



LION ONE METALS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2021

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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 August 31, 2021. Set out below is a review of the activities, results of operations and financial condition of Lion One Metals Limited ("LIO", "Lion One", or the "Company") and its subsidiaries for the year ended June 30, 2021. The following discussion of performance, financial condition and future prospects should be read in conjunction with the audited annual consolidated financial statements and the related notes thereto for the year ended June 30, 2021. 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, 2021 and the subsequent period up to August 31, 2021, the date of preparation of this MD&A. Monetary amounts in the following discussion are in Canadian dollars unless otherwise noted.

The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol LIO, on the Australian Securities Exchange ("ASX") under the symbol LLO, and on the OTCQX market under the symbol LOMLF.

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

OBJECTIVES AND OUTLOOK

Lion One is focused on advancing premium quality gold assets in Fiji that have the world class attributes of: high grades, scope, district scale, and depth potential, with access to infrastructure in a mining-friendly jurisdiction. The Tuvatu Gold Project has received all of the mandatory regulatory approvals, including a 10-year renewable mining lease and a 21-year surface lease, for the complete development of mining and processing operations at Tuvatu. The Company will continue to advance its exploration program to add further high-grade resources in its effort to develop a world class alkaline gold project. In securing the adjacent ground to Tuvatu in mid 2019, Lion One became the first company in modern times to consolidate and carry out systematic exploration over the entire 7km diameter Navilawa Caldera. The Project area now consists of four contiguous exploration licenses covering almost 200km². The 384.5 hectare Tuvatu mining lease is located near its epicentre and hosts the high grade, permitted for production, Tuvatu gold resource.

In 2019, the Company has commenced a deep diamond drilling program targeting feeder structures at depth below the known Tuvatu mineralization. In other mineralized alkaline gold systems around the world, these feeder structures often run hundreds or thousands of g/t gold. Mineralization of the Tuvatu deposit is associated with the emplacement of an alkalic volcanic intrusive complex, with Navilawa Caldera being one of several large mineralized alkaline gold systems aligned along the Viti Levu Lineament, Fiji's gold corridor. The geologic setting of Tuvatu shares affinities with the Vatukoula deposit in the neighboring Tavua Caldera, where over seven million ounces of gold have been recovered since mining commenced at Vatukoula in 1933.

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

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 the period up to 2020. Six diamond drill rigs are currently situated in the project area, two drilling at depth below Tuvatu itself, whilst a further rig is targeting the first of many of the numerous prospects elsewhere within the project area. The three other rigs are currently targeting areas expected to host mining in the first two years of production.

Lion One has six active diamond drilling rigs and a fully operational, quick-response metallurgical and geochemical laboratory at its Fiji head office in Nadi, 16km from the project site. The Company also added personnel to its growing and vastly experienced exploration and engineering team and as a result, has been able to operate in Fiji throughout most of the COVID epidemic. The Company plans to continue drilling at a much deeper level at Tuvatu to prove the concept of the Navilawa Caldera hosting many millions of ounces of gold.

HIGHLIGHTS AND SIGNIFICANT SUBSEQUENT EVENTS

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

During the year ended June 30, 2021, the Company announced the delivery and mobilization of a further three drill rigs and continued high grade gold results from surface drilling and underground channel sampling programs from the fully permitted Tuvatu Gold Project in Fiji. The new rigs have depth capacities in excess of 1,000m in NQ sized core. The acquisition of these deep capacity diamond drill rigs will enable the Company to continue drilling throughout future wet seasons by using the existing exploration decline and future underground development areas.

The Company's deep capacity diamond drill rigs will ultimately focus on testing the deep extensions of new high-grade zones of mineralization discovered below Tuvatu in 2020. In addition to identifying these deep extensions below Tuvatu, the Company has also discovered very similar styles of mineralization at Banana Creek, 3.5km to the NE of Tuvatu, and has a large pipeline of drilling targets across the Navilawa Caldera.

