LION ONE METALS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE YEAR ENDED JUNE 30, 2023

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Lion One Metals Limited

Opinion

We have audited the accompanying consolidated financial statements of Lion One Metals Limited (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matter. We have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets") and Property and Equipment

As described in Note 5 and 6 to the consolidated financial statements, the carrying amounts of the Company's E&E Assets and property and equipment were $123,279,784 and $30,998,185 respectively. As more fully described in Note 3 to the consolidated financial statements, management assesses E&E Assets and property and equipment for indicators of impairment at each reporting period or when a triggering event is identified.

The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets and property and equipment is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets and property and equipment, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Assets and property and equipment.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Assessing impairment indicators.
- Discussing with management regarding the plans and intent for the E&E Assets and property and equipment.
- Reviewing the Company's ability to fund future activities, and reviewing any available budgets for future periods.
- On a test basis, vouching additions made during the year.
- On a test basis, confirming title to ensure claims are in good standing.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Catherine Tai.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

September 27, 2023

LION ONE METALS LIMITED
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT JUNE 30

	2023	2022
ASSETS		
Current		
Cash and cash equivalents	$ 30,394,370	$ 25,749,771
Short term investments (Note 4)	15,000,000	10,000,000
Receivables	3,741,179	930,676
Prepaid expenses	1,296,152	1,190,188
	50,431,701	37,870,635
Non-current assets		
Right-of-use asset (Note 10, 13)	537,860	116,300
Deposits (Note 5)	2,395,957	7,112,183
Other assets (Note 8)	473,408	473,655
Exploration and evaluation assets (Note 5, 13)	123,279,784	75,407,963
Property and equipment (Note 6)	30,998,185	10,294,938
	$ 208,116,895	$ 131,275,674
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 9, 13)	$ 4,930,660	$ 1,094,987
Lease liability (Note 10, 13)	76,963	130,608
	5,007,623	1,225,595
Non-current liabilities		
Loan facility (Note 7)	25,349,166	-
Accrued interest - loan facility (Note 7)	1,559,923	-
Lease liability (Note 10, 13)	472,234	-
Reclamation and closure provision (Note 11)	676,688	-
	33,065,634	1,225,595
Shareholders' equity		
Share capital (Note 7, 12)	199,378,457	164,315,701
Reserves (Note 12)	38,944,699	26,477,648
Accumulated other comprehensive income (loss)	(880,683)	(1,261,609)
Deficit	(62,391,212)	(59,481,661)
	175,051,261	130,050,079
	$ 208,116,895	$ 131,275,674

Nature of operations (Note 1) and subsequent events (Note 18)

Approved and authorized by the Board on September 27, 2023:

"Walter H. Berukoff" Director *"Richard Meli"* Director

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

LION ONE METALS LIMITED
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED JUNE 30

		2023		2022
EXPENSES				
Consulting fees (Note 13)	$	72,321	$	46,208
Depreciation (Note 10)		144,608		155,066
Directors fees (Note 13)		23,000		23,000
Foreign exchange gain		(722,577)		(321,409)
Interest expense (Note 13)		32,421		17,573
Licenses, dues and insurance		173,478		129,338
Investor relations (Note 13)		756,754		553,403
Management fees (Note 13)		270,000		271,464
Office and administrative		845,274		461,432
Professional fees (Note 13)		583,729		420,921
Shareholder communications and filings		258,146		206,146
Share-based payments(Note 12, 13)		1,439,910		870,576
Travel		179,611		41,575
Operating loss		(4,056,675)		(2,875,293)
OTHER INCOME & EXPENSES				
Interest income		1,147,124		366,340
Loss for the year		(2,909,551)		(2,508,953)
OTHER COMPREHENSIVE INCOME (LOSS)				
Foreign exchange translation adjustment		380,926		(2,170,413)
Comprehensive loss for the year	$	(2,528,625)	$	(4,679,366)
Basic and diluted loss per common share	$	(0.02)	$	(0.02)
Weighted average number of common shares outstanding – basic and diluted		167,571,122		149,247,149

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

LION ONE METALS LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
FOR THE YEAR ENDED JUNE 30

