



## **LION ONE METALS LIMITED**

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

**FOR THE YEAR ENDED JUNE 30, 2020**

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## INTRODUCTION

*The Management Discussion & Analysis ("MD&A") has been prepared by management and reviewed and approved by the Board of Directors on September 25, 2020. Set out below is a review of the activities, results of operations and financial condition of Lion One Metals Limited ("LIO", "Lion One", or the "Company") and its subsidiaries for the year ended June 30, 2020. The following discussion of performance, financial condition and future prospects should be read in conjunction with the audited annual consolidated financial statement and the related notes thereto for the year ended June 30, 2020. Those financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. This discussion covers the year ended June 30, 2020 and the subsequent period up to September 25, 2020, the date of preparation of this MD&A. Monetary amounts in the following discussion are in Canadian dollars unless otherwise noted.*

*The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol LIO, on the Australian Securities Exchange ("ASX") under the symbol LLO, and on the OTCQX market under the symbol LOMLF. Additional information, including annual audited consolidated financial statements and more detail on specific mineral exploration properties discussed in this MD&A can be found on the Company's profile page at [www.sedar.com](http://www.sedar.com) or on the Company's website: [www.liononemetals.com](http://www.liononemetals.com).*

*Mr. Stephen Mann, who is an officer and director of the Company and a member of The Australasian Institute of Mining and Metallurgy, is the Qualified Person under the meaning of Canadian National Instrument 43-101, and responsible for the technical content of this Management's Discussion and Analysis.*

## INFORMATION REGARDING FORWARD LOOKING STATEMENTS

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

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

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

## ADDITIONAL INFORMATION

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

**HIGHLIGHTS AND SIGNIFICANT SUBSEQUENT EVENTS****▪ *Technical Report and Preliminary Economic Assessment ("PEA") Update***

On September 25, 2020, the Company published a National Instrument ("NI") 43-101 Preliminary Economic Assessment Update (the "Report" or the "PEA") for the Tuvatu Gold Project as prepared by independent consultants.

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

- Pre-tax Net Present Value ("NPV") of \$155.8 million (5% discount rate)
- Pre-tax Internal Rate of Return ("IRR") of 60.3%
- Operating costs of \$503 per oz; All-in sustaining costs of \$586 per oz (pre-tax)
- 1.5 year payback period (pre-tax) on \$66.8 million
- Gold production of 331,369 oz at an average grade of 8.6 g/t Au

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

A PEA is preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as Mineral Reserves. Furthermore, there is no certainty that the PEA will be realized. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

The PEA is filed on the Company's profile at [www.sedar.com](http://www.sedar.com).

**Continued advancement and expansion of the Tuvatu Gold Project in Fiji:****▪ *2020 drill campaign and new drill rig purchased***

On April 30, 2020, the Company announced that three diamond drill rigs are being mobilized in preparation for the Company's 2020 dry season exploration campaign at the Tuvatu Alkaline Gold Project, with at least 10,000 meters of drilling planned. The three drill rigs will focus on exciting new targets, new potentially mineralized structural zones, and depth extensions of known gold lode mineralization.

- Drill Rig #1: this Company-owned diamond drill rig has been operational throughout the last seasonal wet season in Fiji, and is still drill testing down dip extensions at Tuvatu and Tuvatu West. This rig has a depth capability of approximately 1,500m using NQ-sized core;
- Drill Rig #2: this Company-owned underground diamond drill rig has been reconditioned to drill from the surface and subsequently mobilized to the Kingston-Biliwi prospect 2km north of Tuvatu in the tenement acquired in mid-2019 (SPL1512) covering the northern half of the Navilawa caldera. This rig has a depth capability of 250 meters drilling NQ-sized core;
- Drill Rig #3: the Company purchased a new diamond drill rig in late April, 2020, which was finally delivered to site in early August. The rig is now being prepared and recently commenced drilling. This drill rig is designated to target depth extensions of the Tuvatu resource as well as new targets within the SPL1512 tenement including Banana Creek, a Tuvatu-style target displaying multiple high-grade outcropping lodes. This drill rig has a depth capability of approximately 1,500m depth using NQ-sized core; and
- The Company has also contracted a fourth diamond drill rig to undertake targeted drilling on some of the many rock chip and bench surface geochemical anomalies throughout the project area. The drill rig has commenced drilling the Kingston gold anomaly within the Navilawa tenement SPL1512.
- During the June 2020 Quarter, the Company completed 1,882.86 meters of diamond drilling in three completed holes, whilst two further drill holes were in progress at Quarter's end. 1,676 meters of drilling was completed on the Tuvatu mining lease SML62, whilst 206.86 meters were completed on exploration license SPL1512.

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

<b>June 2020 Quarter Exploration Summary</b>	
<b>Activity</b>	<b>Number</b>
# of drill holes completed	3
# of drill holes in progress at end of Quarter	2
# of meters drilled	1,882.86
# of drill core samples submitted for analysis	3,083
# of bulk density analyses from drill core	111
# of channels excavated and sampled	125
# of samples from channel sampling	727
# of rock chip samples collected	7
# of samples analyses in Lion One Laboratory	3,457

- **Confirmatory deep drilling at Tuvatu**

During the year ended June 30, 2020, the Company continued with its accelerated exploration program to confirm the potential of this large mineralized alkaline system to host multi-millions gold ounces. The Company's Drill rig #1 completed two diamond drill holes at Tuvatu West and subsequent to quarter end, resumed deep drilling under the main Tuvatu lode system with TUDDH500, targeting the feeder structure of the main Tuvatu mineralization.

On July 24, 2020, the Company announced that diamond drill hole TUDDH500 has intersected high-grade feeder style mineralization beneath Tuvatu (news release dated July 24, 2020). Initial assays were completed using the fire assay method, but the Company has also completed gravimetric analysis on any sample returning greater than 10g/t Au. The gravimetric results were released on August 17<sup>th</sup> 2020, with high-grade intervals encountered in hole TUDDH500 include 2.0m grading 46.70g/t Au and 12.7m grading 55.43g/t Au including sub-intervals of 4.7m grading 144.81g/t Au with an exceptionally high-grade core of 0.9m grading 582.33g/t Au.

On August 17, 2020, the Company announced that it has completed diamond drill hole TUDDH500 to a depth of 863.4m and had commenced drilling a daughter wedge hole beginning at approximately 400m depth to retest the newly discovered high-grade feeder.

On August 31, 2020, the Company announced the results from the first wedged daughter hole from parent hole, TUDDH500. TUDDH500w1 was wedged from 392.5 meters downhole and was terminated at 709 meters, having intersected the main targeted ore zone. High-grade intervals from this wedge include 85.70 g/t Au over 3.3m including two narrower intervals of 305.00 g/t Au over 0.3m and 310.00 g/t Au over 0.6m.

- **Discovery of Tuvatu style lodes at Banana Creek**

The Company announced discovery of Tuvatu style lodes at Banana Creek, approximately 3 km northeast of the Tuvatu resource (news release dated July 20, 2020). The Banana Creek project area is a new, high-priority greenfields target situated within Lion One's Navilawa tenement (SPL1512). Rig #2 has initiated drilling new targets within this Navilawa license area.

- **Completion of project-wide "BLEG" survey confirms large gold footprint over Navilawa**

In 2019, the Company completed a specialized stream sediment sampling program over the entire combined Tuvatu and Navilawa SPL area, using the Bulk Leach Extractable Gold ("BLEG") technique. See news release "Lion One Expands Navilawa Alkaline Gold System" dated November 7, 2019. Initial results confirm a clearly evident surface footprint of gold many times larger than previously thought, particularly to the north and northeast of Tuvatu in the Navilawa Caldera. Lion One continually analyze the BLEG results, in conjunction with mapping, sampling and the geophysical results from Controlled Source Audio Magnetotelluric ("CSAMT") technique to generate multiple new drill targets across several areas in the project area. As access to many of the anomalous defined areas has become available following the wet season and completion of access tracks, infill and follow up BLEG sampling to further define those BLEG targets identified will be undertaken.

- **Project-wide CSAMT geophysical survey reveals robust structural network under Tuvatu**

In 2019, the Company completed a project-wide geophysical survey over its tenements utilizing the CSAMT technique. For more information see news release "Robust Structural Network Discovered Underlying Lion One's Tuvatu Alkaline Gold Project" dated February 5, 2020. CSAMT measures electrical resistivity of subsurface rocks to depths exceeding 1,200m from surface, highlighting clear gradients in rock types where mineralized faults and fractures may exist. Results from the 2019 survey confirm the presence of multiple deep-rooted structural corridors across the Navilawa Caldera, many that can be viewed as potential feeder structures for deep tapping gold-bearing fluids.

Drilling will target a number of these structural targets in 2020, whilst a follow up and infill CSAMT survey is contemplated once COVID restrictions for incoming consultants has been lifted.

- **Surface exploration at Tuvatu and Navilawa**

Once access into the northern parts of the project area was possible following the completion of the wet season in late April, the Company continued its extensive surface exploration program over new target areas on Tuvatu SPL 1283 and Navilawa SPL 1512. This program is not only focusing on mineralized targets identified by earlier work and strike extensions of those targets, but new targets exposed and generated whilst opening up tracks and access in the Navilawa tenement SPL1512.

