



LION ONE METALS LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE PERIOD ENDED MARCH 31, 2021

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

LION ONE METALS LIMITED

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

(Unaudited)

	March 31 2021	June 30 2020
ASSETS		
Current		
Cash and cash equivalents	\$ 44,722,278	\$ 10,256,600
Short term investments (Note 3)	15,000,000	3,000,000
Receivables	304,665	188,361
Prepaid expenses	168,435	151,426
	<u>60,195,378</u>	<u>13,596,387</u>
Restricted cash (Note 3)	28,716	28,146
Right-of-use asset (Note 7)	310,133	426,433
Deposits (Note 4, 5)	3,084,130	3,115,929
Other assets	434,325	480,430
Exploration and evaluation assets (Note 4)	65,284,953	61,637,617
Property and equipment (Note 5)	<u>5,934,701</u>	<u>3,728,022</u>
	<u>\$ 135,272,336</u>	<u>\$ 83,012,964</u>

LIABILITIES AND SHAREHOLDERS' EQUITY**Current**

Accounts payable and accrued liabilities (Note 6, 9)	\$ 416,029	\$ 447,258
Lease liability (Note 7)	<u>145,463</u>	<u>137,019</u>
	561,492	584,277
Lease liability (Note 7)	186,195	305,995
Long-term provisions (Note 6)	<u>58,467</u>	<u>54,358</u>
	<u>806,154</u>	<u>944,630</u>
Shareholders' equity		
Share capital (Note 8)	163,327,334	108,482,976
Reserves (Note 8)	24,489,996	22,846,589
Obligation to issue shares	-	46,875
Accumulated other comprehensive income	1,770,818	3,433,240
Deficit	<u>(55,121,966)</u>	<u>(52,741,346)</u>
	<u>134,466,182</u>	<u>82,068,334</u>
	<u>\$ 135,272,336</u>	<u>\$ 83,012,964</u>

Nature of operations and going concern (Note 1)**Subsequent events** (Note 13)

Approved and authorized by the Board on May 13, 2021:

“Walter H. Berukoff”

Director

“Stephen Mann”

Director

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

LION ONE METALS LIMITED**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

(Unaudited)

	Three months ended March 31, 2021	Three months ended March 31, 2020	Nine months ended March 31, 2021	Nine months ended March 31, 2020
EXPENSES				
Consulting fees	\$ 11,502	\$ 11,250	\$ 34,002	\$ 33,750
Depreciation	38,767	38,767	116,300	116,300
Directors fees (Note 9)	5,750	4,000	17,250	15,500
Foreign exchange (gain) loss	116,574	(14,436)	320,937	16,315
Licenses, dues and fees	23,855	13,033	55,825	44,501
Interest expense (Note 3)	7,139	10,040	23,644	32,178
Investor relations	155,326	204,998	527,416	469,095
Management fees	94,573	72,374	253,014	216,167
Office and administrative	102,650	102,913	350,016	329,901
Professional fees (Note 9)	89,915	82,284	297,476	260,736
Shareholder communications	71,172	51,639	197,150	171,466
Share-based payments (Note 8)	148,292	47,866	553,454	189,003
Travel	-	35,410	-	50,797
Operating loss	(865,515)	(660,138)	(2,746,484)	(1,945,709)
OTHER INCOME				
Interest income	100,919	97,804	365,864	208,574
Net loss for the period	(764,596)	(562,334)	(2,380,620)	(1,737,135)
OTHER COMPREHENSIVE INCOME				
Foreign exchange gain (loss)	(1,252,243)	1,019,562	(1,662,422)	511,399
Comprehensive (loss) income for the period	\$ (2,016,839)	\$ 457,228	\$ (4,043,042)	\$ (1,255,736)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.00)	\$ (0.02)	\$ (0.02)
Weighted average number of common shares outstanding	155,781,893	118,017,422	147,027,635	109,316,308

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

LION ONE METALS LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars) (Unaudited)
FOR THE NINE MONTHS ENDED MARCH 31

