



**NORTHERN LION
GOLD CORP.**

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2008

(Unaudited – Prepared by Management)



NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim consolidated financial statements of Northern Lion Gold Corp. (the "Company") for the period ended June 30, 2008 have been prepared by, and are the responsibility of, the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of the interim financial statements by an entity's auditor.

"John Lando"
John Lando
President

"Lyle Brown"
Lyle Brown
Director

NORTHERN LION GOLD CORP.
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT (unaudited)

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2008	2007	2008	2007
	\$	\$	\$	\$
EXPENSES				
Amortization	973	1,033	1,946	2,065
Consulting	46,380	27,814	113,347	59,620
Filing and regulatory fees	13,575	10,935	22,142	18,601
Foreign exchange	168,509	4,478	129,233	6,066
Investor relations	17,558	6,806	26,113	14,354
Management fees	20,007	15,362	36,264	29,990
Office and administrative fees	42,404	24,552	73,014	42,280
Office and general	18,224	9,032	34,899	26,352
Professional fees	45,678	36,671	67,370	49,337
Rent	8,360	6,270	12,540	13,062
Salary and benefits	-	14,017	-	21,261
Stock-based compensation (Note 7(b))	20,551	101,597	113,734	131,741
Travel	34,084	15,821	64,030	26,403
Loss before other income	(436,303)	(274,388)	(694,632)	(441,132)
OTHER ITEMS				
Interest income	21,997	13,744	66,906	18,409
Loss on sale of marketable securities (Note 4)	(180,096)	-	(225,715)	-
Loss on sale of mineral property interests	-	(186,530)	-	(186,530)
Unrealized loss on marketable securities (Note 4)	(550,725)	-	(1,385,188)	-
	(708,824)	(172,786)	(1,543,997)	(168,121)
Loss for the period	(1,145,127)	(447,174)	(2,238,629)	(609,253)
Deficit, beginning of period	(15,584,503)	(12,810,058)	(14,491,001)	(12,647,979)
Deficit, end of period	(16,729,630)	(13,257,232)	(16,729,630)	(13,257,232)
Basic and diluted loss per common share	(0.04)	(0.01)	(0.07)	(0.02)
Weighted average number of shares outstanding	31,154,005	31,154,005	31,154,005	30,089,780

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

NORTHERN LION GOLD CORP.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30		JUNE 30	
	2008	2007	2008	2007
	\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	(1,145,127)	(447,174)	(2,238,629)	(609,253)
Items not affecting cash				
Amortization	973	1,033	1,946	2,065
Stock-based compensation	20,551	101,597	113,734	131,741
Loss on sale of marketable securities	180,096	-	225,715	-
Loss on sale of mineral property interest	-	186,530	-	186,530
Unrealized loss on marketable securities	550,725	-	1,385,188	-
Changes in non-cash working capital items:				
(Increase) decrease in receivables	(89,031)	26,229	(195,941)	23,125
Decrease in prepaid expenses	4,155	4,947	8,309	8,269
Increase in accounts payable and accrued liabilities	12,224	58,767	73,904	70,215
Increase (decrease) in accounts payable to related parties	(2,047)	45,205	-	42,712
Net cash used in operating activities	(467,481)	(22,866)	(625,774)	(144,596)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of share capital	-	-	-	505,000
Share issuance costs	-	(13,805)	-	(26,869)
Net cash provided by (used in) financing activities	-	(13,805)	-	478,131
CASH FLOWS FROM INVESTING ACTIVITIES				
Mineral property interests	(1,391,936)	(202,617)	(2,041,449)	(452,865)
Purchase of equipment	(5,880)	-	(5,880)	-
Proceeds from sale of marketable securities	363,154	-	676,345	-
Proceeds from sale of mineral property interests	-	5,000,000	-	5,000,000
Sale of mineral property interests costs	-	(91,972)	-	(91,972)
Net cash provided by (used in) investing activities	(1,034,662)	4,705,411	(1,370,984)	4,455,163
Change in cash and equivalents during the period	(1,502,143)	4,668,740	(1,996,758)	4,788,698
Cash and equivalents, beginning of period	4,630,232	983,776	5,124,847	863,818
Cash and equivalents, end of period	3,128,089	5,652,516	3,128,089	5,652,516
Cash and equivalents is represented by:				
Cash			\$ 1,229,437	\$ 147,264
Guaranteed investments			<u>1,541,526</u>	<u>5,505,252</u>
			<u>\$ 3,128,089</u>	<u>\$ 5,652,516</u>

Supplemental disclosures with respect to cash flows (Note 11)

