



## **LION ONE METALS LIMITED**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **FOR THE PERIOD ENDED DECEMBER 31, 2022**

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## INTRODUCTION

*The Management Discussion & Analysis ("MD&A") has been prepared by management and reviewed and approved by the Board of Directors on February 13, 2023. Set out below is a review of the activities, results of operations and financial condition of Lion One Metals Limited ("LIO", "Lion One", or the "Company") and its subsidiaries for the period ended December 31, 2022. The following discussion of performance, financial condition and future prospects should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the period ended December 31, 2022 and the audited annual consolidated financial statements for the year ended June 30, 2022. Those financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. This discussion covers the period ended December 31, 2022 and the subsequent period up to February 13, 2023, the date of preparation of this MD&A. Monetary amounts in the following discussion are in Canadian dollars unless otherwise noted. The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol LIO, on the Australian Securities Exchange ("ASX") under the symbol LLO, and on the OTCQX market under the symbol LOMLF.*

*Mr. Sergio Cattalani, M.Sc., who is an officer of the Company and a member of The Association of Professional Geologists of Ontario, is the Qualified Person under the meaning of Canadian National Instrument 43-101, and responsible for the exploration technical content of this Management's Discussion and Analysis.*

*Mr. Patrick Hickey, P. Eng., MBA, who is an officer of the company, is a Qualified Person under the meaning of Canadian National Instrument 43-101, is responsible for the development and engineering content of this Management's Discussion and Analysis.*

## OBJECTIVES AND OUTLOOK

Lion One is focused on advancing premium quality gold assets in Fiji that has: high grades, scope, district scale, and depth potential, with access to infrastructure in a mining-friendly jurisdiction. The Tuvatu Gold Project ("Tuvatu") has received all of the mandatory regulatory approvals, including a 10-year renewable mining lease Special Mining Lease (SML 62) and a 21-year surface lease, for the complete development of mining and processing operations. In August 2022, SML 62 was extended for an additional 10-year renewable term to February 28, 2035. The 384.5 hectare Tuvatu mining lease is located near its epicentre and hosts the high grade, permitted for production, Tuvatu gold resource. Mineralization of the Tuvatu deposit is associated with the emplacement of an alkalic volcanic intrusive complex, with Navilawa Caldera being one of several large mineralized alkaline gold systems aligned along the Viti Levu Lineament, Fiji's gold corridor. The geologic setting of Tuvatu shares affinities with the Vatukoula deposit in the neighboring Tavua Caldera, where over seven million ounces of gold have been recovered since mining commenced at Vatukoula in 1933. In May 2019, SPL 1512 was issued for the Navilawa tenement and Lion One became the first company in modern times to consolidate and carry out systematic exploration over the entire 7km diameter Navilawa Caldera. The Project area consists of four contiguous exploration licenses covering approximately 13,613 hectares.

The Fijian Islands are located along the Pacific Island Arc, which hosts a number of other well-known major mineralized alkaline gold deposits systems such as the Lihir and Porgera gold deposits in Papua New Guinea. This variety of gold system is not prolific in number globally but are among the largest producers of gold in the world, with notable examples in the South Pacific including the Porgera (>25 million ounces gold) and Lihir (>40 million ounces gold) gold mines in Papua New Guinea, and Vatukoula in Fiji, 40km from Tuvatu. A North American example is the Cripple Creek gold mine in Colorado. These deposits, like other alkaline hosted gold deposits, are associated with deep crustal magmas, alkaline rich alteration mineral assemblages, and are valued for their high grades and deep vertical profiles, resulting in large gold endowments.

The Company's objective is to work towards a near-term production start, concomitant with an aggressive exploration program aimed at the continued expansion of deep bonanza-grade resources for the eventual scaled-up development of a larger and richer resource base and prove the concept that the Tuvatu has the potential to become a gold camp with 10 to 20 million gold ounces. In 2019, the Company commenced a deep diamond drilling program targeting feeder structures at depth below the known Tuvatu mineralization and discovered the Deep Feeder 500 Zone ("500 Zone"), which supports the alkaline gold model and the concept that Tuvatu has high-grade gold mineralization extending and evolving at great depths. The Company will continue this deep hole drill program, up to depths of over 1,000m below the surface, to gain a better understanding of the underlying plumbing system which allowed a conduit for the gold-rich fluids from the base of the crust in that area.

The Company now utilizes eight active diamond drilling rigs capable of operating year-round through the rainy season, including seven fully owned, and a fully operational, quick-response metallurgical and geochemical laboratory at its Fiji head office in Nadi, 16km from the project site. Lion One will continue to focus on testing the deep extensions of new high-grade zones of mineralization discovered below Tuvatu in 2020 and shallow resource infill drilling from the surface and underground targeting areas of planned early production.

**HIGHLIGHTS AND SIGNIFICANT SUBSEQUENT EVENTS*****December Quarter 2022 Exploration Summary:***

During the quarter ended December 31, 2022, the Company completed 6,304.95 meters of diamond drilling in 23 completed holes, while a further 7 drill holes were still in progress. The Company is undertaking three tiers of drilling for exploration purposes:

- 1) shallow resource infill and grade control drilling from surface and underground targeting areas of planned early production
- 2) deep exploration drilling targeting lode extensions beneath the existing Tuvatu resource, and
- 3) regional target areas within the Navilawa caldera, such as Banana Creek and Matanavatu.

An additional tier of drilling for geotechnical and metallurgical purposes has also been initiated in 2022 and remains ongoing.

<b>December 2022 Quarter Exploration Summary</b>	
<b>Activity</b>	<b>Number</b>
# of drill holes completed	23
# of drill holes in progress at end of Quarter	7
# of meters drilled	6,304.95
# of drill core samples submitted for analysis	13,780
# of bulk density analyses from drill core	673
# of channels excavated and sampled	52
# of samples from channel sampling	357
# of rock chip samples collected	30
# of samples analyzed in Lion One Laboratory	13,925

During the quarter ended December 31, 2022, the Company continued with its exploration program to confirm the potential for a multi-million ounce alkaline gold system. Two rigs remain focused on the deep feeder structure of the main Tuvatu mineralization, three rigs are focused on the infill and grade control drill programs in areas earmarked for initial mining, and the remaining rig has primarily been utilized for geotechnical, water monitoring wells, and diamond drilling for the collection of metallurgical samples.

On November 7, 2022, the Company announced the results from drillhole TUDDH-608 a direct follow-up to the TUG-141/TUDDH-601. Highlight intercepts from hole TUDDH-608 include:

- 23.70m at 17.52 g/t Au from 594.5-618.2m, including
  - 6.40m at 42.58 g/t Au from 596.7-603.1m

On November 18, 2022, the Company announced results from TUG-149 which include additional high grade drilling intercepts and expanded the Deep Feeder Zone 500 by increasing the vertical extent of the URW3 lode by at least 180 m. Highlights from TUG-149 including 12.89 g/t Au over 12.9 m from 254.4 m, 84.61 g/t Au over 3.9 m from 318.6 m, and 48.65 g/t Au over 5.4 m from 423.3 m.

On December 8, 2022, the Company announced the discovery a new near-surface lode at Tuvatu. The new lode, named URA1 has been discovered during construction of the development decline; its location corresponds to Tuvatu's near-surface and earliest scheduled production area: Zone 2. The lode has been further defined through underground channel sampling and subsequent diamond drilling. Highlights include:

- Discovery of near-surface, high-grade URA1 lode from intersection with the development decline, defined through channel sampling (up to 29 g/t Au over 1m in MD-CH-002) and diamond drilling of holes TUDDH-617, 619, and 621 (up to 167.42g/t Au over 0.3m in TUDDH-617, and 27.99 g/t Au over 1.2m in TUDDH-621)

Additionally, the Company also announced that it had intersected ore-grade mineralization several hundred meters to the east of Tuvatu, associated with a distinct CSAMT gradient anomaly in drillhole TUDDH-612, which includes new ore-grade mineralization of 18.53 g/t Au over 0.6m from 492m corresponding to a sharp CSAMT geophysical gradient anomaly.