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (2,380,620)	\$ (1,737,135)
Non-cash items:		
Foreign exchange (gain) loss	320,937	16,315
Depreciation	116,300	116,300
Interest expense	23,644	32,178
Share-based payments	553,454	189,003
Changes in non-cash working capital items:		
Receivables	(123,598)	423,381
Prepaid expenses	(16,988)	(14,090)
Accounts payable and accrued liabilities	(23,059)	(19,793)
	<u>(1,529,930)</u>	<u>(993,841)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(2,793,790)	(368,934)
Exploration and evaluation asset expenditures	(4,282,682)	(3,051,259)
Short term investments	(12,000,000)	(3,000,000)
Deposits and other assets	(30,378)	(55,819)
	<u>(19,106,850)</u>	<u>(6,476,012)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from sale of shares – private placement	39,697,458	11,500,000
Share issuance costs on private placement	(2,697,247)	(943,111)
Cash proceeds on exercise of stock options	407,165	491,835
Cash proceeds on exercise of warrants and compensation options	18,163,500	-
Payment of lease liabilities	(135,000)	(135,000)
	<u>55,435,876</u>	<u>10,913,724</u>
Effect of exchange rate changes on cash	(333,418)	(105,134)
Change in cash during the period	34,465,678	3,338,737
Cash and cash equivalents, beginning of period	<u>10,256,600</u>	<u>8,907,418</u>
Cash and cash equivalents, end of period	<u>\$ 44,722,278</u>	<u>\$ 12,246,155</u>
Supplementary cash flow information:		
Cash and cash equivalents consist of:		
Cash	\$ 34,722,278	\$ 11,246,156
Redeemable short-term deposit certificates	10,000,000	1,000,000
Non-cash transactions:		
Depreciation expense capitalized to exploration and evaluation assets	\$ 434,983	\$ 205,219
Right-of-use asset recognized upon accounting policy change	-	581,499
Share-based payments expense (recovery) capitalized to exploration and evaluation assets	316,560	47,559
Share-based payments expense – share issuance costs	1,257,833	330,728
Stock options exercised – fair value	252,932	220,559
Accounts payable and accrued liabilities in exploration and evaluation assets	136,390	50,903

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

LION ONE METALS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian Dollars)

(Unaudited)

	<u>Share Capital</u>		Obligation to Issue Shares	Reserves	Deficit	Accumulated Other Comprehensive Income	Total
	Number	Amount					
Balance, June 30, 2019	103,104,962	\$ 97,214,173	-	\$ 21,868,222	\$ (50,017,524)	\$ 2,388,953	\$ 71,453,824
Share-based payments – stock options	-	-	-	236,562	-	-	236,562
Exercise of stock options	537,460	712,394	-	(220,559)	-	-	491,835
Private placement	14,375,000	11,500,000	-	-	-	-	11,500,000
Share issuance costs	-	(1,273,839)	-	330,728	-	-	(943,111)
Comprehensive loss for the period	-	-	-	-	(1,737,135)	511,399	(1,225,736)
Balance, March 31, 2020	118,017,422	108,152,728	-	22,214,953	(51,754,659)	2,900,352	81,513,374
Share-based payments – stock options	-	-	-	738,884	-	-	738,884
Exercise of stock options	16,000	24,029	46,875	(8,029)	-	-	62,875
Exercise of compensation options (Note 8(e))	258,750	306,219	-	(99,219)	-	-	207,000
Comprehensive loss for the period	-	-	-	-	(986,687)	532,888	(453,799)
Balance, June 30, 2020	118,292,172	\$ 108,482,976	\$46,875	\$ 22,846,589	\$ (52,741,346)	\$ 3,433,240	\$ 82,068,334
Share-based payments – stock options	-	-	-	870,014	-	-	870,014
Exercise of stock options	479,040	706,972	(46,875)	(252,932)	-	-	407,165
Private placement	21,673,181	39,697,458	-	-	-	-	39,697,458
Share issuance costs	-	(3,955,080)	-	1,257,833	-	-	(2,697,247)
Exercise of compensation options (Note 8(e))	603,750	714,508	-	(231,508)	-	-	483,000
Warrant exercised (Note 8(d))	14,733,750	17,680,500	-	-	-	-	17,680,500
Comprehensive loss for the period	-	-	-	-	(2,380,620)	(1,662,422)	(4,043,042)
Balance, March 31, 2021	155,781,893	\$ 163,327,334	-	\$ 24,489,996	\$ (55,121,966)	\$ 1,770,818	\$ 134,466,182