On February 19, 2020, the Company announced that the recent surface sampling at its new Navilawa exploration license had returned high-grade gold assays. Prospecting has focussed on extending existing surface anomalies and to follow up on strong bulk leach extractable gold ("BLEG") stream sediment samples collected in 2019. The program of surface sampling and mapping to extend the anomalies is ongoing.

- **Appointment of Mr. David Tretbar to the Board of Directors**

On June 3, 2020, the Company announced the appointment of Mr. David Tretbar to the Board of Directors. Mr. Tretbar will serve as an independent member of the Board and Audit Committee. Mr. Tretbar is currently Vice President, Exploration and Mineral Resources of Denver-based Summit Mining International, a 100% owned subsidiary of Sumitomo Corporation of Japan, where he is responsible for developing exploration programs, implementing exploration and resource development strategies, and providing technical support in all aspects of mine and mill production at Minera San Cristóbal in Bolivia. He also performs project due diligence for strategic alliances and joint ventures, and executive support functions within Summit Mining and its parent Sumitomo Corporation.

Mr. Tretbar has wide-ranging experience in surface and underground exploration, resource modeling, mine development and production, laboratory operations, mineral analysis, process metallurgy, and project management. Prior to joining Summit Mining International in 2010, Mr. Tretbar held a number of operational management level positions, including Chief Mine Geologist for Golden Minerals at Minera San Cristóbal, and both Mill Manager and Manager Engineering & Geology for the Ashdown Molybdenum Mine in Nevada. Mr. Tretbar has also worked as an underground mine geologist at several Nevada gold mines, including 4 years at the Getchell Mine where he conducted his Master's degree research on geochemistry and mineralization of the deposit. He later spent 2-½ years as process mineralogist for Barrick Gold Corporation at the Goldstrike Operation.

Mr. Tretbar earned a B.S. Geology, from Northern Arizona University in 1995, and a M.S. Geochemistry, from the University of Nevada Reno in 2004. Mr. Tretbar is a Certified Professional Geologist with the American Institute of Professional Geologists, and a Registered Professional Geologist in the state of Arizona. He is a qualified person as defined by Canadian NI 43-101.

- **COVID-19**

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The Government of Fiji confirmed its first case of COVID-19 on March 19, 2020 and has since documented 32 cases of COVID-19, with 2 fatalities attributed to the virus. To date, the impact of COVID-19 to Lion One's activities has been minimal as the Company acted quickly to establish clear policy guidelines for the health and safety of its employees and consultants, and thus has experienced only a small decrease in productivity. The Company continues to monitor the situation in Fiji, and whilst the health and safety of its employees remains the highest priority, work activities have continued with little disruption. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

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

- **Completed \$39.7 million equity private placement and strong financial position as at September 2020**

The Company completed a private placement on August 21, 2020 for gross proceeds of \$39.7 million and is well capitalized to continue exploration work on the Navilawa alkaline gold system while simultaneously advancing development planning for the Tuvatu project.

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

On August 25, 2020 the Company announced that it has elected to accelerate the expiry date of the outstanding common share purchase warrants originally issued by the Company as part of its private placement of units which closed on December 6, 2019. Pursuant to the terms of the Warrants, the Company can accelerate the expiry date of the Warrants if the closing price of the Company's common shares listed on the TSX Venture Exchange remain higher than \$1.65 for 20 consecutive trading days. As of the close of market on August 24, 2020, the Company's common shares have closed at a price higher than \$1.65 for 20 consecutive trading days. As a result, the Company has exercised the acceleration right relating to the Warrants. The expiry date of the outstanding Warrants is being accelerated to October 7, 2020. Any Warrants remaining unexercised after this date will be cancelled and will thereafter be of no force or effect.

## OBJECTIVES AND OUTLOOK

Lion One is focused on advancing premium quality gold assets in Fiji that have the world class attributes of: high grades, scope, district scale, and depth potential, with access to infrastructure in a mining-friendly jurisdiction. The Tuvatu Gold Project has received all of the mandatory regulatory approvals, including a 10-year renewable mining lease and a 21-year surface lease, for the complete development of mining and processing operations at Tuvatu. The Company will continue to advance its exploration program to add further high-grade resources in its effort to develop a world class alkaline gold project.

In light of the Company's understanding of the alkaline model and the way Tuvatu fits into that model type, the Company will continue to expand its exploration efforts to prove the concept that the project has the potential to become 10 to 20 million ounces gold camp. This program will include deep drilling, further geophysics, mapping and sampling, and targeted exploration of other prospects generated in 2019 and before. Four diamond drill rigs have been mobilized to drill at depth below Tuvatu and Tuvatu West themselves, but also to target many of the numerous prospects elsewhere within the project area. Once all rigs are operational, the company expects to drill up to 25,000 meters in any one year period

The Company's has encountered multiple high-grade intercepts from its high-grade feeder diamond drill program, which supports the alkaline gold model and the concept that Tuvatu has high-grade Au mineralization extending and evolving at great depths. The Company will continue this deep hole drill program, up to depths of 1,000m below the surface, to gain a better understanding of the underlying plumbing system which allowed a conduit for the gold-rich fluids from the base of the crust in that area. The Company is targeting the root feeder or feeders that gave rise to the Tuvatu lode complex. Alkaline hosted gold deposits are known to extend to great depths, so there are many areas to explore.

Additional sampling, resampling and relogging of earlier diamond drill holes is ongoing. Trenching, mapping and sampling within the Company's tenement holding is continuing. A number of access tracks into the Navilawa tenement (SPL1512) have been completed and sampling of prospective zones continues with numerous additional targets identified to date.

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

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

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

## BACKGROUND AND CORE BUSINESS

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

The Company's primary asset is the 100% held Tuvatu Gold Project ("Tuvatu"), located 17 km from the Nadi International Airport on the main island of Viti Levu in Fiji. Discovered in 1987, Tuvatu is a high-grade underground gold project situated along the Viti Levu lineament, Fiji's own corridor of high-grade alkaline gold deposits. Tuvatu is situated with a 5-hectare footprint inside a larger 384 hectare mining lease. The project contains numerous high-grade prospects proximal to Tuvatu, at depth, and up to 1.50 km along strike from the resource area, giving near-term production potential and further discovery upside on one of Fiji's largest and underexplored alkaline gold systems. The Tuvatu Project was acquired by Lion One in 2011 and has around 100,000 meters of drilling completed to date in addition to 1,600 meters of underground development.

In November 2017, the Company became the successful tenderer to acquire the Navilawa exploration tenement directly adjoining the northern boundaries of Lion One's Special Prospecting Licenses (SPL 1283 and 1296) and Mining Lease areas (SML 62) covering the Tuvatu gold project. In May 2019, SPL 1512 was issued for the Navilawa tenement for a 5-year term ending in 2024, which for the first time consolidated the ownership of the entire Navilawa mineral complex under a tenement package with the Tuvatu 384.5 hectare SML 62 Mining Lease at its center.

In January 2019, the Company purchased all of the drilling equipment from Geodrill, a Fijian drilling company, which included one surface diamond drilling rig and one underground drilling rig, with a full parts inventory and vehicle fleet. The Company previously utilized Geodrill's equipment and personnel for the majority of the diamond drilling and geotechnical drilling undertaken at Tuvatu since 2012. Lion One has also employed several experienced drillers from Geodrill. This strategic acquisition ensures the Company has available, cost effective diamond drilling capabilities well into the future. Operating these drills "in-house" enables the Company to significantly reduce drilling costs, a huge benefit to the Company's ability to implement cost-effective exploration. Additionally, in April 2020 the Company purchased its third rig, a new diamond drill rig with the capabilities to drill beyond 1,000 meters below the surface. The rig was delivered to Fiji in August 2020 and drilling with the new rig is expected to commence in the near future.

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

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

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

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

The Report is based on low accuracy level technical and economic assessments and is insufficient to support estimation of mineral reserves or to provide assurance of an economic development case at this stage; or to provide certainty that the conclusions of the Preliminary Economic Assessment will be realized.