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

1. BASIS OF PRESENTATION

The interim consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. All financial summaries included are presented on a comparative and consistent basis, showing the figures for the corresponding period in the preceding year. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of annual financial statements for the year ended December 31, 2007. Certain information and footnote disclosure normally included in financial statements prepared in accordance with Canadian generally accepted accounting principles has been condensed or omitted. These interim period statements should be read together with the audited financial statements and the accompanying notes for the year ended December 31, 2007. In the opinion of the Company, its unaudited interim consolidated financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

2. NATURE AND CONTINUANCE OF OPERATIONS

The Company is incorporated under the laws of the Province of British Columbia and is in the business of exploration of its mineral property interests in Europe. To date, the Company has not yet earned significant revenues and is considered to be in the exploration stage.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business, for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

3. ADOPTION OF NEW ACCOUNTING POLICIES

New Accounting Pronouncements

Effective January 1, 2008, the Company was required to adopt the following new Canadian accounting pronouncements:

(i) Assessing going concern – Section 1400

The Accounting Standards Board (AcSB) amended the Section 1400, to include requirements for management to assess an entity's ability to continue as a going concern and to disclose material uncertainties related to events or conditions that may cast doubt upon the entity's ability to continue as a going concern.

(ii) Capital disclosures – Section 1535

This new pronouncement establishes standards for disclosing information about an entity's capital and how it is managed. Section 1535 also requires the disclosure of any externally-imposed capital requirements, whether the entity has complied with them, and if not, the consequences.

(iii) Financial Instruments – Section 3862 & 3863 – Disclosure and Presentation

These new sections 3862 (on disclosures) and 3863 (on presentation) replace Section 3861, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. Section 3862 complements the principles for recognizing, measuring and presenting financial assets and financial liabilities in Financial Instruments. Section 3863 deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

3. ADOPTION OF NEW ACCOUNTING POLICIES (cont'd...)

New Accounting Pronouncements (cont'd...)

Effective January 1, 2009, the Company is required to adopt the following accounting standards updates issued by the CICA

(i) Goodwill and intangible assets – Section 3064

In February 2008, the CICA issued Section 3064, "Goodwill and Intangible Assets", which replaces Section 3062, "Goodwill and Other Intangible Assets". This new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the adoption of this standard, EIC 27, "Revenue and Expenditures in the Pre-operating Period", will be withdrawn. We are currently assessing the impact of this new accounting standard on our consolidated financial statements.

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

4. MARKETABLE SECURITIES

As at June 30, 2008, the Company's holdings of marketable securities consisted of 1,287,726 common shares of Lapland Goldminers AB ("Lapland Goldminers"). The Company will not sell more than 10% of Lapland Goldminers shares in any 30-day period without the prior written consent of Lapland Goldminers. During the period ended June 30, 2008, 340,400 shares with a value of \$902,060 were sold for proceeds of \$676,345 resulting in a realized loss of \$225,715. The Company recorded an unrealized loss on its investment of \$1,385,188 to operations due to mark-to-market valuation during the period.

NORTHERN LION GOLD CORP.**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (unaudited)****JUNE 30, 2008****5. MINERAL PROPERTY INTERESTS**

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing. However, this should not be construed as a guarantee of title. The mineral properties may be subject to prior claims, agreements, or transfers and rights of ownership may be affected by undetected defects. The properties in which the Company has committed to earn an interest are located in Europe.

	Cercal, Portugal	Moura, Portugal	Sweden	Cyprus	Total
Balance, December 31, 2007	\$ 995,991	\$ 486,533	\$ 798,568	\$ -	\$ 2,281,092
Additions					
Acquisition costs	15,806	-	-	-	15,806
Advances	26,923	-	-	-	26,923
Airborne geophysical	-	-	112,319	-	112,319
Assaying	48,551	86,072	-	121	134,744
Consulting	253,116	517,110	4,700	9,035	783,961
Drilling	74,509	727,327	-	-	801,836
Field personnel	2,227	3,717	-	-	5,944
Maps and images	1,790	-	-	-	1,790
On site costs	34,105	48,434	13,504	-	96,043
Travel and lodging	7,449	18,089	-	1,041	26,579
Total for the period	464,476	1,400,749	130,523	10,197	2,005,945
Balance, June 30, 2008	\$ 1,460,467	\$ 1,887,282	\$ 929,091	\$ 10,197	\$ 4,287,037

Cercal, Portugal

The Company has entered into an agreement with SES Sweden AB ("SES") to explore an area of geological interest previously identified by SES in the Iberian Pyrite Belt, in Portugal. The Company has an option to acquire a 95% interest in consideration of payments of 80,000 Euro (30,000 Euro paid), over four years. SES will retain the remaining 5% interest in the property, which will be carried until the Company obtains a bankable feasibility study on the property. SES has also granted to the Company a ten year right of first refusal on any proposed transfer by SES of any interest it may have in properties in Portugal, Spain or Cyprus.