		2023		2022
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES				
Net loss for the year	$	(2,909,551)	$	(2,508,953)
Non-cash items:				
Foreign exchange gain		(722,577)		(321,409)
Depreciation		144,608		155,066
Interest expense		32,421		17,573
Share-based payments		1,439,910		870,576
Changes in non-cash working capital items:				
Receivables		(2,839,830)		(562,306)
Prepaid expenses		(683,335)		(260,163)
Accounts payable and accrued liabilities		(82,441)		(113,814)
		(5,620,795)		(2,723,430)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES				
Purchase of property and equipment		(3,049,392)		(5,521,380)
Exploration and evaluation asset expenditures		(37,556,608)		(8,382,695)
Cash proceeds on royalty advance		-		286,322
Short term investments		(5,000,000)		5,027,545
Deposits and other assets		(14,484,435)		(5,976,138)
		(60,090,435)		(14,566,346)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES				
Cash proceeds from sale of shares – private placement		43,047,760		-
Share issuance costs on private placement		(3,228,890)		-
Cash proceeds on exercise of stock options		-		37,500
Proceeds from loan facility, net of debt issue costs		29,892,900		-
Payment of lease liability		(180,000)		(180,000)
		69,531,770		(142,500)
Effect of exchange rate changes on cash and cash equivalents		824,059		(31,166)
Change in cash and cash equivalents during the year		4,644,599		(17,463,442)
Cash and cash equivalents, beginning of the year		25,749,771		43,213,213
Cash and cash equivalents, end of the year	$	30,394,370	$	25,749,771
Supplementary cash flow information:				
Cash and cash equivalents consist of:				
Cash	$	30,394,370	$	22,749,771
Cash equivalents (redeemable short-term deposit certificates)		-		3,000,000
Non-cash transactions:				
Depreciation expense capitalized to exploration and evaluation assets	$	2,046,460	$	927,455
Right of use asset recognized upon accounting policy change		566,168		-
Share-based payments expense capitalized to exploration and evaluation assets		1,076,161		528,121
Share-based payments expense – share issuance costs		940,614		-
Capitalized interest and accretion expense – loan facility		2,241,940		-
Warrants issued as debt issue costs		5,194,866		-
Value of warrants issued in private placement		3,815,500		-
Stock options exercised – fair value		-		15,540
Reclamation and closure provision capitalized on E&E Assets		676,688		-
Reallocation of deposits to property and equipment		19,022,659		-
Accounts payable and accrued liabilities in exploration and evaluation assets		4,866,645		941,499

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

LION ONE METALS LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian Dollars)

	Share Capital					
	Number	**Amount**	**Reserves**	**Deficit**	**Accumulated Other Comprehensive Income (Loss)**	**Total**
Balance, June 30, 2021	156,371,893	164,262,661	$ 25,094,491	$ (56,972,708)	$ 908,804	$ 133,293,248
Share-based payments – stock options	-	-	1,398,697	-	-	1,398,697
Exercise of stock options	50,000	53,040	(15,540)	-	-	37,500
Comprehensive loss for the year	-	-	-	(2,508,953)	(2,170,413)	(4,679,366)
Balance, June 30, 2022	156,421,893	$ 164,315,701	$ 26,477,648	$ (59,481,661)	$ (1,261,609)	$ 130,050,079
Share-based payments – stock options	-	-	2,516,071	-	-	2,516,071
Private placement	49,823,348	43,047,760	-	-	-	43,047,760
Share issuance costs	-	(4,169,504)	940,614			(3,228,890)
Warrants issued as debt issue costs			5,194,866	-	-	5,194,866
Value of warrants issued in private placement	-	(3,815,500)	3,815,500	-	-	-
Comprehensive loss for the year	-	-	-	(2,909,551)	380,926	(2,528,625)
Balance, June 30, 2023	206,245,241	$ 199,378,457	$ 38,944,699	$ (62,391,212)	$ (880,683)	$ 175,051,261

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

1. NATURE OF OPERATIONS

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 consolidated 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 consolidated 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 has not advanced its properties to commercial production. The Company estimates that it has adequate financial resources for the next twelve months with working capital of $45,424,078. 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.

There are many external factors that can adversely affect general workforces, economies and financial markets globally. Examples include, but are not limited to, the COVID-19 global pandemic and political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company's business or ability to raise funds.

The consolidated 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 consolidated 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").

The consolidated 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.

Basis of consolidation

These consolidated 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 consolidated financial statements include the accounts of the Company and its direct wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

2. BASIS OF PREPARATION (cont'd…)

Use of Critical Judgments and Estimates

The preparation of these consolidated 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.

Critical judgments in applying accounting policies

Assessment of impairment indicators of non-current assets

Management assesses whether any indication of impairment exists at the end of each reporting period or when a triggering event is identified. Judgment is required in assessing whether certain factors would be considered an indicator of impairment. Management considers both internal and external information to determine whether there is an indicator of impairment and, accordingly, whether impairment testing is required. No impairment indicators were identified by management as of June 30, 2023.