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

Production Mine Life (Years)	5
Total Au Produced (oz)	331,369
Average Au Annual Production (oz)	77,969
Average Au Head Grade LOM (g/t)	8.6
Total Mill Feed Mined (tonnes)	1,384,000
Nominal Production Rate (tonnes/annum)	330,000
Average Gold Recovery	87.3%

**Summary Economics at USD \$1,400 per oz Gold:**

Total Initial LOM Revenue (USD millions)	\$463.9
Total LOM Pre-Tax Cash Flow (USD millions)	\$202.8
Average Annual Pre-Tax Cash Flow (USD millions)	\$47.7
Total LOM After-Tax Cash Flow (USD millions)	\$160.8
Average Annual After-Tax Cash Flow (USD millions)	\$37.8

Cash Costs USD per oz Au (Pre-tax)	\$503
All-In Sustaining Cash Costs USD per oz Au (Pre-tax)	\$586
All-In Costs USD per oz Au (Pre-tax) including initial capital costs	\$788

Pre-Tax NPV (USD millions, 5% discount rate)	\$155.8
Pre-Tax IRR	60.3%
Pre-Tax Payback (Years)	1.5
After-Tax NPV (USD millions, 5% discount rate)	\$121.7
After-Tax IRR	50.9%
After-Tax Payback (Years)	1.7

**Production Summary:**

		Year 1	Year 2	Year 3	Year 4	Year 5	Totals
Total Mill Feed Mined	t	330,000	331,000	330,000	330,000	63,000	1,384,000
Gold Grade Milled	g/t	7.60	8.93	10.49	7.70	6.42	8.57
Gold Milled	oz	80,588	94,985	111,238	81,643	13,078	381,532
Gold Recovery	%	86.5	87.5	87.5	87.5	87.5	87.3
<b>Gold Recovered, including refining loss</b>	<b>oz</b>	<b>69,359</b>	<b>82,696</b>	<b>96,847</b>	<b>71,081</b>	<b>11,385</b>	<b>331,369</b>

Note: Numbers may not total due to rounding



**Cash Flow Summary at USD \$1,400 per oz Gold:**

<b>Project Cash Flow</b>	<b>USD millions</b>	<b>USD/t mill feed</b>	<b>USD/oz Au</b>
Mine Operating Costs	65.39	47.24	197.33
Processing Cost	58.64	42.37	176.97
G&A and Site Service Cost	11.66	8.43	35.20
Smelting and Refining Costs	0.96	0.70	2.91
Royalties	30.15	21.79	91.00
<b>Total Cash Operating Cost</b>	<b>166.81</b>	<b>120.52</b>	<b>503.40</b>
Revenue (at Au USD \$1,400 oz)	463.92	335.18	1,400.00
<b>Operating Cash Flow</b>	<b>297.11</b>	<b>214.66</b>	<b>896.60</b>
Initial Capital Cost	66.82	48.28	201.65
Sustaining Capital Costs	27.44	19.83	82.82
<b>Total Capital Cost</b>	<b>94.27</b>	<b>68.11</b>	<b>284.47</b>
<b>All in Sustaining Cost (Pre-tax)</b>	<b>194.26</b>	<b>140.35</b>	<b>586.22</b>
<b>All in Costs (Pre-tax)</b>	<b>261.08</b>	<b>188.63</b>	<b>787.88</b>
Estimated Income Tax	42.02	30.36	126.82
<b>All in Sustaining Cost (After-tax)</b>	<b>236.28</b>	<b>170.71</b>	<b>713.04</b>
<b>All in Costs (After-tax)</b>	<b>303.10</b>	<b>218.99</b>	<b>914.69</b>

Note: Numbers may not total due to rounding

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

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

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

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

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

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

**Mineral Resources**

The Mineral Resource models and estimates, and the site visit were conducted by Mr. Ian Taylor, B.Sc. (Hons), G.Cert. Geostats, M.AusIMM (CP) (Qualified Person [QP]) of Mining Associates Pty Ltd. ("MA"). The Mineral Resource estimate was completed in January 2018 following the completion of the 2016/2017 diamond drilling program and field exploration. This Mineral Resource estimate does not include the 2019-2020 diamond drilling program.

The Mineral Resource has been estimated for each vein individually using Ordinary Kriging (OK) of width and grade, the latter using accumulations, into a three-dimensional (3D) block model. The Mineral Resource has been estimated for each vein individually based on the current drill hole database, historic block models, and geological wireframes.

The effective date for the Mineral Resource estimate is January 8, 2018 (See sensitivity of Mineral Resource to cut-off grade in Table Below).

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

The reader is cautioned that the Report includes the use of Inferred Mineral Resources, which are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and as such, there is no certainty the economic results presented in the Report will be realized. The PEA is preliminary in nature and uses Inferred mineral resources.

### Capital Cost Estimates

Tetra Tech prepared a capital cost estimate for the PEA with inputs from Entech, Wood, and Lion One. Tetra Tech established the capital cost estimate using a hierarchical work breakdown structure. The accuracy range of the estimate is +35%/-30%. The base currency of the estimate is Canadian dollars. The total estimated initial capital cost for the design, construction, installation, and commissioning of the Project is USD \$66.8 million (CAD \$89.1 million), including an average contingency of approximately 16% of the total direct costs. See Estimated Capital Costs table below:

#### Estimated Initial Capital Costs

Direct Costs	USD (millions)
Underground Mining	20.8
Process	13.7
Tailings Storage Facility	4.1
Overall Site	3.2
On-site Infrastructure	1.8
<b>Direct Costs Subtotal</b>	<b>43.6</b>
Project Indirect Costs	11.5
Owner's Costs	4.8
<b>Indirect Costs Subtotal</b>	<b>16.3</b>
<b>Contingencies</b>	<b>6.9</b>
<b>Total Capital Costs</b>	<b>\$66.8</b>

### Operating Cost Estimates

The on-site average operating costs, at a mill feed rate of 1,000 t/d were estimated to be USD\$97.35/t (CDN\$129.81/t) of material processed. The operating costs are defined as the direct operating costs including mining, processing, site servicing, and G&A costs, including related freight costs.

The cost estimates in this section are based on the consumable prices and labour salaries/wages from Q2 2020, or information from Tetra Tech and other consulting firms' in-house database. The expected accuracy range of the operating cost estimate is +35%/-30%. It is assumed that operation personnel will reside in towns or villages nearby. There will be no accommodation or catering services provided at site. Personnel will be bussed to site by the Owner. The operating costs exclude shipping and refining charges for the doré produced; these costs are included in the financial analysis.

**Operating Cost Estimate (USD per tonne milled)**

Description	Operating Cost (\$ per tonne)
Mining**	47.24
Process	41.49
Reclaim Water Handling	0.30
G&A	6.66
Site Services	1.66
<b>Total Operating Cost Estimate *</b>	<b>\$ 97.35</b>

Notes: \*Numbers may not total due to rounding.

\*\*LOM average, excluding pre-production related costs.

**Qualified Persons**

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

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

**EXPLORATION PROGRAM*****Diamond Drilling***

The Company continues its diamond drilling with two of its own drill rigs during the June 2020 Quarter where it completed 1,882.86 meters of diamond drilling in three completed holes, whilst two further drill holes were in progress at Quarter's end. 1,676 meters of drilling was completed on the Tuvatu mining lease SML62, whilst 206.86 meters were completed on exploration license SPL1512. The Company intends to ramp up the drilling in subsequent quarters with the acquisition of a new drill rig and the introduction of a contract diamond drill rig.

***TUDDH493***

In October 2019, the Company announced the start of a diamond drill program (news release dated October 1, 2019 and subsequent updates dated November 7, 2019 and December 18, 2019), targeting the high-grade feeder structures beneath the Tuvatu resource area. The first drill hole, TUDDH493 (hole TD1 on the Figure 1), was designed to target down dip extensions near the center of the current resource in an area where an extremely high-grade feeder structure appears to be coalescing. Nearby drill hole TUDDH-160 had intersected 1,614 g/t Au over 0.50m within a broader interval of 367g/t Au over 2.92m, from 333m down hole depth. TUDDH493 was oriented eastward at an inclination of 55 degrees encountered high-grade gold mineralization at the bottom of the current delineated resource.

**Table 1: Significant Results from Drill hole TUDDH493**

Drill Hole	From (m)	To (m)	Drilled Interval (m)	Au (g/t)
<b>TUDDH493</b>	177.25	177.60	0.35	105.00
	290.00	290.35	0.35	1.40
	322.17	326.00	3.83	10.21
<i>including</i>	325.61	325.73	0.12	56.70
	422.53	426.82	4.29	33.22
<i>including</i>	423.41	423.72	0.31	322.00
<i>and</i>	424.63	425.00	0.37	22.50

Of particular note is a 4.29m interval of 33.22 g/t Au starting at 422.53 m down hole (true width estimated to be 2.5m). This interval, interpreted to be part of the UR2 lode and is approximately 70m below the current resource in that area. It is comprised of hydrothermal breccia unlike any mineralization previously observed at Tuvatu, but closely resembling that seen in some lodes at the Vatukoula Gold Mine approximately 40km to the northeast. Included in this interval is a 0.31m interval of 322.00 g/t Au beginning at 423.41m down hole. Lion One believes this intercept is highly significant and suggests the mineralizing system is evolving with depth, perhaps an indication of further high-grade mineralization below. In this area, several lode structures appear to be converging, potentially forming a root feeder.

A 0.35m interval of 105.00 g/t Au beginning at 177.25m down hole (true width estimated to be 0.3m) and interpreted to be part of the Murau 2 lode shows that hydrothermal fluids capable of depositing high-grade mineralization were active in this part of the Tuvatu system. This intercept clearly shows this lode is open to the west where it might link up with a feeder structure.

A 3.83m long interval of 10.21 g/t Au beginning at 322.17m (true width estimated to be 2.3m) including 0.12m of 56.70 g/t Au is interpreted to be the URW1 lode. A down-hole survey indicates this intercept is above hole TUDDH160, a historic hole that encountered high grades in this area.

