warrants outstanding as of June 30, 2023, and December 31, 2022, is as follows:

|                                  | June 30, 2023      |                                 | December 31, 2022  |                                 |
|----------------------------------|--------------------|---------------------------------|--------------------|---------------------------------|
|                                  | Number of warrants | Weighted average exercise price | Number of warrants | Weighted average exercise price |
| Outstanding, beginning of period | 101,165,012        | \$ 0.09                         | 83,083,504         | \$ 0.09                         |
| Issued                           | 18,461,015         | 0.07                            | 29,850,738         | 0.067                           |
| Exercised                        | -                  |                                 | (2,000,000)        | 0.05                            |
| Expired                          | -                  |                                 | (9,769,230)        | 0.05                            |
| Outstanding, end of period       | 119,626,027        | 0.09                            | 101,165,012        | \$ 0.09                         |

The following table summarizes warrants outstanding as of June 30, 2023, and December 31, 2022:

| Expiry date                          | Currency | Exercise price | June 30, 2023 | December 31, 2022 |
|--------------------------------------|----------|----------------|---------------|-------------------|
| September 13, 2024                   | USD      | 0.10           | 26,488,733    | 26,488,733        |
| September 27, 2024                   | USD      | 0.10           | 13,152,909    | 13,152,909        |
| October 21, 2024                     | USD      | 0.10           | 31,672,632    | 31,672,632        |
| February 17, 2024                    | USD      | 0.067          | 16,044,774    | 16,044,774        |
| March 8, 2024                        | USD      | 0.067          | 13,805,964    | 13,805,964        |
| November 2, 2024                     | USD      | 0.070          | 18,461,015    | -                 |
| Outstanding at the end of the period |          |                | 119,626,027   | 101,165,012       |

#### c) Restricted share units

At the 2022 Annual General Meeting, the Company's stockholders approved issuance of common shares from treasury pursuant to the Company's Amended 2021 Restricted Share Unit Plan (the "RSU Plan") and reserved 30,330,661 shares for issuance under the RSU Plan. Under the RSU Plan, if the Company divests its interests, including the option to purchase, absent a merger, sale or similar transaction in a) one of either the Chaco Bear or Ashton projects, then 50% of the total RSUs that have not vested will be cancelled, or b) both the Chaco Bear or Ashton projects, then 100% of the total RSUs that have not vested will be cancelled.

## 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)

### 12. ADDITIONAL PAID-IN CAPITAL (continued)

#### c) Restricted share units (continued)

Restricted share units ("RSU") activity during the six months ended June 30, 2023, is summarized below:

- i. 5,333,334 RSU's were cancelled effective June 1, 2023.

During the six months ended June 30, 2023, an amount of \$162 was reversed out of share-based compensation expense for unvested RSU's due to the cancellation of the RSU's on June 1, 2023. The RSU's were tied to the Chaco Bear and Ashton property option agreements which was terminated on June 1, 2023 as a result, the RSU's were also cancelled.

The continuity of the number of RSUs issued and outstanding as of June 30, 2023, and December 31, 2022, is as follows:

|                                         | Number of<br>RSUs |
|-----------------------------------------|-------------------|
| Outstanding at December 31, 2021        | -                 |
| Granted                                 | 8,000,000         |
| Released                                | (1,333,333)       |
| Cancelled                               | (1,333,333)       |
| <b>Outstanding at December 31, 2022</b> | <b>5,333,334</b>  |
| Cancelled                               | (5,333,334)       |
| <b>Outstanding at June 30, 2023</b>     | <b>-</b>          |

### 13. 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 June 30 |               | Six months ended June 30 |               |
|-----------------------------------|----------------------------|---------------|--------------------------|---------------|
|                                   | 2023                       | 2022          | 2023                     | 2022          |
| Salaries                          | \$ 115                     | \$ 136        | \$ 230                   | \$ 274        |
| Directors' fees                   | -                          | -             | 21                       | 13            |
| Share-based payments              | (231)                      | 517           | (162)                    | 530           |
| Interest on convertible debenture | 66                         | 1             | 104                      | 1             |
|                                   | <b>\$ (50)</b>             | <b>\$ 654</b> | <b>\$ 193</b>            | <b>\$ 818</b> |

Other transactions for the six months ended June 30, 2023

- a) During the six months ended June 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.
- b) As at June 30, 2023, the Company had \$156 (2022 - \$53) in interest accrued relating to outstanding convertible debentures with directors and officers of the Company.

## Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022

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

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### 13. RELATED PARTY TRANSACTIONS (continued)

- c) As at June 30, 2023, there was \$Nil (2022 - \$11) in prepaid expenses to the CEO of the Company relating to wages paid during the year for services subsequent to period end.
- d) As at June 30, 2023, there was \$22 (2022 - \$nil) payable to the CEO of the company for May and June salary.

Other transactions for the year ended December 31, 2022

- e) On January 26, 2022, the Company entered into a property acquisition agreement to assign its options to acquire the Butte Valley property to Falcon Butte, which is a private British Columbia company established to acquire mineral resource properties. Directors and officers of Falcon Butte are also directors and officers of Lion CG and as such the transaction is a non-arm's length transaction under TSXV rules.

On April 5, 2022, the Company completed the assignment of the two option agreements for the Butte Valley property. Pursuant to the assignment agreement, Lion CG received 16,049,444 common shares of Falcon Butte (Note 5). In addition, the Company received a payment of \$500 from Falcon Butte, as reimbursement of exploration expenditures and related costs incurred by the Company on the Butte Valley Property. The Company recorded a gain of \$2,207 on the sale of the Butte Valley property (Note 4(e)).

On April 13, 2022, the Company amended the agreement. Pursuant to the addendum Falcon Butte will pay a total of \$500 in exchange for a 0.5% buy-down and retirement of certain NSRs. As of December 31, 2022, the Company has received \$500 (Note 4(e)).

- f) As per their agreements with the Company, the CEO and President/CFO are entitled to receive an annual grant of options under the Stock Option Plan of the Company on each Annual Review Date. The number of options will be determined by the Board based on a minimum of 50% and maximum of 150% of the annual base compensation. The exercise price per common share of the Company will be equal to the Market Price (as defined in the TSXV policies) of the Company's common shares as at the Annual Review Date, subject to a minimum exercise price per share of CAD\$0.05. The applicable percentage on the annual base salary will be determined by the Board based on an assessment of the performance of the CEO and President/CFO in achieving the Annual Objectives for the relevant Annual Review Period. On May 25, 2022, the CEO and President/CFO were issued a combined 3,300,000 bonus options with an exercise price of \$0.085 and an expiry date of May 25, 2027 (Note 12(a)). The CFO was granted 1,470,000 stock options and the CEO was granted 1,830,000 stock options.
- g) On June 29, 2022, a director of the Company exercised 2,000,000 warrants with an exercise price of \$0.05 per share for gross proceeds of \$100 (Note 11,12 (b)).
- h) As per their agreements with the Company, the CEO and President/ CFO were each granted 4 million RSUs on October 21, 2021, which were granted subject to vesting in three equal installments over three years. The grant of RSUs is subject to stockholder approval and further subject to Exchange approval of the RSU Plan and the aforementioned grant thereunder. Pursuant to Exchange policies, RSUs granted prior to stockholder approval of the RSU Plan must be specifically approved by a vote of stockholders excluding the votes of the holders of the Restricted Share Units. The Company's stockholders approved the grant of 4 million RSUs to both the CEO and President/ CFO at the AGM on May 18, 2022 and the Exchange approved the RSU Plan on June 3, 2022, resulting in 8,000,000 RSUs granted on June 3, 2022 (Note 12 (c)).
- i) On June 2, 2022, 1,333,333 RSUs issued to the President/CFO were cancelled ((Note 12 (c)). All Share-based payments recognized pursuant to these RSUs were reversed upon cancellation.

## Lion Copper and Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022

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

### 13. RELATED PARTY TRANSACTIONS (continued)

- j) On June 3, 2022, 1,333,333 RSUs issued to the CEO were released. The RSUs were converted into shares on July 28, 2022.
- k) On November 1, 2022, the Company amended an employment agreement with the CEO of the Company. The CEO will continue to receive remuneration of \$250, however, 52% of the salary will be paid in shares of Falcon Butte. The deemed price will be equal to the greater of \$0.28 per share and the latest cash financing price raised by Falcon Butte. On November 1, 2022, \$32.5 of the annual salary was converted to Falcon Butte shares and on February 1, 2023, \$32.5 were converted to Falcon Butte shares. The payment terms are applicable for six months beginning November 1, 2022, and these payment terms can be extended on a quarterly basis.

As a result, for the year ended December 31, 2022, the CEO of the Company was paid as follows:

- \$228,333 in cash
- \$21,667 in Falcon Butte shares.

As at December 31, 2022, there was \$11 in prepaid expenses to the CEO of the Company relating to wages paid during the year for services subsequent to year end.

- l) During the year ended December 31, 2022, 3,500,000 options were granted to directors of the Company with an exercise price of \$0.067 and expire on May 25, 2027. In addition, 957,713 options were issued to a director of the Company with an exercise price of \$0.055 and expires on August 18, 2025.
- m) During the year ended December 31, 2022, a director of the Company subscribed for \$250 of unsecured convertible debentures in the first tranche (Note 9). The debentures bear interest at a rate of 14% per annum and mature on February 17, 2024 and are convertible into shares of the Company at \$0.067 (\$0.085 CAD) per share until June 17, 2023, and thereafter at \$0.078 (\$0.10 CAD) per share. As of December 31, 2022, the Company accrued \$19 in interest related to the convertible debentures.
- n) During the year ended December 31, 2022, certain directors and officers of the Company subscribed for \$500 of unsecured convertible debentures in the second tranche (Note 9). The debentures bear interest at a rate of 14% per annum and mature on March 8, 2024 and are convertible into shares of the Company at \$0.067 (\$0.085 CAD) per share until July 8, 2023, and thereafter at \$0.078 (\$0.10 CAD) per share. As of December 31, 2022, the Company accrued \$34 in interest related to the convertible debentures.
- o) Blue Copper Resources Corp. has a mineral property lease agreement with a company owned by the CEO of the Company, to lease a mineral property. The value of the leased property was determined to be \$500 (Note 4(h)).

### 14. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being mineral exploration. Geographic segment information relating to the Company's mineral properties as at and for the period ended June 30, 2023, and the year ended December 31, 2022 is as follows:

|                    | June 30, 2023 |          |          | December 31, 2022 |          |          |
|--------------------|---------------|----------|----------|-------------------|----------|----------|
|                    | Canada        | USA      | Total    | Canada            | USA      | Total    |
| Mineral properties | \$ -          | \$ 7,542 | \$ 7,542 | \$ 602            | \$ 7,282 | \$ 7,884 |

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

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022

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

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### **15. 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.

### **16. CONTINGENCIES**

On July 23, 2021, the Company received notice from the State of Nevada that the State has not approved extensions of three water rights permits purchased by its subsidiary, SPS in 2011. The State also advised that a fourth permit would not be extended after a period of an additional year.