Functional currencies

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 Pte Limited	Fiji	100%	Fijian Dollar
Lion One Australia Pty Ltd.	Australia	100%	Australian Dollar
Piche Resources Pty Ltd.	Australia	100%	Australian Dollar

Key sources of estimation uncertainty

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:

Impairment of non-current assets

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.

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.

Share-based payments

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.

3. SIGNIFICANT ACCOUNTING POLICIES

Foreign exchange

Transactions in currencies other than an entity's functional currency are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

On translation of the entities whose functional currency is other than the Canadian dollar, revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Assets and liabilities are translated at the rate of exchange at the reporting date. Exchange gains and losses, including results of re-translation, are recorded in other comprehensive loss.

Financial instruments

<u>Classification</u>
The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI"), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

The Company classifies its cash and cash equivalents, short term investments, receivables, deposits, accounts payable and accrued liabilities as financial instruments at amortized cost.

Lease liability, loan facility and related accrued interest are initially recognized at fair value, net of any transaction costs, and subsequently carried at amortized cost.

<u>Measurement</u>
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of comprehensive loss in the period in which they arise.

<u>Impairment of financial assets at amortized cost</u>
An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the year.

<u>Derecognition</u>

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Debt and borrowing costs

Debt is initially recognized at fair value, net of any transaction costs, and subsequently carried at amortized cost.

Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset are capitalized as part of the cost of that asset until the asset is substantially complete and ready for its intended use. All other borrowing costs are expensed as incurred.

Property and equipment

Property and equipment is carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized when the asset is available for its intended use, using the straight-line method at the following annual rates:

Computers and office equipment	12% - 100%
Motor vehicles	18%
Buildings and equipment	2.5% - 20%

Depreciation of property and equipment related to exploration and evaluation activities is capitalized in exploration and evaluation costs. Depreciation related to general administration is expensed in office costs.

Mineral properties – exploration and evaluation assets

Pre-exploration costs are expensed as incurred.

Costs directly related to the acquisition of and expenditures for exploration and evaluation of mineral properties are capitalized once the legal rights to explore the mineral properties are acquired or obtained. When the technical and commercial viability of a mineral resource have been demonstrated and a development decision has been made, the capitalized costs of the related property are first tested for impairment and then transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

The carrying values of capitalized amounts are reviewed annually or when indicators of impairment are present. In the case of undeveloped properties these may be only inferred resources to allow management to form a basis for the impairment review. The review is based on the intentions for the development of such a property. If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount.

Leases

The Company assesses whether a contract is or contains a lease, at the inception of a contract. The Company recognizes a right-of-use ("ROU") asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the following exceptions: (i) the Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months, or (ii) for leases of low value. The payments for such leases are recognized in either the consolidated statement of financial position or the consolidated statement of loss and comprehensive loss on a straightline basis over the lease term.

The ROU asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement day, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives, and any variable lease payments where variability depends on an index or rate. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the ROU asset and lease liability. The related payments are recognized as an expenditure in the period in which the triggering event occurs and are included in either the consolidated statement of financial position or the consolidated statement of loss and comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Impairment of tangible and intangible assets

At the end of each reporting period or when a triggering event is identified, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provision for environmental rehabilitation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, warrants and options are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each equity financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are assigned value based on the residual value method and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for agency fees or other transactions costs are accounted for as share-based payments.

Share-based payments

The Company accounts for stock options granted to directors, officers, employees and non-employees at fair value. Accordingly, the fair value of the options at the date of the grant is determined using the Black-Scholes option pricing model and share-based compensation is accrued and charged to profit or loss or exploration and evaluation assets, with an offsetting credit to share-based payment reserve, over the vesting periods. The fair value of stock options granted to non-employees is re-measured at the earlier of each financial reporting or vesting date, and any adjustment is charged or credited to profit or loss or exploration and evaluation assets upon re-measurement. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. If and when the stock options are exercised, the applicable amounts of equity reserves are transferred to share capital. The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered the deferred tax asset is not recognized.

New accounting standards issued but not yet effective

Amendments to IAS 1, Presentation of Financial Statements

In January 2020, the International Accounting Standards Board ("IASB") issued "*Classification of Liabilities as Current or Non-current (Amendments to IAS 1)"*. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that exist at the end of the reporting period. The amendments also clarify the definition of a settlement and provide situations that would be considered as a settlement of a liability. In October 2022, the IASB issued "*Non-current Liabilities with Covenants (Amendments to IAS 1)"*. These further amendments clarify how to address the effects on classification and disclosure of covenants that an entity is required to comply with on or before the reporting date and covenants that an entity must comply with only after the reporting date. The amendments are effective for reporting periods beginning on or after January 1, 2024. The Company has not yet determined the impact that these amendments will have on the consolidated financial statements.