It is possible that the aforementioned high-grade intercept in the UR2 lode in hole TUDDH493 is structurally linked with that in hole TUDDH160. More drilling is needed to better understand this part of the deposit.

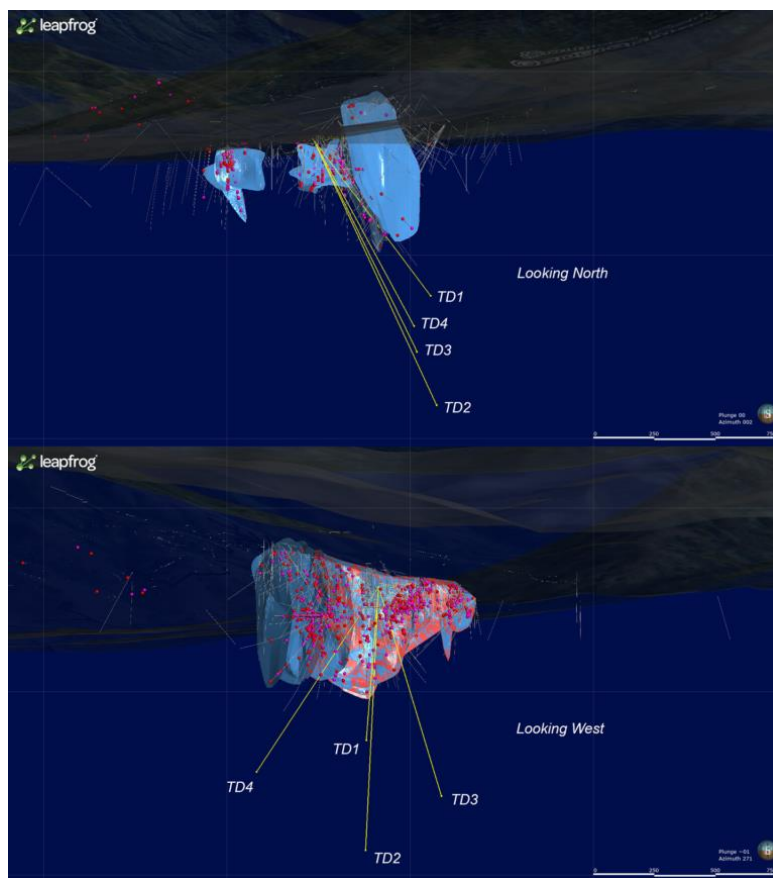
#### *TUDDH494*

TUDDH494, (hole number TD2 on the Figure 1), was planned to a depth of 1,000m and targeted mineralisation a further 300m downdip below TD01. At least one further hole was planned but the order of drilling will be dependent of results. TD03 and TD04, each 1000m long, will test down dip areas 200m north and 200m south of TD02, respectively. The second drill hole of the program, TUDDH494 (hole number TD2 on the Figure 1), was planned to a depth of 1000m. This hole (news release dated January 22, 2020), was drilled from the same pad and same azimuth as TUDDH493 but at an inclination of -67 degrees. The drill hole was terminated at 748.60 meters due to the depth capacity of the rig with the HQ sized drill rods being used. It was hoped that the hole would be extended to the deeper target zone on receipt of 1,500 meters of the slightly smaller NQ drill rods but access down the hole is not possible and the hole has been abandoned. Nevertheless, significant mineralization was returned from the upper parts of the hole. An interesting mineralized interval was encountered at a down hole depth of 188.8m and has been interpreted to be another intercept into the Murau 2 lode. If so, this provides a further indication that this lode is open to the west and may possibly link up with a feeder structure in TUDDH493. The most significant mineralization returned from TUDDH494 included:

1.47m @ 1.45 g/t Au from 157.15m, and  
3.60m @ 13.12 g/t Au from 188.80m

#### *TUDDH495*

The third drill hole of the program, TUDDH495 was also stopped early at 768.70m because access down the drill hole was not possible due to adverse ground conditions.



**Figure 1: High-grade Feeder Diamond Drill Program:**  
N-S & E-W Section views of proposed drill holes (in yellow),  
highlighting the existing resource zones (blue) and previous drill holes

As neither TUDDH494 or 495 could be re-entered, the Company collared a new hole in the same area (TUDDH500) once the NQ sized drill rods arrived into Fiji.

Results from TUDDH495 which was terminated prior to reaching target depth are included below:

0.40m @ 7.52 g/t Au from 53.00 meters  
0.50m @ 1.05 g.t Au from 229.50 meters and,  
1.73m @ 3.52 g/t Au from 566.17 meters

#### TUDDH500

High-grade mineralization encountered in hole TUDDH500 displays characteristics typical of feeder style mineralization in alkaline gold systems. Predominant vein minerals include a combination of quartz, potassium-rich hydrothermal feldspar called adularia and carbonate minerals. The dark gray host monzonite wall-rock is also flooded with these minerals generating lighter shades of gray. Vugs, or open spaces are evident in some veins. Green, vanadium-rich mica called roscoelite has been spotted in some veins. Native gold occurs as fine-grained aggregates that appear to clump together forming larger particles. This may reflect rapid, colloidal deposition of gold from a gold-saturated ore-forming fluid. Such rapid gold-deposition can generate very high grades in alkaline gold systems. Sulphide minerals include minor pyrite and traces of galena, sphalerite and chalcopyrite.

Mineralization in hole TUDDH500 displays many diagnostic characteristics of feeder style mineralization from an alkaline gold system. Notably, textures of gold suggest rapid deposition from what was possibly a gold-saturated mineral-forming fluid. This is encouraging, as it suggests the Company is now in the right part of the system to find more such mineralization.

**Table 2: Significant Results from Drill hole TUDDH500**

Drill Hole	From (m)	To (m)	Drilled Interval (m)	Au (g/t)
	506.35	506.75	0.40	2.53
	511.15	512.17	1.02	2.09
<i>including</i>	511.15	511.45	0.30	5.38
	558.00	560.00	2	46.70
<i>including</i>	559.00	559.50	0.5	144.00
	571.00	583.70	12.7	55.43
<i>including</i>	579.00	583.70	4.7	144.81
<i>including</i>	<b>582.80</b>	<b>583.70</b>	<b>0.9</b>	<b>582.33</b>
<i>including</i>	<b>582.80</b>	<b>583.10</b>	<b>0.3</b>	<b>1,400.00</b>
	659.00	660.50	1.5	1.94
	671.30	671.60	0.3	10.55
	744.00	745.80	1.8	0.95
	764.00	765.00	1	1.70
	768.20	768.50	0.3	1.23

Table 2 above highlights the final gravimetric assay results from both high-grade intervals encountered between down hole depths of 558.0 and 583.4m and display significant increases in grade over the initial fire assay-atomic absorption ("AA") results. These samples have been assayed at Lion One's own geochemical and metallurgical laboratory in Fiji, but duplicate samples will also be shipped to ALS Chemex in Australia for screen fire assay. The true widths of the intercepts listed above have not been determined. No previous drilling has been undertaken in this area below the known deposit thus making interpretation difficult at this stage.

Hole TUDDH500 was completed to a final depth of 863.4m at which point, it had passed through the entirety of the targeted controlled source audio-magnetotelluric ("CSAMT") gradient that appears to highlight the location of the feeder zone. Multiple intervals of typical Tuvatu-style lode mineralization and associated alteration were noted during geologic logging of this hole.

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

*TUDDH500w1*

Lion One made the decision that further information is needed about the orientation of the high-grade feeder zone so that future drill holes can be better planned. To get immediate data input, the first daughter wedge hole TUDDH500w1 has recently been drilled from TUDDH500 beginning at approximately 392.5m depth, and terminating at 709m. A wedge hole is drilled by setting a steel wedge inside the mother hole thus deflecting the drill bit outward into the wall of the hole. In this case, Lion One expected the daughter wedge hole to pass through the high-grade zone within a few meters of the mother hole providing enough separation to get valuable information about the true orientation of this important zone. Although the majority of the hole is yet to be sampled and assayed, initial significant results from the first wedged daughter hole include:

**Table 3: Significant Results to date from Drill hole TUDDH500w1**

Drill Hole	From (m)	To (m)	Drilled Interval (m)	Au (g/t)
<b>TUDDH500w1</b>	508.40	509.90	1.5	4.60
<b>including</b>	508.40	508.70	0.3	16.43
	<b>591.60</b>	<b>594.90</b>	<b>3.3</b>	<b>85.70</b>
<b>including</b>	<b>592.20</b>	<b>592.50</b>	<b>0.3</b>	<b>305.00</b>
<b>including</b>	<b>594.30</b>	<b>594.60</b>	<b>0.3</b>	<b>310.00</b>

The results in Table 3 above highlight the initial fire assay (with AA finish) results and gravimetric results from the intervals with visible gold at 508 – 509m and 590 - 600m downhole. These samples have been assayed at Lion One's own geochemical and metallurgical laboratory in Fiji, but duplicate samples will also be shipped to ALS Chemex in Australia for screen fire assay. All samples with assay results >10g/t Au were then systematically assayed by gravimetric analysis at the Lion One laboratory. To date, gravimetric analyses have generally shown higher grades, but these will be reported when available.