This appeal process is ongoing as discussed in Note 4(a). The latest development in the appeal process is a Remand Order was issued by the District Court Judge on December 6, 2022. The State's response to the Remand Order is not known at this time. Therefore, the impact of the State's decision on the Company's business is not known at this time. If the State's decision is not reversed and the Company does not retain some or all of the subject water rights, the Company will need to acquire sufficient replacement water rights to support its future mining in Mason Valley. Engineering studies to define the amount of water required to support the Company's future mining operations are ongoing.

### **17. 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, accounts payable, Rio Tinto deposit, SAFE notes, convertible debentures, derivative liability conversion feature and derivative liability warrants.

Financial instruments recorded at fair value on the condensed interim 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, and Rio Tinto deposit approximate their fair values because of their immediate or short term to maturity and the Company's convertible debentures are recorded at amortized cost.

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

The SAFE notes are classified as liabilities pursuant to ASC 480 and were measured at fair value at each reporting period, with changes in fair value recorded within the Condensed Interim Consolidated Statements of Operations and are categorized as Level 3 in the fair value hierarchy.

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

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2023 and 2022

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

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### **17. FINANCIAL INSTRUMENT RISKS (continued)**

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 financings 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; therefore, it 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.

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 financial institutions that have high credit ratings assigned by international credit rating agencies.

### **18. SUBSEQUENT EVENTS**

On July 21, 2023, the Company issued 23,194,737 options to certain directors, officers, employees, and consultants with an exercise price of C\$0.08 (US\$0.06) per share and expire five years from the date of grant.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of applicable United States and Canadian securities legislations ("**Forward-Looking Statements**"). Forward-Looking Statements reflect the expectations of management and consist of statements that are not only historical fact but also relate to predictions, expectations, belief, plans, projections, objectives, assumptions, future events, or future performance. Forward-Looking Statements may be identified by such terms as "believes", "anticipates", "expects", "estimates", "may", "could", "would", "will", "plan" or similar words. Although the Company believes that such information is reasonable, it can give no assurance that such expectations will prove to be correct. The Company cautions investors that any Forward-Looking Statements provided by the Company is not a guarantee of future results or performance, and that actual results may differ materially from those in Forward-Looking Statements as a result of various estimates, risks, and uncertainties. Readers should not place undue reliance on Forward-Looking Statements. Forward-Looking Statements in this annual report and in documents incorporated by reference herein include, but are not limited to, statements with regard to:

- planned exploration activity including both expected drilling and geological and geophysical related activities;
- future foreign exchange rates;
- future sources of liquidity, cash flows and their uses;
- realization of anticipated benefits of acquisitions and dispositions;
- expected levels of operating costs, general and administrative costs, costs of services and others; and
- treatment under government regulation and taxation regimes.

Forward-Looking Statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the Forward-Looking Statements, including, without limitation:

- risks related to exploration and development of natural resource properties;
- the uncertain nature of estimating mineral resources and mineral reserves;
- uncertainty in the Company's ability to obtain funding;
- copper price fluctuations;
- recent market events and conditions;
- risks related to governmental regulations;
- risks related to the Company's business being subject to environmental laws and regulations;
- risks related to the Company's inability to meet its financial obligations under agreements to which it is a party; and
- risks related to the Company's ability to recruit and retain qualified personnel.

These Forward-Looking Statements are based on the beliefs of our management as well as on assumptions made by and information currently available to us at the time such statements were made. We undertake no obligation to update forward-looking statements should circumstances or estimates or opinions change.



# **Lion Copper and Gold Corp.**

**Management's Discussion and Analysis**

**For the six months ended June 30, 2023**

Dated: August 14, 2023

(In U.S. dollars)

## General

This Management's Discussion and Analysis ("MD&A") of Lion Copper and Gold Corp. and its wholly owned subsidiaries (collectively, "Lion CG" or the "Company"), dated August 14, 2023, should be read in conjunction with the condensed interim consolidated financial statements for the six months ended June 30, 2023 and audited consolidated financial statements year ended December 31, 2022, and related notes thereto which have been prepared in accordance with accounting principles generally accepted in the United States ("US GAAP"). All dollar amounts in this MD&A are United States dollars unless otherwise noted.

Additional information about the Company, including the Company's press releases, quarterly and annual reports, and Form 10-K, is available through the Company's filings with the securities regulatory authorities in Canada at [www.sedar.com](http://www.sedar.com) or the United States Securities Exchange Commission at [www.sec.gov/edgar](http://www.sec.gov/edgar). Information about mineral resources, as well as risks associated with investing in the Company's securities is contained in the Company's most recently filed 10-K.

Under U.S. federal securities laws, issuers must assess their foreign private issuer status as of the last business day of their second fiscal quarter. It was announced that more than 50% of the Company's common shares are held by U.S. shareholders, and the Company no longer meets the definition of a foreign private issuer under the United States securities laws. As a result, commencing in 2023, the Company is required to use forms and rules prescribed for U.S. domestic companies, including the requirement that financial statements be presented in accordance with US GAAP instead of International Financial Reporting Standards ("IFRS"). The Company's common shares will continue to be listed on the TSX Venture Exchange and quoted on the OTCQB.

Charles Travis Naugle, CEO of the Company, is a Qualified Person under National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101"), and has approved the scientific and technical information in this MD&A.

## Company Profile

Lion Copper and Gold Corp. is a Canadian-based Company advancing its 100% owned flagship copper projects at Yerington, Nevada subject to an Option to Earn-in Agreement with Rio Tinto.

The Company also looks for opportunities to acquire projects on reasonable terms that have the potential to host large mineral deposits attractive to major mining companies. The Company is incorporated in British Columbia, Canada. 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. to Lion Copper and Gold Corp. The shares of the Company commenced trading under the new name at the open of trading on November 23, 2021. The Company's common shares are listed on the TSX Venture Exchange ("TSXV") under the symbol "LEO" and traded on the OTCQB Market under the symbol "LCGMF".

The Company prepares its condensed interim consolidated financial statements on a going concern basis, which contemplates that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business for at least twelve months from the date of this report. The Company has incurred ongoing losses and expects to incur further losses in the advancement of its business activities. For the six months ended June 30, 2023, and June 30, 2022, the Company incurred a net loss of \$1,977,000 (2022 – gain of \$352,000). As at June 30, 2023, the Company had cash of \$7,117,000 (December 31, 2022 - \$1,365,000), working capital of \$273,000 (December 31, 2022 – deficit of \$556,000) and an accumulated deficit of \$123,362,000 (December 31, 2022 - \$121,834,000).

The Company continues to incur losses, has limited financial resources, and has no current source of revenue or cash flow generated from operating activities. To address its financing requirements, the Company plans to seek financing through, but not limited to, debt financing, equity financing and strategic alliances. However, 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 some or all of its rights under the existing option and acquisition agreements. The above factors give rise to material uncertainties that may cast substantial doubt on the Company's ability to continue as a going concern.

If the going concern assumptions were not appropriate for these consolidated financial statements, then 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.

### Mineral Properties

The following table summarizes the balance of exploration and evaluation assets as at June 30, 2023 and December 31, 2022 and the changes in exploration and evaluation assets for the years then ended.

|                                            | Singatse Peak Services |              |              |              | Lion CG                   | Quaterra Alaska |                | Blue Copper Resources Corp |             |              |
|--------------------------------------------|------------------------|--------------|--------------|--------------|---------------------------|-----------------|----------------|----------------------------|-------------|--------------|
|                                            |                        |              |              |              | Chaco<br>Bear &<br>Ashton | Butte<br>Valley | Blue<br>Copper | Groundhog                  | Blue Copper | Total        |
| (In thousands of U.S dollars)              | MacArthur              | Yerington    | Bear         | Wassuk       |                           |                 |                |                            |             |              |
|                                            | \$                     | \$           | \$           | \$           | \$                        | \$              | \$             | \$                         | \$          | \$           |
| <b>Balance December 31, 2021</b>           | <b>2,489</b>           | <b>1,195</b> | <b>1,532</b> | <b>1,405</b> | -                         | <b>200</b>      | -              | -                          | -           | <b>6,821</b> |
| Acquisition costs                          | -                      | -            | 193          | -            | 602                       | -               | 118            | -                          | 500         | 1,413        |
| Assignment of Butte Valley                 | -                      | -            | -            | -            | -                         | (200)           | -              | -                          | -           | (200)        |
| Transfer to BCRC                           | -                      | -            | -            | -            | -                         | -               | (118)          | -                          | 118         | -            |
| Paid by Rio Tinto                          | -                      | -            | (150)        | -            | -                         | -               | -              | -                          | -           | (150)        |
| Total additions (disposals) for the year   | -                      | -            | 43           | -            | 602                       | (200)           | -              | -                          | 618         | 1,063        |
| <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                          | -                      | -            | 131          | -            | -                         | -               | -              | -                          | 260         | 391          |
| Impairment                                 | -                      | -            | -            | -            | (602)                     | -               | -              | -                          | -           | (602)        |
| Paid by Rio Tinto                          | -                      | -            | (131)        | -            | -                         | -               | -              | -                          | -           | (131)        |
| Total additions (disposals) for the period | -                      | -            | -            | -            | (602)                     | -               | -              | -                          | 260         | (342)        |
| <b>Balance June 30, 2023</b>               | <b>2,489</b>           | <b>1,195</b> | <b>1,575</b> | <b>1,405</b> | -                         | -               | -              | -                          | <b>878</b>  | <b>7,542</b> |

On February 10, 2023, the Company announced the commencement of its 2023 exploration program. The exploration program is composed of 10,000 ft of core drilling, 9,500 ft of reverse circulation drilling and various soil and rock chip sampling programs. An exploration summary will be provided in the Q3 MD&A. The primary exploration targets include the Bear Deposit, MacArthur East, MacArthur Wedge, Mason Pass Prospect, Reno Prospect and Singatse Target.

During the year ended December 31, 2022, the balance of mineral properties increased by \$1,063,000. The increase is mainly due to the Company making property acquisition payments pursuant to property option agreements on the Chaco Bear and Ashton properties, and the Arnold, Snowbird & Montana properties. In addition, the Company transferred its 100% interest in the Blue Copper Project in Montana and its 90% interest in the Groundhog property in Alaska to Blue Copper Resources Corp. ("BCRC"), an entity in which the Company holds 48.8% ownership as of June 30, 2023. Blue Copper Resources also holds a leased interest in the Arnold, Snowbird & Montana property. Additions were offset when the Company entered into a property acquisition agreement to sell and assign its options in the Butte Valley property to Falcon Butte Minerals Corp. (formerly 1301666 B.C. Ltd "Falcon Butte."), as a result the Company derecognized the property value of \$200,000.

