



LION ONE METALS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE YEAR ENDED JUNE 30, 2025

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, 2025 and 2024, 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 material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

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 those 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 matters.

Assessment of Impairment of the Tuvatu Gold Project

As described in Note 5 to the consolidated financial statements, the carrying amount of the Company's Tuvatu mine, mill, mineral property, exploration and evaluation assets and related plant and equipment (collectively the "Tuvatu Gold Project") was \$204,323,852 as at June 30, 2025. As more fully described in Notes 2 and 3 to the consolidated financial statements, the Company is required to assess whether impairment indicators are identified at the end of each reporting period, and if so, management tests for impairment. At year end, the Company determined there was an indicator of impairment, being net assets exceeding the Company's market capitalization.

The test for impairment of the Tuvatu Gold Project necessitates the determination of the recoverable amount of the combined components of the cash generating unit ("CGU") to which the Tuvatu Gold Project belongs. The recoverable amount is the higher of the value in use and fair value less costs to sell and requires management judgement and estimation on key internal variable inputs and external market conditions such as: estimated recoverable resources, mine life, future metal prices, operating costs, and discount rate for the net present value calculation. The recoverable amount as at June 30, 2025 exceeded the carrying value, and as a result, no impairment loss was recorded for the year then ended.



The principal consideration for our determination that the assessment of impairment of the Tuvatu Gold Project is a key audit matter includes significant judgments by management in assessing whether there were indicators of impairment, including among other items, evaluation of future commodity pricing, discount rates, ore recovery rates and performance projections of underlying mining operations. 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 the impairment test for the Tuvatu Gold Project.

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

- Evaluating management's process in assessing impairment indicators and determining the recoverable amount of the CGU.
- Evaluating the appropriateness of the discounted cash flow model ("DCF model") on the CGU related to the Tuvatu Gold Project, including engaging our internal valuation experts to assess appropriateness of the model and key inputs applied.
- Testing the completeness and accuracy of underlying data and significant assumptions of the DCF model, including assessment of discount rate, and evaluating the consistency with external market and industry data for future commodity prices, operating costs and capital expenditures, and reserve estimates.

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 Accounting Standards, 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:

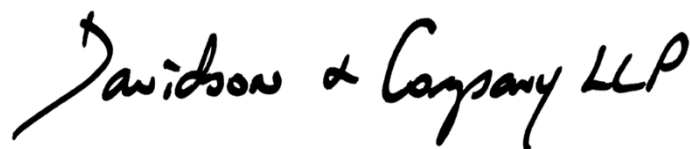
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of 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.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

October 28, 2025

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

	2025	2024
ASSETS		
Current		
Cash	\$ 5,102,192	\$ 6,731,873
Receivables (Note 4)	8,721,020	6,966,281
Inventory (Note 6)	16,587,541	12,865,099
Prepaid expenses	2,291,641	626,245
	<u>32,702,394</u>	<u>27,189,498</u>
Non-current assets		
Right-of-use asset (Note 10)	311,392	424,626
Deposits (Note 5)	2,602,253	2,484,682
Other assets (Note 8)	445,427	445,427
Mineral property, plant and equipment (Note 5, 17)	167,682,351	150,333,840
Exploration and evaluation asset (Note 5, 17)	36,641,501	35,009,969
	<u>\$ 240,385,318</u>	<u>\$ 215,888,042</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 9, 17)	\$ 7,368,567	\$ 6,594,561
Lease liability (Note 10, 17)	114,437	93,848
Loan facility (Note 7)	7,615,910	-
Accrued interest – loan facility (Note 7)	402,072	-
	<u>15,500,986</u>	<u>6,688,409</u>
Non-current liabilities		
Loan facility (Note 7)	35,384,189	37,634,301
Accrued interest – loan facility (Note 7)	4,411,495	4,829,092
Lease liability (Note 10, 17)	263,949	378,386
Reclamation and closure provision (Note 11)	1,170,333	1,132,300
	<u>56,730,952</u>	<u>50,662,488</u>
Shareholders' equity		
Share capital (Note 16)	227,086,021	210,257,725
Reserves (Note 16)	46,129,964	41,359,397
Accumulated other comprehensive income	2,881,393	3,336,382
Deficit	(92,443,012)	(89,727,950)
	<u>183,654,366</u>	<u>165,225,554</u>
	<u>\$ 240,385,318</u>	<u>\$ 215,888,042</u>

Nature of operations (Note 1)
Subsequent events (Note 22)

Approved and authorized by the Board on October 28, 2025:

"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 YEAR ENDED JUNE 30

	2025	2024
Revenue (Note 12)	\$ 57,968,173	\$ 14,751,486
Cost of sales (Note 13)	<u>(44,213,440)</u>	<u>(31,141,053)</u>
Mine operating income (loss)	<u>13,754,733</u>	<u>(16,389,567)</u>
Expenses		
General and administrative (Note 14)	(5,403,431)	(3,885,501)
Depreciation (Note 10)	(113,234)	(113,234)
Share-based compensation (Note 16)	<u>(471,182)</u>	<u>(1,837,606)</u>
	<u>(5,987,847)</u>	<u>(5,836,341)</u>
Other income (expense)		
Foreign exchange gain (loss)	292,587	(841,186)
Interest and finance expense (Note 15)	(11,413,304)	(5,045,560)
Write down of other assets (Note 8)	-	(28,262)
Other expenses	-	(95,938)
Debt modification gain (Note 7)	259,926	-
Interest income	<u>378,843</u>	<u>900,116</u>
Loss for the year	<u>(2,715,062)</u>	<u>(27,336,738)</u>
Other comprehensive income (loss)		
Foreign currency translation adjustment	<u>(454,989)</u>	<u>4,217,065</u>
Comprehensive loss for the year	<u>\$ (3,170,051)</u>	<u>\$ (23,119,673)</u>
Basic and diluted loss per share	<u>\$ (0.01)</u>	<u>\$ (0.13)</u>
Weighted average number of common shares outstanding		
Basic and diluted	<u>273,789,076</u>	<u>215,398,342</u>