The true widths of the intercepts listed above have not been determined. No previous drilling has been undertaken in this area below the known deposit thus making interpretation difficult at this stage.

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

*TUDDH496 and TUDDH497*

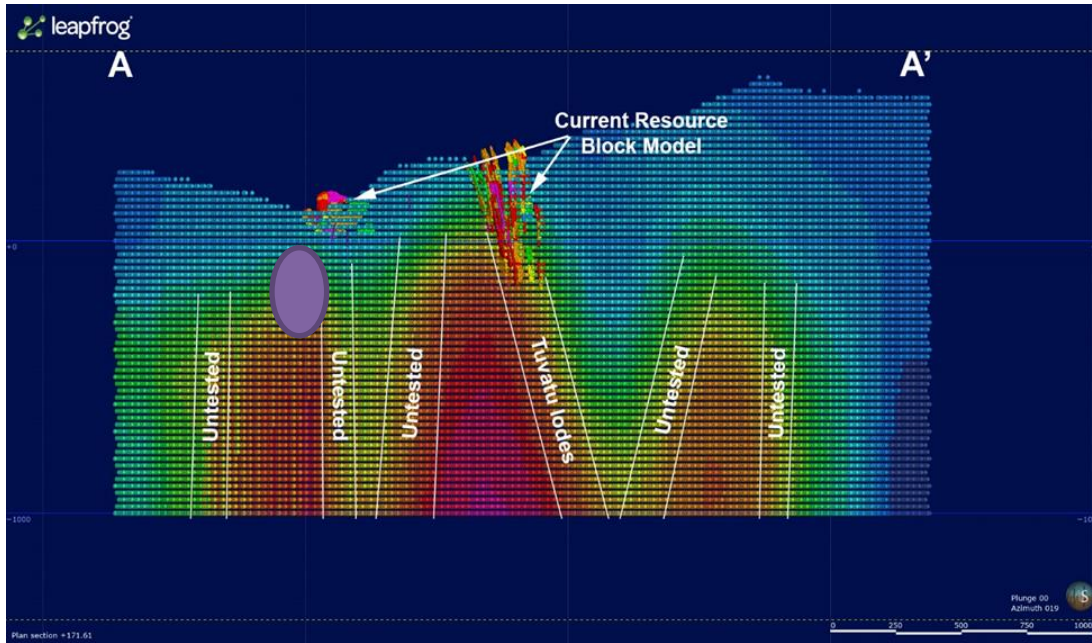
On July 20, 2020, the Company announced that it had recently completed two holes, TUDDH496 and TUDDH497, both north-oriented, at the western extremity of the Tuvatu West lode network in an area underlain by a profound CSAMT resistivity gradient thought to be a major, deep-rooted structural zone that may have allowed mineralizing fluids to ascend near surface. Hole TUDDH496, inclined at -55 degrees, encountered numerous mineralized intervals between 72.10 and 312.66 m (see Table 3), the most significant of which include 0.73 m grading 6.86 g/t Au beginning at 267.20 m and 1.8 m grading 6.41 g/t Au. Hole TUDDH497, drilled from the same pad at a somewhat steeper inclination of -62 degrees, similarly encountered numerous mineralized intervals between 31.00 and 417.60 m, the most significant of which include 3.00 m grading 6.19 g/t Au beginning at 304.50 m and 1.27 m grading 4.41 g/t Au beginning at 357.63 m. Given the broad distribution of numerous mineralized structures in these holes, Lion One believes these intercepts are a high-level expression of a deeper gold system underlying this area. Further drilling is needed at a deeper level, perhaps 200 meters vertically below these intercepts to determine how these multiple mineralized structures might come together into a feeder zone.

**Table 4: Drill Hole Results from TUDDH496 and TUDDH497**  
 (true widths still to be determined because of limited drilling in the area and depth below existing drilling makes interpretation difficult at this stage of exploration)

Drill Hole	From (m)	To (m)	Drilled Interval (m)	Au (g/t)
<b>TUDDH496</b>	72.1	72.6	0.5	1.12
	123	123.2	0.2	4.78
	194.5	195.9	1.4	2.31
	196.9	197.7	0.8	1.87
	233	233.9	0.9	1.59
<b>incl</b>	233	233.3	0.3	3.94
	267.2	267.93	0.73	6.86
<b>incl</b>	267.2	267.65	0.45	10.04
	272.6	273.4	0.8	1.08
	276.52	277.6	1.08	2.5
	288.25	288.45	0.2	1.88
	291	291.4	0.4	8.08
	293.85	295.65	1.8	6.41
<b>incl</b>	293.85	294.15	0.3	22.76
<b>and</b>	295.37	295.65	0.28	16.13
	305.9	306.5	0.6	7.75
	312.45	313.32	0.87	1.61
<b>incl</b>	312.45	312.66	0.21	3.92
<b>TUDDH497</b>	31	31.5	0.5	2.61
	135.8	136.5	0.7	1.33
	279.7	280	0.3	2.07
	284.5	285	0.5	1.34
	304.5	307.5	3	6.19
<b>incl</b>	306.5	307	0.5	13.53
	308.5	309.5	1	1.8
	336.13	337.94	1.81	2.04
	357.63	358.9	1.27	4.41
	374.55	374.86	0.31	12.82
	391.77	392.22	0.45	1.8
	408.75	409.05	0.3	1.45
	416.6	417.6	1	1.24
	429.4	430.2	0.8	2.05
<b>incl</b>	429.9	430.2	0.3	4.54
	452.8	453.1	0.3	8.94
	549	551	2	1.1



**Figure 2:** Interpreted CSAMT Section across existing Tuvatu resource highlighting (as the ellipse) the target area beneath Tuvatu West where TUDDH496 and TUDDH497 were drilled, and situated on an untested CSAMT structural anomaly



**Table 5: Drill Hole Logistics for TUDDH494 to TUDDH500**

Hole No	Coordinates		RL (m)	Depth (m)	dip	azimuth (TN)
	N	E				
TUDDH494	3920704.98	1876220.40	225.50	748.60	-67.0	97.00
TUDDH495	3920667.00	1876756.00	306.00	768.70	-75.0	240.00
TUDDH496	3920506.34	1875857.41	274.42	696.00	-57.0	61.00
TUDDH497	3920506.368	1875857.397	274.419	869.40	-63.0	61.00
TUDDH498	3922562.06	1876843.774	202.005	75.82	-60.0	270.00
TUDDH499	3922561.854	1876842.559	202.025	144.58	-60.0	270.00
TUDDH500	3920669.809	1876756.252	282.355	863.40	-75.0	247.00

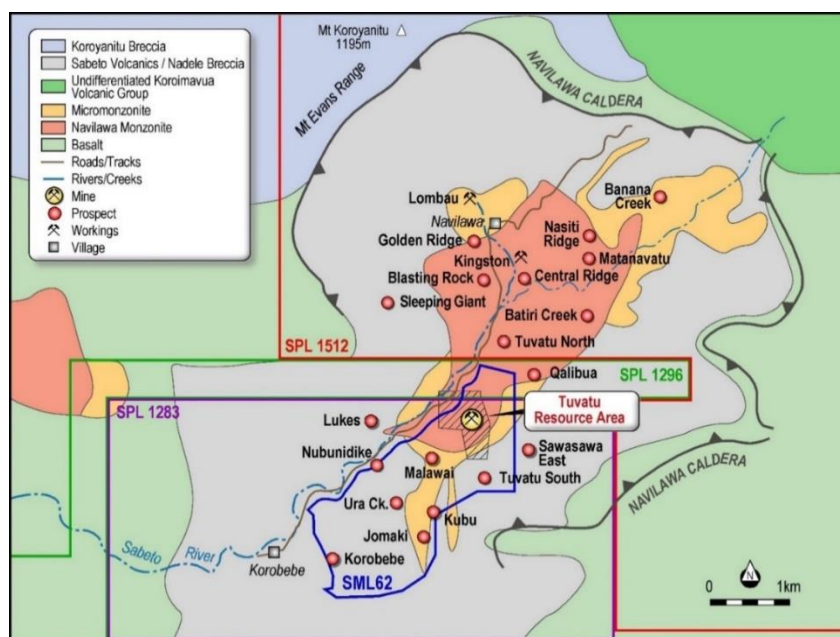
### Navilawa Tenement and Exploration Program

The Company was notified in November 2017 by Fiji's Ministry of Lands and Natural Resources that it was the successful tenderer to acquire the Navilawa exploration. Following extensive discussions with landowners and finalization of access agreements in May 2019, SPL 1512 was issued for the Navilawa tenement for a 5-year term renewable in 2024. The Navilawa prospect area directly adjoins the northern boundary of Lion One's tenements at Tuvatu, which consolidates ownership of the entire Navilawa mineral complex under a tenement package with Tuvatu's 384.5 hectare Mining Lease (SML 62) and mining and processing site, at its center. This is the first time that the entire volcanic complex has been held by a single tenement holder, and will be the first time modern, systematic exploration has targeted the entire area.