Total exploration expenditures recorded on the consolidated statement of operations are listed in the tables below:

*Exploration expenditures incurred for the six months ended June 30, 2023*

|                                                   | Singatse Peak Services |              |                |            |              | Lion CG                   | Blue Copper Resources Corp |                |           |            |            |                |
|---------------------------------------------------|------------------------|--------------|----------------|------------|--------------|---------------------------|----------------------------|----------------|-----------|------------|------------|----------------|
|                                                   |                        |              |                |            |              | Chaco<br>Bear &<br>Ashton |                            | Blue<br>Copper |           |            |            |                |
| (In thousands of U.S dollars)                     | MacArthur              | Yerington    | Bear           | Wassuk     | Prospects    | Groundhog                 | Recon                      | Nevada         | Arizona   | Total      |            |                |
|                                                   | \$                     | \$           | \$             | \$         | \$           | \$                        | \$                         | \$             | \$        | \$         | \$         | \$             |
| Property maintenance                              | -                      | 6            | -              | 1          | -            | -                         | -                          | 58             | -         | -          | -          | 65             |
| Assay & Labs                                      | 47                     | 21           | 32             | -          | 59           | -                         | -                          | -              | -         | -          | -          | 159            |
| Drilling                                          | 190                    | 3            | 1,218          | -          | 303          | -                         | -                          | -              | -         | -          | -          | 1,714          |
| Environmental                                     | 5                      | 136          | -              | -          | -            | -                         | -                          | -              | -         | -          | -          | 141            |
| Geological & mapping                              | -                      | -            | -              | -          | -            | -                         | -                          | 4              | -         | -          | -          | 4              |
| Geophysical surveys                               | 3                      | 5            | 4              | -          | -            | -                         | -                          | 104            | 10        | 6          | 90         | 222            |
| Technical study                                   | -                      | 641          | -              | -          | -            | -                         | -                          | 2              | -         | -          | -          | 643            |
| Field support                                     | -                      | -            | 44             | -          | -            | -                         | 45                         | 212            | -         | 145        | 15         | 461            |
| <b>Total expenses incurred</b>                    | <b>245</b>             | <b>812</b>   | <b>1,298</b>   | <b>1</b>   | <b>362</b>   | <b>-</b>                  | <b>45</b>                  | <b>380</b>     | <b>10</b> | <b>151</b> | <b>105</b> | <b>3,409</b>   |
| <b>Total Expenditures funded<br/>by Rio Tinto</b> | <b>(245)</b>           | <b>(812)</b> | <b>(1,298)</b> | <b>(1)</b> | <b>(362)</b> | <b>-</b>                  | <b>-</b>                   | <b>-</b>       | <b>-</b>  | <b>-</b>   | <b>-</b>   | <b>(2,718)</b> |
| <b>Total Expenditures funded<br/>by Lion CG</b>   | <b>-</b>               | <b>-</b>     | <b>-</b>       | <b>-</b>   | <b>-</b>     | <b>-</b>                  | <b>45</b>                  | <b>380</b>     | <b>10</b> | <b>151</b> | <b>105</b> | <b>691</b>     |

Exploration expenditures incurred for the six months ended June 30, 2022

|                                               | Singatse Peak Services |              |            |          | Lion CG                | Quaterra Alaska |              |             |                |
|-----------------------------------------------|------------------------|--------------|------------|----------|------------------------|-----------------|--------------|-------------|----------------|
| (In thousands of U.S dollars)                 | MacArthur              | Yerington    | Bear       | Wassuk   | Chaco Bear<br>& Ashton | Groundhog       | Butte Valley | Blue Copper | Total          |
|                                               | \$                     | \$           | \$         | \$       | \$                     | \$              | \$           | \$          | \$             |
| Property maintenance                          | -                      | -            | -          | -        | -                      | -               | 2            | 59          | 61             |
| Assay & Labs                                  | 68                     | -            | -          | -        | -                      | -               | -            | -           | 68             |
| Drilling                                      | 392                    | 407          | -          | -        | -                      | -               | -            | -           | 799            |
| Environmental                                 | 60                     | 121          | -          | -        | -                      | -               | -            | -           | 181            |
| Geological & mapping                          | -                      | -            | -          | -        | 8                      | -               | -            | 15          | 23             |
| Geophysical surveys                           | 102                    | 1            | 5          | -        | -                      | -               | 11           | 16          | 135            |
| Technical study                               | 312                    | 34           | -          | -        | -                      | -               | -            | -           | 346            |
| Field support                                 | 191                    | 16           | -          | -        | -                      | 45              | 10           | 37          | 299            |
| <b>Total expenses incurred</b>                | <b>1,125</b>           | <b>579</b>   | <b>5</b>   | <b>-</b> | <b>-</b>               | <b>45</b>       | <b>23</b>    | <b>127</b>  | <b>1,912</b>   |
| <b>Total Expenditures funded by Rio Tinto</b> | <b>(1,002)</b>         | <b>(558)</b> | <b>(5)</b> | <b>-</b> | <b>-</b>               | <b>-</b>        | <b>-</b>     | <b>-</b>    | <b>(1,565)</b> |
| <b>Total Expenditures funded by Lion CG</b>   | <b>123</b>             | <b>21</b>    | <b>-</b>   | <b>-</b> | <b>8</b>               | <b>45</b>       | <b>23</b>    | <b>127</b>  | <b>347</b>     |

On March 18, 2022, the Company entered into an Option to Earn-in Agreement with Rio Tinto America Inc. ("Rio Tinto") to advance studies and exploration at the Company's copper assets in Mason Valley, Nevada, see Option to Earn-in Agreement with Rio Tinto below for further details. In connection with Stage 1 of the agreement, the Company received \$4,000,000 for an exclusive earn-in option and agreed-upon Mason Valley study and evaluation works. During the year ended December 31, 2022, the Company incurred expenditures of \$3,387,000 in connection with the work program.

On January 13, 2023, the Company received \$7,500,000 from Rio Tinto representing \$5,000,000 for Stage 2 and an advance of \$2,500,000 for Stage 3 Programs of Work. During the six months ended June 30, 2023, the Company incurred expenditures of \$3,787,000 in connection with the Stage 2 and Stage 3 Programs of Work.

The funds incurred in connection with this work program were offset against additions to mineral properties and general expenditures as follows:

|                                                            |              |
|------------------------------------------------------------|--------------|
| (In thousands of U.S dollars)                              |              |
| <b>Balance December 31, 2021</b>                           | -            |
| Proceeds received                                          | 4,000        |
| Funds applied to capitalized mineral property expenditures | (150)        |
| Funds applied to exploration expenditures:                 |              |
| Property maintenance                                       | (287)        |
| Assay & labs                                               | (66)         |
| Drilling                                                   | (915)        |
| Environmental                                              | (692)        |
| Geological & mapping                                       | (1)          |
| Technical study                                            | (495)        |
| Field support & other                                      | (630)        |
| Funds applied to general operating expenditures            | (151)        |
| <b>Balance December 31, 2022</b>                           | <b>613</b>   |
| Proceeds received                                          | 7,500        |
| Funds applied to capitalized mineral property expenditures | (131)        |
| Funds applied to reclamation deposits                      | (8)          |
| Funds applied to prepaid expenses                          | (100)        |
| Funds applied to exploration expenditures:                 |              |
| Property maintenance                                       | (7)          |
| Assay & labs                                               | (159)        |
| Drilling                                                   | (1,714)      |
| Environmental                                              | (141)        |
| Geophysical surveys                                        | (12)         |
| Technical study                                            | (641)        |
| Field support & other                                      | (44)         |
| Funds applied to general operating expenditures            | (830)        |
| <b>Balance June 30, 2023</b>                               | <b>4,326</b> |

## **MacArthur Copper Project and Yerington Mine Property, Nevada**

Located in the historic copper district of Yerington, Nevada, the Company's Yerington and MacArthur properties are 100% owned by Singatse Peak Services LLC, a wholly-owned subsidiary of Lion CG.

The MacArthur Project consists of 897 unpatented lode claims totaling approximately 18,500 acres on lands administered by the U.S. Department of Interior - Bureau of Land Management (BLM).

On February 24, 2022, the Company filed a technical report titled "Mineral Resource Estimate" for its MacArthur Project, which can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com) and on the Company's website. Refer to Mineral Resource Estimate below for a summary of the report.

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 \$1,000,000.

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 \$7,500,000.

## **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 \$5,673,290 in cash payments over 15 years (\$5,222,290 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 \$1,250,000 total.

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

- \$231,000 due in 2023 (\$131,000 paid, \$100,000 remains outstanding and will be funded as a part of the Stage 2 Program of Work);
- \$81,000 due in 2024
- \$51,000 due in years 2025 to 2028.

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

- \$1,250,000 for Taylor, purchase option expiring April 4, 2025.
- \$250,000 for Chisum, purchase option has no expiration date, \$50,000 per year payment required for continuation;
- \$5,000,000 for Yerington Mining, purchase option expiring in 2024;
- \$8,975,000 for Circle Bar N, purchase option expiring in 2024;
- \$22,770,000 for Desert Pearl Farms, purchase option expiring in 2029.

## **Wassuk, Nevada**

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

As at December 31, 2021, the Company had satisfied all conditions required to execute the option to purchase and on January 14, 2023, the option was executed.

The property is subject to a 3% NSR royalty upon commencing commercial production, which can be reduced to a 2% NSR in consideration of \$1,500,000.

## **Groundhog Project, Alaska**

On April 20, 2017, the Company signed an agreement with Chuchuna Minerals Company, an Alaska corporation, giving it an option to purchase a 90% interest in the Groundhog copper prospect, a 40,000-acre property located on an established copper porphyry belt, two hundred miles southwest of Anchorage, Alaska.

The Groundhog claims cover the northern extension of a structural zone that hosts a number of porphyry copper-gold prospects. To earn the 90% interest, the Company must fund a total of \$5,000,000 (\$2,839,475 funded) of exploration expenditures and make a lump sum payment to Chuchuna of \$3,000,000 by the end of April 20, 2024. During the year ended December 31, 2021, the lease agreement was further extended from six to seven years, providing the Company more time to make the required exploration expenditures and lump sum payment. The Company can terminate the Agreement at its discretion.

The property is subject to a 1.75% NSR upon commencing commercial production, which can be reduced to a 0.875% NSR royalty in consideration of \$25,000,000.

On December 13, 2022, the Groundhog property was transferred from Quaterra Alaska to Blue Copper Resources Corp.

## **Butte Valley Prospect, Nevada**

On January 26, 2022, the Company entered into a property acquisition agreement to sell and assign its options to acquire the Butte Valley property to Falcon Butte Minerals Corp. (formerly 1301666 B.C. Ltd., or "Falcon Butte") which is a private British Columbia company established to acquire mineral resource properties.

Pursuant to the agreement, Lion CG's 100% owned subsidiary Quaterra Alaska was granted an equity position in Falcon Butte. In addition, Quaterra Alaska maintained a 1.5% NSR on each of the Butte Valley optioned properties, which is subject to a buy-down to a 1.0% NSR in exchange for a payment of \$7,500,000 per property.

On April 5, 2022, the Company completed the assignment of the two option agreements for the Butte Valley Property.

On April 13, 2022, the Company amended the assignment agreement. Pursuant to the addendum Falcon Butte had the option to pay a total of \$500,000 in exchange for a 0.5% buy-down and retirement of certain NSRs held by the Company. During the year ended December 31, 2022, the full consideration of \$500,000 was received.

On December 13, 2022, the Butte Valley Royalty rights were transferred from Quaterra Alaska to Blue Copper Resources Corp.

