



## **LION ONE METALS LIMITED**

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

### **FOR THE PERIOD ENDED DECEMBER 31, 2020**

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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 11, 2021. 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, 2020. 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, 2020 and the audited annual consolidated financial statements for the year ended June 30, 2020. 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 three and six months period ended December 31, 2020 and the subsequent period up to February 11, 2021, 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. Stephen Mann, who is an officer and director of the Company and a member of The Australasian Institute of Mining and Metallurgy, is the Qualified Person under the meaning of Canadian National Instrument 43-101, and responsible for the technical content of this Management's Discussion and Analysis.*

## 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 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).

**HIGHLIGHTS AND SIGNIFICANT SUBSEQUENT EVENTS**

- **2020 - 2021 drill campaign and new drill rigs purchased**

During the quarter ended December 31, 2020, the Company purchased two additional deep capacity underground diamond drill rigs that were delivered to Fiji in February 2021, with vertical depth extents in excess of 1,000m. Both rigs have depth capacities in excess of 1,000m in NQ sized core. The acquisition of these deep capacity diamond drill rigs will enable the Company to continue drilling throughout wet seasons by using the existing exploration decline and future underground development areas. By drilling from underground, the Company will be able to drill all year round and also reduce the length of the drill holes when targeting the deep feeder structures, which have recently been intersected in a number of holes including TUDDH493, TUDDH500, the wedges off TUDDH500 and TUDDH514.

These two underground rigs will focus on testing for deep extensions of new high-grade zones of mineralization discovered below Tuvatu in 2020, highlighted by TUDDH500 which returned a notable intercept of 55.43 g/t Au over 12.70m from 571m (including 1,400 g/t Au over 0.3m) approximately 200m below one of the deeper points in the current Tuvatu resource (see August 17, 2020 news release). In addition to discovering deep extensions below Tuvatu, the Company has also discovered very similar styles of mineralization at Banana Creek, 3km to the NE of Tuvatu, and has a large pipeline of drilling targets across the Navilawa Caldera.

- **December Quarter 2020 Exploration Logistic Summary:**

During the quarter ended December 31, 2020, the Company completed 2,654 meters of diamond drilling in nine completed holes, whilst two further drill holes were still in progress. 2,158 meters of drilling was completed on the Tuvatu mining lease SML62, whilst 496 meters were completed on exploration license SPL1512.

<b>December 2020 Quarter Exploration Summary</b>	
<b>Activity</b>	<b>Number</b>
# of drill holes completed	9
# of drill holes in progress at end of Quarter	4
# of meters drilled	2,654
# of drill core samples submitted for analysis	2,068
# of bulk density analyses from drill core	802
# of channels excavated and sampled	289
# of samples from channel sampling	1,345
# of rock chip samples collected	38
# of samples analysed in Lion One Laboratory	3,375

- **Deep drilling at Tuvatu confirms high-grade feeder**

During the quarter ended December 31, 2020, the Company continued with its accelerated exploration program to confirm the potential of this large mineralized alkaline system to host multi-millions gold ounces. The Company's drill rig #1 resumed deep drilling under the main Tuvatu lode system with TUDDH500w2, whilst drill rig #3 continued with deep hole TUDDH504, both targeting the feeder structure of the main Tuvatu mineralization.

On November 4, 2020, the Company announced the results from the second wedged daughter hole from parent hole, TUDDH500. TUDDH500w2 was wedged from 381.5 meters downhole and was terminated in difficult ground conditions at 808.1 meters. The mineralized intercepts encountered in TUDDH500w2 provide Lion One with valuable information about the orientation of the newly discovered high-grade structure beneath the Tuvatu lode system.

Numerous mineralized intercepts were encountered in TUDDH500w2 between down hole depths of 601m and 764m. These include short high-grade intervals of 0.9m grading 21.37 g/t Au, 1.5m grading 25.64 g/t Au and 0.5m grading 35.11 g/t Au. Given the length over which gold-bearing intervals were encountered and the presence of many shorter, high-grade intercepts, Lion One has interpreted that TUDDH500w2 was drilled parallel to and in the hanging wall of the high-grade structure intersected in holes TUDDH500 and TUDDH500w1. It is possible that hole TUDDHw2 may have cut through the high-grade zone if it had successfully continued to its targeted depth of 900m. The completion of TUDDH500w2 has confirmed an east-northeast and near vertical orientation of the high-grade structure.

On January 18, 2021, the Company announced high-grade gold results from two recently completed drill holes one deep hole TUDDH514 and one shallow hole TUDDH518:

- Hole TUDDH514, a north-oriented diamond drill hole completed to a depth of 1,014.8m, tested an area approximately 100m vertically underneath and approximately 7m along strike from a deep high-grade lode (12.7m grading 55.43 g/t Au in hole TUDDH500). Two high-grade lodes were intersected in TUDDH514, 2.24m grading 13.31 g/t Au beginning at 495.60m including 0.35m grading 64.40 g/t Au and 3.47m grading 20.71 g/t Au beginning at 706.94m including an exceptionally high-grade subinterval of 0.23m grading 294.50 g/t Au. Interestingly, this hole also encountered a narrow intercept of 0.35m grading 10.52 g/t Au at a depth of 983.15m, the deepest mineralized intercept ever encountered at Tuvatu.
- Hole TUDDH518, an easterly-oriented diamond drill hole completed to a depth of 197.8m, tested a shallow area within the upper reaches of the Tuvatu lode system that lacked drilling. This hole encountered a narrow, but exceptionally high-grade interval of 0.25m grading 255.50 g/t Au beginning at 190.7m through what is thought to be the UR2 lode.

On February 3, 2021, the Company announced the recent shallow and deep high-grade gold drill results from two diamond drill holes (TUDDH520 and TUDDH517W), both are still in progress.

- Hole TUDDH520, a southeast oriented diamond drill hole still in progress, has encountered high-grade gold mineralization including 12.45m grading 21.31 g/t Au including 0.35m grading 544.00 g/t Au in a shallow intercept through the URW1 lode at a down hole depth beginning at 90.10m, or a depth below surface of approximately 75m. Lion One now takes the view that the URW1 lode is likely a deep-rooted high-grade lode structure worthy of further extensional deep testing.
- Hole TUDDH517W, a north-oriented diamond drill hole, encountered 3m grading 114.10 g/t Au beginning at a down hole depth of 594.60m. This intercept is believed to be in a splay structure coming off of a nearby deep high-grade lode being targeted by Lion One.

▪ **Technical Report Update demonstrates potential near-term development and production**

On September 25, 2020, 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 PEA for Tuvatu demonstrates robust economic potential for a low-cost, high-grade gold operation with low upfront capital costs, enabling rapid payback of capital even at a gold price of USD \$1,400 per ounce; at the same time as the Company focuses upon Tuvatu's potential for near-term development and production opportunity, with further exploration and expansion potential as we continue our current drill programs to extend the known mineralization of Tuvatu and the surrounding Navilawa Caldera.