(Expressed in Canadian Dollars)

4. SHORT TERM INVESTMENTS

The short-term investments are comprised of guaranteed investment certificates issued by the Company's banking institutions.

5. EXPLORATION AND EVALUATION ASSETS

June 30, 2023	**Total**
Acquisition costs	
Balance, June 30, 2022 and June 30, 2023	$ 21,915,063
Exploration expenditures	
Balance, June 30, 2022	57,225,982
Additions for the year	47,520,651
Balance, June 30, 2023	104,746,633
Cumulative translation adjustment	
Balance, June 30, 2022	(3,733,082)
Adjustments for the year	351,170
Balance, June 30, 2023	(3,381,912)
Property total, June 30, 2023	$ 123,279,784

June 30, 2022	**Total**
Acquisition costs	
Balance, June 30, 2021 and June 30, 2022	$ 21,915,063
Exploration expenditures	
Balance, June 30, 2021	46,798,671
Additions for the year	10,427,311
Balance, June 30, 2022	57,225,982
Cumulative translation adjustment	
Balance, June 30, 2021	(2,218,711)
Adjustments for the year	(1,514,371)
Balance, June 30, 2022	(3,733,082)
Property total, June 30, 2022	$ 75,407,963

(Expressed in Canadian Dollars)

5. 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. In August 2022, SML 62 was extended for an additional 10 year term renewable to February 28, 2035. A performance and environmental bond of FJD$2,700,000 (2023 - $1,591,712), (2022 - $1,562,409) has been placed on deposit with the MRD. The SML is subject to annual lease payments of FJD$73,697 ($43,446).

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 Laimes Global Inc., a company controlled by Walter Berukoff, CEO and director of the Company.

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 ($412,666) was paid upon acceptance of the Surface Lease agreement. In March 2019, the Company paid FJD$249,497 ($147,084) to the TLTB with FJD$50,503 ($29,723) remaining is due upon the first gold production from mining operations in Tuvatu. An additional lease payment of FJD$30,000 ($17,686) 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	93,251	1,400,000	825,332
1296	Aug. 24, 2020	Aug. 23, 2025	158,180	93,251	1,600,000	943,237
1465	Mar. 5, 2022	Mar. 4, 2025	67,979	40,075	679,789	400,751
1512	May 14, 2019	May 13, 2024	633,223	373,299	15,333,305	9,039,336

Deposits

In 2023, the Company paid $165,929 other deposits in Fiji (2022 - $4,991,008).

Bonds

The SPL's require the posting of bonds as security against future reclamation obligations. As at June 30, 2023, the Company has bonds of $2,191,588 (June 30, 2022 - $2,083,442) held with the MRD pursuant to SML62 and the SPL's and an environmental bond $38,440 (June 30, 2022 – 37,733) held with the Ministry of Environment. These are recorded as Deposits on the statements of financial position.

(Expressed in Canadian Dollars)

6. PROPERTY AND EQUIPMENT

	Computers and Office Equipment	Motor Vehicles	Buildings and Equipment	Total
Cost				
Balance, June 30, 2021	$ 273,391	$ 439,005	$ 7,224,613	$ 7,937,009
Disposals for the year	(12,508)	(58,479)	(6,721)	(77,708)
Additions for the year	9,478	563,222	4,948,680	5,521,380
Cumulative translation adjustment	(3,883)	(39,902)	(308,507)	(352,292)
Balance, June 30, 2022	266,478	903,846	11,858,065	13,028,389
Additions for the year	648,130	417,736	21,006,185	22,072,051
Cumulative translation adjustment	1,833	8,079	(150,427)	(140,515)
Capitalized finance cost	-	-	829,518	829,518
Balance, June 30, 2023	$ 916,441	$ 1,329,661	$ 33,543,341	$ 35,789,443
Accumulated depreciation				
Balance, June 30, 2021	$ 270,243	$ 291,486	$ 1,378,732	$ 1,940,461
Disposals for the year	(12,508)	(58,479)	(6,721)	(77,708)
Additions for the year	472	106,938	820,045	927,455
Cumulative translation adjustment	651	(9,310)	(48.098)	(56,757)
Balance, June 30, 2022	258,858	330,635	2,143,958	2,733,451
Additions for the year	113,738	169,735	1,762,987	2,046,460
Cumulative translation adjustment	2,174	3,516	5,657	11,347
Balance, June 30, 2023	$ 374,770	$ 503,886	$ 3,912,602	$ 4,791,258
Net book value				
As at June 30, 2022	$ 7,620	$ 573,211	$ 9,714,107	$ 10,294,938
As at June 30, 2023	$ 541,671	$ 825,775	$ 29,630,739	$ 30,998,185

