Lion Rock Resources Inc.
(An Exploration Company)
(formerly King's Bay Resources Corp.)

MANAGEMENT'S DISCUSSION and ANALYSIS
For the Nine Months Ended September 30, 2022

Report date: November 28, 2022

HEAD OFFICE AND REGISTERED OFFICE ADDRESS:
1680 – 200 Burrard Street, Vancouver, British Columbia, V6C 3L6

TELEPHONE: 604-681-1568

The following Management Discussion and Analysis ("MD&A") of the financial position and results of operations for Lion Rock Resources Inc. (the "Company" or "Lion Rock") should be read in conjunction with the condensed consolidated interim financial statements as at September 30, 2022 and for the nine months then ended, which are prepared using accounting policies consistent with International Financial Reporting Standards.

This discussion provides management's analysis of the Company's historical financial and operating results and provides estimates of the Company's future financial and operating performance based on information that is currently available. Actual results will vary from estimates and the variances may be significant. Readers should be aware that historical results are not necessarily indicative of future performance. Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars.

Additional information on the Company is available on SEDAR at www.sedar.com.

CORPORATE OVERVIEW

Lion Rock was incorporated pursuant to the *Canada Business Corporations Act* on March 20, 1998. On August 11, 2020, the Company continued from being incorporated under Canadian federal jurisdiction to being incorporated under the *Business Corporations Act* of British Columbia. The head office, principal address, and registered and records office of the Company is Suite 1680 – 200 Burrard Street, Vancouver, British Columbia, V6C 3L6. The Company changed its name from King's Bay Resources Corp. to Lion Rock Resources Inc. on July 8, 2022.

The Company is listed on the TSX Venture Exchange ("TSX-V") in Canada with the symbol "ROAR". The Company is in the business of acquiring, exploring, developing and evaluating mineral resource properties.

KEY DEVELOPMENTS – 2022

On April 14, 2022, the Company announced the reappointment of Nick Rodway to the Board of Directors of the Company after a leave of absence, and the resignation of Dominic Verdejo as a director.

On July 7, 2022, Company completed a non-brokered private placement of 15,000,000 units of the Company at a price of $0.05 per unit for gross proceeds of $750,000. Each unit consisted of one common share and one-half of one share purchase warrant, with each warrant exercisable into one additional common share at a price of $0.10 for a period of two years from closing.

On July 7, 2022, the Company closed its acquisition of a 100% interest in the Maybrun Property, a gold-copper property located approximately 80 kilometres southeast of Kenora, Ontario, through the acquisition of Lion Rock Exploration Inc. ("LRE"). The Company acquired all of the issued and outstanding common shares of LRE in exchange for the issuance of 5,000,000 common shares of the Company to the shareholders of LRE and the issuance of 200,000 common shares of the Company to the former vendors of the Maybrun Property.

On July 22, 2022, the Company announced a new Chief Financial Officer ("CFO"), P. Joseph Meagher, and the resignation of Jody Bellefleur as CFO.

On October 7, 2022, the Company announced the election of Dominic Verdejo to the Board of Directors of the Company.

KEY DEVELOPMENTS – 2021

On January 22, 2021, the Company consolidated its shares on the basis of ten pre-consolidation shares for one post-consolidation share.

On February 24, 2021, the Company closed a non-brokered private placement financing (the "Financing"), pursuant to which it sold an aggregate 12,300,000 units (each, a "Unit") at a price of $0.05 per Unit for gross proceeds of $615,000. Each Unit consists of one common share (each, a "Share") and one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant is exercisable into one common Share at a price of $0.10 until February 24, 2022. No finder's fees were issued pursuant to the Financing.

On February 24, 2021, the Company issued a total of 4,790,800 common shares at a price of $0.11 per common share to certain creditors pursuant to certain debt settlement agreements. The securities issued under the debt settlement are subject to a statutory hold period expiring on June 25, 2021. In addition, 850,000 of the debt settlement shares are subject to added hold periods such that 90% are released as to 15% every nine months commencing August 24, 2021 until the full 90% has been released after 36 months. An insider of the Company received an aggregate 815,800 shares under the debt settlement.