On January 25, 2023, the Company announced the results from drillhole TUG-147, and TUG-150, highlight intercepts include:

- TUG-147: 11.10m at 10.67 g/t Au from 263.1 to 274.4m, including
  - 5.7m at 13.45 g/t Au, 1.2m at 51.18 g/t Au, and 4.2m at 9.86 g/t Au.
- TUG-150: 8.4m at 8.84 g/t Au, including
  - 0.3m at 108.57 g/t Au and 1.2m at 14.71 g/t Au

Given the recent results from the deep drilling program, the Company believes it will add to the overall resource of the Tuvatu orebody. The improved understanding of the orientation of the 500 Zone now allows Lion One to connect this high-grade feeder to the base of the existing resource. The Company plans to continue additional drilling to test the lateral and vertical extents of this zone which remains open in all directions.

### **High grade results from six metallurgical drill holes**

On October 4, 2022, the Company announced the results from six metallurgical drill holes that were drilled from June to August 2022. The purpose of the program was to collect samples from areas scheduled for mining in the first three years of development for metallurgical testing. Top intercepts include:

TUDDM-001 intersecting the URW1 mineralized vein:

- 14.96 g/t Au over 24.0m from 81.8-105.8m incl. 105.19 g/t Au over 0.3m from 86.9-87.2m
- 78.64 g/t Au over 2.4m from 103.4-105.8m incl. 297.70 g/t Au over 0.6m from 105.2-105.8m

TUDDM-003 intersecting the URW1 mineralized vein:

- 65.13 g/t Au over 3.2m from 78.8-82.0m incl. 624.81 g/t Au over 0.3m from 79.1-79.4m
- 97.45 g/t Au over 0.6m from 119.8-120.4m

TUDDM-004 intersecting SKL and URW1 mineralized veins:

- 260.44 g/t Au over 0.3m from 55.7-56.0m
- 213.52 g/t Au over 0.9m from 56.6-57.5m
- 10.03 g/t Au over 3.0m from 130.6-133.6m

TUDDM-005 intersecting the Murau mineralized veins:

- 9.30 g/t Au over 5.4m from 127.7-133.1m
- 22.80g/t Au over 1.5m from 140.3-141.8m

TUDDM-006 intersecting the Murau mineralized veins:

- 9.87g/t Au over 3.9m from 141.8-145.7m including 13.49g/t Au over 1.2m from 144.5-145.7m

### **Closed Financing Facility with Nebari**

On January 19, 2023, the Company announced it has entered into a facility agreement with Nebari Gold Fund 1, LP, Nebari Natural Resources Credit Fund I, LP and Nebari Natural Resources Credit Fund II, LP (collectively, "Nebari"), with Nebari Collateral Agent, LLC as collateral agent and certain Lion One subsidiaries as guarantors, for a financing facility of up to US\$37 million (the "Financing Facility"). The Financing Facility consists of a US\$35 million senior secured first lien term loan (the "Loan Facility") and a US\$2 million (CAD\$2.7 million) equity investment ("the Equity Investment") in common shares of the Company.

On February 10, 2023, the Company announced it has received total proceeds of US\$25 million (CAD\$34 million) from its US\$37 million (CAD\$50 million) Financing Facility, which was comprised of US\$23 million (CAD\$31 million) Tranche 1 loan and completion of the US\$2 million (CAD\$2.7 million) Equity Investment. With the first tranche drawn, the Company will accelerate the completion of Tuvatu Gold Mine 300 tonne per day pilot plant production facilities with first production planned for December 2023. The US\$2 million (CAD\$2.7 million) Equity Investment has been completed on a non-brokered basis, with the issuance of 3,125,348 common shares at \$0.86 per share.

### **Underground Mine and Surface Development**

- During the quarter ended December 2022, the Company mined 6,958 tonnes of waste and the decline advanced over 90 meters with over 100 meters of lateral development
- Additional mining equipment was procured and delivered to mine site in December 2022
- Most of the processing plant equipment has been shipped to or currently in transit to Fiji
- Foundations for the crusher, screen plant, conveyors, and fine ore bin have been completed
- Foundations for the grinding circuit and leaching tank farm and leaching reagent mixing warehouse are almost complete
- Foundations for electrowinning building and gold room will be completed by the end of February 2023
- Construction of site administration office was substantially completed by the end of December 2022
- The diesel generator power plant to supply power to the site administration office has been installed and commissioned in January 2023
- Tailings storage facility construction is underway

## BACKGROUND AND CORE BUSINESS

Lion One Metals Limited was incorporated on November 12, 1996, under the name X-Tal Minerals Corp. and under the laws of the Province of British Columbia, Canada. On January 28, 2011, the Company executed a reverse takeover of X-Tal by American Eagle Resources Inc. and changed its name to Lion One Metals Limited. Lion One is a reporting issuer in British Columbia and Alberta, with its common shares listed on the TSX Venture Exchange under the symbol "LIO", and a secondary listing of Chess Depository Interests "CDI's" on the Australian Stock Exchange "ASX" under the symbol "LLO". The Company's head office and principal address is 306 – 267 West Esplanade, North Vancouver, BC, V7M 1A5.

The Company's primary asset is the 100% held Tuvatu Gold Project, located 17 km from the Nadi International Airport on the main island of Viti Levu in Fiji. Discovered in 1987, Tuvatu is a high-grade underground gold project situated along the Viti Levu lineament, Fiji's own corridor of high-grade alkaline gold deposits. The Tuvatu resource covers a 5-hectare footprint within the 384 hectare mining lease. The project contains numerous high-grade prospects proximal to Tuvatu, at depth, and up to 1.50 km along strike from the resource area, giving near-term production potential and further discovery upside on one of Fiji's largest and underexplored alkaline gold systems. The Tuvatu Project was acquired by Lion One in 2011 and has over 140,000 meters of drilling completed to date in addition to 1,600 meters of underground development. Concomitant with the mine development plan being undertaken, Lion One continues to pursue aggressive exploration drilling of newly defined feeder targets in proximity to the Tuvatu resource, including the prolific 500 Zone, as well as regional targets within the 6 km Navilawa caldera.

In 2019, the Company purchased all of the drilling equipment from Geodrill, a Fijian drilling company, and also employed several experienced drillers and offsidiers from Geodrill. This strategic acquisition ensured the Company has available, cost-effective diamond drilling capabilities by operating these drills "in-house". In 2020-2021, the Company purchased three additional deep capacity diamond drill rigs and contracts a sixth diamond drill rig to accelerate the drilling program, with the capabilities to drill to depths beyond 1,000 meters. In March 2022, the Company purchased two additional deep capacity rigs which were delivered to Fiji in September 2022, which brings the total drill rig fleet to eight rigs.

The Company has encountered multiple high-grade intercepts from its high-grade feeder diamond drill program since 2020, which supports the alkaline gold model and the concept that Tuvatu has high-grade gold mineralization extending and evolving at great depths. The Company will continue this deep hole drill program, up to depths of over 1,000m below the surface, to gain a better understanding of the underlying plumbing system which allowed a conduit for the gold-rich fluids from the base of the crust in that area. Alkaline hosted gold deposits are known to extend to great depths, so there are many areas to explore. The Company is also infill drilling from surface and underground targeting areas of planned early production with the Phase 1 and 2 infill programs. Additional sampling, resampling and relogging of earlier diamond drill holes is an ongoing project. Trenching, mapping and sampling within the Company's tenement holding is also continuing.

In May 2019, SPL 1512 was issued for the Navilawa tenement for a 5-year term ending in 2024, which for the first time consolidated the ownership of the entire Navilawa mineral complex under a tenement package with the Tuvatu 384.5 hectare SML 62 Mining Lease at its center. A number of access tracks into the Navilawa tenement were completed and sampling of prospective zones continues with numerous additional targets identified to date. The Company has a large pipeline of drilling targets across the Navilawa Caldera and this program will include deep drilling, further geophysics, mapping and sampling, and targeted exploration of other prospects generated.

In 2019, the Company completed a specialized stream sediment sampling program using the BLEG ("Bulk Leach Extractable Gold") technique over the entire project area. The results from that BLEG sampling program indicates an extensive anomalous area within the northern part of the Navilawa caldera. Furthermore, to better define the underlying structural controls that hosts the high-grade vein network in the Navilawa Caldera, an initial controlled source audio-magnetotelluric ("CSAMT") geophysical program was also completed late in 2019. Following the interpretation of this CSAMT program, the deep drilling program was expanded to include targets identified from that survey. Lion One believes the Tuvatu region can host a deep, high-grade alkaline gold system associated with the interpreted underlying magma chamber beneath the Navilawa Caldera. During the second half of 2022, the Company contracted Zonge Engineering to carry out a second CSAMT geophysical survey designed to infill and add detail and resolution to the current CSAMT results. The Company also implemented a regional drill program aimed at drill-testing some of the anomalies derived from previous geophysical and geochemical survey results.