The Navilawa area has at least 10 well defined prospects including the Kingston, Banana Creek, and Tuvatu North. The most significant historic results returned were surface rock chip samples of 46.30 g/t Au from Banana Creek; 176.27 g/t Au from the Kingston, and 8.50 g/t Au from Tuvatu North, where a rock chip sample was taken from just inside Lion One's existing tenement SPL 1296 and adjacent to the Tuvatu resource. Although little systematic historical exploration has been undertaken in the area, a number of prospects have historic workings with short shafts or adits up to 15 meters deep or manual workings on copper and gold bearing rocks as is the case at the Central Ridge prospect. Mapping, sampling and geophysics clearly demonstrates that the Tuvatu gold deposit extends north into the Navilawa tenement area.

Current programs on the Navilawa tenement SPL1512 are discussed below. Lion One has progressively opened up access tracks through the area and has commenced geological mapping, trenching and sampling. Additionally, the BLEG stream sediment sampling and the CSAMT geophysical program were undertaken in the tenement area in 2019.

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



During the year ended June 30, 2020, the Company was aggressively opening roads and trench cuts within the large Navilawa tenement situated north of the Tuvatu mining license. At present, efforts have been focused at Banana Creek located approximately 3 km northeast of the Tuvatu resource, where the Company's team has discovered multiple outcropping lodes of similar nature to those seen at Tuvatu. Recent assay results including multiple high-grade results from the current benching and mapping program are presented in the table below. Results from outcropping lodes include 39.74 g/t Au over 0.60 m, 17.37 g/t Au over 0.45 m, 10.82 g/t Au over 0.70 m and 12.71 g/t Au over 0.40 m at Banana Creek and its access and 31.22 g/t Au over 0.80 m at the nearby Vunilolo prospect. Systematic sampling of newly discovered structures continues, and more discoveries are being made daily.

**Table 6: Gold results from rock chip Bench sampling on Navilawa Tenement (SPL1512)**

Bench number	Coordinates		From	To	Interval	Au (g/t)	Prospect
Bench 1716	3922769	1876793	0.85	1.75	0.9	6.26	Kingston
<b>incl</b>			<b>1.5</b>	<b>1.75</b>	<b>0.25</b>	<b>11.69</b>	
Bench 1737	3922706	1877072	2.8	3.8	1	1.36	Central Ridge
			4.3	4.9	0.6	7.53	
			4.9	5.9	1	1.14	
			6.9	7.4	0.5	2.55	
Bench 1741	3922708	1877030	0.61	0.82	0.21	5.17	Kingston
			1.2	1.32	0.12	6.3	
			1.55	1.75	0.2	8.92	
<b>Bench 1866</b>	<b>3923325</b>	<b>1878650</b>	<b>0.7</b>	<b>1.3</b>	<b>0.6</b>	<b>39.74</b>	<b>Banana Creek</b>
Bench 1867	3923328	1878645	0.7	1.4	0.7	1.69	Banana Creek
			2.6	3.5	0.9	5.37	
Bench 1886	3923424	1877539	1.5	2.4	0.9	5.45	ObaRidge/ BananaCk access
			2.6	3.1	0.5	1.55	
<b>Bench 1887</b>	<b>3923424</b>	<b>1877555</b>	<b>2.3</b>	<b>2.76</b>	<b>0.46</b>	<b>15.37</b>	ObaRidge/ BananaCk access
Bench 1888	3923414	1878509	1.6	5.3	3.7	3.96	ObaRidge/ BananaCk access
<b>incl</b>			<b>2.8</b>	<b>3.5</b>	<b>0.7</b>	<b>10.82</b>	
and			4.8	5.3	0.5	8.69	
Bench 1897	3923433	1878602	6.5	7.0	0.5	1.42	ObaRidge/ BananaCk access
			7.0	7.3	0.3	4.83	
Bench 1908	3923332	1878663	0	3.97	3.97	8.66	ObaRidge/ BananaCk access
<b>incl</b>			<b>1.3</b>	<b>1.7</b>	<b>0.4</b>	<b>12.71</b>	
Bench 1909	3923328	1878660	0	1.4	1.4	6.75	Republic Ridge
<b>incl</b>	<b>3923328</b>	<b>1878660</b>	<b>0.7</b>	<b>1.4</b>	<b>0.7</b>	<b>11.58</b>	
<b>Bench 1934</b>	<b>3923365</b>	<b>1878794</b>	<b>0.55</b>	<b>1.35</b>	<b>0.8</b>	<b>31.22</b>	<b>Vunilolo</b>

Lion One's small diamond drill rig has commenced drilling new targets within the Navilawa tenement. Biliwi, where high-grade samples were collected early in 2020, is the first target to be tested in this tenement. Results are awaited. Following drilling at the Biliwi area, it is planned to move the rig to test some of the newly discovered lodes at Banana Creek discussed above. The third diamond drill rig which was purchased by the Company in April 2020 and which arrived into Fiji in mid August 2020, will commence drilling as part of the Tuvatu step-out and feeder test program.

**Mine Development Optimization / Surface Development**

During the year ended June 30, 2020, the Company continued to optimize the underground mine plan. A review of the mining equipment and its sizing for various mining options have been conducted with updated cost estimate. The Company is in the process of refining the mine portal construction plans which includes portal entry design, additional excavation, mine infrastructure layout/arrangement and batter wall stabilization. Geotechnical assessment of design of shotcrete slope protection for the main portal area was completed during the year. The Company is planning to implement the slope protection construction in this dry season. The Company also performed preliminary engineering design of the initial tailings facilities storage dam, sediment control pond and upstream diversion ditches.

**\$39.7 million Private Placement**

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

Each Tranche 1 Unit is comprised of one common share (a "Common Share") in the capital of the Company and one-half (1/2) of one common share purchase warrant (each whole common share purchase warrant attaching to a Tranche 1 Unit, a "Tranche 1 Warrant") of the Company. The Company issued 6,760,805 Tranche 1 share purchase warrants and each Tranche 1 Warrant shall be exercisable to acquire one Common Share (a "Warrant Share") at a price per Warrant Share of C\$2.35 for a period of 12 months from the closing date of the Offering.

Each Tranche 2 Unit will consist of one Common Share and one-half (1/2) of one common share purchase warrant (each whole common share purchase warrant attaching to a Tranche 2 Unit, a "Tranche 2 Warrant") of the Company. The Company issued 4,075,786 Tranche 2 share purchase warrants and each Tranche 2 Warrant shall be exercisable to acquire one Warrant Share at a price per Warrant Share of C\$2.75 for a period of 12 months from the closing date of the Offering.

In connection with the Offering, the Underwriters received a cash commission of 6.0% of the gross proceeds of the Offering and 1,303,009 of non-transferable compensation options (the "Compensation Options") as is equal to 6.0% of the aggregate number of Tranche 1 Units and Tranche 2 Units sold under the Offering. Each Compensation Option is exercisable into one Common Share of the Company at the Tranche 1 Price or the Tranche 2 Price, as applicable, for a period of 12 months from the closing date of the Offering. All securities issued under the Offering will be subject to a hold period expiring December 22, 2020 in accordance with applicable securities laws and policies of the TSX-V.

**EXPLORATION AND EVALUATION ASSETS****PROPERTIES – FIJI*****Tuvatu Gold Project, Viti Levu***

The Company's primary asset is the Tuvatu Gold Project located near Nadi on the island of Viti Levu, Fiji. The Tuvatu Gold Project has been fully permitted for development, construction and mining by the Government of Fiji with the grant of a Special Mining Lease (SML 62) in 2015, and prior Department of Environment approvals for the Tuvatu Environmental Impact Assessment and the Construction and Operational Environmental Management Plans. The Company has also submitted its Rehabilitation and Closure Plan for the operation as required by the regulators. The Company signed a 21-year Surface Lease agreement with local landowners and the iTaukei Land Trust in 2014.

SML 62 is a designated area within the original boundaries of the Company's SPL's 1283 and 1296. SML 62 provides exclusive rights for the potential development, construction, and operation of mining, processing, and waste management infrastructure at Tuvatu. The Mining Lease area covers 384.5 hectares and contains all of the current NI 43-101 resource and multiple high-grade prospects in the southern part of the Navilawa Caldera. The Tuvatu camp is located 16 km by road from the Lion One Fiji head office adjacent to the International Airport in Nadi, and 35 km from the Port of Lautoka.

The terms of SML 62 provide for certain performance and reporting requirements. The SML has been granted for a term of ten years provided the Company complies with the terms of the lease. Extensions to the term can be applied subject to the terms of the lease and the Mining Act. SPL's 1283, 1296, and 1465 were renewed in 2017 for a 3 year term and SPL 1512 Navilawa tenement was issued in 2019 for a 5 year term. In February 2020, the Company submitted the renewal applications for SPL 1283/1296 to the MRD. In September 2020, the Company was notified that the SPL 1283/1296 renewal was approved and the expiration date is August 23, 2025. The expenditure requirement for the 5

year period ending on August 23, 2025 for SPL 1283 and SPL1296 is FJD\$1,400,000 and FJD\$1,600,000 respectively. No additional bonds will be required over the 5 year period for SPL 1283/1296. In August 2020, the Company submitted the renewal application for SPL 1465 and the renewal is still in process. The MRD has confirmed that SPL 1465 remains in good standing.