In February 2021, the Company and investors mutually agreed to cancel their convertible notes and waive the interest. Two of the convertible note holders received the principal and interest payable at February 28, 2021.

On March 9, 2021, the Company announced the appointment of Nathan Tribble to the Board of Directors of the Company and the resignation of Dusan Berka as a director.

On April 22, 2021, the Company announced the appointment of Dominic Verdejo to the Board of Directors of the Company and the resignation of Nick Rodway as a director.

ANNUAL FINANCIAL INFORMATION

Financial Data

The following table shows selected key financial information for the last three fiscal years:

	Year ended December 31, 2021	Year ended December 31, 2020	Year ended December 31, 2019
Total revenues	Nil	Nil	Nil
Loss for the year before taxes	(319,439)	(337,169)	(756,007)
Weighted average number of shares outstanding	21,396,489	6,881,015	6,881,015
Loss per share	(0.01)	(0.05)	(0.11)
Total assets	165,603	4,719	2,244
Long term debt	Nil	Nil	Nil
Cash dividends	Nil	Nil	Nil

The Company has recorded losses in each of its three most recently completed fiscal years and expects to continue to record losses until such time as an economic resource is identified, developed and brought into profitable commercial operation. The increased net loss in 2019 was due to the termination of the proposed transaction.

OPERATING RESULTS

For the Three Months Ended September 30, 2022

Net loss for the three months ended September 30, 2022 was $192,618, compared to a net loss during the three months ended September 30, 2021 of $14,925. The significant differences include:

- Accounting and audit fees of $10,195 (2021 - $13,300) decreased due to a reduction in CFO fees during the period;
- Advertising and promotions of $27,380 (2021 - $538) increased due to an increase in services used during the period;

- Consulting fees of $23,789 (2021 - $nil) increased due to CEO fees being paid in 2022 and other consultants engaged during 2022;
- Legal fees of $69,760 (2021 - $460) increased due to legal work related to the acquisition of the Maybrun Property and the Company's re-activation to the TSX-V;
- Office and general of $7,411 (2021 - $162) increased due to an increase in general activity for the Company;
- Public company costs of $49,838 (2021 - $465) increased due to property acquisition costs, listing fees, market maker services and AGM costs in the current period; and
- Rent of $4,000 (2021 - $nil) increased due to new office space being rented.

For the Nine Months Ended September 30, 2022

Net loss for the nine months ended September 30, 2022 was $238,072, compared to a net loss during the nine months ended September 30, 2021 of $18,562. The significant differences include:

- Accounting and audit fees of $40,095 (2021 - $37,300) increased due to additional fees incurred during the annual audit;
- Accretion expense of $nil (2021 - $2,192) decreased due to the cancellation and repayment of the convertible promissory notes in the prior year's period;
- Advertising and promotions of $27,740 (2021 - $7,458) increased due to an increase in services used during the period;
- Consulting fees of $23,789 (2021 - $nil) increased due to CEO fees being paid in 2022 and other consultants engaged during 2022;
- Legal fees of $73,382 (2021 - $9,345) increased due to legal work related to the acquisition of the Maybrun Property and the Company's re-activation to the TSX-V;
- Office and general of $8,035 (2021 - $1,030) increased due to an increase in general activity for the Company;
- Public company costs of $60,786 (2021 - $13,687) increased due to property acquisition costs, listing fees, market maker services and AGM costs in the current period;
- Rent of $4,000 (2021 - $nil) increased due to new office space being rented; and
- Extinguish gain of $nil (2021 - $52,450) decreased due to the cancellation and repayment of the convertible notes in the prior year's period.