PEA Highlights (all amounts are quoted in USD utilizing a base case gold price of \$1,400 per oz):

<b>NPV<sup>(5)</sup></b>	<b>USD\$155 million</b>
<b>IRR (pre tax)</b>	<b>60.3%</b>
<b>Operating cost</b>	<b>US\$503/ oz</b>
<b>AISC (pre tax)</b>	<b>US\$586/ oz</b>
<b>Payback</b>	<b>1.5 years</b>
<b>Capital</b>	<b>USD\$66.8 million</b>
<b>Initial gold production</b>	<b>331,369 oz</b>
<b>Average grade</b>	<b>8.6 g/t Au</b>

A PEA is preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as Mineral Reserves. Furthermore, there is no certainty that the PEA will be realized. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. The PEA is filed on the Company's profile at [www.sedar.com](http://www.sedar.com).

- **COVID-19**

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The Government of Fiji confirmed its first case of COVID-19 on March 19, 2020 and has since documented a total of 56 cases of COVID-19, with 2 fatalities attributed to the virus. To date, the impact of COVID-19 to Lion One's activities has been minimal as the Company acted quickly to establish clear policy guidelines for the health and safety of its employees and consultants, and their families, and thus has experienced only a small decrease in productivity. The Company continues to monitor the situation in Fiji, and whilst the health and safety of its employees remains the highest priority, work activities have continued with little disruption. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

Though COVID-19 has restricted the movement of some of the management team and consultants into Fiji, in addition to significant delays to the arrival of equipment and consumables from out of the country, the Company has continued its exploration program with little interruption. In actual fact, due to the acceleration of its exploration program, Lion One increased its workforce in 2020 by 30% due to the additional drilling teams for the rigs, and laboratory staff to cater for the increased number of samples forwarded from the field team.

- **Exercised acceleration right for \$1.20 warrants issued on December 6, 2019**

On October 13, 2020, the Company announced that a total of 14,375,000 warrants representing 100% of the \$1.20 warrants issued in connection with the December 2019 private placement were exercised for gross proceeds of approximately \$17.3 million. The Company's working capital as at December 31, 2020 is \$62.7 million and remains well capitalized to continue exploration activities on the Navilawa alkaline gold system, while simultaneously advancing development planning for the Tuvatu project.

## OBJECTIVES AND OUTLOOK

Lion One is focused on advancing premium quality gold assets in Fiji that have the world class attributes of: high grades, scope, district scale, and depth potential, with access to infrastructure in a mining-friendly jurisdiction. The Tuvatu Gold Project has received all of the mandatory regulatory approvals, including a 10-year renewable mining lease and a 21-year surface lease, for the complete development of mining and processing operations at Tuvatu. The Company will continue to advance its exploration program to add further high-grade resources in its effort to develop a world class alkaline gold project. In securing the adjacent ground to Tuvatu in mid 2019, 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 now consists of four contiguous exploration licenses covering almost 200km<sup>2</sup>. The 385 hectare Tuvatu mining lease is located near its epicentre and hosts the high grade, permitted for production, Tuvatu gold resource.

In light of the Company's understanding of the alkaline model and the way Tuvatu fits into that model type, the Company will continue to expand its exploration efforts to prove the concept that the project has the potential to become 10 to 20 million ounces gold camp. This program will include deep drilling, further geophysics, mapping and sampling, and targeted exploration of other prospects generated in 2019 to 2020 and before. Four diamond drill rigs have been mobilized to drill at depth below Tuvatu and Tuvatu West themselves, but also to target many of the numerous prospects elsewhere within the project area. With the ongoing operation of the existing drill rigs in Lion One's fleet and the acquisition of two new underground drill rigs that were delivered in February 2021, the Company expects to substantially increase its annual meters drilled, ensuring that many of the targets identified in 2019 and 2020 are tested.

Lion One emerged into 2020 as a fully equipped gold exploration company with four active surface drilling rigs and a fully operational, quick-response metallurgical and geochemical laboratory in nearby Nadi. The Company also added personnel to its growing and vastly experienced exploration and engineering team and was able to operate in Fiji with minimal disruption throughout 2020.

The CSAMT survey (see news release dated Feb. 5, 2020) completed in late 2019 revealed the deep structural architecture underlying the Navilawa system, to depths below 1,200m, with many major structural intersections underlying areas displaying strong coincident gold anomalism at surface. Another strong indicator of a large gold system is evidenced through widespread gamma radiation emitted from high concentrations of the alkaline element potassium across the Navilawa system.

Drill targets are quickly emerging at Navilawa. The two holes at Tuvatu West appear to have encountered high level splay structures, possibly above a deeper feeder structure and more holes are planned beneath Tuvatu itself where the company has intersected very high grade feeder structures. The Company plans to continue drilling at a much deeper level at Tuvatu to prove the concept of the Navilawa Caldera hosting many millions of ounces of gold.

## 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 ("Tuvatu"), 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. Tuvatu is situated with a 5-hectare footprint inside a larger 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 around 100,000 meters of drilling completed to date in addition to 1,600 meters of underground development.

In January 2019, the Company purchased all of the drilling equipment from Geodrig, a Fijian drilling company, which included one surface diamond drilling rig and one underground drilling rig, with a full parts inventory and vehicle fleet. Lion One also employed several experienced drillers and offsiders from Geodrig. This strategic acquisition ensured the Company has available, cost effective diamond drilling capabilities well into the future. Operating these drills "in-house" enables the Company to significantly reduce drilling costs, a huge benefit to the Company's ability to implement cost-effective exploration. The Company purchased its third diamond drill rig, with the capabilities to drill beyond 1,000 meters below the surface in 2020. The rig was delivered to Fiji in August 2020 and commissioned in September. The Company intends to accelerate the drilling advance in subsequent quarters with the acquisition of two additional new underground drill rigs that arrived to Fiji in February 2021.

The Company's has encountered multiple high-grade intercepts from its 2020 high-grade feeder diamond drill program, which supports the alkaline gold model and the concept that Tuvatu has high-grade Au 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 is targeting the root feeder or feeders that gave rise to the Tuvatu lode complex. Alkaline hosted gold deposits are known to extend to great depths, so there are many areas to explore. Additional sampling, resampling and relogging of earlier diamond drill holes is ongoing. Trenching, mapping and sampling within the Company's tenement holding is 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. The Company announced the discovery of Tuvatu style lodes at Banana Creek, approximately 3 km northeast of the Tuvatu resource (news release dated July 20, 2020). The Banana Creek project area is a new, high-priority greenfields target situated within Lion One's Navilawa tenement (SPL1512). Rig #2 has initiated drilling new targets within this Navilawa license area. A number of access tracks into the Navilawa tenement (SPL1512) have been completed and sampling of prospective zones continues with numerous additional targets identified to date.