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

LION ONE METALS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

March 31, 2021

1. NATURE OF OPERATIONS AND GOING CONCERN

Lion One Metals Limited ("Lion One" or the "Company") was incorporated on November 12, 1996 under the laws of the Province of British Columbia, Canada. The Company is in the business of mineral exploration and evaluation and is currently focused on the acquisition, exploration and evaluation of mineral resources in Fiji. The Company is listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol LIO and on the Australian Securities Exchange ("ASX") under the symbol LLO. The Company's head office and principal address is 306 - 267 West Esplanade, North Vancouver, BC, Canada, V7M 1A5. The address of the Company's registered and records office is Suite 1700 – 1055 West Hastings Street, Vancouver, BC, V6E 2E9.

The Company's condensed consolidated interim financial statements are presented in Canadian dollars.

The Company is in the process of exploring and evaluating its resource properties and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has incurred losses from inception and does not currently have the financial resources to advance its projects to completion. As at March 31, 2021, the Company had not advanced its properties to commercial production. The Company estimates that it has adequate financial resources for the next twelve months. The Company's continuation as a going concern is dependent upon the successful results from its exploration activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The Company continues to monitor the situation in Fiji, and whilst the health and safety of its employees remains the highest priority, work activities have continued with little disruption. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

The condensed consolidated interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Continued operations of the Company are dependent on the Company's ability to receive financial support, obtain necessary financings, and/or generate profitable operations in the future.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with IFRS using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of Consolidation and Presentation

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified.

These condensed consolidated interim financial statements incorporate the financial statements of the Company and its wholly controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The condensed consolidated interim financial statements include the accounts of the Company and its direct wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

LION ONE METALS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

March 31, 2021

2. BASIS OF PREPARATION (cont'd...)

Use of Estimates

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Judgments

The functional currency of each of the subsidiaries and the Company were assessed to determine the economic substance of the currency in which each entity performed its operations. The functional currency of the Company is the Canadian dollar. The functional currencies of the Company's subsidiaries have been assessed as follows:

	Country of Incorporation	Effective Interest	Functional currency
American Eagle Resources Inc.	Canada	100%	Canadian Dollar
Laimes International Inc.	BVI	100%	Canadian Dollar
Auksas Inc.	BVI	100%	Canadian Dollar
Lion One Limited	Fiji	100%	Fijian Dollar
Lion One Australia Pty Ltd.	Australia	100%	Australian Dollar
Piche Resources Pty Ltd.	Australia	100%	Australian Dollar

Estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, are as follows:

The carrying value and recoverability of exploration and evaluation assets and property and equipment requires management to make certain estimates, judgments and assumptions about its project. Management considers the economics of the project, including the latest resource prices and the long-term forecasts, and the overall economic viability of the project.

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in the Company's provision for income taxes.

Share-based payments are subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected share price volatility. Where such valuations are applied, such as the time of a stock option grant or issuance of shares from trust, management provides detailed valuation assumptions

The application of IFRS 16 requires the Company to make judgments that affect the valuation of the right-of-use assets and the valuation of lease liabilities. These include: determining agreements in scope of IFRS 16, determining the contract term and determining the interest rate used for discounting of future cash flows.

The lease term determined by the Company is comprised of the non-cancellable period of lease agreements, periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.

The present value of the lease payment is determined using a discount rate representing the Company's incremental borrowing rate.

LION ONE METALS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

March 31, 2021**3. SHORT TERM INVESTMENTS AND RESTRICTED CASH**

The short-term investments is comprised of guaranteed investment certificates issued by the Company's banking institutions. The restricted cash balance is comprised of a guaranteed investment certificate and security deposit held as collateral for the Company's corporate credit cards.

4. EXPLORATION AND EVALUATION ASSETS

March 31, 2021	Fiji	Australia	Total
Acquisition costs			
Balance, June 30, 2020	\$ 21,915,063	\$ -	\$ 21,915,063
Disposals for the year	-	-	-
Balance, March 31, 2021	21,915,063	-	21,915,063
Exploration expenditures			
Balance, June 30, 2020	39,827,049	-	39,827,049
Additions for the period	5,074,482	-	5,074,482
Disposals for the period	-	-	-
Balance, March 31, 2021	44,901,531	-	44,901,531
Cumulative translation adjustment			
Balance, June 30, 2020	(104,495)	-	(104,495)
Adjustments for the period	(1,427,146)	-	(1,427,146)
Disposals for the period	-	-	-
Balance, March 31, 2021	(1,531,641)	-	(1,531,641)
Property total, March 31, 2021	\$ 65,284,953	\$ -	\$ 65,284,953