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

	2025	2024
CASH FLOWS (USED IN) OPERATING ACTIVITIES		
Net loss for the year	\$ (2,715,062)	\$ (27,336,738)
Non-cash items:		
Foreign exchange loss (gain)	(1,384,034)	841,186
Depreciation (Note 10)	113,234	113,234
Depreciation in cost of sales (Note 13)	6,788,650	5,239,770
Write down of exploration asset (Note 8) and other expenses	-	124,200
Interest and finance expense (Note 15)	4,176,496	2,680,026
Debt modification gain (Note 7)	(259,926)	-
Share-based payments	471,182	1,837,606
Changes in non-cash working capital items:		
Receivables	(1,772,110)	(3,180,456)
Prepaid expenses	(1,665,427)	126,771
Inventory	(9,721,355)	(7,410,393)
Accounts payable and accrued liabilities	282,483	309,297
	<u>(5,685,869)</u>	<u>(26,655,497)</u>
CASH FLOWS (USED IN) INVESTING ACTIVITIES		
Purchase of mineral property, plant and equipment	(16,893,998)	(31,304,710)
Exploration and evaluation asset expenditures	(1,750,091)	(5,239,222)
Short term investments	-	15,000,000
Deposits and other assets	(118,979)	214,936
	<u>(18,763,068)</u>	<u>(21,328,996)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from sale of shares – private placement	22,461,169	12,075,000
Share issuance costs on private placement	(2,535,388)	(1,077,831)
Proceeds from loan facility, net of debt issue costs	4,947,786	10,012,503
Repayment on debt facility	(1,981,884)	-
Cash proceeds on exercise of stock options	-	116,250
Payment of lease liability	(180,000)	(180,000)
	<u>22,711,683</u>	<u>20,945,922</u>
Effect of exchange rate changes on cash	107,573	3,376,074
Change in cash during the year	(1,629,681)	(23,662,497)
Cash, beginning of the year	<u>6,731,873</u>	<u>30,394,370</u>
Cash, end of the year	\$ 5,102,192	\$ 6,731,873
Supplementary cash flow information:		
Non-cash transactions:		
Depreciation expense capitalized to exploration and evaluation assets	\$ 210,888	\$ 755,853
Share-based payments expense capitalized to mineral property, plant and equipment, and exploration and evaluation assets	221,900	342,941
Depreciation included in inventory	920,483	904,521
Reclass from property, plant and equipment to inventory	-	8,824,246
Reclass from exploration and evaluation assets to mineral property assets	-	94,940,722
Value of warrants issued in private placement	3,639,668	-
Share-based payments expense – share issuance costs	437,817	282,325
Shares issued for deferred debt cost	980,000	-
Capitalized interest and accretion expense – loan facility	-	1,564,703
Change in reclamation and closure provision	-	397,487
Stock option exercised – fair value	-	48,174
Accounts payable and accrued liabilities in mineral property assets	6,707,294	6,215,709

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		Reserves	Deficit	Accumulated Other Comprehensive Income (Loss)	Total
	Number	Amount				
Balance, June 30, 2023	206,245,241	\$ 199,378,457	\$ 38,944,699	\$ (62,391,212)	\$ (880,683)	\$ 175,051,261
Share-based payments – stock options	-	-	2,180,547	-	-	2,180,547
Private placement	24,150,000	12,075,000	-	-	-	12,075,000
Share issuance costs	-	(1,360,156)	282,325	-	-	(1,077,831)
Exercise of stock options	155,000	164,424	(48,174)	-	-	116,250
Comprehensive loss for the year	-	-	-	(27,336,738)	4,217,065	(23,119,673)
Balance, June 30, 2024	230,550,241	210,257,725	41,359,397	(89,727,950)	3,336,382	165,225,554
Share-based payments – stock options	-	-	693,082	-	-	693,082
Private placement	63,284,410	22,461,169	-	-	-	22,461,169
Share issuance costs	-	(2,973,205)	437,817	-	-	(2,535,388)
Value of warrants issued in private placement	-	(3,639,668)	3,639,668	-	-	-
Deferred debt cost – shares issued	3,920,000	980,000	-	-	-	980,000
Shares return to treasury	(2)	-	-	-	-	-
Comprehensive loss for the year	-	-	-	(2,715,062)	(454,989)	(3,170,051)
Balance, June 30, 2025	297,754,379	\$ 227,086,021	\$ 46,129,964	\$ (92,443,012)	\$ 2,881,393	\$ 183,654,366

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

LION ONE METALS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

June 30, 2025

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 mine development and exploration of mineral properties in Fiji. The Company is listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol LLO and was listed on the Australian Securities Exchange ("ASX") under the symbol LLO until August 2024. 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.

These consolidated financial statements have been prepared in accordance with IFRS Accounting 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 \$17,201,408 (*Note 21*). In September and October 2025, the Company closed market public offerings (*Note 22*), for gross proceeds of \$33,632,005 and paid \$2,081,141 of cash finders fees in relation to the Offering. 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.

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 Accounting Standards as 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. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. 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.

LION ONE METALS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

June 30, 2025

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 period. 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.

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

Going concern

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. If the going concern assumptions were not appropriate for these consolidated financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the consolidated statements of financial position.

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 mineral property, plant 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.

LION ONE METALS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

June 30, 2025

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

Use of Critical Judgments and Estimates (cont'd...)

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.

Inventory

Stockpiled mineralized materials, work-in-process inventory, and finished goods are measured at the lower of weighted average cost or net realizable value ("NRV"). The assumptions used in the valuation of work-in process inventory include estimates of the amount of gold and silver in the mill circuits and assumptions of the gold and silver prices expected to be realized when the metals are recovered. If these estimates or assumptions prove to be inaccurate, the Company could be required to write-down the recorded value of its work-in-process inventory, which would reduce the Company's earnings. The Company allocates mining costs between capital mine development activities and operating activities on a monthly basis, by using capital and operating meters advanced and ore tonnes and waste tonnes mined ore as a basis to allocate.

3. MATERIAL ACCOUNTING POLICY INFORMATION

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

Classification

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, receivables, deposits, accounts payable and accrued liabilities, lease liability, loan facility and related accrued interest as financial instruments at amortized cost.

Measurement

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.

LION ONE METALS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

June 30, 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

Impairment of financial assets at amortized cost

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.

Derecognition

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. A financial liability is derecognized when it is extinguished, discharged, cancelled, or expired.

Mineral property, plant and equipment

Mineral property - development phase

Once the technical feasibility and commercial viability of an exploration property has been determined, it is then considered to be a mine under development and is reclassified to mineral property. The carrying value of capitalized exploration and evaluation costs are tested for impairment before they are transferred to mineral property. All costs relating to the construction, installation, or completion of a mine that are incurred subsequent to the exploration and evaluation stage are capitalized to mineral property. The Company assesses the stage of each mine under development to determine when a property reaches the stage when it is in the condition for it to be capable of operating in a manner intended by management ("commercial production"). Determining when a mine has achieved commercial production is a matter of judgement.