### **Closed Nebari Financing Facility and Drawdown Tranche 1 and Equity Raise**

On January 19, 2023, the Company announced it has entered into a facility agreement with Nebari Gold Fund 1, LP, Nebari Natural Resources Credit Fund I, LP and Nebari Natural Resources Credit Fund II, LP (collectively, "Nebari"), with Nebari Collateral Agent, LLC as collateral agent and certain subsidiaries of the Company as guarantors, for a financing facility of up to US\$37 million (the "Financing Facility"). The Financing Facility consists of a US\$35 million senior secured first lien term loan (the "Loan Facility") and a US\$2 million equity investment ("the Equity Investment") in common shares of the Company.

The total amount of the Loan Facility will be funded in up to three tranches, with US\$23 million to be funded at closing (Tranche 1), and an additional US\$12 million available at the Company's option in up to two further tranches (Tranches 2 and 3) within 18 months of closing. Interest on Tranche 1 is 8% (plus three-month secured overnight financing rate, as administered by Federal Reserve Bank of New York "SOFR"), and amortization starts on the maturity date 42 months from the closing date, with no closing fees payable. Tranches 2 and 3 funding is subject to an 8% original issue discount and interest is 10% plus SOFR, with progressive amortization over 42 months from the Tranche 2 funding date, with closing fees equal to 2% of the amounts funded.

On February 10, 2023, the Company announced it has received total proceeds of US\$25 million (CAD\$34 million) from its US\$37 million (CAD\$50 million) Financing Facility, which was comprised of US\$23 million (CAD\$31 million) Tranche 1 loan and completion of the US\$2 million (CAD\$2.7 million) Equity Investment. The US\$2 million (CAD\$2.7 million) Equity Investment has been completed on a non-brokered basis, with the issuance of 3,125,348 common shares at \$0.86 per share. With the first tranche drawn, the Company will accelerate the completion of Tuvatu Gold Mine 300 tonne per day pilot plant production facilities with first production planned for December 2023.

On February 10, 2023, Nebari was issued 15,333,087 non-transferable purchase warrants in the Company, with each warrant exercisable into common shares of the Company at a price of \$1.49 for a period of 42 months from issuance. The warrants will be subject to an accelerator provision whereby the Company may accelerate the expiry date of up to 25% of the initial warrants, in the event that the volume weighted average trading price of the common shares of the Company exceeds 100% over the strike price for a period of twenty consecutive days. The Company has the option to accelerate the expiry of further 25% portions of the warrants at four-month intervals, up to a maximum of 75% of the warrants issued.

Following the first month in which the Tuvatu Project produces at least 2,000 ounces of gold, the Company shall pay Nebari a royalty equal to 0.5% of the net smelter returns on the first 400,000 ounces (equivalent to 2,000 ounces) of gold produced and sold from the Tuvatu Project.

### **EXPLORATION PROGRAM**

#### ***Diamond Drilling***

During the quarter ended December 31, 2022, the Company continued its diamond drilling program, where it completed 6,304.95 meters of diamond drilling in 23 completed holes with 7 drill holes still in progress at the end of the quarter. The Company continues to advance its deep diamond drilling program to prove that the project has the potential to become a multi-million ounces gold camp, which is consistent with Tuvatu as an example of an alkaline gold mineralizing system. Alkaline gold systems typically have large gold endowments due to their high grade and deep vertical extents. Initially, Lion One intersected high grade gold mineralization in TUDDH493 late in 2019, and then once again returned very high-grade intersections in hole TUDDH500 and its two wedges in mid-2020 and this area is referred to as the Deep Feeder 500 Zone. On June 6, 2022, the Company announced the discovery of a new major portion of the 500 Zone gold feeder including 20.86 g/t Au over 75.9m, from 443.4 to 519.3m from Hole TUG-141. TUG-141 was the longest high-grade intercept yet recorded at Tuvatu and the Company followed it up with holes TUDDH-601, with 12.22 g/t Au over 54.90m from 576.1-631.0m, and TUDDH608, with 23.7m at 17.52 g/t Au from 594.5-618.2m.

Predominant vein minerals included a combination of quartz, biotite, potassium-rich feldspar, hydrothermal apatite, epidote, a vanadium-rich hydrothermal mica called roscoelite, characteristic of alkaline gold mineralized systems, and late-stage carbonate minerals. Gold occurs as native free Au, as well as in association with pyrite, lesser chalcopyrite, sphalerite, galena, trace tetrahedrite, and minor telluride minerals. The mineral textures observed reflect rapid deposition of gold from a metal-saturated ore-forming colloid or fluid; a process referred to as "flashing". Such rapid gold-deposition can result from sudden pressure drops or a sudden change in physico-chemical conditions which destabilizes the fluid triggering the rapid precipitation of metals, and are known to generate very high grades in epithermal gold systems. Sulphide minerals include minor pyrite (2 generations), lesser marcasite, sphalerite, chalcopyrite, and traces of galena, arsenopyrite, tetrahedrite, and bornite.

Mineralization in hole TUDDH500 and the subsequent holes drilled as follow up to that hole display many diagnostic characteristics of feeder style mineralization from an alkaline gold system. Notably, remarkable vertical extent to the

high-grade mineralization, and mineral textures that suggest rapid deposition (skeletal, dendritic crystals) from what was a mineral-saturated to supersaturated fluid. This is encouraging, as it suggests the mineralized system was entirely preserved over an extensive vertical dimension, and that the Company has targeted the right part of the system to find additional mineralization.

The Company continues its three-pronged approach with drilling:

- 1) shallow resource infill and grade control drilling from surface and underground targeting areas of planned early production
- 2) deep exploration drilling targeting lode extensions and large gaps in drilling beneath the existing Tuvatu resource, and
- 3) regional Tuvatu analogue target areas within the Navilawa caldera, such as Banana Creek, Matanavatu, Batiri and Qalibua creeks.

Regional drill programs requiring access to remote parts of the Navilawa caldera (SPL1512) was interrupted during the wet season (November to March) but will resume during the dry season in 2023.

### Resource Infill/Definition Drilling

Two phases of infill drilling have been planned at Tuvatu with the aim of infilling areas within the current resource and thus augmenting the data density, to further improve the resolution of the geological model in portions of the deposit scheduled for earliest production. Phase 1 infill drilling began in June 2021 and was completed over Zone 2 in mid-February 2022, adding over 8,400m of new data from drill core, including 7,475m of new drilling and 955m of sampling of previously unsampled historic drill core. Multiple bonanza-grade intercepts have been returned from this program, which is aimed at a thorough re-appraisal of the database in portions of the resource earmarked for earliest production (news release dated February 23, 2022). Following the success of the Phase 1 Program, the Company started the Phase 2 Infill Drill Program in February 2022, which was planned for a total of 8,200m of diamond drilling from both surface and underground. To date, Phase 2 infill drilling has completed approximately 6,150m of drilling or 76% of the proposed program. To date, and including the 955m of sampling of historic drilling completed during the Phase 1 infill Program, a total of 103 historic holes have been resampled, for a total of 8,376m and 13,181 samples collected and submitted for analysis.

On May 31, 2022, the Company announced the first 11 holes for the Phase 2 infill program on Zone 5, representing 2,375m of diamond drilling, which include significant new intercepts of high- to bonanza-grade Au mineralization that was not known to occur as part of the existing resource model. The Phase 2 infill drill program, as per Phase 1, was designed to confirm the location, size, and continuity of the known mineralized lodes, in portions of the orebody slated for early production (news release dated May 31, 2022). On September 8, 2022, the Company announced the results from 20 additional drill holes, as part of ongoing Phase 2 infill drilling, including 3,900m of diamond drilling in Zone 5. The additional data outlines high-grade to bonanza-grade mineralized lode swarms less than 100m from surface. The mineralization from the Phase 2 drilling is a highly significant development, as it represents a substantive addition of Au mineralization at grades well in excess of the average resource grade, intersected at relatively shallow levels in the orebody. As a result, the new high-grade mineralization defined by the ongoing infill drill program can be expected to enhance the early part the production stream and hence the immediate economic viability of Tuvatu.