### **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. ("Houston") 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 which resulted in Lion CG defaulting on the Chaco Bear and Ashton properties. As at June 30, 2023, Lion CG impaired the full balance of properties and recognized \$602,000 in impairment expense.

### **Blue Copper Prospect, Montana**

During the year ended December 31, 2021, Blue Copper LLC acquired and staked a district scale exploration (the "Blue Copper Prospect"), in Powell County and Lewis & Clark County in Montana, USA. The area is prospective for high grade copper-gold skarns and porphyry copper-gold mineralization.

On December 13, 2022, Quaterra Alaska's interest in Blue Copper LLC was transferred to Blue Copper Resources Corp.

On October 28, 2022, Blue Copper LLC entered into a mining lease agreement with Snowshoe Creek LLC ("Snowshoe"), a Montana limited liability company owned by the CEO of the of the Company. Pursuant to the Agreement, Snowshoe leases the property, including the patented mining claims on the Arnold, Snowbird and Montana, to Blue Copper LLC for a term of 20 years and extendable on the sole decision of Blue Copper LLC.

As consideration, 15,000,000 preferred stock in Blue Copper Resources Corp. was issued to the CEO of the Company. The transaction was measured using the fair value of the asset received as the cost was more clearly evident. The fair value of the asset received was calculated using the original cost incurred to acquire the property and was determined to be \$500,000.

The Company, through BCRC, continues to acquire, compile and conduct field mapping to develop a work plan which will be provided when available.

### **Recon, Nevada, Arizona, and other prospects**

During the six months ended June 30, 2023, Blue Copper Resources Corp, incurred \$266,000 in evaluation expenditures on the Recon, Nevada, and Arizona properties in order to determine whether they warranted further pursuit.

During the six months ended June 30, 2023, the Company, through Singatse Peak Services, incurred \$362,000 in evaluation expenditures, which was covered by Rio Tinto, on other prospects in order to determine whether they warranted further pursuit.

### **Option to Earn-in Agreement with Rio Tinto**

On March 18, 2022, the Company entered into an Option to Earn-in Agreement with Rio Tinto to advance studies and exploration at Lion CG's copper assets in Mason Valley, Nevada (the "Rio Tinto Agreement"). Under the agreement, Rio Tinto has the exclusive option to earn a 65% interest in the assets comprising Yerington, MacArthur, Wassuk, Bear, and associated water rights (the "Mining Assets").

In addition, Rio Tinto will evaluate the potential commercial deployment of its Nuton™ technologies at the site. Nuton™ offers copper heap leaching technologies developed by Rio Tinto to deliver greater copper recovery from mined ore and access new sources of copper such as low-grade sulphide resources and reprocessing of stockpiles and mineralized waste. The technologies have the potential to deliver leading environmental performance through more efficient water usage, lower carbon emission, and the ability to reclaim mine sites by reprocessing waste.

On April 27, 2022, the Company TSX Venture Exchange approved the Rio Tinto Agreement.

The status of the Rio Tinto Agreement is set out below.

#### Stage 1

Rio Tinto paid four million U.S. dollars (\$4,000,000) for the agreed-upon Program of Work on the Mining Assets. Stage 1 was deemed completed on December 22, 2022.

#### Stage 2

Within forty-five (45) days of the completion of Stage 1, Rio Tinto was to provide notice to Lion CG whether Rio Tinto elected to proceed with Stage 2 (notice was provided), upon which Rio Tinto was to pay up to \$5,000,000 for agreed-upon Mason Valley study and evaluation works to be completed by Lion CG within 12 months from the date that the parties agree upon the scope of Stage 2 work (\$7,500,000 paid January 13, 2023, representing \$5,000,000 for Stage 2 and an advance of \$2,500,000 for Stage 3).

#### Stage 3 - Feasibility Study

Within sixty (60) days of the completion of Stage 2, Rio Tinto shall provide notice to Lion CG whether Rio Tinto will exercise its Option and fund a Feasibility Study based on the results of the Stage 1 and Stage 2 work programs. Rio Tinto will fully-fund the Feasibility Study and ancillary work completed by Lion CG in amount not to exceed fifty million U.S. \$50,000,000.

#### Investment Decision

Upon completion of the Feasibility Study, Rio Tinto and Lion CG will decide whether to create an investment vehicle into which the Mining Assets will be transferred, with Rio Tinto holding not less than a 65% interest in the investment vehicle.

- If Rio Tinto elects to not to create the investment vehicle, then Lion CG shall grant to Rio Tinto a 1.5% NSR on the Mining Assets.
- If Rio Tinto elects to create the investment vehicle but Lion CG elects not to create the investment vehicle, then, at Rio Tinto's option, Lion CG shall create the investment vehicle and Rio Tinto will purchase Lion CG's interest in the investment vehicle for fair market value.

#### Project Financing

- Following the formation of the investment vehicle, any project financing costs incurred will be funded by Rio Tinto and Lion CG in proportion to their respective ownership interest in the investment vehicle.
- Rio Tinto may elect to fund up to sixty million U.S. dollars (\$60,000,000) of Lion CG's project financing costs in exchange for a 10% increase in Rio Tinto's ownership percentage. In addition, upon mutual agreement of Rio Tinto and Lion CG, Rio Tinto may fund an additional forty million U.S. dollars (\$40,000,000) of Lion CG's project financing costs in exchange for an additional 5% increase in Rio Tinto's ownership percentage.
- If Lion CG's ownership percentage in the investment vehicle is diluted to 10% or less, then Lion CG's ownership interest will be converted into a 1% uncapped NSR.

On May 15, 2022, Rio Tinto approved the Stage 1 Work Program and provided \$4,000,000 to the Company for the development of the Mason Valley projects, which has been completed as of December 31, 2022. The remaining funds of the \$4,000,000 will be spent per agreement with Rio Tinto in 2023 for Stage 2. On January 5, 2023, the Company announced the completion of Stage 1 Program of Work. Subsequently, on March 20, 2023, the Company and Rio Tinto formally agreed to proceed with the stage 2 Program of Work and an advance on the Stage 3 Program of Work.

## **Performance Highlights**

On January 13, 2023, the Company reached an agreement with Rio Tinto on the scope of the Stage 2 Program of Work. As a result, the Company received \$7,500,000, comprising of \$5,000,000 for Stage 2 work and \$2,500,000 as an immediate advance on part of the Stage 3 financing.

On March 20, 2023, the Company and Rio Tinto agreed on the detailed scope for the Stage 2 and Stage 3 Programs of Work as described as follows.

### **Stage 2 Program of Work**

The Stage 2 Work Program includes the following scopes:

- **Project Permitting and Baseline Studies**
  - MacArthur Exploration Plan of Operations Update
  - Water resource characterization (surface and groundwater)
  - Geochemical characterization
  - Wildlife baseline
  - Stakeholder engagement
  - Permitting Plan / strategy development
  - Mine Plan of Operations / Reclamation Plan for a mining operation
- **Engineering Studies**
  - Yerington PEA
  - Yerington Pit Dewatering Scoping Study
  - Pyrite Source Options Review
  - Mining Study of Yerington Pit
  - Project Risk Assessment
  - Commence Yerington Front End Engineering Design
  - Third Party Engineering Review supporting PEA

### **Stage 3 Exploration Program of Work**

The program composed of approximately 10,000 ft of core drilling, 9,500 ft of reverse circulation drilling and various soil and rock chip sampling programs.

Primary exploration targets include:

- Bear Deposit
- MacArthur East
- MacArthur Wedge
- Mason Pass Prospect
- Reno Prospect
- Singatse Target

The Stage 3 exploration program commenced drilling activities at site on February 21, 2023 with assay results expected later in the year. An exploration summary will be provided in the MD&A for the third quarter ended September 30, 2023.

- **MacArthur Copper Project Resource Estimate**

On February 25, 2022, the Company announced the results of an updated mineral resource estimate for the MacArthur Copper Project located in Mason Valley, Nevada. The mineral resource estimate was prepared pursuant to NI 43-101 by Independent Mining Consultants of Tucson, Arizona.

- **Mineral Resource Estimate**

The Measured and Indicated and Inferred Resources for the MacArthur Project are reported in Table 1 as set out below.

Table 1: Mineral Resource Estimate

Measured + Indicated Resources  
February 25, 2022

| <b>Material Type</b> | <b>Cutoff Grade</b> | <b>Ktons</b>   | <b>Average Grade<br/>% TCu</b> | <b>Contained Copper<br/>(lbs x 1000)</b> |
|----------------------|---------------------|----------------|--------------------------------|------------------------------------------|
| Leach Cap            | 0.06                | 15,610         | 0.12                           | 37,482                                   |
| Oxide                | 0.06                | 226,524        | 0.159                          | 718,692                                  |
| Transition           | 0.06                | 43,382         | 0.213                          | 185,049                                  |
| Sulphide             | 0.06/0.08           | 14,815         | 0.2                            | 59,185                                   |
| <b>Total</b>         |                     | <b>300,331</b> | <b>0.167</b>                   | <b>1,000,408</b>                         |

Inferred Resources  
February 25, 2022

| <b>Material Type</b> | <b>Cutoff Grade</b> | <b>Ktons</b>   | <b>Average Grade<br/>% TCu</b> | <b>Contained Copper<br/>(lbs x 1000)</b> |
|----------------------|---------------------|----------------|--------------------------------|------------------------------------------|
| Leach Cap            | 0.06                | 18,579         | 0.085                          | 31,486                                   |
| Oxide                | 0.06                | 105,525        | 0.146                          | 309,149                                  |
| Transition           | 0.06                | 23,283         | 0.202                          | 94,137                                   |
| Sulphide             | 0.06/0.08           | 9,063          | 0.204                          | 36,942                                   |
| <b>Total</b>         |                     | <b>156,450</b> | <b>0.151</b>                   | <b>471,714</b>                           |

(%) = percent, TCu = total copper, lbs = pounds, Ktons = short tons x 1000

1. The cutoff grades used for reporting the mineral resources are at or above the internal cutoff grades of between 0.03% and 0.06% TCu for the Leach Cap, Oxide and Transition zones. The sulphide zone internal cutoff grades are 0.06% TCu for the MacArthur and North zones and 0.08% TCu for Gallagher because of a higher acid consumption.
2. Mr. Herbert E. Welhener, MMSA-QPM, an employee of Independent Mining Consultants, Inc. is the Qualified Person for this specific Mineral Resource estimate.
3. The “reasonable prospects for eventual economic extraction” shape has been created based on a copper price of US\$3.75/lb, employment of heap leach extraction methods, processing costs of US\$1.56 or \$2.20 per short ton, and mining costs of \$1.92/short ton for rock and \$1.46/short ton alluvium, a variable copper recovery, and tonnage factor of 12.5 cubic feet per short ton for in situ rock.
4. Rounding as required by Best Practices established by the CIM reporting guidelines may result in slight apparent differences between tonnes, grade and contained metal content.

#### Cautionary Note to Investors

While the terms “measured (mineral) resource,” “indicated (mineral) resource” and “inferred (mineral) resource” are recognized and required by National Instrument 43-101 – Standards of Disclosure for Mineral Projects, investors are cautioned that except for that portion of mineral resources classified as mineral reserves, mineral resources do not have demonstrated economic viability. Investors are cautioned not to assume that all or any part of measured or indicated mineral resources will ever be upgraded into mineral reserves. Additionally, investors are cautioned that inferred mineral resources have a high degree of uncertainty as to their existence, as to whether they can be economically or legally mined or will ever be upgraded to a higher category.