Depending on the specific facts and circumstances, the following factors may indicate that commercial production has commenced:

- all major capital expenditures to bring the mine to the condition necessary for it to be capable of operating in the manner intended by management have been completed;
- the completion of a reasonable period of testing of the mine plant and equipment;
- the ability to produce saleable product;
- the mine or mill has reached a predetermined percentage of design capacity;
- mineral recoveries are at or near the expected production level; and
- the ability to sustain ongoing production of mineralized materials (i.e., the ability to continue to produce mineralized materials at a steady or increasing level).

Proceeds before intended use

Revenue from the sale of gold and silver ounces recovered before items of mineral property, plant, and equipment, such as the mine or process plant, are operating in the manner intended by management are recognized, along with related costs, in the consolidated statement of loss and comprehensive loss.

IAS 16, Property, Plant and Equipment - Proceeds Before Intended Use (effective for annual periods beginning on or after January 1, 2022). The amendment prohibits deducting from the cost of property, plant and equipment amounts received from selling items produced while preparing the asset for its intended use. Instead, a company will recognize such sale proceeds and related cost in profit or loss.

LION ONE METALS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

June 30, 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

Mineral property - production phase

When management determines that a property is capable of commercial production, amortization of costs capitalized during development begins. Once a mineral property has been brought into commercial production, the costs of any additional work on that property are expensed as incurred, except for exploration and development programs which constitute a betterment, which will be deferred and amortized over the remaining useful life of the related assets. Mineral properties include decommissioning and restoration costs related to the reclamation of mineral properties. Mineral properties are derecognized upon disposal, or impaired when no future economic benefits are expected to arise from continued use of the asset or the carrying value of the cash generating unit exceeds its recoverable amount. Any gain or loss on disposal of the asset, determined as the difference between the proceeds received and the carrying amount of the asset is recognized in the statement of loss and comprehensive loss.

Mineral properties are amortized on the unit-of-production basis using the mineable ounces extracted from the mine in the period as a percentage of the total mineable ounces to be extracted in current and future periods based on mineral resources. Mineral properties are recorded at cost, net of accumulated depreciation and depletion and accumulated impairment losses and are not intended to represent future values. Recovery of capitalized costs is dependent on successful development of economic mining operations or the disposition of the related mineral property.

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 and Units of Production method ('UOP'):

Mill equipment	12.5% - 25% / UOP
Mineral property	UOP
Mine equipment	12.5% - 25%
Computer and office equipment	12.5% - 100%
Motor vehicle	18%
Buildings and equipment	2.5% - 25%

Depreciation of property, plant 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.

Impairment of non-current assets

Non-current assets are tested for impairment when indicators of impairment are present. Calculating the estimated fair values of cash generating units for non-current asset impairment tests requires management to make estimates and assumptions with respect to future gold prices; future capital cost estimates; operating cost estimates; estimated mineral resources; and, the discount rate. Reductions in metal price forecasts; increases in estimated future costs of production; increases in estimated future non-expansionary capital expenditures; reductions in the amount of recoverable resources, and exploration potential; and/or adverse current economics can result in a write-down of the carrying amounts of the Company's non-current assets (Note 5).

LION ONE METALS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

June 30, 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

Impairment of non-current assets (cont'd...)

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion or amortization, if no impairment loss had been recognized.

During fiscal 2025, the Company performed an impairment test of the carrying value of the Tuvatu Gold Project and no impairment loss was recognized (Note 5).

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.

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.

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.

LION ONE METALS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

June 30, 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

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. Options granted to consultants or other non-insiders are measured at the fair value of goods or services received from these parties, or at their Black-Scholes fair values if the fair value of goods or services received cannot be measured. 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.

Inventories

Inventories include stockpiled mineralized materials, work-in-process, materials and supplies, and finished goods, and are measured at the lower of weighted average cost or net realizable value ("NRV"). For work-in-process and finished goods inventories, cost includes all direct costs incurred in production, including direct labour and materials, depreciation and depletion, and directly attributable overhead costs. NRV is calculated as the estimated price at the time of sale based on prevailing and long-term metal prices less estimated future costs to convert the inventories into saleable form, transportation costs, and estimated costs to sell.

Stockpiled mineralized materials represents mineralized materials that has been extracted from the mine and is available for further processing. Costs added to stockpiled mineralized materials inventory is based on mining cost per ounce incurred up to the point of stockpiling the mineralized materials and are removed at the weighted average cost per ounce. Costs are included in work-in-process inventory based on costs incurred up to the point prior to the refining process, including applicable depletion of mining interests, and removed at the weighted average cost per recoverable ounce of silver equivalent.

The average costs of finished goods represent the average costs of work-in-process inventory incurred prior to the refining process.

Work-in-process inventory includes inventory in the milling process, in tanks, and precipitates. Finished goods inventory includes metals in their final stage of production prior to sale, primarily doré at the mine site or in transit, and refined metal held at a refinery.

Any write-downs of inventories to NRV are recorded as cost of sales. If there is a subsequent increase in the value of inventories, the previous write-downs to NRV are reversed to the extent that the related inventories have not been sold. Materials and supplies are measured at weighted average cost. Cost includes acquisition, freight, and other directly attributable costs. In the event that the NRV of the finished goods, the production of which the materials and supplies are held for use in, is lower than the expected cost of the finished product, the material and supplies are written down to their NRV.

LION ONE METALS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

June 30, 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

Revenue recognition

The Company adopted the Amendments to IAS 16 "Property, Plant, and Equipment" during the year ended June 30, 2024, pursuant to which proceeds from sales occurring before the Tuvatu Gold Project is operating in the manner intended by management should be recognized in the consolidated statement of loss and comprehensive loss, together with the costs of producing those items. The Company measured the costs of production, while the Tuvatu Mine was in commissioning, in accordance with IAS 2 "Inventories".

The Company's primary source of revenue is the sale of refined gold and silver and its performance obligations are the delivery of refined gold and silver to its customer.

Revenue from the sale of metal is recognized when the buyer obtains control of the metal. When considering whether the Company has satisfied its performance obligations, it considers the indicators of the transfer of control, which include, but are not limited to, whether: the Company has a present right to payment; the customer has legal title to the metal; the Company has transferred physical possession of the metal to the customer; and, the customer has the significant risks and rewards of ownership of the metal. Revenue is recognized at the time when the risks and rewards of ownership and title transfers to the customer, which is when the metals are delivered to the refinery.

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.

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.

LION ONE METALS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

June 30, 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

New accounting standards issued

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 determined that there is no material impact on the consolidated financial statements.

New accounting standards issued but not yet effective

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements, which will replace IAS 1, Presentation of Financial Statements aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows. IFRS 18 is effective from January 1, 2027. Companies are permitted to apply IFRS 18 before that date. The Company is in the process of assessing if the new accounting standards will have a significant effect on the Company's consolidated financial statements. The Company will defer implementation until the effective date.