In 2019, the Company also completed a specialized stream sediment sampling program using a BLEG technique over the entire concession area. The results from that BLEG sampling program indicates an extensive anomalous area within the northern part of the Navilawa caldera and where the Company will explore for extensions of this robust gold system.

To better define the underlying structural controls that hosts the high-grade vein network in the Navilawa Caldera, an initial CSAMT geophysical program was also completed in November 2019. Following the interpretation of the CSAMT program, the deep drilling program has been expanded to include targets identified from that survey. Lion One believes the Tuvatu region can host a prolific, deep, high-grade alkaline gold system associated with the interpreted underlying magma chamber beneath the Navilawa Caldera.

## Technical Report and PEA Update for the Tuvatu Gold Project

An updated PEA and Technical Report was completed in September 2020. The Report has been prepared in connection with the Company's Annual Information Form for the year ended June 30, 2020. The Report represents an update of the Project to comply with applicable disclosure regulations and is not the attainment of a new milestone for the development of the Project. In particular, the mineral resource estimate used in the PEA is from 2018 and does not include any drilling completed by the Company in its 2019-2020 drill programs. Furthermore, the potential development model set out in the PEA is confined to the mineral resource area inside the permitted mine lease (SML 62) and does not reflect the expanded Project area following the grant of the adjoining Navilawa Caldera tenement (SPL 1512) in 2019.

The Tuvatu project demonstrates robust economic potential for a low-cost, high-grade gold operation with low upfront capital costs, enabling rapid payback of capital even at a gold price of USD \$1,400 per ounce. The Tuvatu project has an estimated cash costs of USD \$503 per Au ounce and all-in-sustaining costs of USD \$586 per Au ounce over the first five years of its initial mine life. Projected production of 331,369 Au ounces at head grades of 8.6 g/t. The project generates net cash flow after tax of USD \$160.8 million over its five year production life and an IRR of 51% (after tax).

A PEA should not be considered a prefeasibility or feasibility study, as the economics and technical viability of the Project have not been demonstrated at this time. A PEA is preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as Mineral Reserves. Furthermore, there is no certainty that the conclusions or results reported in the Technical 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.

### **Sensitivity of Pre-tax and After-tax NPV and IRR to Variations in Gold Price:**

In September 2020, Tetra Tech prepared an economic evaluation of the Project using the gold price of USD \$1,400/oz (base case), the following financial parameters were calculated:

- Pre-tax IRR of 60.3% and After-tax IRR of 50.9%
- Pre-tax NPV of USD155.8 million and After-tax NPV of USD121.7 million (5% discount rate)
- 1.5-year payback (pre-tax) and 1.7-year (after-tax) on USD66.8 million of initial capital

The economic evaluation of the Project includes a sensitivity analysis to variations in gold price (see table below). At USD \$2,000 per Au oz, the following financial parameters were calculated:

- Pre-tax IRR of 99.3% and After-tax IRR of 85.0%
- Pre-tax NPV of USD307.9 million and After-tax NPV of USD243.4 million (5% discount rate)
- 0.88-year payback (pre-tax) and 1.04 year (after-tax) on USD66.8 million of initial capital

Gold Price (USD/oz)	Pre-Tax NPV5% (USD millions)	Pre-Tax IRR	After-Tax NPV5% (USD millions)	After-Tax IRR	Payback (After-tax years)	Pre-Tax Cash Flow undiscounted (USD millions)	After-Tax Cash Flow undiscounted (USD millions)
1,000	54.4	27.1%	40.0	22.1%	2.61	79.0	61.1
1,200	105.1	44.7%	80.9	37.4%	2.09	140.9	111.1
<b>1,400</b>	<b>155.8</b>	<b>60.3%</b>	<b>121.7</b>	<b>50.9%</b>	<b>1.67</b>	<b>202.8</b>	<b>160.8</b>
1,600	206.5	74.4%	162.2	63.2%	1.38	264.7	210.3
1,800	257.2	87.3%	202.8	74.5%	1.19	326.6	259.9
<b>2,000</b>	<b>307.9</b>	<b>99.3%</b>	<b>243.4</b>	<b>85.0%</b>	<b>1.04</b>	<b>388.5</b>	<b>309.4</b>
2,200	358.7	110.5%	284.0	94.9%	0.91	450.4	358.9
2,400	409.4	121.1%	324.5	104.3%	0.80	512.3	408.4

### **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 2019-2021 diamond drilling program. 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

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. The PEA is preliminary in nature and uses Inferred mineral resources.

### Qualified Persons

A summary of the Qualified Persons responsible for the PEA Report is listed below. The updates include geological exploration, mine plan, metallurgical test work, process design, infrastructure, capital and operating cost estimates, and project economic analysis. Lion One commissioned a team of Mineral Resource estimate and engineering independent consultants to complete this Technical Report in accordance with NI 43-101 Standards of Disclosure for Mineral Projects. The independent consulting firms are listed below:

- Mining Associates Pty Ltd. (MA) – Geology and Mineral Resource estimate and related information
- GeoSpy Pty Ltd. (GeoSpy) – Geology and exploration
- Entech Pty Ltd. (Entec) – Mining and mining-related operations, underground geotechnical investigations, mining-related capital and operating cost estimates
- Tetra Tech Canada Inc. (Tetra Tech) – Metallurgical test work review, process and process-related cost estimates, G&A and surface service operating cost estimates, site infrastructures (excluding site geotechnical investigation and TSF), and environment
- Wood PLC (Wood) – Site geotechnical investigation and TSF

## EXPLORATION PROGRAM

### Diamond Drilling

During the quarter ended December 31, 2020, the Company continues its diamond drilling with 3 of its own drill rigs and 1 contract drill rig, where it completed 2,654 meters of diamond drilling in nine completed holes, whilst four further drill holes were still in progress. 2,157.8 meters of drilling were completed on the Tuvatu mining lease SML62, whilst 496.2 meters were completed on exploration license SPL1512. Drilling progress was slower than anticipated due to both mechanical problems and delays in received replacement parts because of COVID-19, and the commencement of the wet season. The Company intends to accelerate the drilling advance in subsequent quarters with the acquisition of two additional new underground drill rigs that arrived in Fiji in February 2021.

The Company continues to advance its deep diamond drilling program to accelerate its exploration efforts to prove that the project has the potential to become 10 to 20 million ounces gold camp, which is consistent with how Tuvatu fits into an alkaline gold model. 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. These holes displayed characteristics typical of feeder style mineralization in alkaline gold systems. Predominant vein minerals included a combination of quartz, potassium-rich hydrothermal feldspar called adularia and carbonate minerals. The dark gray host monzonite wall-rock is also flooded with these minerals generating lighter shades of gray. A green, vanadium-rich mica called roscoelite has been identified in some veins. Native gold occurs as fine-grained aggregates that appear to clump together forming larger particles. This may reflect rapid, colloidal deposition of gold from a gold-saturated ore-forming fluid. Such rapid gold-deposition can generate very high grades in alkaline gold systems. Sulphide minerals include minor pyrite and traces of galena, sphalerite and chalcopyrite.