7. LONG TERM DEBT

Financing Facility

On January 19, 2023 the Company 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$37,000,000 (the "Financing Facility"). The Financing Facility consists of a US$35,000,000 senior secured first lien term loan (the "Loan Facility") and a US$2,000,000 ($2,687,800) 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$23,000,000 funded on February 9, 2023 ("Tranche 1"), and an additional US$12,000,000 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 is on the maturity date 42 months from the closing date on August 8, 2026, with no closing fees payable. Tranches 2 and 3 funding is subsequent 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 9, 2023, the Company received total proceeds of US$25,000,000 from its Financing Facility, which was comprised of US$23,000,000 ($30,452,000) Tranche 1 loan facility and completion of the US$2,000,000 ($2,687,800) Equity Investment, with Nebari purchasing 3,125,348 common shares of the Company at a price of $0.86 per share. The interest with respect to Tranche 1 will be capitalized and added to the principal amount outstanding of the Loan Facility from February 9, 2023 to March 31, 2024, with monthly interest payments beginning on March 31, 2024. The interest with respect to Tranche 2 and Tranche 3, commences on the date the loans under each Tranche is made (the "Utilisation Date").

(Expressed in Canadian Dollars)

7. LONG TERM DEBT (cont'd…)

Financing Facility (cont'd…)

Management may choose to capitalize the interest related to Tranche 2/3 for the period from the Utilisation Date to the earlier of: (i) the third interest payment date following the utilization of Tranche 2; and (ii) June 30, 2024.

Following the first month in which the Tuvatu Project produces at least 2,000 ounces of gold, the Company shall pay to 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.

Debt Issue Costs

As part of the Tranche 1 loan facility with Nebari, the Company issued 15,333,087 warrants ("Tranche 1 Warrants") of the Company to Nebari, exercisable into common shares of the Company at a price of $1.49 for a period of 42 months from issuance (*Note 12 (d)*). The Tranche 1 Warrants are 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.

The Tranche 1 Warrants were valued at $5,194,866 using the Black-Scholes option pricing model using the following assumptions: risk free interest rate 2.99%, expected life of 3.5 years, annualized volatility 75% and dividend rate at nil. The Company also incurred deferred debt costs for professional and legal fees of $850,804. Of the total debt issue costs incurred, the Company recorded $559,100 as transaction costs which are netted with the debt and amortized over the term of the Loan Facility on an effective interest basis. The remainder totalling $291,704 was recorded as a prepaid deferred debt issue cost.

During the year ended June 30, 2023, the Company amortized $651,132 (2022 - $Nil) of deferred debt costs and recorded $1,590,808 (2022 - $Nil) of accrued interest expense of which $829,518 (2022 - $Nil) was capitalized to property and equipment (*Note 6*) and $1,412,422 to exploration and evaluation assets (*Note 5*).

All debts under the Loan Facility are guaranteed by the Company and it subsidiaries: American Eagle Resources, Inc., Laimes International Inc., Auksas Inc., and Lion One Pte Limited, and secured by the assets of the Company and pledges of the securities of the aforementioned Company's subsidiaries. The Loan Facility includes certain covenants that are calculated on last day of each calendar month. As at June 30, 2023, the Company was in compliance with all covenants.

	2023	2022
Loan facility	$ 30,452,000	$ -
Deferred debt costs	(5,102,834)	-
Total long-term debt, net of deferred debt costs	25,349,166	-
Non-current accrued interest	1,559,923	-
	$ 26,909,089	$ -

(Expressed in Canadian Dollars)

8. OTHER ASSETS

Royalty Interest on Olary Creek - South Australia

On March 19, 2019, the Company entered into a sale agreement (“Agreement”) to sell its 51% Olary Creek Tenement (“Olary”) interest including a 47% interest in the iron ore and manganese rights on the Olary Creek Joint Venture in South Australia, which included a 25% interest free carried through the completion of a bankable feasibility study and the decision to mine, and an optional 22% participating interest, to Olary Magnetite Pty Ltd, a wholly owned subsidiary of Lodestone Mines Limited (“Lodestone”) for the following proceeds:

- 1% FOB royalty on Iron Ore or manganese concentrates sold from Olary plus AUD$0.75 per tonne of Iron Ore or manganese concentrates or 2% FOB royalty on Iron Ore or manganese concentrates sold from Olary.