4. RECEIVABLES

Accounts receivables	2025		2024	
GST and VAT receivables	\$	8,429,148	\$	6,328,117
Trade receivables		219,092		402,966
Other receivables		72,780		235,198
Balance, end of the year	\$	8,721,020	\$	6,966,281

LION ONE METALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

June 30, 2025
5. MINERAL PROPERTY, PLANT AND EQUIPMENT

	Property, plant and equipment	<u>Construction in progress (CIP)</u>			Mineral property	Exploration and evaluation assets	Total
		Mill	Mine	Mill			
Acquisition costs							
Balance, June 30, 2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,915,063	\$ 21,915,063
Transfer to mineral property	-	-	-	-	11,163,198	(11,163,198)	-
Balance, June 30, 2024 and June 30, 2025					11,163,198	10,751,865	21,915,063
Costs							
Balance, June 30, 2023	\$ 36,282,250	-	-	-	-	\$ 104,746,633	\$ 141,028,883
Transfers to mineral property	-	20,670,883	10,375,320	-	55,594,767	(86,640,970)	-
Transfer to inventory	-	-	(172,639)	(4,126,224)	(5,429,903)	-	(9,728,766)
Additions for the year	5,328,593	11,545,886	12,641,377	-	5,702,857	6,351,861	41,570,574
Transfer from CIP	-	(29,905,460)	-	29,905,460	-	-	-
Capitalized finance cost	580,972	-	289,069	489,394	174,383	-	1,533,818
Foreign currency translation	581,568	(215,298)	954,893	882,968	(1,317,583)	(199,420)	687,128
Balance, June 30, 2024	42,773,383	2,096,011	24,088,020	27,151,598	54,724,521	24,258,104	175,091,637
Additions for the year	7,787,731	265,212	9,909,527	2,968,864	4,108,697	1,652,741	26,692,772
Reclass from Mill to PPE	1,208,568	(794,305)	-	(414,263)	-	-	-
Transfer from CIP Mill to Mill	-	(608,586)	-	608,586	-	-	-
Foreign currency translation	(51,757)	(13,677)	(256,417)	(66,034)	(106,206)	(21,209)	(515,300)
Balance, June 30, 2025	\$ 51,717,925	\$ 944,655	\$ 33,741,130	\$ 30,248,751	\$ 58,727,012	\$ 25,889,636	\$ 201,269,109
Accumulated depreciation							
Balance, June 30, 2023	\$ 4,791,258	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,791,258
Additions for the year	4,353,849	-	17,918	2,313,326	4,586	-	6,689,679
Cumulative translation	181,954	-	-	-	-	-	181,954
Balance, June 30, 2024	9,327,061	-	17,918	2,313,326	4,586	-	11,662,891
Additions for the year	4,615,788	-	36,134	2,570,416	9,248	-	7,231,586
Cumulative translation	(34,157)	-	-	-	-	-	(34,157)
Balance, June 30, 2025	\$ 13,908,692	\$ -	\$ 54,052	\$ 4,883,742	\$ 13,834	\$ -	\$ 18,860,320
Net book value							
As at June 30, 2024	\$ 33,446,322	\$ 2,096,011	\$ 24,070,102	\$ 24,838,272	\$ 65,883,133	\$ 35,009,969	\$ 185,343,809
As at June 30, 2025	\$ 37,809,233	\$ 944,655	\$ 33,687,078	\$ 25,365,009	\$ 69,876,376	\$ 36,641,501	\$ 204,323,852

LION ONE METALS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

June 30, 2025

5. MINERAL PROPERTY, PLANT AND EQUIPMENT (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\$2,634,795 (\$1,598,304) (June 30, 2024 - FJD \$2,634,795 (\$1,559,210)) has been placed on deposit with the MRD. The SML is subject to annual lease payments of FJD\$73,697 (\$44,706).

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, director of the Company. In addition, SML 62 is subject to a step royalty payable to the government of Fiji starting at 0% in 2023, 0.5% in 2024, 1.1% in 2025, 2% in 2026, 3% in 2027 and 5% then onwards.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion or amortization, if no impairment loss had been recognized. During fiscal 2025, the Company performed an impairment test of the carrying value of the Tuvatu Gold Project and no impairment loss was recognized (Note 3). As at September 30, 2023, the Company recognized an impairment charge of approximately \$50million which was subsequently reversed due to the increase in gold prices as at June 30, 2024. The assumptions used by the Company in the cash flow forecast discounting model are classified as Level 3 in the fair value hierarchy, signifying that they are not based on observable market data.

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 (\$424,630) was paid upon acceptance of the Surface Lease agreement. In March 2019, the Company paid FJD\$249,497 (\$151,348) to the TLTB with FJD\$50,503 (\$30,636) remaining is due upon the first gold production from mining operations in Tuvatu. An additional lease payment of FJD\$30,000 (\$18,198) is payable per annum to the local communities for education and community development over the 21-year term of the Surface Lease agreement.

The application of the Company's accounting policy for mineral property development costs required judgement to determine when the Tuvatu Project Project's technical feasibility and commercial viability had been demonstrated. The Company considered the approval of the Company's Board of Directors to start the detailed engineering, procurement, and construction of the 500 tonne per day Tuvatu Project process plant, along with the substantial amount of work that had been completed on the 300 tonne per day pilot plant to date, and concluded that the technical feasibility and commercial viability had been achieved. Accordingly, effective September 30, 2023, the Company reclassified capitalized costs from exploration and evaluation assets to mineral property and tested for impairment.

Fiji Exploration Properties

The Company holds four exploration licenses (SPL's) for the Tuvatu properties as granted by the MRD. Under the terms of the SPL's, the Company is required to spend a minimum threshold of expenditures on each of the licenses.

SPL	Issued	Expiry Date	Bond (Fijian \$)	Bond (Canadian \$)	Expenditure Requirement (Fijian \$)	Expenditure Requirement (Canadian \$)
1283**	Aug. 24, 2020	Aug. 23, 2025	158,180	95,954	1,400,000	849,260
1296**	Aug. 24, 2020	Aug. 23, 2025	158,180	95,954	1,600,000	970,582
1465**	Mar. 5, 2022	Mar. 4, 2025	67,979	41,237	679,789	412,370
1512	Dec. 11, 2024	Dec. 11, 2029	633,223	384,122	1,200,000	727,937

**The Company is in the process of renewing SPL 1283, SPL 1296 & SPL 1465.

LION ONE METALS LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

June 30, 2025**5. MINERAL PROPERTY, PLANT AND EQUIPMENT (cont'd...)****Deposits**

As at June 30, 2025, the Company paid \$347,128 other deposits in Fiji (June 30, 2024 - \$228,278).