Mineralization in hole TUDDH500 and the subsequent drill holes highlighted below displays many diagnostic characteristics of feeder style mineralization from an alkaline gold system. Notably, textures of gold suggest rapid deposition from what was possibly a gold-saturated mineral-forming fluid. This is encouraging, as it suggests the Company has targeted the right part of the system to find more such mineralization. 802 samples were collected from drill core for bulk density analyses. This is an ongoing program.



**Table 1: Significant High-Grade Results from drill holes TUDDH500, TUDDH500w1, TUDDHw2***\* Denotes holes previously reported*

Hole Number	From (m)	To (m)	Interval (m)	Grade (g/t)
TUDDH500*	506.35	506.75	0.40	2.53
	511.15	512.17	1.02	2.09
incl	511.15	511.45	0.30	5.38
	<b>558.00</b>	<b>560.00</b>	<b>2.00</b>	<b>46.70</b>
incl	<b>559.00</b>	<b>559.50</b>	<b>0.50</b>	<b>144.00</b>
	<b>571.00</b>	<b>583.70</b>	<b>12.70</b>	<b>55.43</b>
incl	<b>579.00</b>	<b>583.70</b>	<b>4.70</b>	<b>144.81</b>
or	<b>582.80</b>	<b>583.70</b>	<b>0.90</b>	<b>582.33</b>
and	<b>582.80</b>	<b>583.10</b>	<b>0.30</b>	<b>1,400.00</b>
	659.00	660.50	1.50	1.94
	671.30	671.60	0.30	10.55
	764.00	765.00	1.00	1.70
TUDDH500w1*	508.40	509.90	1.50	4.60
incl	508.40	508.70	0.30	16.43
	562.00	562.60	0.60	6.75
incl	562.00	562.30	0.30	12.51
	580.90	581.80	0.90	9.30
incl	580.90	581.50	0.60	12.84
	<b>591.60</b>	<b>594.90</b>	<b>3.30</b>	<b>85.70</b>
incl	<b>592.20</b>	<b>592.50</b>	<b>0.30</b>	<b>305.00</b>
and	<b>594.30</b>	<b>594.60</b>	<b>0.30</b>	<b>310.00</b>
	620.00	622.00	2.00	1.00
	632.00	632.50	0.50	6.43
TUDDH500w2*	568.50	569.50	1.00	1.22
	<b>601.00</b>	<b>609.50</b>	<b>8.50</b>	<b>3.14</b>
incl	<b>604.00</b>	<b>607.00</b>	<b>3.00</b>	<b>6.36</b>
	612.00	614.00	2.00	2.69
	625.50	629.00	3.50	2.36
	633.00	634.00	1.00	2.08
	<b>665.80</b>	<b>668.50</b>	<b>2.70</b>	<b>8.15</b>
incl	<b>665.80</b>	<b>666.70</b>	<b>0.90</b>	<b>21.37</b>
	669.50	671.00	1.50	5.28
	<b>674.00</b>	<b>680.50</b>	<b>6.50</b>	<b>7.32</b>
incl	<b>674.00</b>	<b>674.50</b>	<b>0.50</b>	<b>67.40</b>
	685.50	687.00	1.50	3.67
	<b>750.10</b>	<b>755.50</b>	<b>5.40</b>	<b>5.32</b>
incl	752.00	752.50	0.50	35.11
	757.00	759.50	2.50	4.48
incl	757.00	758.00	1.00	8.12
	763.00	764.00	1.00	1.79

**Table 2: Significant High-Grade Results from drill holes TUDDH514 - TUDDH520**

Hole Number	From (m)	To (m)	Interval (m)	Grade (g/t)
<b>TUDDH514</b>	196.50	197.05	0.55	2.67
	423.67	424.00	0.33	3.38
	443.00	444.60	1.60	1.40
	456.75	457.60	0.85	1.73
	463.35	463.77	0.42	3.28
	<b>495.60</b>	<b>497.84</b>	<b>2.24</b>	<b>13.31</b>
<b>incl</b>	<b>497.00</b>	<b>497.35</b>	<b>0.35</b>	<b>64.40</b>
	549.32	552.22	2.90	1.36
	595.20	596.25	1.05	1.23
	616.45	616.70	0.25	12.40
	<b>703.70</b>	<b>707.17</b>	<b>3.47</b>	<b>20.71</b>
<b>incl</b>	<b>706.94</b>	<b>707.17</b>	<b>0.23</b>	<b>294.50</b>
	924.38	924.75	0.37	1.16
	983.15	984.90	1.75	2.54
<b>incl</b>	983.15	983.50	0.35	10.52
<b>TUDDH517w1</b>	590.00	590.50	0.50	2.66
	<b>594.60</b>	<b>594.90</b>	<b>0.30</b>	<b>114.10</b>
<b>TUDDH518</b>	162.30	164.50	2.20	1.13
<b>incl</b>	163.60	164.20	0.60	2.08
	<b>190.70</b>	<b>190.95</b>	<b>0.25</b>	<b>255.50</b>
<b>TUDDH519</b>	64.60	65.00	0.40	12.64
<b>TUDDH520</b>	90.10	102.55	12.45	21.31
<b>incl</b>	90.10	91.30	1.20	161.85
<b>with</b>	90.10	90.45	0.35	544.00
<b>and incl</b>	94.90	102.55	7.65	9.01
<b>with</b>	95.70	96.05	0.35	16.32
<b>and</b>	97.30	98.70	1.40	28.23
<b>and</b>	100.70	101.0	0.30	17.74
<b>and</b>	102.30	102.55	0.25	41.98
	125.85	128.20	2.35	4.00
<b>incl</b>	126.60	127.05	0.45	13.58
<b>and</b>	127.50	127.70	0.20	11.82

Samples in Table 1 and 2 have been assayed at Lion One's own geochemical and metallurgical laboratory in Fiji, but duplicate samples are also shipped to ALS Chemex in Australia for check assay including screen fire assay and gravimetric analyses where appropriate. The true widths of the intercepts listed above have not been determined. No previous drilling has been undertaken in this area below the known deposit thus making interpretation difficult at this stage.

Diamond drill holes TUDDH500, 500w1, 500w2, and TUDDH514 passed through either part or the entirety of the targeted controlled source audio-magnetotelluric ("CSAMT") gradient that appears to highlight the location of the feeder zone. Multiple intervals of typical Tuvatu-style lode mineralization and associated alteration were noted during geologic logging of these holes.