The Company has commenced a deep diamond drilling program targeting feeder structures at depth below the known mineralization. In other mineralized alkaline gold systems around the world, these feeder structures often run hundreds or thousands of g/t gold. Following the interpretation of the CSAMT geophysical program, the deep drilling program will be expanded to include targets identified from that survey.

Mineralization of the Tuvatu deposit is associated with the emplacement of an alkalic volcanic intrusive complex, with Navilawa Caldera being one of several large mineralized alkaline gold systems aligned along the Viti Levu Lineament, Fiji's gold corridor. The geologic setting of Tuvatu shares affinities with the Vatukoula deposit in the neighboring Tavua Caldera, where over seven million ounces of gold have been recovered since mining commenced at Vatukoula in 1933. The Fijian Islands are located along the Pacific Island Arc, which hosts a number of other well-known major mineral alkaline gold deposits systems such as the Lihir and Porgera gold deposits in Papua New Guinea.

Expenditures incurred on the Fiji properties are as follows:

	June 30, 2018	Additions	June 30, 2019	Additions	June 30, 2020
Acquisition costs	\$21,915,063	\$ -	\$ 21,915,063	\$ -	\$ 21,915,063
Camp costs and field supplies	1,092,960	269,024	1,361,984	145,473	1,507,457
Consulting fees	2,711,683	435,520	3,147,203	471,191	3,618,394
Depreciation	999,550	192,984	1,192,534	313,851	1,506,385
Dewatering and environmental	1,560,882	450,690	2,011,572	624,707	2,636,279
Drilling	4,700,764	164,147	4,864,911	416,768	5,281,679
Fiji office administration	4,166,899	990,890	5,157,789	710,570	5,868,359
Permitting and community consults	883,962	288,216	1,172,178	194,003	1,366,181
Site works and road building	1,759,108	1,857,580	3,616,688	276,476	3,893,164
Salaries and wages	6,684,930	1,163,442	7,848,372	940,746	8,789,118
Sample preparation, assaying	1,612,672	334,149	1,946,821	244,281	2,191,102
Technical reports	1,397,285	8,924	1,406,209	(6,404)	1,399,805
Travel	1,079,570	203,497	1,283,067	82,348	1,365,415
Vehicle and transportation	638,152	239,204	877,356	298,004	1,175,360
Write-off of exploration assets	(771,648)	-	(771,648)	-	(771,648)
Cumulative foreign currency translation adjustment	<u>(311,392)</u>	<u>(871,497)</u>	<u>(1,182,889)</u>	<u>1,078,393</u>	<u>(104,496)</u>
	<u>\$50,120,440</u>	<u>\$ 5,726,770</u>	<u>\$ 55,847,210</u>	<u>\$ 5,790,407</u>	<u>\$ 61,637,617</u>

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

#### **PROPERTIES – AUSTRALIA** **Olary Creek, South Australia**

The Olary Creek Project is located in South Australia 70 km southwest of Broken Hill, NSW, and 40 km south of the Barrier Highway. On March 19, 2019, the Company entered into a sale agreement ("Agreement") to sell its 51% Olary Creek Tenement ("Olary") interest including 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 Equities Limited ("Lodestone") for the following proceeds:

- 1% FOB royalty on Iron Ore/manganese concentrates sold from Olary plus AUD\$0.75 per tonne of Iron Ore/manganese concentrates or 2% FOB royalty on Iron Ore/manganese concentrates sold from Olary.
  - a. Lodestone shall advance against the FOB royalty payable noted above:10% of all funds raised by Lodestone until funding specifically designated as funding for a Bankable Feasibility Study 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 made; and
  - d. AUD\$3,000,000 upon 18 months after a Decision to Mine being made.

On October 15, 2019, the Company received formal approval from the South Australian Minister of Energy and Mining for the Olary transfer to Lodestone. The Company has assigned the carrying value of the Olary Creek property at \$480,430 to the value of the royalty interest, which has been disclosed in other assets.

The Company considers this Olary sale as a means to realise value from this non-core asset. This agreement also has the potential to deliver considerable future income to the Company through a royalty stream. The Olary Creek project currently contains a JORC and 43-101 compliant resource of 510 million tonnes of high-grade magnetite with low impurities, but the Company considers only about 35% of the 7.5km highly magnetic mineralized target has been drilled to date.

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

## SELECTED FINANCIAL INFORMATION

### Selected Annual Information

	2020	2019	2018
Interest income	\$ 265,826	\$ 318,571	\$ 380,739
Net loss	2,723,822	2,221,436	2,249,517
Net loss per share	0.02	0.02	0.02
Comprehensive loss	1,679,535	3,281,624	2,952,043
Comprehensive loss per share	0.02	0.03	0.03
Working capital	13,012,110	9,135,456	19,449,489
Exploration and evaluation assets	61,637,617	56,352,590	50,649,007
Total assets	83,012,964	71,878,306	73,996,626

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

### Selected of Quarterly Results

	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
Total assets	\$ 83,012,964	\$ 82,306,227	\$ 81,764,902	\$ 71,353,995
Exploration and evaluation assets	61,637,617	59,641,197	57,772,643	56,786,168
Working capital	13,012,110	15,037,590	16,034,937	7,314,817
Interest income	57,252	97,804	62,790	47,980
Net loss for the period	(986,687)	(562,334)	(516,269)	(658,532)
Comprehensive income (loss) for the period	(453,799)	457,228	(412,889)	(1,270,075)
Basic and diluted loss per share	(0.02)	(0.00)	(0.00)	(0.01)

	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
Total assets	\$ 71,878,306	\$ 73,438,486	\$ 74,888,943	\$ 72,479,821
Exploration and evaluation assets	56,352,590	56,659,758	55,820,584	51,608,792
Working capital	9,135,456	10,659,737	12,683,843	16,032,535
Interest income	55,640	74,158	90,165	98,608
Net loss for the period	(607,303)	(716,282)	(324,952)	(572,899)
Comprehensive (loss) income for the period	(2,055,616)	(1,637,431)	2,005,370	(1,593,947)
Basic and diluted loss per share	(0.01)	(0.01)	(0.00)	(0.01)

The focus of the Company over the periods presented has been the exploration and development of its Fijian exploration and evaluation assets. The differential between net and comprehensive loss in each period reflects the

translation adjustment of the assets and liabilities of the Company's subsidiaries, Lion One Limited, which is denominated in Fijian dollars and Lion One Australia Pty Ltd., which is denominated in Australian dollars.

### Results of Operations for the year ended June 30, 2020 compared to 2019

The comprehensive loss for the year ended June 30, 2020 was \$1,679,535 (2019 – \$3,281,624). Significant changes to the comprehensive loss are explained as follows:

- Professional fees decreased by \$36,381 to \$400,706 (2019 - \$437,087) due to a higher level of corporate development activities in the prior year.
- Share-based payments expense increased by \$287,124 to \$690,072 (2019 - \$402,948) and has increased due to stock option granted during the year ended June 30, 2020.
- During the year ended June 30, 2020, the Company recognized a foreign exchange translation gain of \$1,044,287 on its net assets denominated in Fijian and Australian dollars reflecting a strengthening of the Fijian dollar and weakening of the Australian dollar against the Canadian dollar since June 30, 2019. A foreign exchange loss of (\$1,060,188) was recognized in the comparative year.

### Results of Operations for the three months ended June 30, 2020 compared to 2019

The comprehensive income for the three months ended June 30, 2020 was (\$453,799) (2019 – loss of \$2,055,616). Significant changes to the comprehensive loss are explained as follows:

- Investor relations increased by \$37,805 to \$111,398 (2019 - \$73,593) due to primarily to increased attendance at online investor conferences compared to prior period.
- Professional fees increased by \$17,094 to \$139,970 (2019 - \$122,876) due to a higher level of corporate development activities in the current period.
- Share-based payments expense of \$501,069 (2019 - \$96,609) has increased due to the employee stock option granted during period ended June 30, 2020.
- During the three-month period ended June 30, 2020, the Company recognized a foreign exchange translation gain of (\$532,888) on its net assets denominated in Fijian and Australian dollars reflecting a strengthening of the Fijian dollar and weakening of the Australian dollar against the Canadian dollar since March 31, 2020. A foreign exchange loss of \$1,448,313 was recognized in the comparative period.

### Cash flows for the year ended June 30, 2020 compared to 2019

Cash, Cash equivalent and short term investments have increased by \$4,349,182 to \$13,256,600 at June 30, 2020 from a balance of \$8,907,418 as at June 30, 2019.

Cash outflows from operating activities decreased by \$525,441 to \$1,593,242 (2019 – \$2,118,683). This is primarily due to the timing of VAT collections discussed below.

Cash outflows from investing activities decreased to \$8,147,498 (2019 - \$8,627,652) due to a higher level of Tuvatu Gold Property development activities in the prior year.