Bonds

The SPL's require the posting of bonds as security against future reclamation obligations. As at June 30, 2025, the Company has bonds of \$2,215,571 (June 30, 2024 - \$2,216,827) held with the MRD pursuant to SML62 and the SPL's and an environmental bond of \$39,554 (June 30, 2024 - \$39,577) held with the Ministry of Environment. These are recorded as Deposits on the statements of financial position.

6. INVENTORY

The Company's inventory is comprised of the following:

	2025	2024
Mineralized materials	\$ 380,959	\$ 789,824
Work-in-process	4,184,377	3,094,988
Finished goods	841,059	1,335,243
Materials and supplies	11,181,146	7,645,044
Total inventory	\$ 16,587,541	\$ 12,865,099

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 was funded in three tranches, with the US\$23,000,000 funded on February 9, 2023 ("Tranche 1"), US\$6,000,000 funded on December 29, 2023 and US\$2,000,000 funded on January 3, 2024 ("Tranche 2") net of 2% closing fee, US\$4,000,000 funded on December 2, 2024 ("Tranche 3") net of 2% closing fee. Tranche 1 was subject to interest of 8% plus the three-month secured overnight financing rate, as administered by Federal Reserve Bank of New York ("SOFR"), with no scheduled principal repayments until maturity on August 8, 2026. Tranche 2 was subject to an 8% Original Issue Discount ("OID") and interest is 10% plus SOFR, with progressive amortization over 42 months from the funding date. Tranche 2 principal repayments are to be made in seven equal installments starting on December 31, 2025 to June 30, 2027. Tranche 3 was subject to an 8% OID and interest is 10% plus SOFR, with progressive amortization over 6 months from June 30, 2025. Tranche 3 principal repayments are in three equal installments starting on June 30, 2025, September 30, 2025 and December 31, 2025. As at October 2024, in Nebari's opinion under the market disruption terms in the loan agreement, the Term SOFR rate did not accurately reflect the cost of funding the Loan, and 4.61% which was the SOFR rate as at September 30, 2024 better reflects the cost of funding and was used to calculate the interest rate from October 1, 2024 to June 30, 2025.

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) from Tranche 1 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 Tranche 1 interest accrued from February 9, 2023 to June 30, 2024 was capitalized and added to the principal amount outstanding of the Loan Facility.

LION ONE METALS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

June 30, 2025

7. LONG TERM DEBT (cont'd...)

The Company received US\$7,840,000 net of 2% closing fee for Tranche 2 which was comprised of US\$6,000,000 (\$7,935,600) received on December 29, 2023 and US\$2,000,000 (\$2,671,200) received on January 3, 2024. The Company recorded an OID fee of \$944,000 to the principal. The interest with respect to Tranche 2 was to be expensed and added to the principal amount outstanding of the Loan Facility from December 29, 2023 to September 30, 2024, with monthly interest payments beginning on September 30, 2024.

The Company received US\$4,000,000 (\$5,622,400) net of 2% closing fee from Tranche 3. The Company recorded an OID fee of \$488,904 to the principal. The interest with respect to Tranche 3 will be expensed and with monthly interest payments beginning on December 31, 2024. The Company issued 3,920,000 common shares of the Company to Nebari. These common shares were valued at \$980,000 and netted with the proceeds from Tranche 3 as debt issue costs.

In September 2024, the Company entered into an agreement to defer interest payments related to Tranche 1 and 2, due on September 30, 2024 to November 22, 2024. During the year ended June 30, 2025, the Company paid interest payments of \$7,236,808 (June 30, 2025 - \$2,365,535) to Nebari for Tranche 1, 2 and 3. As at June 30, 2025, interest accrued was \$4,813,567 (June 30, 2024- \$4,829,092).

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 of gold produced and sold from the Tuvatu Project.

On September 9, 2025, the Company announced that it has entered into a forbearance agreement (the "Forbearance Agreement") with Nebari pursuant to which Nebari has agreed to waive the application of the working capital covenant under the Financing Facility. Subsequent to the year ended June 30, 2025, on maturity of Tranche 1 of the Financing Facility in August 2026, Tranche 1 was reclassified as a current liability. The Forbearance Agreement extends to December 31, 2025 and is subject to ongoing compliance covenants, including the raising of capital to ensure the timely principal and accrued interest repayments, which the Company satisfied by closing non brokered private placement offerings in September and October 2025, with a total of 105,100,016 common shares issued at a price of \$0.32 each for gross proceeds of \$33,632,005 (Note 22).

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 16 (d)).

The Tranche 1 Warrants were valued at \$5,194,865 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 against Tranche 1 with the debt and amortized over the term of the Loan Facility on an effective interest basis, and \$194,469 was recorded as transaction costs for Tranche 2, recognized during the year ended June 30, 2024. The remainder of \$97,235 was recorded as transaction costs for Tranche 3, recognized during the year ended June 30, 2025. All transaction costs are netted with the proceeds and amortized over the term of each respective Tranche on an effective interest rate basis.

As part of Tranche 2, the Company amended the facility agreement to re-price the 15,333,087 Tranche 1 Warrants issued from \$1.49 to \$1.15 with expiry date extended from August 9, 2026 to February 9, 2027. The Company also incurred deferred debt costs for professional and legal fees of \$186,132, a closing fee of \$213,696 and an OID fee of \$944,000.

As part of Tranche 3, the Company issued 3,920,000 common shares of the Company to Nebari, the common shares were valued at \$980,000. The Company also incurred deferred debt costs for professional and legal fees of \$577,379, a closing fee of \$112,448 and an OID fee of \$488,904. The Company recognized a \$259,926 debt modification gain.

During the year ended June 30, 2025, the Company recorded \$4,051,371 (June 30, 2024 - \$843,862) of accretion and \$7,236,808 (June 30, 2024 - \$4,060,549) to interest and finance expenses. Of this amount of accrued interest of \$Nil (June 30, 2024 - \$1,512,938) and \$Nil (June 30, 2024 - \$51,765) of accretion was capitalized to mineral property, plant and equipment (Note 5).

LION ONE METALS LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

June 30, 2025**7. LONG TERM DEBT (cont'd...)**

All debts under the Loan Facility are guaranteed by the Company and its 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 the last day of each calendar month. As at June 30, 2025, the Company was in compliance with all covenants.