- Lodestone shall advance against the FOB royalty payable noted above:
  a. 10% of all funds raised by Lodestone until funding specifically designated as funding for a Bankable Feasibility Study (“BFS”) has been raised;
  b. AUD$1,000,000 upon funding being raised by Lodestone specifically designated as funding for a Bankable Feasibility Study;
  c. AUD$3,000,000 upon a Decision to Mine being made; and
  d. AUD$3,000,000 upon 18 months after a Decision to Mine being made.

During the year ended June 30, 2023, the Company has assigned the carrying value of the Olary Creek property at $27,981 (June 30, 2022 - $28,228) to the value of the royalty interest, which has been disclosed in other assets.

Mining Equipment Deposit

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. In May 2021, the Company requested the delivery of the mining equipment to Fiji and to date it has not been delivered. During the year ended June 30, 2021, the Company wrote down the deposit by $632,147 to its estimated carrying value. As at June 30, 2023, the estimated carrying value is $445,427 (June 30, 2022 - $445,427).

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities	2023	2022
Trade payables	$ 64,016	$ 153,488
Exploration and evaluation assets expenditures payable	4,866,644	941,499
Balance, end of the year	$ 4,930,660	$ 1,094,987

(Expressed in Canadian Dollars)

10. RIGHT-OF-USE ASSET AND LEASE LIABILITY

On July 1, 2019, the Company recognized $581,499 for a right-of-use asset for the office space lease and $581,499 for the lease liability equal to the present value of office space lease payments over a 45-month period ending March 31, 2023, discounted by using the Company's estimated incremental borrowing rate at 8.0%.

On April 1, 2023, the Company recognized $566,168 for a right-of-use-asset for the office space lease and $566,168 for the lease liability equal to the present value of office space lease payments over a 60-month period ending March 31, 2028, discounted by using the Company's estimated incremental borrowing rate of 20.0%.

Right-of-use asset

	2023	2022
Opening balance	$ 116,300	$ 271,366
Additions	566,168	-
Depreciation	(144,608)	(155,066)
	$ 537,860	$ 116,300

Lease liability

	June 30, 2023	June 30, 2022
Opening balance	$ (130,608)	$ (293,035)
Additions	(566,168)	-
Payments	180,000	180,000
Accreted interest	(32,421)	(17,573)
	$ (549,197)	$ (130,608)
Lease liability (current)	(76,963)	(130,608)
Lease liability (non-current)	(472,234)	-
	$ (549,197)	$ (130,608)

The annual commitment over the term of the lease is as follows:

Less than one year	$180,000
One to two years	$180,000
Two to three years	$180,000
Three to four years	$180,000
More than four years	$135,000

11. RECLAMATION AND CLOSURE PROVISION

The Company has recorded a reclamation provision of $676,688 for future reclamation costs associated with the Tuvatu Gold Project in Fiji. The reclamation costs has been calculated to reflect the amount of expected future net cash outflows discounted to present value for the future reclamation of disturbances incurred as at June 30, 2023. The reclamation provision has been recorded using a discount rate of 4% and an inflation factor of approximately 3.5%. As at June 30, 2023, total undiscounted estimated reclamation costs are approximately $710,000.

12. SHARE CAPITAL AND RESERVES

a) Authorized share capital

Unlimited number of common shares without par value.

(Expressed in Canadian Dollars)

12. SHARE CAPITAL AND RESERVES (cont'd…)

b) Bought Deal Offering

On September 28, 2022, the Company completed a bought deal offering of 17,348,000 units, at price of $0.77 per unit for gross proceeds of $13,357,960 (the "Offering"). Each unit consists of a common share of the Company and one-half of one common share purchase warrant. Each whole common share warrant, may be exercised to purchase a common share at a price of $1.05 until September 28, 2025. In the event that the volume weighted average trading price of the common shares on the TSX-V or such other principal exchange on which the common shares are then trading, is greater than $1.75 for a period of twenty consecutive trading days at any time after the closing of the Offering, the Company may accelerate the expiry date of the warrants by giving written notice to the holder thereof and in such case the warrants will expire on the 30th day after the date on which such notice is given by the Company.

In connection to the Offering, the Company incurred broker, filing and legal fees of $1,206,319 and recognized $427,932 of share issuance costs related to the issuance of 1,040,880 non-transferable compensation options ("CO") (*Note 12(e))*, each CO is exercisable to purchase a common share at a price of $0.77 until September 28, 2025. The fair value of the CO's of $427,932 was determined using the Black-Scholes option pricing model using the following assumptions: risk free interest rate 3.68%, expected life of 3 years, annualized volatility 75% and dividend rate at nil.

On February 9, 2023, in connection to the Financing Facility, the Company completed a private placement of 3,125,348 shares, at a price of $0.86 per share for gross proceeds of US$2,000,000 ($2,687,800) *(Note 7)*.