Cash inflows from financing activities increased to \$11,138,599 (2019 - \$204,022) due to \$714,835 proceeds on issuance of stock options and the \$11,500,000 December 2019 brokered private placement equity raise offset by the adoption of IFRS 16 accounting policy in the current year, whereby office space payments under lease agreements are recorded against the lease liability and are no longer accounted for as rent expense (Refer to New standards adopted on Page 24).

### Financial Position

Receivables decreased by \$360,873 to \$188,361 (2019 - \$549,234) due to a lower VAT balance as the Company received the 2018 VAT in the current year and has also moved from an annual to a quarterly reporting cycle for VAT in 2019. Current liabilities increased by \$200,291 to \$584,277 (2019 - \$383,986) primarily due to current lease liability recognized as a result of the adoption of IFRS 16.

Shareholders' equity increased by \$10,614,510 to \$82,068,334 (2019 - \$71,453,824) due primarily to the December 2019 brokered private placement equity financing.

## LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2020, the Company had a working capital of \$13,012,110 including cash, cash equivalents and short-term investments of \$13,256,600 as compared to working capital of \$9,135,456 including cash and cash equivalents of \$8,907,418 as at June 30, 2019. The Company increased its working capital with the completion of a \$39.7 million private placement on August 21, 2020.

The Company believes it has adequate financial resources for the next twelve months. Being in the exploration and development stage, The Company does not have revenue from operations, and relies on equity financing for its continuing financial liquidity.

Management cautions that the Company's ability to raise further funding is not certain. Additional funds will be required in order to pursue the Company's current exploration and development plans. An inability to raise additional funds would adversely impact the future assessment of the Company as a going concern,

Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company's track record, and the experience and caliber of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration and development activities. Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond their control.

## CRITICAL ACCOUNTING ESTIMATES

The Company's accounting policies are described in Notes 2 and 3 of its consolidated financial statements for the year ended June 30, 2020. The preparation of the consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates. Management considers the following estimates to be the most critical in understanding the judgments and estimates that are involved in the preparation of the Company's consolidated financial statements and the uncertainties that could impact the results of operations, financial condition and cash flows:

### *Functional currency*

The functional currency of each of the subsidiaries and the Company were assessed to determine the economic substance of the currency in which each entity performed its operations. The functional currency of the Company is the Canadian dollar. The functional currencies of the Company's subsidiaries have been assessed and incorporate the Canadian dollar, Fijian dollar and Australian dollar as detailed in Note 2 of the audited consolidated financial statements for the year ended June 30, 2020.

### *Exploration and evaluation assets*

The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about its projects. Management considers the economics of the project, including the latest resource prices and the long-term forecasts, and the overall economic viability of the project. The user is advised to refer to the risks of the Company discussed in the Annual Information Form for the year ended June 30, 2020, which discusses factors that could impair the Company's ability to develop its exploration and evaluation assets in the future.

### *Income taxes*

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

### *Equity measurements*

Share-based payments are subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected share price volatility.



## PROPOSED TRANSACTIONS

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

### New standards adopted during the year

#### *IFRS 16 Leases*

Effective July 1, 2019, the Company adopted IFRS 16, Leases ("IFRS 16") using the modified retrospective application method, where the prior period comparatives are not restated and the cumulative effect of initially applying IFRS 16 has been recorded on July 1, 2019 for any differences identified. The Company has determined that the adoption of IFRS 16 resulted in no adjustments to the opening balance of accumulated deficit.

The objective of IFRS 16 is to bring all leases on-balance sheet for lessees. IFRS 16 requires lessees to recognize a Right-of-Use "ROU" asset and liability calculated using a prescribed methodology. The Company policy is to assess whether a contract is or contains a lease, at the inception of a contract. The Company recognizes a 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 the consolidated statement of comprehensive loss on a straight-line basis over the lease term.

As at July 1, 2019, the Company recognized \$581,499 for a ROU asset for the office space lease and \$581,499 for a lease liability equal to the present value of office space lease payments over a 45 month period ending March 31, 2023, discounted by using the Company's incremental borrowing rate at 8.0%. During the year ended June 30, 2020, the Company recognized non cash interest expense of \$41,515 for the office space lease and non cash depreciation expense for the ROU asset for \$155,066.

## FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

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

#### *Credit risk*

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

Receivables mainly consist of Goods and Services Tax ("GST") receivable from the Government of Canada, GST receivable from the Government of Australia, and Value Added Tax receivable from the Government of Fiji. The Company has not had issues with respect to collectability of these amounts and believes that the credit risk concentration with respect to receivables is minimal.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company will raise funds for future use from equity financings and other methods as contemplated by management to satisfy its capital requirements and will continue to depend heavily upon these financing activities. All of the Company's current financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. As at June 30, 2020, the Company had working capital of \$13,012,110 and believes it has adequate financing for the next twelve months.

*Market risk*

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

## a) Interest rate risk

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

## b) Foreign currency risk

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

As at June 30, 2020, the Company's net foreign denominated financial assets (liabilities) are as follows:

	Foreign currency		Canadian dollar equivalent	
Australian Dollar	\$	1,469,762	\$	1,378,929
Fijian Dollar		4,134,499		4,134,499

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	2020		2019	
+ 5%	\$	197,671	\$	235,273
- 5%		(197,751)		(235,273)

## c) Price risk

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

**RISK FACTORS**

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

## **INTERNAL CONTROLS OVER FINANCIAL REPORTING**

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

The Company has established disclosure controls and procedures to ensure that information disclosed in this MD&A and the related consolidated financial statements was properly recorded, processed, summarized and reported to the Company's Board and Audit Committee. The Company's certifying officers conducted or caused to be conducted under their supervision an evaluation of the disclosure controls and procedures as required under Canadian Securities Administration regulations, as at June 30, 2020. Based on the evaluation, the Company's certifying officers concluded that the disclosure controls and procedures were effective to provide a reasonable level of assurance that information required to be disclosed by the Company in its annual filings and other reports that it files or submits under Canadian securities legislation is recorded, processed, summarized and reported within the time period specified and that such information is accumulated and communicated to the Company's management, including the certifying officers, as appropriate to allow for timely decisions regarding required disclosure.

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

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

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

#### *Limitations of Controls and Procedures*

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

## **BALANCE SHEET ARRANGEMENTS**

At June 30, 2020, the Company had no material off balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

**RELATED PARTY TRANSACTIONS**

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

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

	2020	2019
Payments to key management personnel:		
Cash compensation expensed to management fees, professional fees, investor relations and consulting fees	\$ 613,935	\$ 551,838
Cash compensation capitalized to exploration and evaluation assets	290,596	413,190
Share-based payments	289,576	419,084

During the year ended June 30, 2020, the Company paid \$180,000 (2019 - \$180,000) in rent to Cabrera Capital Corp. ("Cabrera"), a company controlled by a director of the Company. Effective July 1, 2019, the Company adopted IFRS 16, Leases (Note 3 of the unaudited consolidated financial statements for the year ended June 30, 2020) using the modified retrospective application method, with the office space lease rent payment applied to the lease liability. As at June 30, 2020, the Company had a payable of \$32,413 (2019 - \$33,952) due to Cabrera and a lease liability of \$443,014 (2019 - nil) due to Cabrera equal to the present value of office space lease payments over the term of the lease.

During the year ended June 30, 2020, the Company paid professional services fees of \$32,411 (2019 - \$34,086) to a management services company owned by a director of the Company's subsidiary.

During the year ended June 30, 2020, the Company paid directors' fees of \$20,083 (2019 - \$23,000) to non-executive board members.

As at June 30, 2020, the Company has a credit note of \$5,106 (2019 - \$Nil) due to Red Lion Management Ltd., a company controlled by a director of the Company, for expenses incurred on behalf of the Company but events didn't take place due to COVID-19 issued credit note for the refund Lion One Metal. Accounts payable due to related parties are unsecured, non-interest bearing, and are due on demand.

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

**OUTSTANDING SHARE DATA**

As at June 30, 2020 and September 25, 2020, the balance of common shares, stock options, warrants and broker compensation units were issued and outstanding as follows:

	<b>Balance June 30, 2020</b>	<b>Balance September 25, 2020</b>
Common Shares	118,292,172	145,634,353
Stock Options	8,411,540	8,274,040
Warrants	14,633,750	20,842,591
Compensation Units	603,750	1,404,884

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

TENEMENT DESCRIPTION	TENEMENT NUMBERS <sup>(1)</sup>	PERCENTAGE INTEREST	CHANGES IN THE PERIOD
<b>FIJI</b>			
<b>TUVATU GOLD PROJECT, VITI LEVU</b>			
Tuvatu	SML 62	100%	
Tuvatu	SPL 1283	100%	Renewal approved September 2020, extension to August 23, 2025
Yavuna	SPL 1296	100%	Renewal approved September 2020, extension to August 23, 2025
Nagado	SPL 1465	100%	Renewal application has been submitted in accordance with statutory requirements, and renewal is pending.
Navilawa	SPL 1512	100%	

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