- **Water Rights**

On July 23, 2021, the Company received a 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 vigorously 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. Since receipt of the remand order, SPS has been in regular contact with the State Engineer's office to resolve the issue.

### **Investment in Associate**

On April 5, 2022, the Company received 16,049,444 shares in Falcon Butte Minerals Corp. (formerly 1301666 BC Ltd., "Falcon Butte"), a private British Columbia company established to acquire mineral resource properties, 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 as at June 30, 2023, the Company's share ownership was reduced to 21.02%. The Company and Falcon Butte have common directors and managerial personnel, 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.

The opening balance of the investment was determined to be \$1,906,000 (\$2,374,000 CAD) which represents the fair value of the shares received. The value of the shares was determined based on Falcon Butte's financing that closed concurrently with the property acquisition. The Company's share of net loss for the period from acquisition on April 5, 2022 to December 31, 2022 and from January 1, 2023 to June 30, 2023 was \$389,000 and \$4,000, respectively. The portion of net loss attributable to the Company was determined using the weighted average percentage of voting rights held by the Company throughout the period.

On December 8, 2022, the Company transferred 116,071 shares of Falcon Butte to the CEO of the Company, pursuant to amended terms of the CEO's employment agreement. The cost value of the shares associated with the transfer was determined to be \$13,000 and a gain of \$19,000 was recorded on the transaction.

On February 24, 2023, the Company transferred 116,071 shares of Falcon Butte to the CEO of the Company, pursuant to amended terms of the CEO's employment agreement. The cost value of the shares associated with the transfer was determined to be \$11,000 and a gain of \$22,000 was recorded on the transaction.

### **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 Blue Copper Resources Corp.

As consideration, on the date of transfer of assets to Blue Copper Resources Corp, Quaterra Alaska was issued 57,513,764 common shares of Blue Copper Resources Corp which represented 79.3% of all issued and outstanding shares at December 13, 2022 and December 31, 2022.

On March 2, 2023, Blue Copper Resources Corp completed a financing through a private placement, raising US\$2,000,000 by issuing 23,809,524 units at a price of US\$0.084 per unit. Each unit consists of one common share and one common share purchase warrant exercisable at \$0.15 for 1 year.

In addition, the private placement was considered a "triggering event" for Simple Agreements for Future Equity ("SAFE Notes"). BCRC had previously raised \$867,500 in SAFE Notes, and were converted into equity of BCRC, resulting in BCRC issuing an additional 21,629,382 common shares.

After the events described above, the Company held 57,513,764 common shares out of 117,952,674 shares issued and outstanding, representing 48.8% ownership on a Non-Diluted Basis. Management has determined that control over BCRC exists as at June 30, 2023.

### **Simple Agreement for Future Equity**

During the year ended December 31, 2022, Blue Copper Resources Corp. raised \$197,500 with a valuation cap of \$1,450,000 and \$569,000 with a valuation cap of \$4,120,000, respectively, by entering into Simple Agreement for Future Equity Notes with several parties.

During the six months ended June 30, 2023, BCRC raised an additional \$100,000 with a valuation cap of \$4,120,000 by entering into SAFE notes with several parties. The private placement was considered a triggering event, and the face value of SAFE Notes of \$868,000 were converted into common shares of BCRC resulting in 21,629,382 common shares being issued.

The valuation cap provides the basis for the price at which the SAFE notes are converted into common stock of BCRC. The SAFE Notes resulted in cash proceeds to the Company in exchange for the right to stock of the Company, or cash at a future date in the occurrence of certain events, as follows:

If there is an equity financing before the expiration or termination of the instrument, the Company will automatically issue to the investor, a number of shares of common stock equal to the purchase amount divided by the conversion price. The conversion price is equal to the price per share equal to the Valuation Cap divided by the Company capitalization immediately prior to the transaction.

If there is a liquidity event before the expiration or termination of the instrument, the investor will, at its option, either (i) receive a cash payment equal to the purchase amount, or (ii) automatically receive from the Company a number of shares of common stock equal to the purchase amount divided by the liquidity price, if the investor fails to select the cash option.

If there is a dissolution event before the instrument expires or terminates, the Company will pay an amount equal to the purchase amount, due and payable to the investor immediately prior to, or concurrent with, the consummation of the dissolution event.

The SAFE notes were classified as liabilities pursuant to ASC 480 as certain redemptions are based upon the occurrence of certain events that are outside of the control of the Company and were measured at fair value at each reporting period, with changes in fair value recorded within the Consolidated Statements of Operations.

On March 2, 2023, as a result of the closing of an equity financing, the SAFE notes were converted into 21,629,382 common shares valued at \$1,536,000.

### **Proposed Transactions**

The Company has no proposed transactions other than as disclosed in this MD&A.

## Results of Operations

The following table summarizes the Company's financial results for the six months ended June 30, 2023, and 2022.

| Six months ended June 30,<br>(In thousands of U.S dollars) | 2023<br>\$     | 2022<br>\$     | Change<br>\$ | Change<br>% |
|------------------------------------------------------------|----------------|----------------|--------------|-------------|
| <b>Operating expenses</b>                                  |                |                |              |             |
| Exploration expenditures                                   | 3,409          | 1,912          | 1,497        | 78          |
| Rio Tinto Deposit                                          | (3,572)        | (1,669)        | (1,903)      | (114)       |
| General Office                                             | 82             | 75             | 7            | 9           |
| Interest                                                   | 199            | 5              | 194          | 3,880       |
| Insurance                                                  | 34             | 25             | 9            | 36          |
| Investor Relations                                         | 6              | 29             | (23)         | (79)        |
| Professional fees                                          | 641            | 423            | 218          | 52          |
| Rent                                                       | 8              | 7              | 1            | 14          |
| Salaries and benefits                                      | 674            | 519            | 155          | 30          |
| Share-based payments                                       | (136)          | 695            | (831)        | (120)       |
| Transfer agent and regulatory                              | 64             | 72             | (8)          | (11)        |
| Travel                                                     | 28             | 30             | (2)          | (7)         |
| <b>Operating loss</b>                                      | <b>(1,437)</b> | <b>(2,123)</b> |              |             |
| Fair value gain on derivative liabilities                  | 481            | 35             | 446          | 1,274       |
| Foreign exchange gain (loss)                               | -              | 12             | (12)         | (100)       |
| Gain on settlement of debt                                 | -              | 6              | (6)          | (100)       |
| Gain on sale of Butte Valley                               | -              | 2,207          | (2,207)      | (100)       |
| Gain on transfer of share                                  | 22             | -              | 22           | 100         |
| Accretion expense                                          | (195)          | (4)            | (191)        | (4,775)     |
| NRS buy-down                                               | -              | 250            | (250)        | (100)       |
| Share of loss in associate                                 | (4)            | (31)           | (31)         | (87)        |
| Interest and other income                                  | 63             | -              | 63           | 100         |
| Impairment of mineral properties                           | (602)          | -              | (602)        | (100)       |
| Loss on revaluation of SAFE notes                          | (305)          | -              | (305)        | (100)       |
| <b>Net and comprehensive loss</b>                          | <b>(1,977)</b> | <b>352</b>     |              |             |

For the six months ended June 30, 2023, the Company incurred a net loss of \$1,977,000 compared to a net income of \$352,000 in the prior period. The increase in net loss of \$2,329,000 is primarily due to a gain of \$2,207,000 resulting from the sale of the Company's Butte Valley property that was recognized during the comparative period. Also, during the six months ended June 30, 2023, the Company terminated its option agreement on the Chaco Bear & Ashton property, resulting in an impairment expense of \$602,000, exclusive to this period. Furthermore, the Company recorded a loss on the revaluation of the SAFE notes of \$305,000 during the six months ended June 30, 2023 which was also not present during the six months ended June 30, 2022. The Company also recognized \$195,000 in accretion expense for the six months ended June 30, 2023 for the accretion of convertible debt which only began at the end of the six months ended June 30, 2022.

The increase in net loss is partially offset by the following:

- During the six months ended June 30, 2023, 5,333,334 RSUs were cancelled, resulting in the reversal of share-based payments recognized on unvested RSUs. As such, the Company recognized a share-based payment recovery of \$136,000 during the period compared to a share-based payment expense of \$695,000 during the six months ended June 30, 2022.

- The gain recognized on the change in fair value of the derivative liabilities was \$481,000 for the six months ended June 30, 2023 compared to a gain of \$35,000 in the prior period.

The following table summarizes the Company's financial results for the three months ended June 30, 2023, and 2022.

| <b>Three months ended June 30,</b><br>(In thousands of U.S dollars) | <b>2023</b><br>\$ | <b>2022</b><br>\$ | <b>Change</b><br>\$ | <b>Change</b><br>% |
|---------------------------------------------------------------------|-------------------|-------------------|---------------------|--------------------|
| <b>Operating expenses</b>                                           |                   |                   |                     |                    |
| Exploration expenditures                                            | 2,159             | 1,339             | 820                 | 61                 |
| Rio Tinto Deposit                                                   | (2,250)           | (1,669)           | (581)               | (35)               |
| General Office                                                      | 41                | 65                | (24)                | (37)               |
| Interest                                                            | 116               | 5                 | 111                 | 2,220              |
| Insurance                                                           | 23                | 20                | 3                   | 15                 |
| Investor Relations                                                  | -                 | 15                | (15)                | (100)              |
| Professional fees                                                   | 399               | 220               | 179                 | 81                 |
| Rent                                                                | 4                 | 4                 | 0                   | 0                  |
| Salaries and benefits                                               | 333               | 199               | 134                 | 67                 |
| Share-based payments                                                | (231)             | 409               | (640)               | (156)              |
| Transfer agent and regulatory                                       | 19                | 37                | (18)                | (49)               |
| Travel                                                              | 19                | 28                | (9)                 | (32)               |
| <b>Operating loss</b>                                               | <b>(632)</b>      | <b>(672)</b>      |                     |                    |
| Fair value gain (loss) on derivative liabilities                    | 1,421             | (2)               | 1,423               | 71,150             |
| Foreign exchange gain (loss)                                        | -                 | 3                 | (3)                 | (100)              |
| Gain on settlement of debt                                          | -                 | 6                 | (6)                 | (100)              |
| Gain on sale of Butte Valley                                        | -                 | 2,207             | (2,207)             | (100)              |
| Accretion expense                                                   | (121)             | (4)               | (117)               | (2,925)            |
| NRS buy-down                                                        | -                 | 250               | (250)               | (100)              |
| Share of loss in associate                                          | 22                | (31)              | 53                  | 171                |
| Interest and other income                                           | 51                | -                 | 51                  | 100                |
| Impairment of mineral properties                                    | (602)             | -                 | (602)               | (100)              |
| <b>Net and comprehensive income</b>                                 | <b>139</b>        | <b>1,757</b>      |                     |                    |

For the three months ended June 30, 2023, the Company incurred a net income of \$139,000 compared to a net income of \$1,757,000 in the prior period. The decrease in net income of \$1,618,000 is primarily due to a gain of \$2,207,000 resulting from the sale of the Company's Butte Valley property that was recognized during the comparative period. Also, during the three months ended June 30, 2023, the Company terminated its option agreement on the Chaco Bear & Ashton property, resulting in an impairment expense of \$602,000, exclusive to this period. Furthermore, the Company also recognized \$121,000 in accretion expense for the three months ended June 30, 2023 for the accretion of convertible debt which only began at the end of the three months ended June 30, 2022.