June 30, 2020	Fiji	Australia	Total
Acquisition costs			
Balance, June 30, 2019	\$ 21,915,063	\$ 511,890	\$ 22,426,953
Disposals for the year	-	(511,890)	(511,890)
Balance, June 30, 2020	21,915,063	-	21,915,063
Exploration expenditures			
Balance, June 30, 2019	35,115,036	55,671	35,170,707
Additions for the year	4,712,013	2,729	4,714,742
Disposals for the year	-	(58,400)	(58,400)
Balance, June 30, 2020	39,827,049	-	39,827,049
Cumulative translation adjustment			
Balance, June 30, 2019	(1,182,889)	(62,181)	(1,245,070)
Adjustments for the year	1,078,394	(27,679)	1,050,715
Disposals for the year	-	89,860	89,860
Balance, June 30, 2020	(104,495)	-	(104,495)
Property total, June 30, 2020	\$ 61,637,617	\$ -	\$ 61,637,617

LION ONE METALS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

March 31, 2021

4. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Tuvatu Gold Project

The Company's primary asset is the Tuvatu Gold Project located near Nadi on the island of Viti Levu, Fiji.

In January 2015, the Mineral Resources Department ("MRD") of Fiji granted Special Mining Lease 62 ("SML 62") on the Tuvatu project to the Company. SML 62 is a designated area within the original boundaries of the Company's Special Prospecting Licenses ("SPL's") 1283 and 1296. SML 62 provides exclusive rights for the potential development, construction, and operation of mining, processing, and waste management infrastructure at Tuvatu. The terms of the mining lease provide for certain performance and reporting requirements. The SML has been granted for a term of ten years provided the Company complies with the terms of the lease. Extensions to the term can be applied subject to the terms of the lease and the Mining Act. A performance and environmental bond of FJD\$2,700,000 (2020 - \$1,667,820, June 30, 2020 - \$1,682,300) has been placed on deposit with the MRD. The SML is subject to annual lease payments of FJD\$73,697 (\$44,534).

In addition to a 5% net smelter royalty ("NSR") with the government of Fiji, the Fiji properties are subject to a perpetual production royalty of 0.5% to 1.5% of net smelter returns. This NSR is payable to a company controlled by a common director.

Surface Lease Agreement

The Company holds a 21-year Surface Lease agreement with the iTaueki Land Trust Board ("TLTB") which governs the native land ownership rights in Fiji. The TLTB manages the lease agreements between native land owners and tenants.

Under the terms of the Surface Lease, the Company must make a one-time payment of FJD\$1,000,000 of which FJD\$700,000 (\$431,876) was paid upon acceptance of the Surface Lease agreement. In March 2019, the Company paid FJD\$249,497 (\$153,931) to the TLTB with FJD\$50,503 (\$31,159) remaining is due upon the first gold production from mining operations in Tuvatu. An additional lease payment of FJD\$30,000 (\$18,509) is payable per annum to the local communities for education and community development over the 21-year term of the Surface Lease agreement.

Fiji Exploration Properties

The Company holds four exploration licenses (SPL's) for the Tuvatu properties as granted by the MRD.

Under the terms of the SPL's, the Company is required to spend a minimum threshold of expenditures on each of the licenses.

SPL	Issued	Expiry Date	Bond (Fijian \$)	Bond (Canadian \$)	Expenditure Requirement (Fijian \$)	Expenditure Requirement (Canadian \$)
1283	Aug. 24, 2020	Aug. 23, 2025	\$ 158,180	\$ 95,585	\$ 1,400,000	\$ 845,992
1296	Aug. 24, 2020	Aug. 23, 2025	158,180	95,585	\$ 1,600,000	966,848
1465	Aug. 3, 2017	Aug. 2, 2020	185,000	111,792	3,050,000	1,843,054
1512	May 14, 2019	May 13, 2024	64,007	38,678	15,333,305	9,265,610

Bonds

The SPL's require the posting of bonds as security against future reclamation obligations. As at March 31, 2021, the Company has bonds of \$1,973,196 (June 30, 2020 - \$2,019,610) held with the MRD pursuant to SML62 and the SPL's and these are recorded as deposits on the statement of financial position.