Lion One believes that the reason the feeder zone was encountered higher than anticipated in hole TUDDH500 is because the new interpretation puts the top of the hole in the footwall of the structure that hosts the high-grade feeder. After it passed through the feeder, the hole then encountered multiple Tuvatu lodes that apparently occupy splay structures residing in the hanging wall of the feeder structure. Also, initial structural orientation data gathered from the feeder zone suggests it may have a more northeast orientation making it oblique to the Tuvatu lodes, most of which have a general north-south orientation.

On January 18, 2021, the Company announced high-grade gold results from two recently completed drill holes (one deep hole - TUDDH514 hole and one shallow hole - TUDDH518).

#### *TUDDH514*

Hole TUDDH514, a north-oriented diamond drill hole completed to a depth of 1,014.8m, tested an area approximately 100m vertically underneath and approximately 7m along strike from a deep high-grade lode (12.7m grading 55.43 g/t Au in hole TUDDH500) encountered by Lion One late in 2020 (news release dated November 4, 2020). Two high-grade lodes were intersected in TUDDH514, 24m grading 13.31 g/t Au beginning at 495.60m including 0.35m grading 64.40 g/t Au and 3.47m grading 20.71 g/t Au beginning at 706.94m including an exceptionally high-grade subinterval of 0.23m grading 294.50 g/t Au. Interestingly, this hole also encountered a narrow intercept of 0.35m grading 10.52 g/t Au at a depth of 983.15m, the deepest mineralized intercept ever encountered at Tuvatu (see Table 2 above).

The orientation of the deep high-grade lode encountered by hole TUDDH500 and its wedge holes, and now hole TUDDH514, is confirmed to be northeast and near vertical. This confirmation allows Lion One to now plan further aggressive deep drilling to test this exciting target. The high-grade lode is open along strike, up dip, and at depth. Alkaline gold systems are known to continue to great depths. "The high-grade intercept of 3.47m grading 20.71 g/t Au encountered in hole TUDDH514 is fully 100m vertically below and 7m along strike from our high-grade intercept in hole TUDDH500 and its wedge holes," commented Dr. Quinton Hennigh, technical advisor to Lion One. "This is a big step-out and gives the Company high confidence it has discovered a significant root structure below the Tuvatu lode system." In addition, this hole encountered a somewhat shallower high-grade intercept of 2.24m grading 13.31 g/t Au on a second deep-rooted lode. For a system that hosts approximately 2,500 to 3,000 oz of resource per vertical meter, seeing these deep holes deliver such high-grade intercepts well-below the existing resource is encouraging. We are quite keen to see what wedge hole, TUDDH514w1 delivers when it commences."

#### *TUDDH518*

Utilizing the Company's shallow capacity drill rig, hole TUDDH518, an easterly-oriented diamond drill hole was completed to a depth of 197.8m, and tested a shallow area within the upper reaches of the Tuvatu lode system that lacked drilling. This hole encountered a narrow, but exceptionally high-grade interval of 0.25m grading 255.50 g/t Au beginning at 190.7m through what is thought to be the UR2 lode (see Table 2 above).

On February 3, 2021, the Company also announced high-grade gold results from two further drill holes that are currently still in progress (TUDDH517w1 and TUDDH520):

#### *TUDDH517w1*

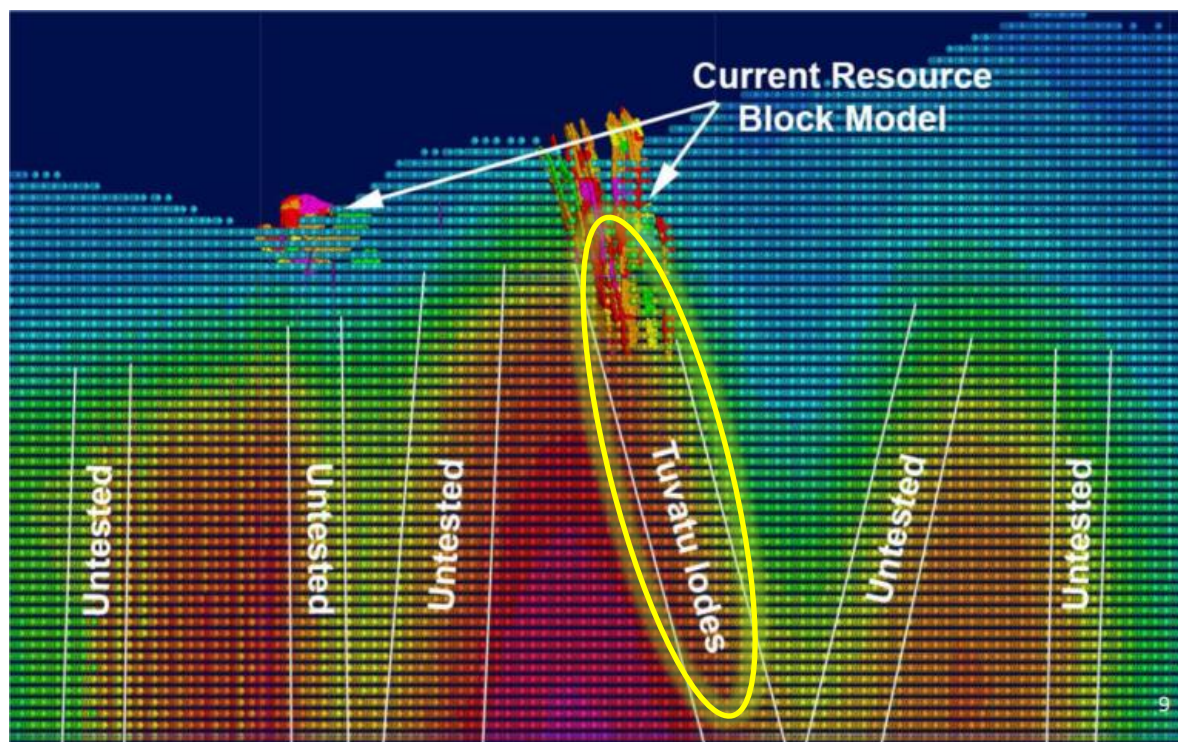
Hole TUDDH517W, a north-oriented diamond drill hole, encountered 0.3m grading 114.10 g/t Au beginning at a down hole depth of 594.60m (see Table 2 above). This intercept is believed to be in a splay structure coming from a nearby deep high-grade lode being targeted by Lion One.