Repayment of current and long-term debt:

The annual commitments over the term of the loan is as follows:

Less than one year	\$16,304,896
One to two years	\$45,379,918

Loan Facility	2025	2024
Balance, beginning of the year	\$ 37,634,301	\$ 25,349,166
Drawdown	6,223,752	11,550,800
Deferred debt costs incurred	(2,255,966)	(1,538,297)
Loan repayment	(1,981,884)	-
Debt modification gain	(259,926)	-
Deferred debt costs amortized	4,051,371	895,627
Foreign exchange (gain) loss	(411,549)	1,377,005
Total debt, net of deferred debt costs	43,000,099	37,634,301
Loan facility (current)	7,615,910	-
Loan facility (long-term)	35,384,189	37,634,301
Current accrued interest	402,072	-
Non-current accrued interest	4,411,495	4,829,092
	\$ 47,813,666	\$ 42,463,393

Deferred Debt Cost	2025	2024
Balance, beginning of the year	\$ (5,745,504)	\$ (5,102,834)
Deferred debt costs incurred	(2,255,966)	(1,538,297)
Deferred debt costs amortized	4,051,371	895,627
Total deferred debt costs	\$ (3,950,099)	\$ (5,745,504)

LION ONE METALS LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

June 30, 2025**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, 2024, the Company wrote down the carrying value of the Olary Creek property by \$28,262, which was 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, 2025, the estimated carrying value is \$445,427 (June 30, 2024 - \$445,427).

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities	2025	2024
Trade payables	\$ 5,192,967	\$ 4,914,768
Accrued liabilities	1,734,800	1,351,924
Payroll related liabilities	440,800	327,869
Balance, end of the year	\$ 7,368,567	\$ 6,594,561

LION ONE METALS LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

June 30, 2025**10. RIGHT-OF-USE ASSET AND LEASE LIABILITY**

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

	2025	2024
Opening balance	\$ 424,626	\$ 537,860
Depreciation	(113,234)	(113,234)
	<u>\$ 311,392</u>	<u>\$ 424,626</u>

Lease liability

	2025	2024
Opening balance	\$ (472,234)	\$ (549,197)
Payments	180,000	180,000
Accreted interest	(86,152)	(103,037)
	<u>\$ (378,386)</u>	<u>\$ (472,234)</u>
Lease liability (current)	(114,437)	(93,848)
Lease liability (non-current)	(263,949)	(378,386)
	<u>\$ (378,386)</u>	<u>\$ (472,234)</u>

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	\$135,000

11. RECLAMATION AND CLOSURE PROVISION

The Company has recorded a reclamation provision of \$1,170,333 (June 30, 2024 - \$1,132,300) for future reclamation costs associated with the Tuvatu pilot plant and gold mine project currently in construction 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, 2025. The reclamation provision has been recorded using a discount rate of 3.9% and an inflation factor of approximately 5.1%. As at June 30, 2025, total undiscounted estimated reclamation costs are approximately \$981,000 (June 30, 2024 - \$981,000).

	2025	2024
Balance, beginning of the year	\$ 1,132,300	\$ 676,688
Increase in estimated cash flows resulting from current activities	-	397,487
Accretion	38,973	38,112
Effect of changes in foreign exchange rates	(940)	20,013
	<u>\$ 1,170,333</u>	<u>\$ 1,132,300</u>
Balance, end of the year	\$ 1,170,333	\$ 1,132,300

LION ONE METALS LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

June 30, 2025**12. REVENUE**

The Company had revenue of \$57,968,173 (2024 - \$14,751,486) from sale of 14,746 (2024 - 4,790) gold ounces and 3,694 (2024 - 1,510) silver ounces to one customer.

A summary of revenue for the years ended June 30:

Revenue	2025	2024
Gold	\$ 57,804,302	\$ 14,694,412
Silver	163,871	57,074
Total revenue	\$ 57,968,173	\$ 14,751,486

13. COST OF SALES

A summary of cost of sales for the years ended June 30:

Cost of sales	2025	2024
Production costs	\$ 35,970,494	\$ 24,999,401
Depreciation	6,788,650	5,239,770
Refining and transportation costs	126,365	73,332
Royalties	1,327,931	289,481
Inventory NRV adjustment	\$ 44,213,440	\$ 30,601,984
	-	539,069
Total cost of sales	\$ 44,213,440	\$ 31,141,053

The Company provided an inventory net realizable value adjustment for \$Nil (2024 - \$539,069) to reduce the work-in-process inventory by \$Nil (2024 - \$Nil), finished goods by (2024 - \$383,956) and mineralized materials by \$Nil (2024 - \$155,113).

Production costs by nature of expense were:

	2025	2024
Salaries and benefits	\$ 8,271,937	\$ 5,804,958
Consultants and contractors	3,429,888	2,852,937
Utilities and fuel	3,548,581	2,992,946
Supplies and consumables	14,918,428	8,450,651
Maintenance and mechanical	1,367,953	768,369
Equipment and rentals	1,602,119	2,203,206
Transportation, accommodations and travel	2,605,711	863,907
Office and other	225,877	1,062,427
Total production costs	\$ 35,970,494	\$ 24,999,401

LION ONE METALS LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

June 30, 2025**14. GENERAL AND ADMINISTRATIVE**

A summary of general and administrative expenses for the years ended June 30:

General and administrative	2025	2024
Professional fees	\$ 1,597,468	\$ 1,118,020
Office expenses	1,053,208	871,681
Investor relations	698,795	618,198
Management fees	494,441	320,000
Shareholder communications and filings	282,338	247,785
Travel	270,763	222,459
Licenses, dues, and insurance	583,838	180,204
Consulting fees	406,633	284,154
Directors' fees	15,947	23,000
Total general and administrative expenses	\$ 5,403,431	\$ 3,885,501

15. INTEREST AND FINANCE EXPENSE

A summary of interest and finance expense for the years ended June 30:

Interest and finance	2025	2024
Accretion expense – Lease liability (Note 10)	\$ 86,152	\$ 103,037
Interest expense – Financing facility (Note 7)	7,236,808	4,060,549
Accretion expense – Deferred debt costs (Note 7)	4,051,371	843,862
Accretion expense - Reclamation and closure provision (Note 11)	38,973	38,112
Total interest and finance expense	\$ 11,413,304	\$ 5,045,560

16. SHARE CAPITAL AND RESERVES**a) Authorized share capital**

Unlimited number of common shares without par value.

b) Bought Deal Offering

On February 14, 2025, the Company closed a market public offering, of 31,798,761 units at a price of \$0.34 per unit for gross proceeds of \$10,811,579. Each unit consists of a common share of the Company and one common share purchase warrant. Each common share purchase warrant may be exercised to purchase a common share purchase at a price of \$0.41 until February 14, 2028. The Company recognized \$1,593,118 residual value relating to the share purchase warrants from the offering.