In February 2020, the Company submitted the renewal applications for SPL 1283/1296 to the MRD. In September 2020, the Company was notified that the renewal for SPL 1283/1296 was approved and the expiration date is August 23, 2025. The expenditure requirement for the 5 year period ending on August 23, 2025 for SPL 1283 and SPL1296 is FJD\$1,400,000 and FJD\$1,600,000 respectively. No additional bonds will be required for SPL 1283/1296 over the 5 year period.

In August 2020, the Company submitted the renewal application for SPL 1465 and the renewal is still in process. The MRD has confirmed that SPL 1465 remains in good standing.

LION ONE METALS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

March 31, 2021**5. PROPERTY AND EQUIPMENT**

	Computers and Office Equipment	Motor Vehicles	Building and Equipment	Total
Cost				
Balance, June 30, 2019	\$ 272,806	\$ 403,152	\$ 3,352,305	\$ 4,028,263
Additions for the year	1,059	-	995,290	996,349
Cumulative translation adjustment	<u>3,367</u>	<u>9,864</u>	<u>76,127</u>	<u>89,358</u>
Balance, June 30, 2020	277,232	413,016	4,423,722	5,113,970
Additions for the year	2,156	45,769	2,745,865	2,793,790
Cumulative translation adjustment	<u>(3,771)</u>	<u>(13,266)</u>	<u>(172,939)</u>	<u>(189,976)</u>
Balance, March 31, 2021	\$ 275,617	\$ 445,519	\$ 6,996,648	\$ 7,717,784
Accumulated depreciation				
Balance, June 30, 2019	\$ 266,605	\$ 211,359	573,099	\$ 1,051,063
Additions for the year	6,031	39,986	264,908	310,925
Cumulative translation adjustment	<u>3,340</u>	<u>6,339</u>	<u>14,281</u>	<u>23,960</u>
Balance, June 30, 2020	275,976	257,684	852,288	1,385,948
Additions for the year	119	34,614	400,250	434,983
Cumulative translation adjustment	<u>(3,747)</u>	<u>(8,421)</u>	<u>(25,680)</u>	<u>(37,848)</u>
Balance, March 31, 2021	\$ 272,348	\$ 283,877	\$ 1,226,858	\$ 1,783,083
Net book value				
As at June 30, 2020	\$ 1,256	\$ 155,332	\$ 3,571,434	\$ 3,728,022
As at March 31, 2021	\$ 3,269	\$ 161,642	\$ 5,769,790	\$ 5,934,701

Other Deposits

In July 2018, the Company paid an AUD\$1,097,280 (\$1,075,334) deposit to an Australian mining contractor towards the refurbishment and purchase of certain mining equipment.

6. PROVISIONS AND PAYABLES

	March 31, 2021	June 30, 2020
Accounts payable and accrued liabilities		
Trade payables	\$ 59,863	\$ 69,164
Exploration expenditures payable	136,390	179,837
Employee benefits	<u>219,776</u>	<u>198,257</u>
Balance, end of the period	\$ 416,029	\$ 447,258

Long-term provisions represent accrued long-term service benefits for employees in Australia in accordance with Australian labour standards.

LION ONE METALS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

March 31, 2021**7. RIGHT OF USE ASSET AND LEASES**

Right-of-use asset

	March 31, 2021	June 30, 2020
Opening balance	\$ 426,433	\$ -
Adoption of IFRS 16	-	581,499
Depreciation	(116,300)	(155,066)
	\$ 310,133	\$ 426,433

Lease liability

	March 31, 2021	June 30, 2020
Opening balance	\$ (443,014)	\$ -
Adoption of IFRS 16	-	(581,499)
Payments	135,000	180,000
Accreted interest	(23,644)	(41,515)
	\$ (331,658)	\$ (443,014)
Lease liability (current)	(145,463)	(137,019)
Lease liability (non-current)	(186,195)	(305,995)
	\$ (331,658)	\$ (443,014)

8. SHARE CAPITAL AND RESERVES

a) Authorized share capital

Unlimited number of common shares without par value.

b) Private placement

On August 21, 2020, the Company completed a \$39,697,458 "bought deal" brokered private placement and concurrent non-brokered private placement of an aggregate of (i) 13,521,610 units (the "Tranche 1 Units") of the Company at a price of C\$1.70 per Tranche 1 Unit (the "Tranche 1 Price") for gross proceeds of C\$22,986,737 and (ii) 8,151,571 units (the "Tranche 2 Units" and together with the Tranche 1 Units, the "Units") of the Company at a price of C\$2.05 per Tranche 2 Unit (the "Tranche 2 Price") for gross proceeds of C\$16,710,721.