On May 11, 2023, the Company completed a bought deal offering of 29,350,000 units, at price of $0.92 per unit for gross proceeds of $27,002,000 (the "Offering"). Each unit consists of a common share of the Company and one-half of one common share purchase warrant. Each whole common share warrant, may be exercised to purchase a common share at a price of $1.25 until November 11, 2025. The Company recognized $3,815,500 residual value relating to the share purchase warrants from this offering.

In connection to the Offering, the Company incurred broker, filing and legal fees of $2,022,571 and recognized $512,682 of share issuance costs related to the issuance of 1,755,000 non-transferable compensation options ("CO") (*Note 12(e))*, each CO is exercisable to purchase a common share at a price of $0.92 until November 11, 2025. The fair value of the CO's of $512,682 was determined using the Black-Scholes option pricing model using the following assumptions: risk free interest rate 3.69%, expected life of 3 years, annualized volatility 64% and dividend rate at nil.

c) Stock options

The TSX-V accepted the Company's Stock Option Plan, which was approved by the Company's shareholders at the Annual General Meeting ("AGM") held on December 16, 2022. 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 AGM and in addition, submitted for review and acceptance by the TSX-V each year.

Stock option transactions are summarized as follows:

	Number of Stock Options	Weighted Average Exercise Price
Balance, June 30, 2021	9,480,000	$ 1.16
Exercised	(50,000)	0.75
Forfeited and expired	(955,000)	1.34
Balance, June 30, 2022	8,475,000	1.15
Granted	4,540,000	1.25
Forfeited and expired	(1,876,667)	1.15
Balance, June 30, 2023	11,138,333	1.19

(Expressed in Canadian Dollars)

12. SHARE CAPITAL AND RESERVES (cont'd…)

c) Stock options (cont'd…)

The following stock options are outstanding and exercisable as at June 30, 2023:

	Number of Options Outstanding	Exercise price	Number of Options Exercisable	Expiry date
Stock Options	2,195,000	0.75	2,195,000	March 1, 2024
	75,000	1.00	75,000	March 1, 2024
	1,800,000	1.50	1,800,000	June 3, 2025
	3,420,000	1.25	2,577,500	June 2, 2026
	3,648,333	1.25	1,238,331	September 3, 2027
	11,138,333		7,885,831	

During the year ended June 30, 2023, the Company granted 4,540,000 (2022 – Nil) stock options. The weighted average fair value of options granted during the period was $0.65 per share (2022 - $Nil). Total share-based payments recognized for the year ended June 30, 2023 was $2,516,071 (2022 - $1,398,697) for incentive options granted and vested. Share-based payments expense of $1,439,910 (2022 - $870,576) was recognized in the consolidated statement of loss and comprehensive loss with the balance of $1,076,161 (2022 – $528,121) capitalized to exploration and evaluation assets, which relates to employees and consultants working on the Tuvatu property.

d) Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price	Expiry Date
Balance, June 30, 2021	10,836,591	$ 2.50	August 20, 2021
Warrants expired	(10,836,591)	2.50	August 20, 2021
Balance, June 30, 2022	-		
Warrants issued – Note 12(b)	8,674,000	1.05	September 28, 2025
Warrants issued – Note 12(b)	14,675,000	1.25	November 11, 2025
Warrants issued – Note 7	15,333,087	1.49	August 9, 2026
Balance, June 30, 2023	38,682,087	1.30	

e) Compensation Options

The compensation options were issued from September 2022 and May 2023 private placements.

Compensation Options are summarized as follows:

	Number of Options	Weighted Average Exercise Price	Expiry Date
Balance, June 30, 2021 and 2022	1,303,010	$ 1.83	August 20, 2022
Expired	(1,303,010)	1.83	August 20, 2022
Issued – Note 12(b)	1,040,880	0.77	September 28, 2025
Issued – Note 12(b)	1,755,000	0.92	November 11, 2025
Balance outstanding and exercisable, June 30, 2023	2,795,880	$ 0.86	

(Expressed in Canadian Dollars)

13. RELATED PARTY TRANSACTIONS

Management Compensation

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 year ended June 30:

		2023		2022
Payments to key management personnel:				
Cash compensation expensed to management fees, professional fees, investor relations, directors fees and consulting fees	$	981,879	$	578,584
Cash compensation capitalized to exploration and evaluation assets		533,927		545,139
Share-based payments		1,719,254		943,069

During the year ended June 30, 2023, the Company paid $180,000 (2022 - $180,000) in rent to Cabrera Capital Corp. ("Cabrera"), a company controlled by Walter Berukoff, the CEO and director of the Company. As at June 30, 2023, the Company had a lease liability of $549,197 (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 had 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. On April 1, 2023, the Cabrera management and corporate services agreement was renewed for an additional 5-year term.