*TUDDH520*

Hole TUDDH520, a southeast oriented diamond drill hole still in progress, has encountered high-grade gold mineralization including 12.45m grading 21.31 g/t Au including 0.35m grading 544.00 g/t Au in a shallow intercept through the URW1 lode at a down hole depth beginning at 90.10m, or a depth below surface of approximately 75m. Historic drilling in this area only returned 2m grading 6.4g/t Au (TUDDH076 from 101m), however these new results show a wider width, multiple structures and visible gold indicating a stronger mineralized system in the near-surface. Interestingly, an older drill hole, TUDDH160, encountered a very high grade intercept of 0.50m grading 1,614 g/t Au in the URW1 lode about 320m below this new intercept. Lion One now takes the view that the URW1 lode is likely a deep-rooted high-grade lode structure worthy of further extensional deep testing. An intercept of 2.35m grading 4.00 g/t Au including 0.45m grading 13.58 g/t Au was also encountered deeper in hole TUDDH520 at a down hole depth of 125.85m.

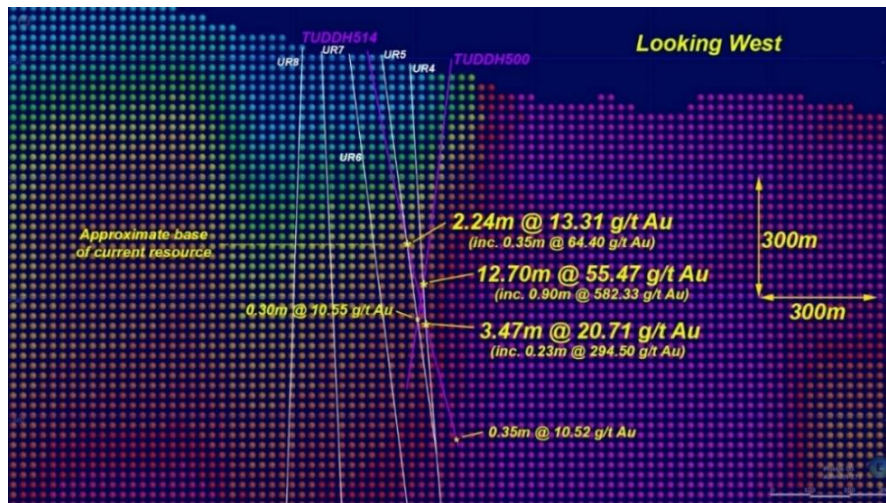
The Company will continue to drill additional deep holes to gain a better understanding of the underlying plumbing system that introduced the gold-rich fluids and further delineate the root feeder or feeders that gave rise to the Tuvatu lode complex. Alkaline gold deposits are known to extend to great depths, so there are many areas to explore.

**Figure 1:** Interpreted CSAMT Section across existing Tuvatu resource highlighting (as the yellow ellipse) the target area beneath Tuvatu West where the holes mentioned in this report have been drilled, including the depth extension, untested parts of the CSAMT structural geophysical target



Multiple shallow holes are planned in the upper part of the southern end of the Tuvatu lode system utilizing the company's shallow capacity drills. Two underground drill rigs purchased by the Company arrived in Fiji in February. These drill rigs will allow Lion One to accelerate drill testing of the deep high-grade discovery and allow continuous drilling through the wet season. In preparation for the arrival of these new drills, Lion One's technical crew has begun preparing multiple drill stations within the existing Tuvatu decline and other underground workings. Underground drilling allows certain advantages including: decreasing the length of holes needed to reach target depth, more favorable angles at which deep, steep high-grade structures can be intersected, and year-round, continuous drilling.

**Figure 2:** Cross Section Overlain on CSAMT Looking West showing results of TUDDH500 (12.7m @ 55.47 g/t Au), and results in TUDDH514 (2.24m @ 13.31 g/t Au and 3.47m @ 20.71 g/t Au)

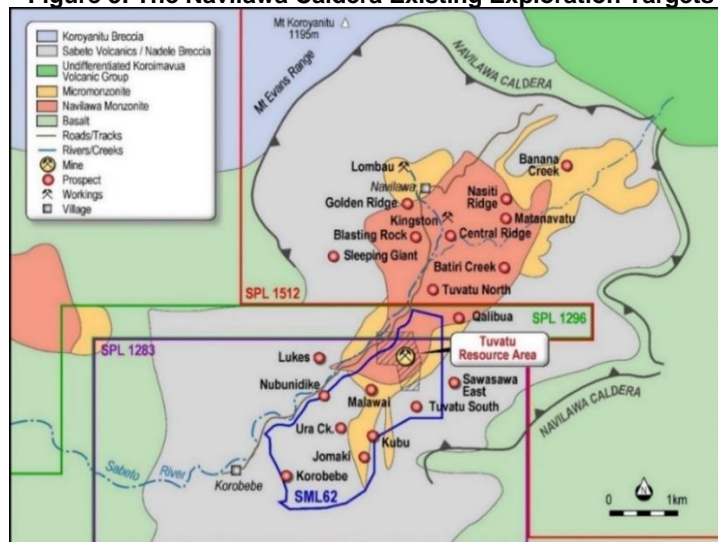


**Navilawa Tenement and Exploration Program**

The Company was notified in November 2017 by Fiji's Ministry of Lands and Natural Resources that it was the successful tenderer to acquire the Navilawa exploration. Following extensive discussions with landowners and finalization of access agreements in May 2019, SPL 1512 was issued for the Navilawa tenement for a 5-year term renewable in 2024. The Navilawa prospect area directly adjoins the northern boundary of Lion One's tenements at Tuvatu, which consolidates ownership of the entire Navilawa mineral complex under a 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 the entire volcanic complex has been held by a single tenement holder, and will be the first time modern, systematic exploration has targeted the entire area.

The Navilawa area has over 10 well defined prospects including the Kingston, Banana Creek, 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, where a rock chip sample was taken from just inside Lion One's existing tenement SPL 1296 and adjacent to the Tuvatu resource. 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. Mapping, sampling and geophysics clearly demonstrates that the Tuvatu gold deposit extends north into the Navilawa tenement area. Current programs on the Navilawa tenement SPL1512 have been previously discussed. Lion One has progressively opened up access tracks through the area and has continued the geological mapping, trenching and sampling program.

**Figure 3: The Navilawa Caldera Existing Exploration Targets**



Lion One continued its aggressive opening of roads and excavation of trench cuts within the large Navilawa tenement situated north of the Tuvatu mining license. During the quarter ended December 31, 2020, 1,345 channel rock chip samples were collected from 289 benches and trenches in this area. Efforts have been focused at Banana Creek, located approximately 3 km northeast of the Tuvatu resource, where the Company's team has continued to discover multiple outcropping lodes of similar nature to those seen at Tuvatu. Regional sampling and mapping ceased in this northern part of the project in November 2020, due to the commencement of the wet season and access difficulties.