Each Tranche 1 Unit is comprised of one common share and one-half (1/2) of one common share purchase warrant (each whole common share purchase warrant attaching to a Tranche 1 Unit, a "Tranche 1 Warrant") of the Company. The Company issued 6,760,805 Tranche 1 share purchase warrants and each Tranche 1 Warrant shall be exercisable to acquire one Common Share at a price per Warrant Share of C\$2.35 expiring on August 21, 2021.

Each Tranche 2 Unit is comprised of one common share and one-half (1/2) of one common share purchase warrant (each whole common share purchase warrant attaching to a Tranche 2 Unit, a "Tranche 2 Warrant") of the Company. The Company issued 4,075,786 Tranche 2 share purchase warrants and each Tranche 2 Warrant shall be exercisable to acquire one Common Share at a price per Warrant Share of C\$2.75 expiring on August 21, 2021.

The Company incurred broker, filing and legal fees of \$2,697,247 and recognized \$1,257,883 for share issuance costs related to the issuance Tranche 1 and Tranche 2 Compensation Options ("CO").

- i. Tranche 1 CO: The Company recognized \$816,894 for share issuance costs related to the issuance of 811,968 non-transferable CO, each CO consists of an option to purchase one common share at a price of \$1.70 per unit until August 20, 2022. The fair value of the Tranche 1 CO's of \$816,894 was determined using the Black-Scholes option pricing model using the following assumptions: risk free interest rate 0.29%, expected life of 2 years, annualized volatility 82% and dividend rate at nil.
- ii. Tranche 2 CO: The Company recognized \$440,939 for share issuance costs related to the issuance of 491,042 non-transferable CO, each CO consists of an option to purchase one common share at a price of \$2.05 per unit until August 20, 2022. The fair value of the CO's of \$440,939 was determined using the Black-Scholes option pricing model using the following assumptions: risk free interest rate 0.29%, expected life of 2 years, annualized volatility 82% and dividend rate at nil.

LION ONE METALS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

March 31, 2021**8. SHARE CAPITAL AND RESERVES (cont'd...)**

c) Stock options

The TSX Venture Exchange accepted the Company's Stock Option Plan, which was approved by the Company's shareholders at the Annual General Meeting held on December 16, 2020. A rolling stock option plan has been implemented whereby a maximum of 10% of the issued shares will be reserved for issuance under the plan. Options can be granted for a term not to exceed ten years. Shareholder approval must also be obtained yearly at the Company's Annual General Meeting and in addition, submitted for review and acceptance by the Exchange each year.

Stock option transactions are summarized as follows:

	Number of Stock Options	Weighted Average Exercise Price
Balance, June 30, 2019	7,800,000	\$ 0.90
Exercised	(553,460)	0.92
Granted	2,500,000	1.53
Forfeited and expired	<u>(1,335,000)</u>	0.95
Balance, June 30, 2020	8,411,540	\$ 1.08
Exercised	(479,040)	0.95
Granted	-	-
Forfeited and expired	<u>(62,500)</u>	0.75
Balance, March 31, 2021	7,870,000	\$ 1.09
Balance, March 31, 2021 exercisable	<u>5,527,500</u>	\$ 1.01

The following stock options are outstanding and exercisable as at March 31, 2021:

	Number of Options Outstanding	Exercise price	Number of Options Exercisable	Expiry date
Stock Options	1,890,000	\$ 1.00	1,890,000	June 30, 2021
	300,000	1.75	300,000	February 1, 2022
	860,000	1.00	860,000	January 26, 2023
	2,545,000	0.75	1,871,250	March 1, 2024
	75,000	1.00	56,250	March 1, 2024
	<u>2,200,000</u>	1.50	<u>550,000</u>	June 3, 2025
	<u>7,870,000</u>		<u>5,527,500</u>	

During the period ended March 31, 2021, the Company granted Nil (2020 – Nil) stock options. The weighted average fair value of options granted during the period was Nil per share (2020 - \$Nil). Total share-based payments recognized for the period ended March 31, 2021 was \$870,014 (2020 - \$236,562) for incentive options granted and vested. Share-based payments expense of \$553,454 (2020 - \$189,003) was recognized in the statement of loss and comprehensive loss with the balance of \$316,560 (2020 – \$47,559) capitalized to exploration and evaluation assets, which relates to employees and consultants working on the Tuvatu property.