SUMMARY OF QUARTERLY RESULTS

	September 30, 2022	**June 30, 2022**	**March 31, 2022**	**December 31, 2021**
Revenues	Nil	Nil	Nil	Nil
Loss from continuing operations	(192,618)	(18,111)	(27,343)	(300,877)
Net loss and comprehensive loss	(192,618)	(18,111)	(27,343)	(300,877)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.01)
Cash	716,892	122,947	135,811	163,504
Current assets	734,185	126,255	139,954	165,603
Working capital	433,424	99,011	97,122	124,465
Total assets	1,296,654	126,255	139,954	165,603
Current liabilities	300,761	27,244	42,832	41,138
Total liabilities	300,761	27,244	42,832	41,138
Share capital	22,089,766	20,980,266	20,980,266	20,980,266
Accumulated deficit	21,093,873	21,325,505	21,307,394	21,280,051

	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020
Revenues	Nil	Nil	Nil	Nil
Loss from continuing operations	(14,925)	(26,727)	(29,360)	(68,451)
Net loss and comprehensive loss	(14,925)	(26,727)	23,090	(68,451)
Basic and diluted loss per share	(0.00)	(0.00)	0.00	(0.01)
Cash	59,684	70,720	237,670	3,187
Current assets	182,733	199,596	244,831	4,719
Working capital	158,766	173,691	201,137	(613,955)
Total assets	182,733	199,596	244,831	4,719
Current liabilities	23,967	25,905	43,694	618,674
Total liabilities	23,967	25,905	43,694	618,674
Share capital	20,713,690	20,713,690	20,714,409	19,865,083
Accumulated deficit	20,979,174	20,964,249	20,937,522	20,960,612

Over the course of the last two fiscal years, the Company's loss from continuing operations had been fairly consistent based on the limited business activities. The Company's re-activation to the TSX-V and acquisition of the Maybrun Property in Q3 2022 led to an increase in expenditures and net loss.

Capital Resources

The Company's present cash resources are not sufficient to meet all of its current liabilities and administrative and overhead expenses for the next 15 months. The Company will need to raise additional funds for general working capital requirements.

The Company will continue to require funds to acquire new properties or projects. As a result, the Company may have to continue to rely on equity and debt financing. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company.

The Company's financial success will be dependent on the economic viability of its future resource properties and the extent to which it can discover and develop new mineral deposits. Such development may take several years to complete and the amount of resulting income, if any, is difficult to determine.

EXPLORATION AND EVALUATION ASSETS

Maybrun Property

The Maybrun Property is a past producing mine (Maybrun gold-copper deposit) that was placed on care and maintenance in 1974 for several years prior to an exploration program conducted by Opawica Explorations Inc. in 2005. The Maybrun Property is located in the Atikwa Lake area of the Kenora Mining Division, approximately 80 kilometres southeast of the town of Kenora, in northwestern Ontario.

On July 7, 2022, the Company closed its acquisition of a 100% interest in the Maybrun Property, through the acquisition of LRE. The Company acquired all of the issued and outstanding common shares of LRE in exchange for the issuance of 5,000,000 common shares to the shareholders of LRE and the issuance of 200,000 common shares to the former vendors of the Maybrun Property.

LRE acquired 100% interest in the Maybrun property, encompassed by 20 patented mining claims, in early 2020, and subsequently carried out an initial work program. Access to the property is via paved highways and 28 kilometres of logging roads

TRANSACTIONS WITH RELATED PARTIES

These amounts of key management compensation are included in the amounts shown on the condensed consolidated interim statements of operations and comprehensive loss for the nine months ended September 30, 2022 and 2021:

	2022 $	2021 $
Short-term compensation		
Accounting fees	34,000	36,000
Consulting fees	15,000	-

During the nine months ended September 30, 2022, the Company incurred $4,000 (2021 - $nil) in rent to a company with a common officer.

During the year ended December 31, 2021, a director received an aggregate 815,800 shares under a debt settlement agreement with a deemed price of $0.05 per share (see Note 8b).

As at September 30, 2022, the Company has outstanding amounts payable to officers and directors of the Company of $6,300 (December 31, 2021 - $nil).

These transactions are in the normal course of operations and have been valued in these condensed consolidated interim financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The amounts due are unsecured, non-interest-bearing and have no specific terms of repayment.