In connection to the Offering, the Company incurred broker, filing and legal fees of \$1,230,850 and recognized \$238,144 of share issuance costs related to the issuance of 2,000,375 non-transferable compensation options ("CO") (Note 16(e)), each CO is exercisable to purchase a common share at a price of \$0.34 until February 14, 2028. The fair value of the CO's of \$238,144 was determined using the Black-Scholes option pricing model using the following assumptions: risk free interest rate 2.51%, expected life of 3 years, annualized volatility 66.33% and dividend rate at nil.

On July 26, 2024, the Company completed a market public offering of 31,485,379 units, at price of \$0.37 per unit for gross proceeds of \$11,649,590 (the "Offering"). Each unit consists of a common share of the Company and one common share purchase warrant. Each common share purchase warrant, may be exercised to purchase a common share at a price of \$0.50 until July 26, 2027. The Company recognized \$2,046,550 residual value relating to the share purchase warrants from the offering.

LION ONE METALS LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

June 30, 2025**16. SHARE CAPITAL AND RESERVES (cont'd...)**

In connection to the Offering, the Company incurred broker, filing and legal fees of \$1,304,538 and recognized \$199,673 of share issuance costs related to the issuance of 1,996,891 non-transferable compensation options ("CO") (Note 16(e)), each CO is exercisable to purchase a common share at a price of \$0.37 until July 26, 2026. The fair value of the CO's of \$199,673 was determined using the Black-Scholes option pricing model using the following assumptions: risk free interest rate 3.92%, expected life of 2 years, annualized volatility 64.99% and dividend rate at nil.

On December 12, 2024, in connection with the amended Loan Facility agreement, on receipt of Tranche 3 funds, the Company issued 3,920,000 common shares of the Company to Nebari, valued at \$980,000 (2024 - \$Nil) (Note 7).

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 12, 2024. 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, 2023	11,138,333	\$ 1.19
Granted	7,130,000	1.00
Exercised	(155,000)	0.75
Forfeited and expired	<u>(3,981,667)</u>	0.94
Balance, June 30, 2024	14,131,666	1.17
Forfeited and expired	<u>(2,611,666)</u>	1.35
Balance, June 30, 2025	11,520,000	\$ 1.13

The following stock options are outstanding and exercisable as at June 30, 2025:

	Number of Options Outstanding	Exercise price	Number of Options Exercisable	Expiry date
Stock Options	2,945,000	\$1.25	2,945,000	June 2, 2026
	2,911,666	1.25	2,911,666	September 3, 2027
	5,163,334	1.00	3,553,340	December 13, 2028
	<u>500,000</u>	1.00	<u>333,334</u>	January 18, 2029
	11,520,000		9,743,340	

During the year ended June 30, 2025, the Company granted Nil (2024 - 7,130,000) stock options. The weighted average fair value of options granted during the year was \$Nil per share (2024 - \$0.43). Total share-based payments recognized for the year ended June 30, 2025 was \$693,082 (2024 - \$2,180,547) for incentive options granted and vested. Share-based payments expense of \$471,182 (2024 - \$1,837,606) was recognized in the consolidated statement of loss and comprehensive loss with the balance of \$113,537 (2024 - \$38,603) capitalized to exploration and evaluation assets, \$108,363 (2024 - \$304,338) was recognized in mineral property, plant and equipment, which relates to employees and consultants working on the Tuvatu property.

LION ONE METALS LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

June 30, 2025**16. SHARE CAPITAL AND RESERVES (cont'd...)****d) Warrants**

The Warrants were issued from September 2022, May 2023, February 2024, July 2024 and February 2025 private placements.

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price	Expiry Date
Balance, June 30, 2023	38,682,087	\$ 0.86	
Warrants issued – Note 16(b)	24,150,000	0.65	February 14, 2027
Balance, June 30, 2024	62,832,087	\$ 0.78	
Warrants issued – Note 16(b)	31,485,379	0.50	July 26, 2027
Warrants issued – Note 16(b)	31,798,761	0.41	February 14, 2028
Balance, June 30, 2025	126,116,227	\$ 0.62	

The outstanding Warrants of 8,674,000 at exercise price of \$1.05 expired on September 29, 2025.

e) Compensation Options

The compensation options were issued from September 2022, May 2023, February 2024, July 2024, and February 2025 private placements.

Compensation Options are summarized as follows:

	Number of Options	Weighted Average Exercise Price	Expiry Date
Balance, June 30, 2023	2,795,880	\$ 0.86	
Issued	1,449,000	0.65	February 14, 2027
Balance outstanding and exercisable, June 30, 2024	4,244,880	\$ 0.79	
Issued – Note 16(b)	1,996,891	0.37	July 26, 2026
Issued – Note 16(b)	2,000,375	0.34	February 14, 2028
Balance outstanding and exercisable, June 30, 2025	8,242,146	\$ 0.58	

The outstanding Compensation Options of 1,040,880 at exercise price of \$0.77 expired on September 29, 2025.

17. RELATED PARTY TRANSACTIONS**Management Compensation**

Key management personnel comprise of the: Chief Executive Officer, 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:

	2025	2024
Payments to key management personnel:		
Cash compensation expensed to management fees, professional fees, investor relations, directors fees and consulting fees	\$ 1,793,152	\$ 1,154,227
Cash compensation capitalized to mineral property, plant and equipment and exploration and evaluation assets	407,149	596,080
Share-based payments	231,379	958,946

LION ONE METALS LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

June 30, 2025**17. RELATED PARTY TRANSACTIONS (cont'd...)**

During the year ended June 30, 2025, the Company paid \$180,000 (2024 - \$180,000) in rent to Cabrera Capital Corp. ("Cabrera"), a company controlled by Walter Berukoff, a director of the Company. As at June 30, 2025, the Company had a lease liability of \$378,386 (June 30, 2024 - \$472,234) due to Cabrera equal to the present value of office space lease payments over the term of the lease. As at June 30, 2025, the Company has a payable of \$234,706 (June 30, 2024 - \$127,737).

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, 2025, the Company paid \$228,997 (2024 - \$183,908) in rent to Lions Den (Fiji) Pte Limited, a company controlled by Walter Berukoff, the director of the Company, for short-term and long-term accommodations including utilities in Fiji, and as of June 30, 2025, has a receivable of \$37,382 (June 30, 2024 - receivable \$12,229).

During the year ended June 30, 2025, the Company paid \$854,121 (2024 - \$220,226) in royalty to Laimes Global, Inc, a company controlled by Walter Berukoff, the director of the Company. As at June 30, 2025, the Company has a payable of \$249,961 (June 30, 2024 - \$91,173).

During the year ended June 30, 2025, the Company paid professional fees of \$22,584 (2024 - \$42,639) 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, 2025, the Company had a payable of \$984 (June 30, 2024 - \$7,670).