LION ONE METALS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

March 31, 2021**8. SHARE CAPITAL AND RESERVES (cont'd...)**

d) Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price	Expiry Date
Balance, June 30, 2020	14,633,750	\$ 1.20	June 6, 2021
Issued Tranche 1 August 2020 (Note 8(b))	6,760,805	2.35	August 20, 2021
Issued Tranche 2 August 2020 (Note 8(b))	4,075,786	2.75	August 20, 2021
Warrants exercised	(14,375,000)	1.20	June 6, 2021
Compensation Options (Note 8(e))			
Issued	603,750	1.20	June 6, 2021
Exercised	(358,750)	1.20	June 6, 2021
Balance outstanding and exercisable, December 31, 2020	11,340,341	\$ 2.44	

On August 25, 2020 the Company announced that it has elected to accelerate the expiry date of the outstanding common share purchase warrants originally issued by the Company as part of its private placement which closed on December 6, 2019. Pursuant to the terms of the Warrants, the Company can accelerate the expiry date of the Warrants if the closing price of the Company's common shares listed on the TSX Venture Exchange remain higher than \$1.65 for 20 consecutive trading days. As of the close of market on August 24, 2020 the Company's common shares have closed at a price higher than \$1.65 for 20 consecutive trading days. As a result, the Company exercised the acceleration right relating to the Warrants to expire on October 7, 2020. On October 13, 2020, the Company announced that a total of 14,375,000 warrants representing 100% of the \$1.20 warrants issued in connection with the December 2019 private placement for gross proceeds of approximately \$17.25 million.

e) Compensation Options

Compensation Options are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price	Expiry Date
Balance, June 30, 2020	603,750	\$0.80	June 6, 2021
Issued - Tranche 1 (Note 8(b))	811,968	1.70	August 20, 2022
Issued - Tranche 2 (Note 8(b))	491,042	2.05	August 20, 2022
Exercised	(603,750)	0.80	June 6, 2021
Balance outstanding and exercisable, March 31, 2021	1,303,010	\$ 1.83	

During to period ended March 31, 2021, the Company issued 1,303,010 Compensation Units equal to 6.0% of the aggregate number of Tranche 1 Units and Tranche 2 Units sold under the August 2020 equity offering (Note 8(b)).

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

March 31, 2021**9. RELATED PARTY TRANSACTIONS****Management Compensation**

Key management personnel comprise of the: Chief Executive Officer, Managing Director, Chief Financial Officer, Chief Development Officer, and Vice President and Corporate Secretary of the Company. The remuneration of the key management personnel is as follows for the period ended March 31:

	2021	2020
Payments to key management personnel:		
Cash compensation expensed to management fees, professional fees, investor relations and consulting fees	\$ 458,431	\$ 414,917
Cash compensation capitalized to exploration and evaluation assets	191,229	242,262
Share-based payments	339,951	(2,572)

During the period ended March 31, 2021, the Company paid \$135,000 (2020 - \$135,000) in rent to Cabrera Capital Corp. ("Cabrera"), a company controlled by a director of the Company. As at March 31, 2021, the Company had a payable of \$15,226 (June 30, 2020 - \$32,413) due to Cabrera and a lease liability of \$331,658 (June 30, 2020 - 443,014) due to Cabrera equal to the present value of office space lease payments over the term of the lease.

During the period ended March 31, 2021, the Company paid professional services fees of \$25,937 (2020 - \$24,215) to a management services company owned by a director of the Company's subsidiary.

During the period ended March 31, 2021, the Company paid directors' fees of \$17,250 (2020 - \$15,500) to non-executive board members.