On December 8, 2022, the Company announced the discovery a new near-surface lode at Tuvatu. The new lode, named URA1 has been discovered during construction of the development decline; its location corresponds to Tuvatu's near-surface and earliest scheduled production area: Zone 2. The lode has been further defined through underground channel sampling and subsequent diamond drilling. Additionally, the Company also announced that it had intersected ore-grade mineralization several hundred meters to the east of Tuvatu, associated with a distinct CSAMT gradient anomaly in drillhole TUDDH-612.

Highlights include:

- Discovery of near-surface, high-grade URA1 lode from intersection with the development decline, defined through channel sampling (up to 29 g/t Au over 1m in MD-CH-002) and diamond drilling of holes TUDDH-617, 619, and 621 (up to 167.42g/t Au over 0.3m in TUDDH-617, and 27.99 g/t Au over 1.2m in TUDDH-621)
- Provides increase in volume of mineralized material within the portion of the deposit scheduled for earliest production.
- A general N-S orientation of the lode corresponds to other major lodes (e.g., URW1) and may indicate the presence of an additional series of undiscovered lodes further to the West of Tuvatu
- Underscores the substantial near-mine exploration upside.

Highlights TUDDH-612:

- New ore-grade mineralization of 18.53 g/t Au over 0.6m from 492m corresponding to a sharp CSAMT geophysical gradient anomaly.

- May represent the possible strike extension of the UR4 lode at Tuvatu, that may also include the deep high-grade intercept in TUDDH-494 at >1100m depth
- Tuvatu itself is coincident with a CSAMT gradient of similar magnitude; the recurring correspondence of mineralization with such gradients provides strong validation for the viability of this method for discovery of additional mineralized centers in the caldera. Once completed, this data will provide robust drill targets and substantial projected upside for new discovery.

In September 2022, the Company commenced a grade control program from underground targeting areas of planned early production, and to the end of 2022 has drilled a total of 676m in 8 diamond drill holes (7 completed, 1 in progress) for grade control. The Company is also currently working on updating the mineral resource model.

### Deep Feeder Drilling in the 500 Zone

On June 6, 2022, the Company announced the discovery of a new major portion of the gold feeder including 20.86 g/t Au over 75.9m at depth beneath the existing resource at Tuvatu. This major new feeder structure, Hole TUG-141, targeting a complex network of high-grade structures called the 500 Zone, encountered the longest high-grade intercept yet recorded at Tuvatu, 20.86 g/t Au over 75.9m, including 43.62 g/t Au over 30.0m which includes 90.35 g/t Au over 7.2m. The new discovery is located at depth beneath the current resource fully within the permit boundaries of the Tuvatu mining lease SML 62 (news release dated June 6, 2022).

The mineralized intercepts reported by TUG-141 are a significant development, as the grades and continuity observed by the intercepts in hole TUG-141 are of a magnitude not previously documented at Tuvatu and highlights the largely untapped potential of this alkaline deposit. The significance of having identified what may be a new portion of the principal feeder conduit for Tuvatu confirms the model that has driven this deep exploration program since the discovery of hole TUDDH-500 in July 2020. As part of the deep 500 Zone drill program, hole TUG-141 targeted the upper portion of the 500 Zone at depths between approximately 450-550m where it is projected to connect with the base of lodes making up the Inferred resource. TUG-141 was drilled into a very continuous and exceptionally high-grade zone, 20.86 g/t Au over 75.9m, cored by hydrothermal breccia. Such a zone of extreme fracturing and brecciation has never before been observed at Tuvatu. It is significant to note that the bulk of this mineralized interval is hosted within andesite rather than by intrusive monzonite, the more typical host rock for many lodes at Tuvatu.

Furthermore, it is also notable that the nearest drill holes to TUG-141 are TUG-135 (70m below), TUG-136 (45m to the east), and TUG-138 (60m to the west), indicating that there is considerable space for a substantial increase in the ultimate size of the feeder conduit. All three of these holes have returned previously reported bonanza grade mineralization, similar in tenor and texture to that in TUG-141, including:

- 24.92 g/t Au over 3.70m from 415.7-419.4m in hole TUG-135 including 159.3 g/t Au over 0.30m;
- 87.83 g/t Au over 1.5m from 445.1-446.6m in hole TUG-136 including 108.41 g/t Au over 0.60m;
- and 23.14 g/t Au over 3.0m from 571.5-574.5m in hole TUG-138 including 118.6 g/t Au over 0.30m

The Company's current interpretation of this portion of the 500 Zone feeder is that of a wide zone of dilation associated with the interplay of major structural corridors (UR1 and UR4 lodes) and the main lithological contact between monzonite and andesite that has the potential to extend for tens to hundreds of meters both vertically and along the north south direction. True widths exceeding 10m at the narrower apex of this dilational zone suggest a significant increase in gold ounces once this zone has been adequately drilled off, and this, independent of the rest of the extensive vertical 500 zone feeder. The Company continue to expand this critical zone of high-grade mineralization with ongoing drilling both from the surface and the underground decline.

The high-grade mineralization in the 500 Zone has now been demonstrated to extend over an area approximately 150m along strike and >300m vertically, completely outside the existing resource model. The improved understanding of the orientation of the 500 Zone allows the Company to connect this high-grade feeder to the base of the existing resource. The high-grade mineralization continues to be defined both in the near-surface portion of the deposit, as well as in the expanding the 500 Zone. The additional data generated by the infill drilling and resampling programs will greatly enhance the Company's understanding of the geometry of the veins, and raise the level of confidence needed, ahead of Lion One's near-term underground development at Tuvatu.

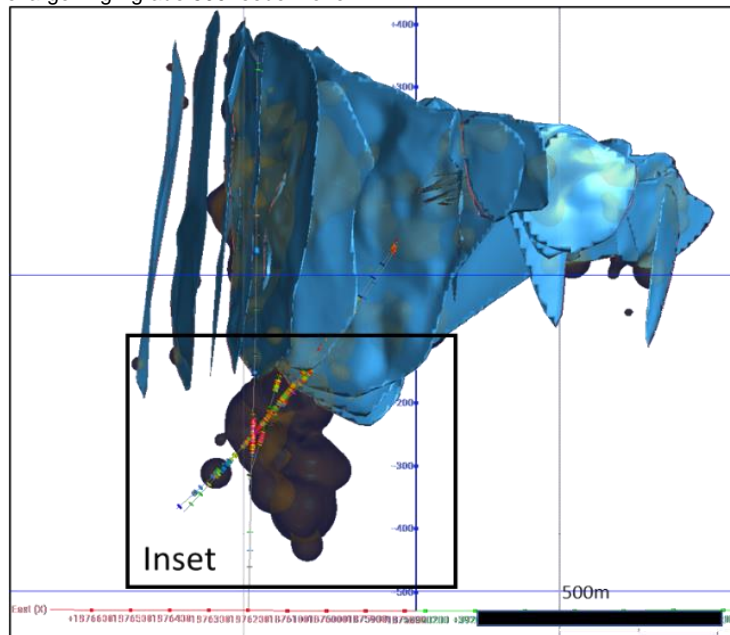
On November 7, 2022, the Company announced the results from drillhole TUDDH-608 a direct follow-up to the TUG-141/TUDDH-601 (news release dated November 7, 2022). The dip of this hole at this depth was approximately -64° equating to a true horizontal width of 10.4m. Highlight intercepts from hole TUDDH-608 include:

- 23.70m at 17.52 g/t Au from 594.5-618.2m, including 19.60m at 21.16 g/t Au from 594.5-614.1m:
  - 6.40m at 42.58 g/t Au from 596.7-603.1m
  - 1.20m at 85.1 g/t Au from 596.7-597.9m
  - 0.60m at 108.31 g/t Au from 599.8-600.4m