During the year ended June 30, 2025, the Company paid professional fees of \$60,000 (2024 - \$240,000) to Richard Meli, a director of the Company, for consulting services.

18. SEGMENTED INFORMATION

The Company operates in one industry segment, the mine development and mineral exploration industry. Geographical segmented information of the Company's non-current assets and loss for the year is presented as follows:

June 30, 2025		Fiji	Corporate	Australia	Total
Exploration and evaluation assets	\$	36,641,501	\$ -	\$ -	\$ 36,641,501
Mineral property, plant and equipment		167,682,351	-	-	167,682,351
Right-of-use asset		-	311,392	-	311,392
Deposits		2,602,253	-	-	2,602,253
Other assets		-	445,427	-	445,427
Gold and silver sale		57,968,173	-	-	57,968,173
Income (loss) for the year		12,930,524	(15,618,571)	(27,015)	(2,715,062)

June 30, 2024		Fiji	Corporate	Australia	Total
Exploration and evaluation assets	\$	35,009,969	\$ -	\$ -	\$ 35,009,969
Mineral property, plant and equipment		150,333,840	-	-	150,333,840
Right-of-use asset		-	424,626	-	424,626
Deposits		2,484,682	-	-	2,484,682
Other assets		-	445,427	-	445,427
Gold and silver sale		14,751,486	-	-	14,751,486
Income (loss) for the year		(30,843,989)	3,680,793	(173,542)	(27,336,738)

LION ONE METALS LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

June 30, 2025**19. 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, 2025 and 2024 is as follows:

	2025	2024
Net loss before income tax	\$ 2,715,062	\$ 27,336,738
Income tax rate	27.00%	27.00%
Expected tax recovery at statutory income tax rate	(733,000)	(7,381,000)
Increase (decrease) due to:		
Permanent differences	(7,982,000)	688,000
Effect of change in tax and foreign exchange rate	(312,000)	145,000
Share issuance costs	(1,003,000)	(367,000)
True up and other adjustments	(13,788,000)	(201,000)
Tax effect of tax losses and temporary differences not recognized	23,818,000	7,116,000
	\$ -	\$ -

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:

	2025	2024
Non-capital losses	\$ 88,495,000	\$ 64,048,000
Share issue costs	5,758,000	4,477,000
Exploration and evaluation assets (no expiry date)	52,408,000	3,011,000
Property and equipment (no expiry date)	21,089,000	728,000

As at June 30, 2025, the Company has non-capital losses, for Canadian income tax purposes, of approximately \$58,542,000 to reduce future taxable income in Canada. These losses, if unused, will expire between 2027 to 2045.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**Financial instruments**

Cash, receivables, deposits, accounts payable and accrued liabilities, lease liability, loan facility and accrued interest 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 recorded 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.

There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Unobservable (supported by little or no market activity) prices.

As of June 30, 2025 and 2024, there were no financial assets or liabilities measured and recognized in the statement of financial position at fair value that would be categorized as Level 1, 2 or 3 in the fair value hierarchy above.

LION ONE METALS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

June 30, 2025

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

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, 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 and Value Added Tax ("VAT") 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 June 30, 2025, the Company had a working capital of \$17,201,408.

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 will 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 revenue is generated in US dollars and has Fijian mine operations expenditures that are conducted in Fijian dollars, US dollars, Canadian dollars and Australian 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. The Company manages this risk by entering into short term forward exchange contracts with durations of one to two months on an intermittent basis to minimize foreign exchange fluctuations.

As at June 30, 2025, the Company's net foreign denominated financial assets (liabilities) are as follows:

	Foreign currency	Canadian dollar equivalent
Australian Dollar	(748,256)	(669,614)
Fijian Dollar	9,442,476	5,727,939
USD Dollar	(35,765,975)	(48,795,519)

LION ONE METALS LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

June 30, 2025**20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)****Financial risk factors (cont'd...)**

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	2025	2024
+ 5%	\$ 2,186,860	\$ 2,072,231
- 5%	(2,186,860)	(2,072,231)

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. The Company sells gold production in the world market. The market prices of gold are the primary drivers of the Company's profitability and ability to generate cash flow.

21. 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 \$183,654,366 (June 30, 2024 - \$165,225,554). 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, 2025.

22. SUBSEQUENT EVENTSTranche 1:

On September 24, 2025, the Company closed a market public offering, offering of 58,484,853 units at a price of \$0.32 per unit for gross proceeds of \$18,715,153. Each unit consists of a common share of the Company and one common share purchase warrant. Each common share purchase warrant may be exercised to purchase a common share purchase at a price of \$0.42 for a period of 36 months following the closing date of the Offering.

The Company will issue 3,306,087 compensation warrants (the "CO") to the Underwriters. Each CO is exercisable to purchase a common share at a price of \$0.32 for a period of 24 months following the closing date of the Offering. The Company will pay \$1,060,468 of cash finders fees in relation to the Offering. In lieu of receiving \$315,000 of cash finders fee, one finder received 984,375 Offered Units at the issue price of \$0.32.

Tranche 2:

On October 20, 2025, the Company closed the second tranche of its market public offering, offering of 18,557,334 units at a price of \$0.32 per unit for gross proceeds of \$5,938,347. Each unit consists of a common share of the Company and one common share purchase warrant. Each common share purchase warrant may be exercised to purchase a common share purchase at a price of \$0.42 for a period of 36 months following the closing date of the Offering.

The Company will issue 1,202,403 compensation warrants (the "CO") to the Underwriters. Each CO is exercisable to purchase a common share at a price of \$0.32 for a period of 24 months following the closing date of the Offering. The Company will pay \$384,769 of cash finders fees in relation to the Offering. In lieu of receiving \$31,500 of cash finders fee, one finder received 98,437 Offered Units at the issue price of \$0.32.

LION ONE METALS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

June 30, 2025

22. SUBSEQUENT EVENTS (cont'd...)

Sidecar private placement:

On October 23, 2025, the Company closed brokered sidecar private placement for gross proceeds, offering of 25,969,517 units at a price of \$0.32 per unit for gross proceeds of \$8,310,245. Each unit consists of a common share of the Company and one common share purchase warrant. Each common share purchase warrant may be exercised to purchase a common share purchase at a price of \$0.42 for a period of 36 months following the closing date of the Offering.

The Company will issue 1,987,200 compensation warrants (the "CO") to the Underwriters. Each CO is exercisable to purchase a common share at a price of \$0.32 for a period of 24 months following the closing date of the Offering. The Company will pay \$635,904 of cash finders fees in relation to the Offering. In lieu of receiving \$321,760 of cash finders fee, one finder received 1,005,500 Offered Units at the issue price of \$0.32.