The decrease in net income is partially offset by the following:

- During the three months ended June 30, 2023, 5,333,334 RSUs were cancelled, resulting in the reversal of share-based payments recognized on unvested RSUs. As such, the Company recognized a share-based payment recovery of \$231,000 during the period compared to a share-based payment expense of \$409,000 during the three months ended June 30, 2022.
- The gain recognized on the change in fair value of the derivative liabilities was \$1,421,000 for the three months ended June 30, 2023 compared to a loss of \$2,000 in the prior period.

## Summary of Quarterly Financial Information

For the three months ended June 30 2023 the Company incurred a net income of \$139,000 compared to a net loss of \$2,116,000 during the three months ended March 31, 2023. The increase in net income is primarily due to the gain recognized on the change in fair value of the derivative liabilities of \$1,421,000, compared to the loss of \$940,000 recognized for the three months ended March 31, 2023. Also, during the three months ended June 30, 2023, 5,333,334 RSUs were cancelled, resulting in the reversal of share-based payments recognized on unvested RSUs. As such, the Company recognized a share-based payment recovery of \$231,000 during the period compared to a share-based payment expense of \$95,000 during the three months ended March 31, 2023.

The following table sets out the quarterly financial information for each of the last eight quarters:

| <b>(In thousands of U.S dollars except for per share amount)</b> | <b>Q2'23</b> | <b>Q1'23</b>   | <b>Q4'22</b>   | <b>Q3'22</b>   | <b>Q2'22</b> | <b>Q1'22</b>   | <b>Q4'21</b>   | <b>Q3'21</b>   |
|------------------------------------------------------------------|--------------|----------------|----------------|----------------|--------------|----------------|----------------|----------------|
| General administration                                           | (723)        | (877)          | (515)          | (795)          | (1,002)      | (878)          | (943)          | (676)          |
| Fair value (loss) gain on derivative liabilities                 | 1,421        | (940)          | 377            | 17             | (2)          | 37             | (31)           | 84             |
| Foreign exchange gain (loss)                                     | -            | -              | (11)           | 12             | 3            | 9              | (38)           | 31             |
| Other Income                                                     | 51           | 12             | -              | -              | -            | -              | -              | 8              |
| Loss on settlement of convertible notes                          | -            | -              | -              | -              | -            | -              | -              | -              |
| Gain on transfer of shares                                       | -            | 22             | 19             | -              | -            | -              | -              | -              |
| Gain on settlement of debt                                       | -            | -              | -              | 14             | 6            | -              | -              | -              |
| Accretion                                                        | (121)        | (74)           | (57)           | (47)           | (4)          | -              | -              | -              |
| Gain on sale of Butte Valley                                     | -            | -              | -              | -              | 2,207        | -              | -              | -              |
| Loss on revaluation of SAFE notes                                | -            | (305)          | (364)          | -              | -            | -              | -              | -              |
| NSR buy-down                                                     | -            | -              | -              | 250            | 250          | -              | -              | -              |
| Share of loss of investment in associate                         | 22           | (26)           | (316)          | (42)           | (31)         | -              | -              | -              |
| Exploration Expenditures                                         | (2,159)      | (1,250)        | (1,370)        | (1,020)        | (1,339)      | (573)          | (1,733)        | (1,019)        |
| Rio Tinto Deposit                                                | 2,250        | 1,322          | 1,104          | 464            | 1,669        | -              | -              | -              |
| Impairment of mineral properties                                 | (602)        | -              | -              | -              | -            | -              | -              | -              |
| Gain (loss) on marketable securities                             | -            | -              | -              | -              | -            | -              | (9)            | (70)           |
| <b>Net loss</b>                                                  | <b>139</b>   | <b>(2,116)</b> | <b>(1,133)</b> | <b>(1,147)</b> | <b>1,757</b> | <b>(1,405)</b> | <b>(2,754)</b> | <b>(1,642)</b> |
| <b>Basic income (loss) per share</b>                             | <b>0.00</b>  | <b>(0.01)</b>  | <b>(0.00)</b>  | <b>(0.00)</b>  | <b>0.00</b>  | <b>(0.01)</b>  | <b>(0.01)</b>  | <b>(0.01)</b>  |

## Liquidity and Capital Resources

The Company is an exploration stage company that has not earned any production revenue. Its operations have been dependent mainly on the Rio- Tinto agreement and private placements in the last few years without diluting shareholders' value. The Company may have capital requirements in excess of its currently available resources. In the event the Company's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund operations, the Company may be required to seek additional financing. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

The following table summarizes the Company's cash flows for the six months ended June 30, 2023, and 2022:

| <b>(In thousands of U.S dollars)</b>            | <b>Six Months ended June 30, 2023</b> |              | <b>Six Months ended June 30, 2022</b> |              |
|-------------------------------------------------|---------------------------------------|--------------|---------------------------------------|--------------|
| Cash used in operating activities               | \$                                    | 2,605        | \$                                    | 327          |
| Cash provided by (used in) investing activities |                                       | (259)        |                                       | 446          |
| Cash provided by financing activities           |                                       | 3,406        |                                       | 1,175        |
| Increase (decrease) in cash                     |                                       | 5,752        |                                       | 1,948        |
| Cash, beginning of period                       |                                       | 1,365        |                                       | 842          |
| <b>Cash, end of period</b>                      | <b>\$</b>                             | <b>7,117</b> | <b>\$</b>                             | <b>2,790</b> |

As at June 30, 2023, the Company had cash of \$7,117,000 (December 31, 2022 - \$ 1,365,000) and working capital of \$273,000 (December 31, 2022 – deficit of \$556,000). The increase in working capital of \$829,000 is primarily due to the conversion of the SAFE notes which decreased current liabilities by \$1,131,000 and the completion of Blue Copper Resources Corp's equity financing of \$2,000,000. This is partially offset by an increase of accounts payable and accrued liabilities of \$232,000 and reclassification of \$2,123,000 in convertible debentures from long term to current.

As of June 30, 2023, the Company had convertible debentures with a face value of \$3,306,000 and a carrying value of \$3,045,000.

The first two tranches of the debentures bear interest at a rate of 14% per annum and mature on February 17, 2024, and March 8, 2024 and are convertible into shares of the Company at \$0.067 (\$0.085 CAD) per share until June 17, 2023 and July 8, 2023, and thereafter at \$0.078 (\$0.10 CAD) per share. The holder also has the option to elect at any time prior to the election date to be repaid by way of shares the Company owns of Falcon Butte at the rate of \$0.25 per Falcon Butte share.

The third tranche of the debentures bear interest at a rate of 14% per annum and matures 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. The holder also has the option to elect at any time prior to the election date to be repaid by way of shares the Company owns of Falcon Butte at the rate of \$0.28 per Falcon Butte share.

The Company has no operating revenues and therefore must utilize its cashflows from financing transactions to maintain its capacity to meet ongoing operating activities.

#### Related Party Information

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

| (In thousands of U.S dollars)                    | Six months ended<br>June 30, 2023 | Six months ended<br>June 30, 2022 |
|--------------------------------------------------|-----------------------------------|-----------------------------------|
| Salaries <sup>(1)</sup>                          | \$ 230                            | \$ 274                            |
| Director's fees <sup>(2)</sup>                   | 21                                | 13                                |
| Share-based payments <sup>(3)</sup>              | (162)                             | 530                               |
| Interest on convertible debenture <sup>(4)</sup> | 104                               | 1                                 |
|                                                  | <b>\$ 193</b>                     | <b>\$ 818</b>                     |

(1) Charles Travis Naugle, CEO - \$125 (2022 - \$125); Stephen Goodman, President, CFO and Corporate Secretary - \$105 (2022 - \$99); Thomas Patton, Director - \$Nil (2022 - \$50).

(2) Thomas Pressello, Former Director - \$21 (2022 - \$13).

(3) Charles Travis Naugle, CEO – (\$81) (2022 - \$186); Stephen Goodman, President, CFO and Corporate Secretary – (\$81) (2022 - \$196); Thomas Pressello, Former Director - \$Nil (2022 - \$21); Tony Alford, Director - \$Nil (2022 - \$81).

(4) Charles Travis Naugle, CEO - \$16 (2022 - \$Nil); Tony Alford, Director - \$84 (2022 - \$1); Ekaterina Naugle, spouse of the CEO - \$2 (2022 - \$Nil); Stephen Goodman, President, CFO and Corporate Secretary \$1 (2022 – Nil); Thomas Pressello, Director - \$1 (2022 - \$Nil)

Other transactions for the six months ended June 30, 2023:

- a) On November 1, 2022, the Company amended an employment agreement with Charles Travis Naugle, the CEO of the Company. The CEO will continue to receive remuneration of \$250,000, however, 52% of the salary will be paid in shares of Falcon Butte. The deemed price will be equal to the greater of \$0.28 per share and the latest cash financing price raised by Falcon Butte. On November 1, 2022, \$32,500 of the annual salary was converted to Falcon Butte shares and on February 1, 2023, \$32,500 were converted to Falcon Butte shares. The payment terms are applicable for six months beginning November 1, 2022, and these payment terms can be extended on a quarterly basis.

As a result, for the six months ended June 30, 2023, the CEO of the Company was paid as follows:

- \$60,000 in cash
- \$43,333 in Falcon Butte shares.

As at June 30, 2023, there was \$21,667 in accrued liabilities to the CEO of the Company relating to wages earned but not paid during the period.

- b) As at June 30, 2023, there was \$Nil (2022 - \$11,000) in prepaid expenses to the CEO of the Company relating to wages paid during the year for services subsequent to period end.
- c) During the six months ended June 30, 2023, Tony Alford (director), Charles Travis Naugle (CEO), and Stephen Goodman (CFO) subscribed for \$1,000,000, \$120,000, and \$15,000 respectively of unsecured convertible debentures. 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. During the six months ended June 30, 2023, the Company accrued \$156,000 in interest related to the newly issued convertible debentures as well as convertible debentures issued during the year ended December 31, 2022.

Other transactions for the year ended December 31, 2022

- a) On January 26, 2022, the Company entered into a property acquisition agreement to assign its options to acquire the Butte Valley property to Falcon Butte, which is a private British Columbia company established to acquire mineral resource properties. Directors and officers of Falcon Butte are also directors and officers of Lion CG and as such the transaction is a non-arm's length transaction under TSXV rules.

On April 5, 2022, the Company completed the assignment of the two option agreements for the Butte Valley property. Pursuant to the assignment agreement, Lion CG received 16,049,444 common shares of Falcon Butte. In addition, the Company received a payment of \$500,000 from Falcon Butte, as reimbursement of exploration expenditures and related costs incurred by the Company on the Butte Valley Property. The Company recorded a gain of \$2,207,000 on the sale of the Butte Valley property.