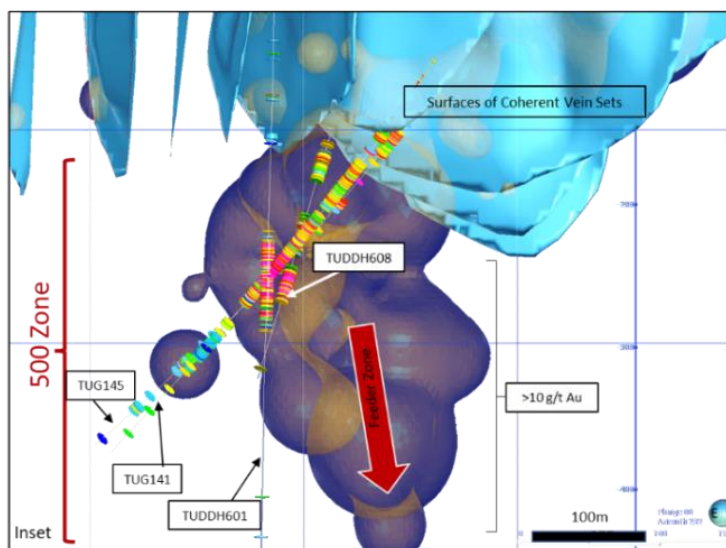


Results from TUDDH 608 provides Lion One with valuable information on the width and continuity of this zone. The outstanding results obtained of 17.52 g/t gold over 23.7m corresponds to a horizontal true width of 10.4m, which is approximately seven times the estimated average mining width, and at a grade that is nearly twice the average grade of the existing resource. The Company will continue drilling several additional holes to test the possible plunge extent estimated by oriented core structural measurements. With the completion of TUDDH-608 the Company is gaining a better understanding the true horizontal width and potential volume of the bonanza-grade feeder zone. The horizontal true width of the zone at the drilled location is 10.4m (Figure 1). Lion One regards the confirmation of the high-grade feeder zone initially identified by TUG-141 and TUGDDH-601 as transformational in that it confirms both continuity and implies extensive volume of the mineralized feeder zone below the current resource.

**Figure 1:** Tuvatu Alkalic gold mine. Blue shapes are areas of known mineralization that define the current resource. Note the trifecta of holes that delineate, in 3 different orientations, the 10.4m true width of the “Jewel Box” high-grade zone (Brown =>10 g/t Au) which occurs within the larger high-grade 500 feeder zone.



**Figure 2:** Closer view of the lower portion of Figure 3, depicting the orientation of selected drill holes that define a coherent high-grade portion within the high-grade 500 Zone mineralization entirely below the current resource.



On November 18, 2022, the Company announced results from TUG-149 which include additional high grade drilling intercepts and expanded the Deep Feeder Zone 500 by increasing the vertical extent of the URW3 lode by at least 180 m. Highlights from TUG-149 including 12.89 g/t Au over 12.9 m from 254.4 m, 84.61 g/t Au over 3.9 m from 318.6 m, and 48.65 g/t Au over 5.4 m from 423.3 m. These intercepts define of a new portion of deep, high-grade feeder material that is separate from, and parallel to, the high-grade zone previously defined by TUG-141/TUDDH-601/TUDDH-608. The new drill intercepts, in conjunction with results from the previously drilled TUG-138 drill hole, correspond to a significant increase in grade with depth along the URW3 lode.

On January 25, 2023, the Company announced the results from drillhole TUG-147, and TUG-150. TUG-147 was drilled across the UR2 structure, intersected 11.1m at 10.67 g/t Au from 263.1 to 274.4m, which includes 5.7m at 13.45 g/t Au, including 1.2m at 51.18 g/t Au, and 4.2m at 9.86 g/t Au corresponding to the intersection of the main NS-trending UR2 lode and NE-trending mineralized veining. The calculated true horizontal width of this intersection is 3.5m.

TUG-150 was targeted to cross the high-grade zone below TUG-141 and north of TUDDH-608 and only skimmed along the UR2 lode at a low angle, but nevertheless, very high-grade mineralization was intersected over a significant downhole length of 8.4m at 8.84 g/t Au, including 0.3m at 108.57 g/t Au, and 1.2m at 14.71 g/t Au which includes 0.3m at 28.51 g/t Au along the UR2 lode, further confirming the bonanza grade nature of the UR2 lode at this location.

### **High grade results from six metallurgical drill holes**

On October 4, 2022, the Company announced the results from six metallurgical drill holes that were drilled from June to August 2022. The purpose of the program was to collect samples from areas scheduled for mining in the first 3 years of development for metallurgical testing. These assays presented are a result of one eighth split core, with the remaining seven eighths being sent to metallurgical laboratories Canada for test work to assist in the design of optimized recoveries. As this is a metallurgical program, the holes were designed to intersect some vein sets at an oblique angle in-order to maximize mineralized sample recovery and as such, while drill widths does not necessarily represent true widths, the results provide information on the continuity of Au grades. The URW1 lode is interpreted to strike north-south and dip steeply east and has a true width of approximately 1 to 7 meters. The Murau lodes are interpreted to strike east-west with a moderate southerly dip with multiple lodes of true-width between 0.3 and 4 meters. The SKL lodes are dip sub horizontally, with true-widths of between 0.3 and 1 meter. TUDDM-001 intersecting the URW1 mineralized vein:

- 14.96 g/t Au over 24.0m from 81.8-105.8m including:
  - 105.19 g/t Au over 0.3m from 86.9-87.2m
  - 26.59 g/t Au over 0.9m from 95.6-96.5m
  - 33.76 g/t Au over 0.6m from 98.3-98.9m
- 78.64 g/t Au over 2.4m from 103.4-105.8m including:
  - 9.44 g/t Au over 0.6m from 104.6-105.2m
  - 297.70 g/t Au over 0.6m from 105.2-105.8m

TUDDM-003 intersecting the URW1 mineralized vein:

- 65.13 g/t Au over 3.2m from 78.8-82.0m including:
  - 98.88 g/t Au over 2.1m from 78.8-80.9m including 624.81 g/t Au over 0.3m from 79.1-79.4m
  - 97.45 g/t Au over 0.6m from 119.8-120.4m

TUDDM-004 intersecting SKL and URW1 mineralized veins:

- 260.44 g/t Au over 0.3m from 55.7-56.0m
- 213.52 g/t Au over 0.9m from 56.6-57.5m
- 40.08 g/t Au over 0.9m from 78.2-79.1m
- 10.03 g/t Au over 3.0m from 130.6-133.6m

TUDDM-005 intersecting Murau mineralized veins:

- 9.30 g/t Au over 5.4m from 127.7-133.1m including:
  - 31.56 g/t Au over 0.6m from 128.9-129.5m
  - 14.99 g/t Au over 1.2m from 129.5-130.7m
- 22.80g/t Au over 1.5m from 140.3-141.8m

TUDDM-006 intersecting the Murau mineralized veins:

- 9.87g/t Au over 3.9m from 141.8-145.7m including:
  - 10.01g/t Au over 1.2m from 141.8-143.0m
  - 13.74g/t Au over 0.6m from 143.3-143.9m
  - 13.49g/t Au over 1.2m from 144.5-145.7m

### ***Navilawa Tenement and Exploration Program***

In May 2019, SPL 1512 was issued for the Navilawa tenement for a 5-year term renewable in 2024. The tenement area directly adjoins the northern boundary of Lion One's tenements at Tuvatu, which consolidates ownership of the entire Navilawa mineral complex under a contiguous 13,613 hectare tenement package with Tuvatu's 384.5 hectare Mining Lease (SML 62) and mining and processing site, at its center. This is the first time that modern, systematic exploration has been able to be undertaken over the entire area. The Navilawa area has over 10 well defined prospects including the Kingston, Banana Creek, Matanavatu, and Tuvatu North. The most significant historic results returned were surface rock chip samples of 46.30 g/t Au from Banana Creek; 176.27 g/t Au from the Kingston, and 8.50 g/t Au from Tuvatu North. Although little systematic historical exploration has been previously undertaken in the area, a number of prospects have historic workings with short shafts or adits up to 15 meters deep or manual workings on copper- and gold-bearing rocks, as is the case at the Central Ridge prospect. Previous efforts have been primarily focused at Banana Creek, where the Company's team has completed two drill holes totaling 1,458.7m. More recently, work has been focused on the Matanavatu prospect which is approximately half-way between Tuvatu and Banana Creek. Here the Company drilled one hole (TUDDH-553) but was forced to abandon the program after only 188m of drilling due to extreme wet conditions which rendered the work untenable. The program will be resumed during the dry season in 2023.