- **June Quarter 2021 Exploration Summary:**

During the quarter ended June 30, 2021, the Company completed 3,564.5 meters of diamond drilling in eleven completed holes, whilst a further five drill holes were still in progress. All holes being drilled, or in progress at the end of the Quarter were located on the Tuvatu mining lease SML62 but in early July 2021, one deep capacity rig was being located to target a coincident deep CSAMT/ geochemical anomaly on the Navilawa exploration license SPL1512.

The Company is continuing to undertake three tiers of drilling:

- 1) shallow resource infill drilling from surface and underground
- 2) deep exploration drilling looking for lode extensions under the Tuvatu resource and
- 3) regional Tuvatu lookalike target areas within the Navilawa caldera such as Banana Creek.

June 2021 Quarter Exploration Summary	
Activity	Number
# of drill holes completed	11
# of drill holes in progress at end of Quarter	5
# of meters drilled	3,564.5
# of drill core samples submitted for analysis	4,501
# of bulk density analyses from drill core	Nil
# of channels excavated and sampled	23
# of samples from channel sampling	272
# of rock chip samples collected	Nil
# of samples analysed in Lion One Laboratory	4,120

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

During the quarter ended June 30, 2021, the Company continued with its accelerated exploration program to confirm the potential of this large mineralized alkaline system to host multi-millions gold ounces. Two rigs remain focused on the deep-seated feeder structure of the main Tuvatu mineralization, while the other four rigs are focusing on areas targeting initial mining. In early July, one of those four rigs was mobilized to the Navilawa tenement (SPL1512) to target further Tuvatu lookalikes 3.5km to the north.

On July 7, 2021, the Company announced its latest high-grade gold intercepts including deep step-out intercepts from drilling beneath Tuvatu itself (news release dated July 7, 2021), highlights include:

- 6.00m @ 9.11 g/t Au (including 1.20m @ 33.81 g/t Au) from 444m in hole TUDDH526
- 2.15m @ 17.70 g/t Au (including 0.30m @ 122.00 g/t Au) from 505.65m in hole TUDDH528

On July 26, 2021, the Company announced further assay results from its ongoing deep step-out drilling at the Tuvatu gold project (news release dated July 26, 2021). Multiple high-grade gold intercepts were encountered in TUDDH533. The deepest intercept of 2.30m @ 55.44 g/t Au (including 0.40m @ 221.60 g/t Au) from a downhole depth of 575.70m, is believed to be a continuation of the same structure that encountered 12.70m @ 55.44 g/t Au in TUDDH500, 40m to the SW, in July 2020 (new release dated July 24, 2020).

Evidence is growing that this deep NE-oriented structure is nearly vertical, with a strike length of at least 360m, and vertical extent of at least 720m from surface. It is believed to be an extension of the high grade UR4 lode, open both at depth and along strike, where it potentially projects from the Tuvatu resource area to the Banana Creek target 3.5km to the NE.

TUDDH533 highlights include:

- 0.65m @ 18.96 g/t Au from a down hole depth of 13.00m
- 0.60m @ 437.13 g/t Au from a down hole depth of 266.80m
- 1.45m @ 16.14 g/t Au from a down hole depth of 309.35m
- 2.30m @ 55.44 g/t Au from a down hole depth of 575.70m

Lion One interprets this deep intercept from TUDDH533 to be part of the same important structure as in TUDDH500 with both intercepts displaying strong visual similarities including coarse pyrite and visible gold in gray silica within centimetric-scale veins with distinct light gray potassium feldspar alteration halos around the veins.

Several shallower high-grade intercepts in hole TUDDH533 are also very important, especially 0.60m @ 473.13 g/t Au occurring at 266.80m down hole depth. Veining in this area appears almost perpendicular to core suggesting this high-grade intercept possibly represents a flat lode. Such flat lodes, are common higher up at Tuvatu, and also host a considerable amount of the 7 million ounces of gold already mined at the nearby Vatukoula mine. If this intercept is indeed from a flat lode, it would be the deepest known flat lode at Tuvatu. Lion One believes that the ore-forming fluids that generated the high-grade feeder discussed above may have found their way into nearby fractures thus forming lodes similar to those seen in the SKL group of lodes elsewhere at Tuvatu.