DISCLOSURE OF OUSTANDING SHARE DATA

The following is a breakdown of the share capital of the Company on an annual basis and the date of this report:

	November 28, 2022	September 30, 2022	December 31, 2021
Common shares	44,171,815	44,171,815	23,971,815
Warrants	7,500,000	7,500,000	12,300,000
Stock options	-	-	132,500
Fully diluted shares	51,671,815	51,671,815	36,404,315

For additional details of outstanding share capital, refer to Notes 8 and 9 of the condensed consolidated interim financial statements for the nine months ended September 30, 2022.

FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument-related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counter party limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) Credit risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash balance. The Company manages its credit risk on bank deposits by holding deposits in high credit quality banking institutions in Canada.

(b) 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 has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has a cash balance and is not exposed to any significant interest rate risk.

(d) Capital management

Capital is comprised of the Company's shareholders' equity and any debt it may issue. As at September 30, 2022, the Company's shareholders' equity was $995,893 (December 31, 2021 - $124,465). The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its operations and business development. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company has not generated any revenues and cash flows since its inception; therefore, the Company is dependent on external financing to fund its future intended business plan. The capital structure of the Company currently consists of working capital and shareholders' equity. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

(e) Fair value

The fair values of the Company's financial assets and liabilities approximate the carrying amounts.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

The level in the fair value hierarchy within which the financial asset is categorized in its entirety is based on the lowest level of input that is significant to the fair value measurement.

Cash is grouped into Level 1 as at September 30, 2022 and December 31, 2021. The principal portion of the convertible debenture is carried at amortized cost.

Financial instruments that are not measured at fair value on the condensed consolidated interim statement of financial position are represented by accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying value due to their short-term nature.

RISKS AND UNCERTAINTIES

Going Concern

The Company has not generated any revenues and has incurred a net loss of $238,072 during the nine months ended September 30, 2022 (2021 - $18,562) and accumulated deficit of $21,093,873 (December 31, 2021 - $21,280,051) since inception. As at September 30, 2022, the Company has working capital of $433,424 (December 31, 2021 - $124,465). These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The application of the going concern concept is dependent upon the Company's ability to satisfy its liabilities as they become due and to obtain the necessary financing to complete the exploration and development of its diamond and fluorspar mineral property interests, the attainment of profitable mining operations or the receipt of proceeds from the disposition of its mineral property interests. Management is actively engaged in the review and due diligence on opportunities of merit in the mining sector and is seeking to raise the necessary capital to meet its funding requirements. Therefore this, primarily as a result of the conditions described above, casts significant doubt as to the appropriateness of the use of the going concern assumption.

The Company is not expected to be profitable during the ensuring twelve months, and therefore, must rely on securing additional funds from either debt or equity financings for cash consideration. While the Company is expanding its best efforts to achieve the continued financing, there is no assurance that any such activity will generate sufficient funds for future operations.

Raising Capital Funding and Dilution

The profitability of the Company is affected by business risks, including the price of gold, the normal risks associated with open pit and underground mining, which affects production rates and costs, and the exchange rate between the Canadian dollar and United States dollar. Once the Company commences production, outside financing will be required. While the Company has been successful in the past, there is no assurance that funding will be available under terms that are satisfactory to management. The ability of the Company to achieve its operational objectives is dependent in large measure on the results of the exploration activities and the ability to raise capital funding for continued exploration. The Company frequently issues common shares to finance its operations and for working capital purposes. It is possible that the Company will enter into more agreements to issue common shares and warrants and options to purchase common shares. The impact of the issuance of a significant amount of common shares, along with warrant and option exercises, could place downward pressure on the market price of the common shares, and at a minimum, such issuances will dilute the existing shareholders' interests in the Company.

Dependence on Management

The Company is dependent on a relatively small number of key personnel, the loss of any of whom could have an adverse effect on the Company. The Company does not maintain any key man insurance on any of its employees.