In June 2022, the Company initiated a major benching program following up on positive results from 2021 along Qualibua creek, by extending a new bench in the Batiri creek area towards Banana creek. On August 29, 2022, the Company announced a new regional high grade gold discovery, the Batiri Creek Vein, located in the Navilawa Caldera 1.8 km northeast of the Tuvatu Alkaline Gold Project. This new regional discovery was made as a result of this benching program, referred to as the Batiri Creek occurrence returning 13.3 g/t Au over 4.0m. The Batiri Vein discovery is credited to the Lion One Fiji exploration team's regional benching and surface sampling program targeting new gold bearing systems in under-explored regions peripheral to Tuvatu in the surrounding Navilawa Caldera.

The new structure is characterized by an intense zone of veining on a lithological contact between monzonite and andesite, with two significant N-S and NE-SW oriented structural intersections. The lithological contact and structural intersections observed in the Batiri Vein are comparable to the lithological contact and structural intersections observed from deep extensional drilling in the 500 Zone below the Tuvatu resource where Lion One recently reported the longest and highest-grade intercepts yet recovered at Tuvatu, including 20.86 g/t Au over 75.90m from TUG 141 and 12.22 g/t Au over 54.90m including 20.10m @ 23.03 g/t Au from TUDDH 601.

In August 2022, the Company mobilized a drill rig to this occurrence to test the Batiri Creek discovery. A three-hole program was planned with only two holes completed (TUDDH-611 and 614), with a third hole (TUDDH-615) abandoned after only 96m of drilling due to extreme wet conditions. The highlights include 5.04 g/t Au over 0.3m in hole TUDDH-614. This program will be resumed during the 2023 dry season.

### ***CSAMT survey***

On August 16, 2022, Zonge Engineering and Research Organization arrived on site in Fiji to initiate an approximate 26 line-km Controlled Audio Source Magneto-Telluric (CSAMT) geophysical survey. The CSAMT survey was designed to fill in from the previous 2019 CSAMT survey with lines planned between existing lines to ultimately yield a denser, higher resolution coverage of the Navilawa caldera. Due to the early start of the rain season the survey was not completed in time, and Zonge will be returning to site as soon as weather permits access.

### ***Underground Mine and Surface Development***

During the quarter ended in December 31, 2022, most of processing plant equipment has been shipped to or are currently in transit to Fiji. The remaining processing equipment, including the intensive leaching and gravity concentrate equipment supplied by Sepro Canada, will be delivered to site by February 2023.

Construction of the processing plant equipment and buildings have started since September. Foundations for the crusher, screen plant, conveyors, and fine ore bin have been completed. Construction of foundations for the grinding circuit and leaching tank farm are ongoing. Foundations for the leaching reagent mixing warehouse are almost complete. Foundations for electrowinning building and gold room will be completed by the end of February 2023.

The construction of site administration office was substantially completed by the end of December 2022. The diesel generator power plant to supply power to the site administration office has been installed and commissioned in January 2023. The site administration office will be inspected for occupancy after installation of furniture in early February 2023. The new mine workshop has been built next to the main portal and has been handed over to the mining team in January 2023. The structure construction of mine changeroom has completed. Finishing and installation of hardware of the changeroom will be finish by the end of February 2023. Tailings storage facility construction is underway.

During the quarter ended in December, 2022, the Company mined 6,958 tonnes of waste and the decline advanced over 90 meters with over 100 meters of lateral development. The Company continued to optimize the mine plan and procure additional mining equipment, with some equipment arriving to site by December 2022.

The Company advises that it has not based its current mine development plan on a feasibility study of mineral reserves, demonstrating economic and technical viability, and, as a result, there may be an increased uncertainty of achieving any particular level of recovery of minerals or the cost of such recovery, including increased risks associated with developing a commercially mineable deposit.

### **Changes to Management**

The Company has accepted the resignation of Jeffrey Edelen, Vice President of Corporate Development, effective February 2023 and would like to thank Mr. Edelen for his contributions.

## **EXPLORATION AND EVALUATION ASSETS**

### **Tuvatu Gold Project, Viti Levu**

The Company's primary asset is the Tuvatu Gold Project located near Nadi on the island of Viti Levu, Fiji. The Tuvatu Gold Project has been fully permitted for development, construction and mining by the Government of Fiji with the grant of a Special Mining Lease (SML 62) in 2015. In June 2022, the Ministry of Environment of Fiji approved the Environmental Impact Assessment (EIA) update. The Company has also submitted its Rehabilitation and Closure Plan for the operation. The Company signed a 21-year Surface Lease agreement with local landowners and the iTaukei Land Trust in 2014 and the SML has been granted for a term of ten years provided the Company complies with the terms of the lease. In August 2022, the SML 62 was extended for an additional 10 years ending to February 28, 2035. Extensions to the term can be applied subject to the terms of the lease and the Mining Act.

SML 62 is a designated area within the original boundaries of the Company's 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 Mining Lease area covers 384.5 hectares and contains all of the current NI 43-101 resource and multiple high-grade prospects in the southern part of the Navilawa Caldera. The Tuvatu camp is located 16 km by road from the Lion One Fiji head office adjacent to the International Airport in Nadi, and 35 km from the Port of Lautoka.

The Company holds four exploration licenses (SPL's) for the Tuvatu properties. Under the terms of the SPL's, the Company is required to spend a minimum threshold of expenditures on each of the licenses. In March 2022, the Company received the renewal application for SPL 1465 for a three-year period ending on March 4, 2025.

SPL	Issued	Expiry Date	Bond (Fijian \$)	Bond (Canadian \$)	Expenditure Requirement (Fijian \$)	Expenditure Requirement (Canadian \$)
1283	Aug. 24, 2020	Aug. 23, 2025	158,180	96,244	1,400,000	851,823
1296	Aug. 24, 2020	Aug. 23, 2025	158,180	96,244	1,600,000	973,512
1465	Mar. 5, 2022	Mar. 4, 2025	67,979	41,361	679,789	413,614
1512	May 14, 2019	May 13, 2024	516,058	313,993	15,333,305	9,329,473

### **Mineral Resources**

The Mineral Resource models and estimates, and the site visit were conducted by Mr. Ian Taylor, B.Sc. (Hons), G.Cert. Geostats, M.AusIMM (CP) (Qualified Person [QP]) of Mining Associates Pty Ltd. ("MA"). The Mineral Resource estimate was completed in January 2018 following the completion of the 2016-2017 diamond drilling program and field exploration. This Mineral Resource estimate does not include the 2019-2022 diamond drilling programs. The Company plans to update the Mineral Resource in 2023 to include the 2019-2022 drilling programs, which are currently in progress. The Mineral Resource has been estimated for each vein individually using Ordinary Kriging (OK) of width and grade, the latter using accumulations, into a three-dimensional (3D) block model. The Mineral Resource has been estimated for each vein individually based on the current drill hole database, historic block models, and geological wireframes. The effective date for the Mineral Resource estimate is January 8, 2018 (See sensitivity of Mineral Resource to cut-off grade in table below).

Cut off (g/t Au)	Indicated Resource			Inferred Resource		
	Tonnes	g/t Au	oz Au	Tonnes	g/t Au	oz Au
2.0	1,283,000	7.2	296,400	1,822,000	7.2	423,300
<b>3.0</b>	<b>1,007,000</b>	<b>8.5</b>	<b>274,600</b>	<b>1,325,000</b>	<b>9.0</b>	<b>384,000</b>
5.0	687,000	10.60	234,300	788,000	12.5	317,500

On April 29, 2022, the Company published a National Instrument ("NI") 43-101 Preliminary Economic Assessment Update (the "Report" or the "PEA") for the Tuvatu Gold Project ("Tuvatu") as prepared by independent consultants. The reader is cautioned that the Report includes the use of Inferred Mineral Resources, which are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and as such, there is no certainty the economic results presented in the Report will be realized. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. The Report is based on low accuracy level technical and economic assessments and is insufficient to support estimation of mineral reserves or to provide assurance of an economic development case at this stage; or to provide certainty that the conclusions of the Preliminary Economic Assessment will be realized. The PEA is filed on the Company's profile at [www.sedar.com](http://www.sedar.com).