COVID-19

The Company's business could be adversely affected by the effects of the ongoing outbreak of respiratory illness caused by the novel coronavirus ("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 across the world, 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 over 46,000 cases of COVID-19, with over 480 fatalities attributed to the virus. To date, the impact of COVID-19 to Lion One's activities has been limited as the Company acted quickly to establish clear policy guidelines for the health and safety of its employees and consultants, and their families, and thus has experienced only a small decrease in productivity.

The Company continues to monitor the situation in Fiji, however 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 due to uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In particular, the continued spread of the COVID-19 globally could materially and adversely impact the Company's business including without limitation, employee health, limitations on travel, the availability of industry experts and personnel, restrictions on planned drill and exploration programs, restrictions on the Company's future mine development and process plant construction, and other factors that depend on future developments beyond the Company's control. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on the Company's development and exploration activities, including the impact on future mine development and process plant construction, cannot be reasonably estimated at this time. The recent increase in COVID-19 cases and variants globally may impact the Company's operations due to additional government mandated shutdowns or closures.

Although COVID-19 has restricted the movement of some of the management team and consultants into Fiji, in addition to significant delays to the arrival of equipment and consumables from out of the country, the Company has continued its exploration program with little interruption. Lion One has actually doubled its workforce since early 2020 due to the additional drilling teams for the rigs, the laboratory staff to cater for the increased number of samples generated and the field crew to process the core and samples.

The Company continues to maintain a strict regimen of safety with respect to COVID-19 for its employees. Strict health and safety protocols remain in place, and the Company is particularly focused on maintaining top-of-mind awareness about prevention practices within the organization. Vaccination programs are rapidly advancing in Fiji with approximately 95% of the eligible population having received a first dose of the vaccine to date, whilst almost 45% of the eligible population are now fully vaccinated with two doses.

Appointment of Mr. Patrick Hickey, P.Eng., MBA, as Chief Operating Officer

Mr. Hickey has over 40 years of experience as an engineer and executive in the design and construction of world class mining, petroleum, and power generating operations throughout the world. He has worked for some of the world's leading operators, including Mobil in the USA and in the Middle East, Power in the Czech Republic, BHP Oil Refining in Hawaii, Kinross Gold Corp. in Africa and Spain, and Newmont Gold in Indonesia and Peru.

From 2010 to 2014 Mr. Hickey was Chief Executive of the African operations for Kinross Gold Corp., where he was responsible for eight Kinross subsidiaries and projects such as the Tasiast Gold Mine in Mauritania, and the Chirano Gold Mines in Ghana. Prior to that from 2008 to 2010 he served as the President and Managing Director for Sherritt International for the \$4.5 billion Ambatovy nickel-cobalt mine in Madagascar, and from 2004 to 2008 served Newmont Mining as the President and Director of the \$2 billion Batu Hijau copper-gold mine in Indonesia, and General Manager of the Yanacocha and Minas Conga gold projects in Peru.

Appointment of Sergio Cattalani, M.Sc., Geology, as Senior Vice President Exploration

Mr. Cattalani is an experienced economic geologist with over 35 years of experience and distinguished leadership in mineral exploration around the world. Following 3 years in an applied research position with the Mineral Exploration Research Institute in Montreal, Sergio accepted the position of senior geologist for Cominco based out of Noranda, Quebec. Sergio then moved on to Inco, then CVRD-Inco for 12 years as senior geologist where he was responsible for project generation and technical evaluations in Ontario, Quebec, and NWT in Canada, in Turkey, Indonesia, Tasmania and Western Australia, China and Brazil. In 2008 he was appointed Senior Geologist for Hecla Mining focused on South American projects before being appointed Vice President Exploration for Osisko Mining Corporation in 2009 where he managed their exploration and evaluations team in Canada, and subsequently their USA exploration portfolio before Osisko was acquired by Yamana Gold and Agnico Eagle Mines.