On April 13, 2022, the Company amended the agreement. Pursuant to the addendum Falcon Butte would pay a total of \$500,000 in exchange for a 0.5% buy-down and retirement of certain NSRs. As of December 31, 2022, the Company received \$500,000.

- b) As per their agreements with the Company, Charles Travis Naugle and Stephen Goodman, the CEO and President/CFO, respectively, are entitled to receive an annual grant of options under the Stock Option Plan of the Company on each Annual Review Date. The number of options will be determined by the Board based on a minimum of 50% and maximum of 150% of the annual base compensation. The exercise price per common share of the Company will be equal to the Market Price (as defined in the TSXV policies) of the Company's common shares as at the Annual Review Date, subject to a minimum exercise price per share of CAD\$0.05. The applicable percentage on the annual base salary will be determined by the Board based on an assessment of the performance of the CEO and President/CFO in achieving the Annual Objectives for the relevant Annual Review Period. On May 25, 2022, the CEO and President/CFO were issued a combined 3,300,000 bonus options with an exercise price of \$0.085 and an expiry date of May 25, 2027. The CFO was granted 1,470,000 stock options and the CEO was granted 1,830,000 stock options.
- c) On June 29, 2022, Thomas Patton, a director of the Company, exercised 2,000,000 warrants with an exercise price of \$0.05 per share for gross proceeds of \$100,000.
- d) As per their agreements with the Company, Charles Travis Naugle, CEO and Stephen Goodman President and CFO were each granted 4,000,000 Restricted Stock Units ("RSUs") on October 21, 2021, which were granted subject to vesting in three equal installments over three years. The grant of RSUs is subject to shareholder approval and further subject to Exchange approval of the RSU Plan and the aforementioned grant thereunder. Pursuant to

Exchange policies, RSUs granted prior to shareholder approval of the RSU Plan must be specifically approved by a vote of shareholders excluding the votes of the holders of the Restricted Share Units. As a result of these pending approvals, the RSUs cannot commence vesting any earlier than on date of receipt of the same. If at any point the Company divests its interests, including the option to purchase, absent a merger, sale or similar transaction in a) one of either the Chaco Bear or Ashton projects, then 50% of the total RSUs that have not vested will be cancelled, or b) both the Chaco Bear or Ashton projects, then 100% of the total RSUs that have not vested will be cancelled.

On May 18, 2022, at AGM, Charles Travis Naugle, CEO and Stephen Goodman, President and CFO, were each granted 4,000,000 RSUs.

- e) On June 2, 2022, 1,333,333 RSUs issued to Stephen Goodman President and CFO were voluntarily cancelled.
- d) On June 3, 2022, 1,333,333 RSU's issued to Charles Travis Naugle, CEO, were released. The RSUs were converted into shares on July 28, 2022.
- g) During the year ended December 31, 2022, 3,500,000 options were granted to directors of the Company with an exercise price of \$0.067 and expire on May 25, 2027. In addition, 957,713 options were issued to a director of the Company with an exercise price of \$0.055 and expires on August 18, 2025.
- h) During the year ended December 31, 2022, Tony Alford, director, subscribed for \$250,000 of unsecured convertible debentures in Tranche 1. The debentures bear interest at a rate of 14% per annum and mature on February 17, 2024 and are convertible into shares of the Company at \$0.067 (\$0.085 CAD) per share until June 17, 2023 and thereafter at \$0.078 (\$0.10 CAD) per share. As of December 31, 2022, the Company accrued \$19,000 in interest related to the convertible debentures.
- i) During the year ended December 31, 2022, Tony Alford (director), Charles Travis Naugle (CEO), Stephen Goodman (CFO), Thomas Pressello (former director), and Ekaterina Naugle (spouse of CEO) subscribed for \$300,000, \$147,400, \$15,000, \$10,000, and \$27,600 respectively of unsecured convertible debentures in Tranche 2. The debentures bear interest at a rate of 14% per annum and mature on March 8, 2024 and are convertible into shares of the Company at \$0.067 (\$0.085 CAD) per share until July 8, 2023 and thereafter at \$0.078 (\$0.10 CAD) per share. As of December 31, 2022, the Company accrued \$34,000 in interest related to the convertible debentures.
- j) Blue Copper Resources Corp. has a mineral property lease agreement with a company owned by Charles Travis Naugle, CEO of the Company, to lease a mineral property. The value of the leased property was determined to be \$500,000.

#### **Outstanding Share Information at Date of Report**

Authorized: Unlimited number of common shares

Number of common shares issued and outstanding as of the date of the MD&A: 309,567,975

Number of stock options outstanding as of the date of the MD&A: 53,159,020

Number of warrants outstanding as of the date of the MD&A: 119,626,027

Number of restricted share units outstanding as of the date of the MD&A: Nil

As of June 30, 2023 and the date of the MD&A, the number of stock options outstanding and exercisable were:

| <b>Expiry date</b>                   | <b>Exercise price (CAD)</b> | <b>Number of options outstanding</b> | <b>Remaining contractual life in years</b> | <b>Number of options exercisable</b> |
|--------------------------------------|-----------------------------|--------------------------------------|--------------------------------------------|--------------------------------------|
| September 20, 2023                   | 0.06                        | 1,470,000                            | 0.22                                       | 1,470,000                            |
| June 21, 2024                        | 0.07                        | 1,900,000                            | 0.98                                       | 1,900,000                            |
| August 8, 2024                       | 0.06                        | 500,000                              | 1.11                                       | 500,000                              |
| June 20, 2025                        | 0.08                        | 2,450,000                            | 1.98                                       | 2,450,000                            |
| August 18, 2025                      | 0.072                       | 2,394,283                            | 2.14                                       | 2,394,283                            |
| June 18, 2026                        | 0.25                        | 3,950,000                            | 2.97                                       | 3,950,000                            |
| September 17, 2026                   | 0.11                        | 4,500,000                            | 3.22                                       | 4,500,000                            |
| October 21, 2026                     | 0.09                        | 2,700,000                            | 3.31                                       | 2,700,000                            |
| December 12, 2026                    | 0.12                        | 750,000                              | 3.45                                       | 750,000                              |
| May 25, 2027                         | 0.085                       | 9,000,000                            | 3.90                                       | 9,000,000                            |
| March 2, 2028                        | 0.095                       | 350,000                              | 4.68                                       | 350,000                              |
| <b>Outstanding, June 30, 2023</b>    |                             | <b>29,964,283</b>                    |                                            | <b>29,964,283</b>                    |
| July 21, 2028                        | 0.08                        | 23,194,737                           | 4.94                                       | 23,194,737                           |
| <b>Outstanding, Date of MD&amp;A</b> |                             | <b>53,159,020</b>                    |                                            | <b>53,159,020</b>                    |

As of December 31, 2022, the number of stock options outstanding and exercisable were:

| <b>Expiry date</b>                    | <b>Exercise price (CAD)</b> | <b>Number of options outstanding</b> | <b>Remaining contractual life in years</b> | <b>Number of options exercisable</b> |
|---------------------------------------|-----------------------------|--------------------------------------|--------------------------------------------|--------------------------------------|
| September 20, 2023                    | 0.06                        | 1,470,000                            | 0.72                                       | 1,470,000                            |
| June 21, 2024                         | 0.07                        | 1,900,000                            | 1.47                                       | 1,900,000                            |
| August 8, 2024                        | 0.06                        | 500,000                              | 1.61                                       | 500,000                              |
| June 20, 2025                         | 0.08                        | 2,450,000                            | 2.47                                       | 2,450,000                            |
| August 18, 2025                       | 0.072                       | 2,394,283                            | 2.63                                       | 2,394,283                            |
| June 18, 2026                         | 0.25                        | 3,950,000                            | 3.47                                       | 3,950,000                            |
| September 17, 2026                    | 0.11                        | 4,500,000                            | 3.72                                       | 4,500,000                            |
| October 21, 2026                      | 0.09                        | 2,700,000                            | 3.81                                       | 2,700,000                            |
| December 12, 2026                     | 0.12                        | 750,000                              | 3.95                                       | 750,000                              |
| May 25, 2027                          | 0.085                       | 9,000,000                            | 4.40                                       | 9,000,000                            |
| <b>Outstanding, December 31, 2022</b> |                             | <b>29,614,283</b>                    |                                            | <b>29,614,283</b>                    |

The following table summarizes warrants outstanding as of the date of the MD&A, as at June 30, 2023 and December 31, 2022:

| <b>Expiry date</b> | <b>Currency</b> | <b>Exercise price</b> | <b>Date of MD&amp;A</b> | <b>June 30, 2023</b> | <b>December 31, 2022</b> |
|--------------------|-----------------|-----------------------|-------------------------|----------------------|--------------------------|
| September 13, 2024 | USD             | 0.10                  | 26,488,733              | 26,488,733           | 26,488,733               |
| September 27, 2024 | USD             | 0.10                  | 13,152,909              | 13,152,909           | 13,152,909               |
| October 21, 2024   | USD             | 0.10                  | 31,672,632              | 31,672,632           | 31,672,632               |
| February 17, 2024  | USD             | 0.067                 | 16,044,774              | 16,044,774           | 16,044,774               |
| March 8, 2024      | USD             | 0.067                 | 13,805,964              | 13,805,964           | 13,805,964               |
| November 2, 2024   | USD             | 0.070                 | 18,461,015              | 18,461,015           | -                        |
| <b>Outstanding</b> |                 |                       | <b>119,626,027</b>      | <b>119,626,027</b>   | <b>101,165,012</b>       |

The following table summarizes Restricted share units outstanding as of the date of the MD&A, as of June 30, 2023 and December 31, 2022:

| <b>Grant Date</b>  | <b>Date of MD&amp;A</b> | <b>June 30, 2023</b> | <b>December 31, 2022</b> |
|--------------------|-------------------------|----------------------|--------------------------|
| June 3, 2022       | -                       | -                    | 5,333,334                |
| <b>Outstanding</b> | -                       | -                    | <b>5,333,334</b>         |

## Risks Factors and Uncertainties

The Company is subject to many risks and uncertainties, each of which could have an adverse effect on the results, business prospects or financial position.

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, accounts payable, derivative liabilities and convertible debentures.

Financial instruments recorded at fair value on the consolidated balance sheets 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 shareholder 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.

### 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 financings to meet its operating requirements, after considering existing cash and expected exercise of stock options and share purchase warrants.

### 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; therefore, it 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.

### 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 financial institutions that have high credit ratings assigned by international credit rating agencies.

### **Subsequent Events**

On July 21, 2023, the Company issued 23,194,737 options to certain directors, officers, employees, and consultants with an exercise price of C\$0.08 (US\$0.06) per share and expire five years from the date of grant.

### **Off - Balance Sheet Arrangements**

The Company has not entered any off-balance sheet arrangements.

### **Initial adoption of new accounting standards**

Adoption of new accounting standards have been disclosed in Note 3 of the Company's consolidated financial statements for the year ended December 31, 2022 and to the condensed interim consolidated financial statements for the six months ended June 30, 2023.