Conflicts of Interest

Certain of the directors and officers of Company are also directors and/or officers of other companies, and may be shareholders of those companies. Such associations or relationships may give rise to conflicts of interest from time to time. The Company's directors are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest that they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict must disclose his/her interest and abstain from voting on such matters in accordance with applicable corporate laws, and may be required to resign as a director of one of the companies.

Payment Obligations

The Company is, or may in the future become, a party to certain contractual agreements pursuant to which the Company is or may become subject to payments and be required to comply with other obligations. If such obligations are not complied with when due, in addition to any other remedies that may be available to the other parties, this could result in dilution or forfeiture of interests held by the Company. The Company may not have, or be able to obtain, financing for all such obligations as they arise.

Future Capital Requirements

The Company may encounter significant unanticipated liabilities or expenses. The Company's ability to continue its planned exploration activities depends in part on its ability to obtain additional financing in the future to fund exploration and development activities or acquisitions of additional projects. Since incorporation on March 20, 1998, the Company has raised capital primarily through equity financing and in the future may raise capital through equity or debt financing, joint ventures or other means. There can be no assurance that the Company will be able to obtain the necessary financing in a timely manner, on acceptable terms or at all.

Dividends

No dividends on the common shares have been paid to date. The Company does not intend to declare or pay any cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the Company's Board of Directors, after taking into account many factors, including the Company's operating results, financial condition, and current and anticipated cash needs.

Judgments, Estimates and Assumptions Employed in the Preparation of Financial Statements

The preparation of these condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

<u>Estimates and Assumptions</u>

In particular, information about significant areas of estimation uncertainty considered by management in preparing the condensed consolidated interim financial statements includes:

- The inputs used in assessing the recoverability of deferred tax assets to the extent that the deductible temporary differences will reverse in the foreseeable future and that the Company will have future taxable income.
- The assumptions and inputs used in calculating the fair value of the liability portion of the convertible promissory notes payable.
- The application of the Company's accounting policy for exploration and evaluation expenditures and impairment of the capitalized expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the year the new information becomes available.

Management Judgments

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies from those involving estimations that have the most significant effect on the amounts recognized in the Company's condensed consolidated interim financial statements are as follows:

- The assessment of the Company's ability to continue as a going concern requires significant judgment. The condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern.
- Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Global Pandemic

Early in 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company, as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. The Company has not been directly impacted by COVID-19.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

STOCK-BASED COMPENSATION PLAN

The Company has a Stock Option Plan (the "Plan") under which it is authorized to grant options to directors, officers, consultants or employees of the Company. At the Company's Annual and Special General Meeting on October 10, 2019, the shareholders approved the "2019 Stock Option Plan", and set the number of options granted under the Plan to not exceed 10% of the issued and outstanding shares. Options granted to employees vest fully on grant. Options issued to investor relations consultants vest in stages over twelve months with one-quarter of the options vesting in any three-month period. At the Company's Annual General Meeting on October 4, 2022, the shareholders approved the "2022 Stock Option Plan" with has the same terms.

FUTURE ACCOUNTING STANDARDS

Refer to Note 5 of the Company's audited financial statements for the year ended December 31, 2021 for new accounting standards adopted and new accounting pronouncements, if any.

FORWARD LOOKING STATEMENT

Certain information set forth in this MD&A, including management's assessment of the Company's future plans and operations, contains forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond these parties' control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility, and the ability to access sufficient capital from internal and external sources. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements, and accordingly, no assurance can be given that any events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that the Company will derive there from. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

CORPORATE GOVERNANCE

The Board of Directors is currently comprised of the four individuals as appointed, elected or re-elected and as noted below. The Company's by-laws provide that each director is elected to serve until the next Annual and Special Meeting of Shareholders or until a successor is elected or appointed. The Board of Directors has established two committees: the Audit Committee and the Compensation Committee. Directors, officers and committee members are identified as follows:

- Kevin Bottomley* – Director, President, Chief Executive Officer
- Nathan Tribble* – Director
- Nick Rodway – Director
- Jody Bellefleur* – Director
- Dominic Verdejo – Director

* member of the Audit Committee