In 2016, he was appointed VP Exploration at Newcastle Gold to oversee a 40,000 meter drill program on the Castle Mountain gold project in California prior to the combination of Newcastle, Trek Mining, and Anfield Gold that created Equinox Gold Corp. in 2017. Mr. Cattalani was then appointed by Equinox as Vice President Exploration and retained responsibility for all aspects of exploration at Castle Mountain which now has P&P Reserves of 3.6 million oz. @ 0.56 g/t gold and expected to produce 30,000-40,000 oz. of gold in 2021. More recently, from 2018 to Dec. 2020 Sergio was Economic Geologist in the business development unit of Denver-based EMX Royalty Corp. working with EMX's Capital Group on technical evaluations for investment opportunities worldwide, and in developing EMX's Canadian business unit.

Resignation of Stephen Mann, Managing Director

The Company announces the resignation of Managing Director Stephen Mann effective August 31, 2021, for personal reasons. The Company would like to thank Mr. Mann for his lengthy service and many contributions including his instrumental role in building Lion One's exploration and drilling division, completion of the Tuvatu Environmental Impact Assessment, the development and commissioning of Lion One's own geochemical laboratory, all in Fiji, in addition to negotiating and securing a significant magnetite royalty on the Olary Creek iron asset in South Australia.

Stock Option Grant

On June 2, 2021, the Company announced it has granted a total of 3,500,000 incentive stock options to various directors, officers, employees, and consultants at an exercisable \$1.25, valid for a period of five years from the date of grant.

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 within a 5-hectare footprint of a much 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 over 120,000 meters of drilling completed to date in addition to 1,600 meters of underground development.

In January 2019, the Company purchased all of the drilling equipment from Geodrig, a Fijian drilling company, which included one surface diamond drilling rig and one underground drilling rig, with a full parts inventory and vehicle fleet. Lion One also employed several experienced drillers and offsiders from Geodrig. This strategic acquisition ensured the Company has available, cost effective diamond drilling capabilities well into the future. Operating these drills "in-house" enables the Company to significantly reduce drilling costs, a huge benefit to the Company's ability to implement cost-effective exploration. The Company purchased its third diamond drill rig, with the capabilities to drill beyond 1,000 meters below the surface in August 2020, and a further two deep capacity rigs in 2021. The Company also contracts a sixth diamond drill rig. The Company continues to accelerate the drilling program with the continued introduction and commissioning of these drill rigs.

The Company's has encountered multiple high-grade intercepts from its 2020 high-grade feeder diamond drill program, which supports the alkaline gold model and the concept that Tuvatu has high-grade gold mineralization extending and evolving at great depths. The Company will continue this deep hole drill program, up to depths of over 1,000m below the surface, to gain a better understanding of the underlying plumbing system which allowed a conduit for the gold-rich fluids from the base of the crust in that area. The Company 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 an ongoing project. Trenching, mapping and sampling within the Company's tenement holding is continuing.

In May 2019, SPL 1512 was issued for the Navilawa tenement for a 5-year term ending in 2024, which for the first time consolidated the ownership of the entire Navilawa mineral complex under a tenement package with the Tuvatu 384.5 hectare SML 62 Mining Lease at its center. The Company announced the discovery of Tuvatu style lodges 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). 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 completed a specialized stream sediment sampling program using a BLEG technique over the entire project area. The results from that BLEG sampling program indicates a new, extensive anomalous area within the northern part of the Navilawa caldera and where the Company will explore for extensions of this robust gold system. Furthermore, to better define the underlying structural controls that hosts the high-grade vein network in the Navilawa Caldera, an initial controlled source audio-magnetotelluric ("CSAMT") geophysical program was also completed late in 2019. Following the interpretation of this CSAMT program, the deep drilling program was 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.