Expenditures incurred on the Fiji properties are as follows:

	June 30, 2021	Additions	June 30, 2022	Additions	December 31, 2022
Acquisition costs	\$ 21,915,063	\$ -	\$ 21,915,063	\$ -	\$ 21,915,063
Camp costs and field supplies	1,669,927	404,544	2,074,471	1,166,467	3,240,938
Consulting fees	4,183,406	863,669	5,047,075	1,856,937	6,904,012
Depreciation	2,119,877	906,196	3,026,073	1,048,328	4,074,401
Development, dewatering, geology and environmental	3,741,133	2,130,822	5,871,955	6,315,508	12,187,463
Drilling	6,152,355	706,078	6,858,433	1,571,107	8,429,540
Fiji office administration	6,587,882	1,306,926	7,894,808	1,149,331	9,044,139
Permitting and community consults	1,531,738	541,157	2,072,895	288,954	2,361,849
Site works and road building	4,309,633	405,960	4,715,593	114,613	4,830,206
Salaries and wages	10,218,501	1,049,770	11,268,271	2,112,174	13,380,445
Sample preparation, assaying	2,686,190	1,007,668	3,693,858	909,763	4,603,621
Technical reports	1,406,565	149,457	1,556,022	31,760	1,587,782
Travel	1,366,842	149,660	1,516,502	396,354	1,912,856
Vehicle and transportation	1,596,270	805,404	2,401,674	310,452	2,712,126
Write-off of exploration assets	(771,648)	-	(771,648)	-	(771,648)
Cumulative foreign currency translation adjustment	<u>(2,218,711)</u>	<u>(1,514,371)</u>	<u>(3,733,082)</u>	<u>3,165,409</u>	<u>(567,673)</u>
	\$ 66,495,023	\$ 8,912,940	\$ 75,407,963	\$ 20,437,157	\$ 95,845,120

A full tenement listing is provided in Schedule "A" at the end of this MD&A.

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**Selected Quarterly Results**

	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Total assets	\$ 147,640,714	\$ 147,162,124	\$ 131,275,674	\$ 133,027,838
Exploration and evaluation assets	95,845,120	84,781,639	75,407,963	73,635,449
Property and equipment	14,420,998	11,782,254	10,294,938	9,693,494
Working capital	20,861,205	32,337,138	36,645,040	43,308,352
Interest income	219,863	169,649	119,254	49,419
Net loss for the period	(782,767)	(1,238,814)	(545,663)	(809,577)
Comprehensive gain (loss) for the period	1,249,957	612,072	(2,465,557)	(764,120)
Basic and diluted loss per share	(0.00)	(0.01)	(0.01)	(0.01)
	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Total assets	\$ 133,185,950	\$ 134,059,118	\$ 134,290,897	\$ 135,272,336
Exploration and evaluation assets	71,137,848	69,000,349	66,495,023	65,284,953
Property and equipment	8,497,529	7,284,898	5,996,548	5,934,701
Working capital	49,997,294	54,206,890	57,892,384	59,633,886
Interest income	87,206	110,461	96,963	100,919
Net loss for the period	(779,448)	(374,265)	(1,850,742)	(764,596)
Comprehensive loss for the period	(1,268,369)	(181,320)	(2,712,756)	(2,016,839)
Basic and diluted loss per share	(0.00)	(0.00)	(0.01)	(0.00)

The focus of the Company over the periods presented has been the exploration and development of its Fijian exploration and evaluation assets. The Company raised \$39.7 million gross proceeds in August 2020 from a private placement and \$17.3 million from warrants exercised in October 2020, resulting in increases in total assets and working capital. The Company also completed a \$13.4 million private placement in September 2022. With the additional equity raised in 2020 and in 2022, the Company accelerated the development of Tuvatu project resulting in increases in exploration and evaluations assets and property and equipment, offset by declines in working capital. From September 30, 2020 to December 31, 2022, the Company has used the proceeds from the 2020 and 2022 private placements and warrants exercised and incurred cash outflows of \$29.9 million on exploration and evaluation assets, \$12.4 million on property and equipment, \$10.8 million on deposits for equipment and \$4.5 million on operating activities before non-cash working capital items.

Interest income has decreased from September 2020 to March 2022, due primarily to decrease in cash in savings accounts offset by raising interest rates. Interest income has increased since March 2022 due to the sharp rise in interest rates in Canada offset by reduction in savings account. The differential between net and comprehensive loss in each period reflects the translation adjustment of the assets and liabilities of the Company's subsidiary, Lion One Limited, which is denominated in Fijian dollars.

**Results of Operations for the six months ended December 31, 2022 compared to 2021**

The comprehensive gain for the six months ended December 31, 2022 was \$1,862,029 (2021 – loss of \$1,449,689). Significant changes to the comprehensive loss are explained as follows:

- Investor relations increased by \$141,566 to \$401,029 (2021 - \$259,463) due primarily to increase in head count, increased attendance at investor conferences coupled with in person conferences compared to virtual attendance in prior year period.
- Office and administrative expenses increased by \$100,372 to \$347,839 (2021 - \$247,467) due to higher level of corporate activities in the current period.
- Professional fees increased by \$46,781 to \$236,335 (2021 - \$189,554) primarily due to higher legal fees and fees related to financial statement quarterly review engagements initiated in 2022.
- Share-based payments expense increased to \$1,024,028 (2021 - \$477,714) due to the employee stock options granted in September 2022.

- Travel expense increased to \$71,236 (2021 - \$Nil) primarily due to travel expenses in the current period compared to no travel due to COVID-19 travel restrictions in prior year.
- During the period ended December 31, 2022, the Company recognized a foreign exchange translation gain of \$3,883,610 on its net assets denominated in Fijian dollars reflecting a strengthening of the Fijian dollar against the Canadian dollar since June 30, 2022. A foreign exchange translation loss of \$295,976 was recognized in the comparative period.

### **Results of Operations for the three months ended December 31, 2022 compared to 2021**

The comprehensive gain for the three months ended December 31, 2022 was \$1,249,957 (2021 – loss of \$1,268,369). Significant changes to the comprehensive loss are explained as follows:

- Investor relations increased by \$50,270 to \$187,501 (2021 - \$137,231) due primarily to increase in head count, increased attendance at investor conferences coupled with in person conferences compared to virtual attendance in prior year period.
- Office and administrative expenses increased by \$36,952 to \$184,850 (2021 - \$147,898) due to higher level of corporate activities in the current period.
- Professional fees increased by \$16,734 to \$116,762 (2021 - \$100,028) primarily due to higher legal fees and fees related to financial statement quarterly review engagements initiated in 2022.
- Travel expense increased to \$37,583 (2021 - \$Nil) primarily due to travel expenses in the current period compared to no travel due to COVID-19 travel restrictions in prior year.
- During the period ended December 31, 2022, the Company recognized a foreign exchange translation gain of \$2,032,724 on its net assets denominated in Fijian dollars reflecting a strengthening of the Fijian dollar against the Canadian dollar since June 30, 2022. A foreign exchange translation loss of \$488,921 was recognized in the comparative period.

### **Cash flows for the six months ended December 31, 2022 compared to 2021**

Cash, cash equivalent and short-term investments have decreased by \$16,421,217 to \$19,328,554 at December 31, 2022 from a balance of \$35,749,771 as at June 30, 2022.

Cash outflows from operating activities increased by \$1,785,456 to \$3,013,072 (2021 – \$1,227,616). This is primarily due to the increase in prepaid expenses and build up in VAT receivables compared to prior year period.

Cash outflows from investing activities increased by \$13,457,141 to \$15,618,838 (2021 - \$2,161,697) due increase in purchases of mining and process plant equipment including deposits made and a higher level of Tuvatu Gold Property exploration and development activities in the current year period, offset by current period redemption of \$10,000,000 guaranteed investment certificates (GICs).

Cash inflows from financing activities included \$12,150,376 due to net cash proceeds from the September 28, 2022 bought deal offering from (2021 –\$nil) and \$90,000 cash outflows from lease liability payments (2021 - \$90,000 outflows).

### **Financial Position**

Cash, cash equivalents and short-term investments have decreased by \$16,421,217 to \$19,328,554 as at December 31, 2022 from a balance of \$35,749,771 as at June 30, 2022, due primarily to expenditures on exploration and evaluation assets and property and equipment purchases including deposits for equipment during the current period, offset by \$12,150,376 net cash from September 2022 bought deal equity financing.

Shareholders' equity increased by \$15,711,570 to \$145,761,649 (June 30, 2022 – \$130,050,079) primarily due to the September 2022 bought deal equity financing and share-based payments expense for stock options.

## LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2022, the Company had a working capital of \$20,861,205 including cash and cash equivalents of \$19,328,554 as compared to working capital of \$36,645,040 including cash, cash equivalents and short-term investments of \$35,749,771 as at June 30, 2022. On February 10, 2023, the Company closed Tranche 1 of the Financing Facility and Equity Investment receiving US\$25,000,000, and as such, the Company believes it has adequate financial resources for the next twelve months. Being in the exploration and development stage, the Company does not have revenue from operations, and relies on equity and debt financing for its continuing financial liquidity.

Management cautions that the Company's ability to raise further funding is not certain. Additional funds will be required in order to pursue the Company's current exploration and development plans. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company's track record, and the experience and caliber of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration and development activities. Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond their control.

## CRITICAL ACCOUNTING ESTIMATES

The Company's accounting policies are described in Notes 2 and 3 of its consolidated financial statements for the year ended June 30, 2022. The preparation of the 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 year. Actual results could differ from these estimates. Management considers the following estimates to be the most critical in understanding the judgments and estimates that are involved in the preparation of the Company's consolidated financial statements and the uncertainties that could impact the results of operations, financial condition and cash flows:

### *Functional currency*

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 and incorporate the Canadian dollar, Fijian dollar and Australian dollar as detailed in Note 2 of the condensed consolidated interim financial statements for the period ended December 31, 2022.

### *Exploration and evaluation assets*

The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about its projects. 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 user is advised to refer to the risks of the Company discussed in the Annual Information Form for the year ended June 30, 2022, which discusses factors that could impair the Company's ability to develop its exploration and evaluation assets in the future.

### *Income taxes*

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.

### *Equity measurements*

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.

## PROPOSED TRANSACTIONS

Other than as disclosed elsewhere in this document, the Company does not have any proposed transactions.



## FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Financial instruments of the Company comprise of cash, cash equivalents, short term investments, , receivables, deposits, accounts payable and accrued liabilities and lease liability. The carrying values of these financial instruments do not materially differ from their fair values due to their ability for prompt liquidation or their short terms to maturity.

### *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, cash equivalents, short-term investments and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash, cash equivalents, short-term investments 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 has not had issues with respect to collectability of these amounts and 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 December 31, 2022, the Company had a working capital of \$20,861,205.

### *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.

#### b) Foreign currency risk

The Company's property exploration work occurs in Fiji and is conducted in Canadian dollars and Fijian dollars. A portion of the Company's financial assets and other assets is denominated in US dollars and Australian dollars. As such, the Company is exposed to foreign currency risk in fluctuations.

#### 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.

## RISK FACTORS

Prior to making an investment decision, investors should consider the investment risks set out in the Annual Information Form ("AIF"), located on SEDAR at [www.sedar.com](http://www.sedar.com), which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of the Company consider the risks set out in the AIF to be the most significant to potential investors in the Company, but are not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Directors are currently unaware, or which they consider not to be material in relation to the Company's business, actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline and investors may lose all or part of their investment.

## **INTERNAL CONTROLS OVER FINANCIAL REPORTING**

### **Disclosure Controls and Procedures ("DC&P")**

The Company has established disclosure controls and procedures to ensure that information disclosed in this MD&A and the related condensed consolidated interim financial statements was properly recorded, processed, summarized and reported to the Company's Board and Audit Committee. The Company's certifying officers conducted or caused to be conducted under their supervision an evaluation of the disclosure controls and procedures as required under Canadian Securities Administration regulations, as at December 31, 2022. Based on the evaluation, the Company's certifying officers concluded that the disclosure controls and procedures were effective to provide a reasonable level of assurance that information required to be disclosed by the Company in its annual filings and other reports that it files or submits under Canadian securities legislation is recorded, processed, summarized and reported within the time period specified and that such information is accumulated and communicated to the Company's management, including the certifying officers, as appropriate to allow for timely decisions regarding required disclosure.

It should be noted that while the Company's certifying officers believe that the Company's disclosure controls and procedures provide a reasonable level of assurance and that they are effective, they do not expect that the disclosure controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

### **Control over Financial Reporting ("ICFR")**

The Company's certifying officers acknowledge that they are responsible for designing internal controls over financial reporting, or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

#### *Limitations of Controls and Procedures*

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

## **BALANCE SHEET ARRANGEMENTS**

At December 31, 2022, the Company had no material off balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

**RELATED PARTY TRANSACTIONS**

The condensed consolidated interim financial statements include the financial statements of Lion One Metals Limited and its 100% owned subsidiaries American Eagle Resources Inc. (Canada), Laimes International Inc. (BVI), Auksas Inc. (BVI), Lion One Limited (Fiji), Lion One Australia Pty Ltd. (Australia) and Piche Resources Pty Ltd. (Australia).

Key management personnel comprise of the: Chief Executive Officer, Managing Director, Chief Financial Officer, Chief Operating Officer, Senior Vice President Exploration and Vice President, Corporate Secretary of the Company, members of the Board of Directors and related companies. The remuneration of the key management personnel is as follows for the period ended December 31:

	2022	2021
Payments to key management personnel:		
Cash compensation expensed to management fees, professional fees, investor relations, director fees and consulting fee	\$ 355,211	\$ 568,401
Cash compensation capitalized to exploration and evaluation assets	260,000	285,274
Share-based payments	1,133,288	562,918

During the period ended December 31, 2022, the Company paid \$90,000 (2021 - \$90,000) in rent to Cabrera Capital Corp. ("Cabrera"), a company controlled by Walter Berukoff, the CEO and director of the Company. As at December 31, 2022, the Company had a payable of \$99,422 (June 30, 2022 - \$Nil) due to Cabrera and a lease liability of \$44,407 (June 30, 2022 - \$130,608) due to Cabrera equal to the present value of office space lease payments over the term of the lease.

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.

During the period ended December 31, 2022, the Company paid \$128,990 (2021 - \$Nil) in rent to Lions Den (Fiji) Pte Limited, a company controlled by Walter Berukoff, the CEO and director of the Company, for short term and long term accommodations including utilities in Fiji, and has a receivable of \$9,171 (June 30, 2022 - \$6,840).

During the period ended December 31, 2022, the Company paid professional service fees of \$16,057 (2021 - \$11,063) to a management services company owned by David McArthur, a director of the Company's subsidiary, Lion One Australia Pty Ltd. As at December 31, 2022, the Company had a payable of \$2,759 (June 30, 2022 - \$2,934).

**OUTSTANDING SHARE DATA**

As at December 31, 2022 and February 13, 2023, the balance of common shares, stock options, warrants and compensation units were issued and outstanding as follows:

	<b>Balance</b>	<b>Balance</b>
	<b>December 31, 2022</b>	<b>February 13, 2023</b>
Common Shares	173,769,893	176,895,241
Warrants	8,674,000	24,007,087
Stock Options	12,465,000	11,605,000
Compensation Options	1,040,880	1,040,880

## INFORMATION REGARDING FORWARD LOOKING STATEMENTS

This Management's Discussion and Analysis of Financial Condition and Results of Operations contain certain forward-looking statements. Forward-looking statements include but are not limited to the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes" or variations of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and uncertainties include, among others, the actual results of current exploration activities, conclusions or economic evaluations, changes in project parameters as plans continue to be refined, possible variations in grade and or recovery rates, failure of plant, equipment or processes to operate as anticipated, accidents, labour disputes, impact of the COVID-19 pandemic on operations or other risks of the mining industry, delays in obtaining government approvals or financing or incompleteness of development or construction activities, risks relating to the integration of acquisitions, to international operations, and to the prices of gold and other metals.

While the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by law.

## ADDITIONAL INFORMATION

Additional information regarding the Company can be found at [www.sedar.com](http://www.sedar.com) and the Company's website [www.liononemetals.com](http://www.liononemetals.com).

**SCHEDULE "A"****LION ONE METALS LIMITED  
TENEMENT LISTING**

<b>TENEMENT DESCRIPTION</b>	<b>TENEMENT NUMBERS <sup>(1)</sup></b>	<b>PERCENTAGE INTEREST</b>	<b>CHANGES IN THE PERIOD</b>
<b>FIJI</b>			
<b>TUVATU GOLD PROJECT, VITI LEVU</b>			
Tuvatu	SML 62	100%	
Tuvatu	SPL 1283	100%	
Yavuna	SPL 1296	100%	
Nagado	SPL 1465	100%	
Navilawa	SPL 1512	100%	

(1) Tenured ground held in Fiji is held under Special Prospecting Licenses (SPL's) and a Special Mining License (SML).