### **Significant Accounting Policies**

The condensed interim consolidated financial statements for the six month ended June 30, 2023 have been prepared in accordance with U.S. GAAP.

See Note 3 to the condensed interim consolidated financial statements for significant accounting policies used in the preparation of the consolidated financial statements.

### **Critical Accounting Judgements and Key Sources of Estimation Uncertainty**

The preparation of these condensed interim consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and judgments that affect the application of policies, reported amounts and disclosures. By their nature, these estimates and judgments are subject to uncertainty and the effect on these consolidated financial statements of changes in such estimates in future periods could be significant. Actual results could differ from those estimates.

See Note 3 to the condensed interim consolidated financial statements for critical accounting judgements and estimates used in the preparation of the consolidated financial statements.

### **Changes in Accounting Policies**

The Consolidated Financial Statements for the year ended December 31, 2022 are the first the Company has prepared in accordance with U.S. GAAP. The Company previously prepared its financial statements, up to and including nine months ended September 30, 2022, in accordance with International Financial Reporting Standards.

Accordingly, the Company has prepared financial statements that comply with U.S. GAAP applicable as at June 30, 2023 and December 31, 2022, together with the comparative period data for the six months ended June 30, 2022. The most significant change in accounting policy is as follows:

#### ***Mineral properties***

Under IFRS, the Company capitalized both acquisition and exploration costs relating to the Company's mineral properties. Under U.S. GAAP, the industry standard is to capitalize acquisition costs but expense exploration costs unless a proven or probable reserve can be established at the mineral property. Adjustments has been made to expense previously capitalized exploration costs to be in accordance with U.S. GAAP.

## Forward-Looking Statements

This Management's Discussion and Analysis contains "forward-looking information" and "forward-looking statements" within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), and other applicable securities laws.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as "expects", "is expected", "anticipates", "believes", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential", "possible" or variations thereof or stating that certain actions, events, conditions or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements.

The Forward-Looking Statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the Forward-Looking Statements. Such factors include, but are not limited to, general business and economic uncertainties; exploration and resource extraction risks; uncertainties relating to surface rights; the actual results of current exploration activities; the outcome of negotiations; conclusions of economic evaluations and studies; future prices of natural resource based commodities; increased competition in the natural resource industry for properties, equipment and qualified personnel; risks associated with environmental compliance and permitting, including those created by changes in environmental legislation and regulation; the risk of arbitrary changes in law; title risks; and the risk of loss of key personnel.

The foregoing lists of factors and assumptions are not exhaustive. The reader should also consider carefully the matters discussed under the heading "Risks Factors and Uncertainties" elsewhere in this MD&A. Forward-Looking Statements contained herein are made as of the date hereof (or as of the date of a document incorporated herein by reference, as applicable). No obligation is undertaken to update publicly or otherwise revise any Forward-Looking Statements or the foregoing lists of factors and assumptions, whether as a result of new information, future events or results or otherwise, except as required by law. Because Forward-Looking Statements are inherently uncertain, readers should not place undue reliance on them. The Forward-Looking Statements contained herein are expressly qualified in their entirety by this cautionary statement.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

Not applicable.

### **Item 4. Controls and Procedures**

#### **Disclosure controls and procedures**

The Company's management is responsible for establishing and maintaining adequate disclosure controls and procedures. The Company's management, including our principal executive officer and our principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) as of the end of the period covered by this report. Based on that evaluation, the principal executive officer and principal financial officer concluded that as of the end of the period covered by this report, the Company has maintained effective disclosure controls and procedures in all material respects, including those necessary to ensure that information required to be disclosed in reports filed or submitted with the SEC (i) is recorded, processed, and reported within the time periods specified by the SEC, and (ii) is accumulated and communicated to management, including the principal executive officer and principal financial officer, as appropriate to allow for timely decision regarding required disclosure.

#### **Changes in Internal Control**

There have been no changes in internal control over financial reporting that occurred during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

## **PART II – OTHER INFORMATION**

### **Item 1. Legal Proceedings**

We are not aware of any material current, pending, or threatened litigation with respect to the Company.

### **Item 1A. Risk Factors**

Not applicable.

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

Not applicable.

### **Item 3. Defaults Upon Senior Securities.**

Not applicable.

### **Item 4. Mine Safety Disclosures**

The Company has no active mining operations or dormant mining assets currently and has no outstanding mine safety violations or other regulatory safety matters to report.

### **Item 5. Other Information**

Not applicable.

## Item 6. Exhibits

- 3.1<sup>(1)</sup> Certificate of Incorporation and Certificates of Change of Name
- 3.2 Notice of Articles dated July 28, 2023
- 3.3<sup>(2)</sup> Articles dated June 21, 2018
- 31.1 Certification of the Principal Executive Officer, pursuant to Rule 13a-14(a) or 15d-14(a) of the U.S. Securities Exchange Act of 1934 (filed herewith)
- 31.2 Certification of the Principal Financial Officer, pursuant to Rule 13a-14(a) or 15d-14(a) of the U.S. Securities Exchange Act of 1934 (filed herewith)
- 32.1 Section 1350 Certification of the Principal Executive Officer (filed herewith)
- 32.2 Section 1350 Certification of the Principal Financial Officer (filed herewith)

|         |                                                                                          |
|---------|------------------------------------------------------------------------------------------|
| 101.INS | Inline XBRL Instance Document                                                            |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document                                           |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document                             |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document                              |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document                                   |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document                            |
| 104     | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) |

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- (1) Previously filed as exhibit to the Form 10-K filed March 31, 2023 and incorporated herein by reference.
  - (2) Previously filed as exhibit to the Form 20-F filed April 30, 2020 and incorporated herein by reference.

## **SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: August 14, 2023

**LION COPPER AND GOLD CORP.**  
(Registrant)

By: /s/ Charles Travis Naugle  
Principal Executive Officer

By: /s/ Stephen Goodman  
Principal Financial Officer



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## Cover Sheet

LION COPPER AND GOLD CORP.

### Confirmation of Service

|                                 |                                     |
|---------------------------------|-------------------------------------|
| <b>Form Filed:</b>              | Notice of Change of Directors       |
| <b>Date and Time of Filing:</b> | July 28, 2023 01:45 PM Pacific Time |
| <b>Name of Company:</b>         | LION COPPER AND GOLD CORP.          |
| <b>Incorporation Number:</b>    | <b>BC0446713</b>                    |

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#### This package contains:

- Certified Copy of the Notice of Articles

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Check your documents carefully to ensure there are no errors or omissions. If errors or omissions are discovered, please contact the Corporate Registry for instructions on how to correct the errors or omissions.



**CERTIFIED COPY**

Of a Document filed with the Province of  
British Columbia Registrar of Companies

## Notice of Articles

BUSINESS CORPORATIONS ACT

  
T.K. SPARKS

*This Notice of Articles was issued by the Registrar on: July 28, 2023 01:45 PM Pacific Time*

*Incorporation Number:* **BC0446713**

*Recognition Date:* Incorporated on May 11, 1993

### NOTICE OF ARTICLES

**Name of Company:**

LION COPPER AND GOLD CORP.

### REGISTERED OFFICE INFORMATION

**Mailing Address:**

1200-750 WEST PENDER STREET  
VANCOUVER BC V6C 2T8  
CANADA

**Delivery Address:**

1200-750 WEST PENDER STREET  
VANCOUVER BC V6C 2T8  
CANADA

### RECORDS OFFICE INFORMATION

**Mailing Address:**

1200-750 WEST PENDER STREET  
VANCOUVER BC V6C 2T8  
CANADA

**Delivery Address:**

1200-750 WEST PENDER STREET  
VANCOUVER BC V6C 2T8  
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:  
Naugle, Charles Travis

Mailing Address:  
23768 SHOOTING STAR DRIVE  
GOLDEN CO 80401  
UNITED STATES

Delivery Address:  
23768 SHOOTING STAR DRIVE  
GOLDEN CO 80401  
UNITED STATES

Last Name, First Name, Middle Name:  
Alford, Tony

Mailing Address:  
7040 INTERLAKEN DR.  
KERNERSVILLE NC 27285  
UNITED STATES

Delivery Address:  
7040 INTERLAKEN DR.  
KERNERSVILLE NC 27285  
UNITED STATES

Last Name, First Name, Middle Name:  
PATTON, THOMAS C.

Mailing Address:  
1200-750 WEST PENDER STREET  
VANCOUVER BC V6C 2T8  
CANADA

Delivery Address:  
1200-750 WEST PENDER STREET  
VANCOUVER BC V6C 2T8  
CANADA

Last Name, First Name, Middle Name:  
Goodman, Stephen

Mailing Address:  
1200-750 WEST PENDER STREET  
VANCOUVER BC V6C 2T8  
CANADA

Delivery Address:  
1200-750 WEST PENDER STREET  
VANCOUVER BC V6C 2T8  
CANADA

AUTHORIZED SHARE STRUCTURE

|       |            |               |                                                 |
|-------|------------|---------------|-------------------------------------------------|
| 1.    | No Maximum | COMMON Shares | Without Par Value                               |
|       |            |               | Without Special Rights or Restrictions attached |
| ----- |            |               |                                                 |

Exhibit 31.1

**CERTIFICATION**  
**PURSUANT TO RULE 13a-14(a) OR 15d-14(a)**  
**UNDER THE U.S. SECURITIES EXCHANGE ACT OF 1934**

I, Charles Travis Naugle, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the fiscal quarter ended June 30, 2023 of Lion Copper and Gold Corp.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2023

By: /s/ Charles Travis Naugle

Charles Travis Naugle  
Principal Executive Officer

Exhibit 31.2

**CERTIFICATION**  
**PURSUANT TO RULE 13a-14(a) OR 15d-14(a)**  
**UNDER THE U.S. SECURITIES EXCHANGE ACT OF 1934**

I, Stephen Goodman, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the fiscal quarter ended June 30, 2023 of Lion Copper and Gold Corp.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2023

By: /s/ Stephen Goodman

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Stephen Goodman  
Principal Financial Officer

EXHIBIT 32.1

**CERTIFICATION**  
**PURSUANT TO 18 U.S.C. SECTION 1350**  
**AND RULE 13a-14(b) OR RULE 15d-14(b)**  
**UNDER THE U.S. SECURITIES EXCHANGE ACT OF 1934**

In connection with the Quarterly Report of Lion Copper and Gold Corp. (the "Company") on Form 10-Q for the fiscal quarter ended June 30, 2023 (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 14, 2023

/s/ Charles Travis Naugle  
Charles Travis Naugle  
Principal Executive Officer

EXHIBIT 32.2

**CERTIFICATION**  
**PURSUANT TO 18 U.S.C. SECTION 1350**  
**AND RULE 13a-14(b) OR RULE 15d-14(b)**  
**UNDER THE U.S. SECURITIES EXCHANGE ACT OF 1934**

In connection with the Quarterly Report of Lion Copper and Gold Corp. (the "Company") on Form 10-Q for the fiscal quarter ended June 30, 2023 (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 14, 2023

/s/ Stephen Goodman  
Stephen Goodman  
Principal Financial Officer