As at March 31, 2021, the Company has a payable of \$Nil (June 30, 2020 - \$5,106 credit note) due to Red Lion Management Ltd., a company controlled by a director of the Company, for expenses incurred on behalf of the Company payable due to related parties are unsecured, non-interest bearing, and are due on demand.

The Company has a management and corporate services agreement with Cabrera pursuant to which Cabrera provides a fully furnished and equipped business premises as well as management and administration services to the Company. With the exception of rent expense, Cabrera charges the Company on a cost-recovery basis. The Company can terminate the agreement at any time by paying Cabrera a year's worth of fees based on the average monthly fee paid to Cabrera since April 1, 2018.

10. SEGMENTED INFORMATION

The Company operates in one industry segment, the mineral exploration industry.

March 31, 2021	Fiji	Australia	Total
Exploration and evaluation assets	\$ 65,284,953	\$ -	\$ 65,284,953
Other assets	-	434,325	434,325
Property and equipment	5,934,701	-	5,934,701
	\$ 71,219,654	\$ 434,325	\$ 71,653,979

June 30, 2020	Fiji	Australia	Total
Exploration and evaluation assets	\$ 61,637,617	\$ -	\$ 61,637,617
Other assets	-	480,430	480,430
Property and equipment	3,728,022	-	3,728,022
	\$ 65,365,639	\$ 480,430	\$ 65,846,069

LION ONE METALS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

March 31, 2021

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

Cash and cash equivalents, short term investments and restricted cash, are measured at fair value using a level 1 fair value measurement. Receivables, deposits, accounts payable and accrued liabilities and lease obligations are carried at amortized cost. The Company considers that the carrying amount of these financial assets and liabilities measured at amortized cost to approximate their fair value due to the short-term nature of the financial instruments. Long-term provisions, representing long-term service benefits, are carried at amortized cost and reflect the fair value of the instrument as the carrying value reflects the payout of the instrument as at the reporting date.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial risk factors

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and cash equivalents, short term investments and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

Receivables mainly consist of Goods and Services Tax ("GST") receivable from the Government of Canada, GST receivable from the Government of Australia and value added tax receivable from the Government of Fiji. The Company believes that the credit risk concentration with respect to receivables is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company will raise funds for future use from equity financings and other methods as contemplated by management to satisfy its capital requirements and will continue to depend heavily upon these financing activities. All of the Company's current financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. As at March 31, 2021, the Company had working capital of \$59,633,886.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

a) Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash and cash equivalents and short-term investments. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management believes the interest rate risk is low given the current low global interest rate environment.

among these currencies. Management believes the foreign currency risk is low given the low value of monetary assets (liabilities) denominated in foreign currencies.

b) Foreign currency risk

The Company's property exploration work occurs in Fiji and Australia and is conducted in Canadian dollars, Australian dollars and Fijian dollars. As such, the Company is exposed to foreign currency risk in fluctuations

LION ONE METALS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

March 31, 2021**11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)**

As at March 31, 2021, the Company's net foreign denominated financial assets (liabilities) are as follows:

	Foreign currency		Canadian dollar equivalent	
Australian Dollar	\$	1,289,477	\$	1,234,288
Fijian Dollar		4,076,319		2,463,238

The sensitivity of the Company's comprehensive loss due to changes in the carrying values of monetary assets and liabilities denominated in foreign currencies is as follows.

Increase / decrease in foreign exchange rate	March 31, 2021		June 30, 2020	
+ 5%	\$	184,876	\$	197,751
- 5%		(184,876)		(197,751)

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. The Company closely monitors commodity prices to determine the appropriate strategic action to be taken by the Company.

12. CAPITAL MANAGEMENT

The Company's capital management policy has the objective of maintaining a strong, but flexible capital structure that optimizes the cost of capital, creditor and market confidence while sustaining the future development of the business.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. The Company's capital structure includes shareholders' equity of \$134,466,182 (June 30, 2020 - \$82,068,334). In order to maintain or adjust the capital structure, the Company may from time to time issue shares, seek debt financing and adjust its capital spending to manage current and working capital requirements. The Company is not subject to externally imposed capital requirements.

There were no changes to the Company's approach to capital management during the period ended March 31, 2021.

13. SUBSEQUENT EVENTS

Other than disclosed elsewhere, the following occurred subsequent to March 31, 2021:

- a) The Company issued 40,000 shares and received proceeds of \$40,000 pursuant to the exercise of stock options