### ***Mine Development Optimization / Surface Development***

During the quarter ended December 31, 2020, the Company has substantially completed the detailed engineering design of the initial tailings facilities storage, including the tailings dam, pond lining, foundation drainage, sediment control pond and upstream diversion ditches. The Company has also completed civil works for the surface infrastructure and the new portal site for the main decline to access the recently discovered deep extents of the Tuvatu gold deposit. The Company has recently acquired permits to build two exploration workshops at the mine site area. The detailed design of the workshops is complete and construction will start soon. The Company has also selected a shortlist of contractors for managing the construction of the process plant and surface infrastructure, and a second group to manage mining operations and procurement of equipment.

### ***Exercised acceleration right for \$1.20 warrants issued on December 6, 2019***

On August 25, 2020, the Company announced that it has elected to accelerate the expiry date of the outstanding \$1.20 common share purchase warrants originally issued by the Company as part of its \$11.5 million private placement of units which closed on December 6, 2019. Pursuant to the terms of the Warrants, the Company can accelerate the expiry date of the Warrants if the closing price of the Company's common shares listed on the TSX Venture Exchange remain higher than \$1.65 for 20 consecutive trading days. As of the close of market on August 24, 2020, the Company's common shares have closed at a price higher than \$1.65 for 20 consecutive trading days. As a result, the Company exercised the acceleration right relating to the Warrants, with the expiry date of the outstanding Warrants being accelerated to October 7, 2020.

On October 13, 2020, the Company announced that a total of 14,375,000 warrants representing 100% of the \$1.20 warrants issued in connection with the December 2019 private placement for gross proceeds of approximately \$17.25 million. The Company's working capital at December 31, 2020 was \$62.7 million and remains well capitalized to continue exploration activities on the Navilawa alkaline gold system, while simultaneously advancing development planning for the Tuvatu project.

## **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, and prior Department of Environment approvals for the Tuvatu Environmental Impact Assessment and the Construction and Operational Environmental Management Plans. The Company has also submitted its Rehabilitation and Closure Plan for the operation as required by the regulators. The Company signed a 21-year Surface Lease agreement with local landowners and the iTaukei Land Trust in 2014.

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 terms of SML 62 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. SPL's 1283, 1296, and 1465 were renewed in 2017 for a 3 year term and SPL 1512 Navilawa tenement was issued in 2019 for a 5 year term. In February 2020, the Company submitted the renewal applications for SPL 1283/1296 to the MRD. In September 2020, the Company was notified that the SPL 1283/1296 renewal was approved and the expiration date is August 23, 2025. The expenditure requirement for the 5 year period ending on August 23, 2025 for SPL 1283 and SPL 1296 is FJD\$1,400,000 and FJD\$1,600,000 respectively. No additional bonds will be required over the 5 year period for SPL 1283/1296. In August 2020, the Company submitted the renewal application for SPL 1465 and the renewal is still in process. The MRD has confirmed that SPL 1465 remains in good standing.

The Company has commenced a deep diamond drilling program targeting feeder structures at depth below the known mineralization. In other mineralized alkaline gold systems around the world, these feeder structures often run hundreds or thousands of g/t gold. 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. The Fijian Islands are located along the Pacific Island Arc, which hosts a number of other well-known major mineral 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 and Lihir 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. The Barrick/Goldcorp Porgera gold deposit (>25 million ounces gold) and the Newcrest Lihir gold deposit (>40 million ounces gold) are both alkaline host gold deposits situated in Papua New Guinea. The Vatukoula deposit, located in Fiji in the adjacent caldera to Tuvatu, with a mined and existing gold endowment of over 11 million ounces gold, is one of the oldest continuously mined gold deposits in the south Pacific, is owned by the Chinese company Zhongrun Resources. 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 Navilawa Caldera which contains the Tuvatu gold project is a volcanic centre of similar size to Lihir, Porgera and Vatukoula. Ages of these deposits vary but all have formed in the past few million years, whilst Lihir is the youngest and is still forming.

Expenditures incurred on the Fiji properties are as follows:

	June 30, 2019	Additions	June 30, 2020	Additions	December 31, 2020
Acquisition costs	\$ 21,915,063	\$ -	\$ 21,915,063	\$ -	\$ 21,915,063
Camp costs and field supplies	1,361,984	145,473	1,507,457	130,085	1,637,542
Consulting fees	3,147,203	471,191	3,618,394	295,060	3,913,454
Depreciation	1,192,534	313,851	1,506,385	262,329	1,768,714
Dewatering and environmental	2,011,572	624,707	2,636,279	507,671	3,143,950
Drilling	4,864,911	416,768	5,281,679	448,737	5,730,416
Fiji office administration	5,157,789	710,570	5,868,359	381,111	6,249,470
Permitting and community consults	1,172,178	194,003	1,366,181	119,281	1,485,462
Site works and road building	3,616,688	276,476	3,893,164	228,334	4,121,498
Salaries and wages	7,848,372	940,746	8,789,118	527,487	9,316,605
Sample preparation, assaying	1,946,821	244,281	2,191,102	235,080	2,426,182
Technical reports	1,406,209	(6,404)	1,399,805	328	1,400,133
Travel	1,283,067	82,348	1,365,415	1,219	1,366,634
Vehicle and transportation	877,356	298,004	1,175,360	242,848	1,418,208
Write-off of exploration assets	(771,648)	-	(771,648)	-	(771,648)
Cumulative foreign currency translation adjustment	(1,182,889)	1,078,393	(104,496)	(385,733)	(490,229)
	\$ 55,847,210	\$ 5,790,407	\$ 61,637,617	\$ 2,993,837	\$ 64,631,454

The SPL's expenditure commitments are included in the accompanying consolidated financial statements

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

**SELECTED FINANCIAL INFORMATION**

The difference between net and comprehensive loss over the periods presented is attributed to the foreign exchange translation on the Company's long-term assets denominated in Fijian and Australian dollars.

**Selected of Quarterly Results**

	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Total assets	\$ 137,210,857	\$ 127,062,746	\$ 83,012,964	\$ 82,306,227
Exploration and evaluation assets	64,631,454	63,130,605	61,637,617	59,641,197
Working capital	62,712,197	55,638,207	13,012,110	15,037,590
Interest income	129,796	135,149	57,252	97,804
Net loss for the period	(862,263)	(753,761)	(986,687)	(562,334)
Comprehensive (loss) income for the period	(1,090,147)	(936,056)	(453,799)	457,228
Basic and diluted loss per share	(0.01)	(0.01)	(0.02)	(0.00)

	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Total assets	\$ 81,764,902	\$ 71,353,995	\$ 71,878,306	\$ 73,438,486
Exploration and evaluation assets	57,772,643	56,786,168	56,352,590	56,659,758
Working capital	16,034,937	7,314,817	9,135,456	10,659,737
Interest income	62,790	47,980	55,640	74,158
Net loss for the period	(516,269)	(658,532)	(607,303)	(716,282)
Comprehensive (loss) income for the period	(412,889)	(1,270,075)	(2,055,616)	(1,637,431)
Basic and diluted loss per share	(0.00)	(0.01)	(0.01)	(0.01)

The focus of the Company over the periods presented has been the exploration and development of its Fijian exploration and evaluation assets. The differential between net and comprehensive loss in each period reflects the translation adjustment of the assets and liabilities of the Company's subsidiaries, Lion One Limited, which is denominated in Fijian dollars and Lion One Australia Pty Ltd., which is denominated in Australian dollars.