Effective May 12, 2006, the Company was granted an exploration licence by the Portuguese government mining authority to explore certain areas of the Iberian Pyrite Belt. The licence is valid for an initial period of two years and requires minimum exploration expenditures in first and second years of 150,000 Euro (incurred) and 260,000 Euro (incurred), respectively. Three, one-year, extensions beyond the initial term are available, subject to meeting certain conditions. The first extension was applied for on March 10, 2008. Minimum expenditures of 300,000 Euro are required for each extension year. Mineral production from the license is subject to a 3% net smelter royalty in favour of the Government of Portugal.

NORTHERN LION GOLD CORP.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (unaudited)
JUNE 30, 2008

5. MINERAL PROPERTY INTERESTS (cont'd...)

Moura, Portugal

Effective May 25, 2007, the Company has been granted an exploration licence for the Moura-Vila Verde de Ficalho region of southeastern Portugal. The exploration licence has an initial term of two years with three one-year extensions available, subject to certain conditions. Under the exploration licence, the Company is required to incur 300,000 Euro in the first year (incurred) and 550,000 Euro in the second year in exploration costs. Three one year extensions beyond the initial term are available, subject to certain conditions and minimum expenditures of 450,000 Euro are required for each extension year. Mineral production from the licence is subject to a 3% net smelter return royalty in favour of the Government of Portugal.

Sweden

The Company holds a 100% interest in several claims in the Bergslagen area of south-central Sweden.

Pursuant to an agreement with Lappland Goldminers, the Company paid to Lappland Goldminers SEK4,000,000, by the issuance of 1,018,667 common shares (the "Shares") of the Company, with a value of \$611,200 to acquire a 100% interest in Nynäsberget gold prospect in central Sweden. The agreement provides that the Shares will be subject to a two year hold period expiring February 16, 2009, after which the Company will have the first right to purchase or place the Shares, should Lappland Goldminers wish to sell all or a portion of them.

Republic of Cyprus

On May 15, 2008, the Company entered into an option agreement with Katla Exploration Ltd. ("Katla") to acquire a 90% interest in an exploration permit by making payments totalling US\$175,000 and issuing 220,000 common shares of the Company to Katla over two years, and incurring expenditure of \$2,625,000 over a three year period.

6. EQUIPMENT

	June 30, 2008			December 31, 2007		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 50,778	\$ 25,316	\$ 25,462	\$ 44,898	\$ 23,370	\$ 21,528

7. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Amount	Contributed Surplus
Authorized 100,000,000 common shares, without par value			
Issued			
Balance, December 31, 2007	31,154,005	\$ 22,767,283	\$ 3,288,628
Stock-based compensation	-	-	113,734
Balance, June 30, 2008	31,154,005	\$ 22,767,283	\$ 3,402,362

NORTHERN LION GOLD CORP.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (unaudited)
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7. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

(a) Stock options

The Company has a formal stock option plan in place, whereby it is authorized to grant options to executive officers, directors, employees and consultants, for up to 5,612,427 common shares. The exercise price of each option shall not be less than the discounted market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years, and are subject to a vesting provision whereby 25% are exercisable on the date of grant and 12.5% become exercisable every 3 months. The entire option will be vested in a period of 18 months.

At June 30, 2008, the Company had reserved for issuance 3,427,500 common shares related to the director, employee and consultant options:

Outstanding Options		
Number of Shares	Exercise Price	Expiry Date
100,000	\$0.25	February 26, 2012
100,000	\$0.35	February 26, 2012
10,000	\$0.30	August 31, 2011
1,537,500	\$0.40	December 30, 2010
115,000	\$0.40	January 5, 2011
200,000	\$0.44	October 18, 2012
800,000	\$0.47	May 9, 2012
250,000	\$0.50	March 1, 2010
200,000	\$0.50	July 1, 2012
70,000	\$0.60	March 2, 2010
45,000	\$0.60	June 6, 2010

During the six months ended June 30, 2008, the Company granted 250,000 stock options. The weighted average fair value of options granted during the six months ended June 30, 2008 was \$0.13 (2007 - \$0.30).

(b) Stock-based compensation

The total stock-based compensation calculated under the fair value method was \$32,164 (2007 - \$315,354) using the Black-Scholes option pricing model. The stock-based compensation will be recognized over their vesting period. The stock-based compensation expense for the period was \$113,734 (2007 - \$131,741). The following weighted average assumptions were used for the Black-Scholes option-pricing model calculation of stock options granted during the period:

	2008	2007
Risk-free interest rate	3.14%	3.93%
Expected life of options	2 years	2 years
Annualized volatility	87.60%	85.78%
Dividend rate	0.00%	0.00%

NORTHERN LION GOLD CORP.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (unaudited)
JUNE 30, 2008

7. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

(c) Warrants

At June 30, 2008, warrants were outstanding enabling holders to acquire the following number of shares:

Number of Shares	Exercise Price	Expiry Date
1,859,200	\$ 0.40	March 12, 2009
214,000	\$ 0.40	March 15, 2009
<u>2,073,200</u>		

8. RELATED PARTY TRANSACTIONS

Accounts payable to related parties at June 30, 2008 totalling \$9,086 (December 31, 2007 - \$9,803) consisted of an amount due to a private company controlled by a director of the Company's subsidiary for \$9,086 (December 31, 2007 - \$9,803) for reimbursed expenditures and consulting fees.