During the year ended June 30, 2023, the Company paid $174,405 (2022 - $108,277) 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 $6,590 (June 30, 2022 – receivable $6,840).

During the year ended June 30, 2023, the Company paid professional fees of $34,258 (2022 - $33,054) to a management services company owned by David McArthur, a director of the Company's subsidiary, Lion One Australia Pty Ltd. As at June 30, 2023, the Company had a payable of $7,756 (June 30, 2022 - $2,934).

14. SEGMENTED INFORMATION

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

June 30, 2023		Fiji		Australia		Total
Exploration and evaluation assets	$	123,279,784	$	-	$	123,279,784
Other assets		-		27,981		27,981
Property and equipment		30,998,185		-		30,998,185
	$	154,277,969	$	27,981	$	154,305,950

June 30, 2022		Fiji		Australia		Total
Exploration and evaluation assets	$	75,407,963	$	-	$	75,407,963
Other assets		-		28,228		28,228
Property and equipment		10,294,938		-		10,294,938
	$	85,702,901	$	28,228	$	85,731,129

(Expressed in Canadian Dollars)

15. INCOME TAXES

A reconciliation between expense (recovery) and the product of accounting loss multiplied by the Company's domestic tax rate for the years ended June 30, 2023 and 2022 is as follows:

	2023	2022
Net loss before income tax	$ 2,909,551	$ 2,508,953
Income tax rate	27.00%	27.00%
Expected tax recovery at statutory income tax rate	(786,000)	(677,000)
Increase (decrease) due to:		
Permanent differences	210,000	236,000
Effect of change in tax and foreign exchange rate	(20,000)	162,000
Share issuance costs	(872,000)	-
True up and other adjustments	4,000	51,000
Tax effect of tax losses and temporary differences not recognized	1,464,000	228,000
	$ -	$ -

No deferred tax assets have been recognized on the consolidated statements of financial position as the Company has concluded that it is not probable that the benefits of deferred income tax assets will be realized prior to their expiry. As such, the Company has the following unrecognized deductible temporary differences:

	2023	2022
Non-capital losses	$ 37,120,000	$ 34,654,000
Share issue costs	4,531,000	1,996,000
Other assets	1,778,000	630,000
Exploration and evaluation assets (no expiry date)	2,888,000	3,726,000
Property and equipment (no expiry date)	388,000	513,000

As at June 30, 2023, the Company has non-capital losses, for Canadian income tax purposes, of approximately $28,772,000 to reduce future taxable income in Canada. These losses, if unused, will expire between 2027 and 2043.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

Cash and cash equivalents, short term investments, receivables, deposits, accounts payable and accrued liabilities, lease liability, Loan Facility and accrued interest-loan facility are carried at amortized cost. The Company considers the carrying amount of the current financial assets and liabilities measured at amortized cost to approximate their fair value due to the short-term nature of the financial instruments. The fair value of long-term liabilities are initially reorded at fair value and subsequently carried at amortized cost using rates comparable to market interest rates.

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.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (con'd…)

Financial risk factors (cont'd…)

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 June 30, 2023, the Company had working capital of $45,424,078.

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 has cash balances, investment-grade short-term deposit certificates issued by its banking institution and long-term debt under the Loan Facility. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Advances under the Loan Facility bear interest at the 3 month SOFR +8% for Tranche 1 and +10% for Tranche 2/3. The Company manages this risk by monitoring fluctuations in SOFR and in the event 3 month SOFR is in excess of 5%, the Company has the option to pay that portion of the interest attributable to Term SOFR that exceeds 5% by issuing shares of the Company subject to the approval of the TSX-V.

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 (liabilities) and other assets are denominated in US dollars and Australian dollars. As such, the Company is exposed to foreign currency risk in fluctuations.

As at June 30, 2023, the Company's net foreign denominated financial assets (liabilities) are as follows:

	Foreign currency	Canadian dollar equivalent
Australian Dollar	3,086,236	2,720,208
Fijian Dollar	2,007,841	1,183,667
USD Dollar	(18,703,204)	(24,763,042)

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	2023	2022
+ 5%	$ 1,042,960	$ 424,059
- 5%	(1,042,960)	(424,059)

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.

17. 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 $175,051,261 (June 30, 2022 - $130,050,079). 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. There were no changes to the Company's approach to capital management during the year ended June 30, 2023.

18. SUBSEQUENT EVENT

On August 28, 2023, the Company issued 75,000 shares and received proceeds of $56,250 pursuant to the exercise of stock options.