**Results of Operations for the six months ended December 31, 2020 compared to 2019**

The comprehensive loss for the six months ended December 31, 2020 was \$2,026,203 (2019 – loss of \$1,682,964). Significant changes to the comprehensive loss are explained as follows:

- Investor relations increased by \$107,993 to \$372,090 (2019 - \$264,097) due to market awareness program initiated in 2020 and increased attendance at online investor conferences compared to prior period.
- Professional fees increased by \$29,109 to \$207,561 (2019 - \$178,452) due to a higher level of corporate development activities in the current period.
- Share-based payments expense of \$405,162 (2019 - \$141,137) has increased due to the employee stock options granted in June 2020.
- During the six-month period ended December 31, 2020, the Company recognized a foreign exchange translation loss of \$410,179 on its net assets denominated in Fijian and Australian dollars reflecting a weakening of the Fijian dollar which was offset by strengthening of the Australian dollar against the Canadian dollar since June 30, 2020. A foreign exchange loss of \$508,163 was recognized in the comparative period.



**Results of Operations for the three months ended December 31, 2020 compared to 2019**

The comprehensive loss for the three months ended December 31, 2020 was \$1,090,147 (2019 – loss of \$412,889). Significant changes to the comprehensive loss are explained as follows:

- Investor relations increased by \$49,122 to \$153,471 (2019 - \$104,349) due to market awareness program initiated in 2020 and increased attendance at online investor conferences compared to prior period.
- Professional fees increased by \$10,751 to \$104,896 (2019 - \$94,145) due to a higher level of corporate development activities in the current period.
- Share-based payments expense of \$170,603 (2019 - \$64,480) has increased due to the employee stock options granted in June 2020.
- During the three-month period ended December 31, 2020, the Company recognized a foreign exchange translation loss of \$227,884 on its net assets denominated in Fijian and Australian dollars reflecting a weakening of the Fijian dollar which was offset by strengthening of the Australian dollar against the Canadian dollar since September 30, 2020. A foreign exchange gain of \$103,380 was recognized in the comparative period.

**Cash flows for the six months ended December 31, 2020 compared to 2019**

Cash, cash equivalent and short term investments have increased by \$49,952,637 to \$63,209,237 at December 31, 2020 from a balance of \$13,256,600 as at June 30, 2020.

Cash outflows from operating activities increased by \$683,769 to \$924,993 (2019 – \$241,225). This is primarily due to the timing of VAT collections in prior year.

Cash outflows from investing activities increased by \$10,641,088 to \$16,221,277 (2019 - \$5,580,189) due to the purchase of \$12,000,000 guaranteed investment certificates and a higher level of Tuvatu Gold Property development activities in the current year period.

Cash inflows from financing activities increased to \$55,282,751 (2019 - \$10,585,640) due to \$37,000,980 net cash proceeds from issuance of shares for August 2020 private placement equity raise, \$17,250,000 from the December 2019 private placement warrants exercised, \$401,500 from exercise of broker compensation warrants, \$483,000 from exercise of broker compensation units and \$255,915 from stock options exercised.

**Financial Position**

Cash, cash equivalents and short term investments have increased by \$49,952,637 to \$63,209,237 as at December 31, 2020 from a balance of \$13,256,600 as at June 30, 2020, due to August 2020 private placement equity financing and warrants exercised from December 2019 private placement equity financing.

Shareholders' equity increased by \$53,961,310 to 136,029,644 (June 30, 2020 – 82,068,334) due primarily to the August 2020 private placement equity financing and warrants exercised from December 2019 equity private placement equity financing.

**LIQUIDITY AND CAPITAL RESOURCES**

As at December 31, 2020, the Company had a working capital of \$62,712,197 including cash, cash equivalents and short term investments of \$63,209,237 as compared to working capital of \$13,012,110 including cash, cash equivalents and short term investments of \$13,256,600 as at June 30, 2020. 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 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, 2020. The preparation of the 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. 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 audited consolidated financial statements for the year ended June 30, 2020.

### *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, 2020, 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 cash, cash equivalents, short term investments, restricted cash, receivables, deposits, and accounts payable and accrued liabilities. 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, 2020, the Company had working capital of \$62,712,197 and believes it has adequate financing for the next twelve months.

*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, 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 Australia and is conducted in Canadian dollars, Australian dollars and Fijian dollars. As such, the Company is exposed to foreign currency risk in fluctuations among these currencies. Management believes the foreign currency risk is low given the low value of monetary assets (liabilities) denominated in foreign currencies.

## 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 consolidated 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 June 30, 2020. 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, 2020, 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 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 Development Officer, and Vice President and Corporate Secretary of the Company. The remuneration of the key management personnel is as follows:

	2020	2019
Payments to key management personnel:		
Cash compensation expensed to management fees, professional fees, investor relations and consulting fees	\$ 422,730	\$ 467,099
Cash compensation capitalized to exploration and evaluation assets	130,122	190,806
Share-based payments	251,402	(38,442)

During the period ended December 31, 2020, the Company paid \$90,000 (2019 - \$90,000) in rent to Cabrera Capital Corp. ("Cabrera"), a company controlled by a director of the Company. As at December 31, 2020, the Company had a payable of \$40,938 (June 30, 2020 - \$32,413) due to Cabrera and a lease liability of \$369,519 (June 30, 2020 - 443,014) due to Cabrera equal to the present value of office space lease payments over the term of the lease.

During the period ended December 31, 2020, the Company paid professional services fees of \$17,147 (2019 - \$16,267) to a management services company owned by a director of the Company's subsidiary.

During the period ended December 31, 2020, the Company paid directors' fees of \$11,500 (2019 - \$11,500) to non-executive board members.

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

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

#### OUTSTANDING SHARE DATA

As at December 31, 2020 and February 11, 2021, the balance of common shares, stock options, warrants and broker compensation units were issued and outstanding as follows:

	<b>Balance</b> <b>December 31, 2020</b>	<b>Balance</b> <b>February 11, 2021</b>
Common Shares	155,574,393	155,654,393
Stock Options	8,077,500	7,997,500
Warrants	11,340,341	11,340,341
Compensation Units	1,303,010	1,303,010

**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%	Renewal approved September 2020, extension to August 23, 2025
Yavuna	SPL 1296	100%	Renewal approved September 2020, extension to August 23, 2025
Nagado	SPL 1465	100%	Renewal application has been submitted in accordance with statutory requirements, and renewal is pending.
Navilawa	SPL 1512	100%	

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