The Company entered into the following transactions with related parties:

- a) Paid or accrued \$36,264 (2007 - \$29,990) for management fees to a director.
- b) Paid or accrued \$Nil (2007 - \$96,859) for legal fees of which \$Nil (2007 - \$2,285) was capitalized to mineral property interests, \$Nil (2007 - \$54,356) was allocated to the sale of mineral property interest and \$Nil (2007 - \$23,309) was allocated to capital stock, to a law practice in which a director is the principal.
- c) Paid or accrued consulting fees and reimbursed expenditures of \$Nil (2007- \$21,225) to a company controlled by a director in common with the Company's subsidiary. The Company allocated \$Nil (2007 - \$18,200) of these fees and expenses to mineral property interests.
- d) Paid or accrued \$Nil (2007 - \$3,760) for accounting services to an accounting firm in which a director is a partner.
- e) Paid or accrued consulting fees and reimbursed expenditures of \$82,112 (2007 - \$Nil) to a company controlled by a director of the Company's subsidiaries. The Company allocated \$81,387 (2007 - \$Nil) of these fees and expenses to mineral property interests.

These transactions were in the normal course of operations and are measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

9. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and equivalents, marketable securities, receivables, accounts payable and accrued liabilities and accounts payable to related parties. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Credit risk

The Company does not believe it is subject to any significant credit risk although cash and equivalents are held in excess of federally insured limits, with major financial institutions.

NORTHERN LION GOLD CORP.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (unaudited)
JUNE 30, 2008

9. FINANCIAL INSTRUMENTS (cont'd...)

Currency risk

Cash and equivalents held in currencies other than the Canadian dollar are subject to currency risk. The Company is exposed to currency risk by incurring certain expenditures in the Euro and the Swedish Krona. The Company does not use derivative instruments to reduce its currency risk.

10. SEGMENTED INFORMATION

The Company operates in one business segment, the exploration of mineral properties. Geographic information is as follows:

	Canada	Finland	Portugal	Sweden	Cyprus	Total
June 30, 2008						
Mineral property interests	\$ -	\$ -	\$ 3,347,749	\$ 929,091	\$ 10,197	\$ 4,287,037
Equipment	25,462	-	-	-	-	25,462
Other assets	5,118,692	-	290,903	11,580	-	5,421,175
Total assets	\$ 5,144,154	\$ -	\$ 3,638,652	\$ 940,671	\$ 10,197	\$ 9,733,674
Loss for the period	\$ 2,233,048	\$ -	\$ 5,689	\$ (108)	\$ -	\$ 2,238,629

	Canada	Finland	Portugal	Sweden	Cyprus	Total
December 31, 2007						
Mineral property interests	\$ -	\$ -	\$ 1,482,524	\$ 798,568	\$ -	\$ 2,281,092
Equipment	21,528	-	-	-	-	21,528
Other assets	8,992,772	-	508,721	16,056	-	9,517,549
Total assets	\$ 9,014,300	\$ -	\$ 1,991,245	\$ 814,624	\$ -	\$ 11,820,169
Loss for the year	\$ 1,632,434	\$ 183,620	\$ 26,968	\$ -	\$ -	\$ 1,843,022

11. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	2008	2007
Cash paid during the period for interest	\$ -	\$ -
Cash paid during the period for income taxes	\$ -	\$ -

Significant non-cash transactions for the period ended June 30, 2008 included:

- \$151,659, included in mineral property interests incurred through accounts payable.
- \$9,086, included in mineral property interest incurred through accounts payable to related parties

Significant non-cash transactions for the period ended June 30, 2007 included:

- \$257,977, included in mineral property interests incurred through accounts payable.
- \$5,681,116, included in mineral property interests incurred through accounts receivable.

NORTHERN LION GOLD CORP.
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11. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS (cont'd...)

- c) \$4,858, included in mineral property interests incurred through stock-based compensation.
- d) The Company issued 1,018,667 common shares of the Company with a value of \$611,200 pursuant to a property purchase agreement to acquire a 100% interest in Nynäsberget gold prospect.
- e) The Company recorded using the Black-Scholes option pricing model, \$21,128 as the fair value for the finders fee warrants on the non-brokered private placement completed during the period in capital stock and contributed surplus.