EXPLORATION PROGRAM

Diamond Drilling

During the quarter ended June 30, 2021, the Company continued its diamond drilling with 5 of its own drill rigs and 1 dry hire contract drill rig, where it completed 3,564.5 meters of diamond drilling in eleven completed holes with five drill holes still in progress at the end of the quarter. All drilling was located on the Tuvatu mining lease SML62, because access into other areas had been restricted during the wet season. Drilling progress has been slower than anticipated due to delays in receipt of replacement parts because of COVID-19, and the ongoing wet season. The Company intends to continue the accelerated drilling program with the six active drill rigs operating in subsequent quarters.

The Company continues to advance its deep diamond drilling program to accelerate its exploration efforts to prove that the project has the potential to become 10 to 20 million ounces gold camp, which is consistent with how Tuvatu fits into an alkaline gold model. Alkaline gold systems typically have large gold endowments due to their high grade and deep vertical extents. Initially, Lion One intersected high grade gold mineralization in TUDDH493 late in 2019, and then once again returned very high-grade intersections in hole TUDDH500 and its two wedges in mid-2020. These holes displayed characteristics typical of feeder style mineralization in alkaline gold systems. Predominant vein minerals included a combination of quartz, potassium-rich hydrothermal feldspar called adularia and carbonate minerals. The dark gray host monzonite wall-rock is also flooded with these minerals generating lighter shades of gray. A green, vanadium-rich mica called roscoelite has been identified in some veins. Native gold occurs as fine-grained aggregates that appear to clump together forming larger particles. This may reflect rapid, colloidal deposition of gold from a gold-saturated ore-forming fluid. Such rapid gold-deposition can generate very high grades in alkaline gold systems. Sulphide minerals include minor pyrite and traces of galena, sphalerite and chalcopyrite.

Mineralization in hole TUDDH500, completed in the middle of 2020, and the subsequent holes drilled to follow up that hole display many diagnostic characteristics of feeder style mineralization from an alkaline gold system. Notably, textures of gold suggest rapid deposition from what was possibly a gold-saturated mineral-forming fluid. This is encouraging, as it suggests the Company has targeted the right part of the system to find more such mineralization.

The Company continues its three-pronged approach with drilling:

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

The Company recently released three updates of diamond drilling results (new releases dated May 26, 2021, July 7 and 26, 2021) highlighting the continued high-grade intersections the Company continues to receive from the Tuvatu project area.

On July 7, 2021, the Company announced a number of high-grade gold intercepts including deep step-out intercepts from beneath Tuvatu and results included: Two deep intercepts including 6.0m @ 9.11 g/t Au beginning at a down hole depth of 444.0m in hole TUDDH526 and 2.15m @ 17.70 g/t Au beginning at a down hole depth of 505.65m in hole TUDDH528. Both of these intercepts are from previously untested areas beneath the Tuvatu resource. It is believed that the former intercept occurs within the UR4 lode, an indication there is a large panel of this lode open for further testing. The latter intercept is potentially associated with the "500" lode, nearly 75m above a high-grade intercept encountered in hole TUDDH500, which included 12.7m @ 55.43 g/t Au, intercepted last year.

Numerous lode intercepts occurring within shallower parts of the Tuvatu gold system. Most notably:

- 1.20m @ 8.85 g/t Au (UR4FW lode) in hole TUDDH526 TUDDH528
- 6.47m @ 17.90 g/t Au including 0.35m @ 138.50 g/t Au (unknown lode) in hole TUDDH528
- 1.27m @ 11.58 g/t Au including 0.32m @ 40.94 g/t Au (M2FW lode) in hole TUDDH528
- 2.10m @ 10.41 g/t Au including 0.75m grading 16.99 g/t Au (UR2 lode) in hole TUDDH528
- 0.30m @ 31.09 g/t Au (M1HW lode) in hole TUDDH532
- 3.18m @ 5.72 g/t Au (S1 lode) in hole TUDDH532 and
- 1.20m @ 10.45 g/t Au including 0.30m @ 36.69 g/t Au (M2 lode) in hole TUDDH533.

While the shallow intercepts have helped build confidence with the resource area, the deeper drill holes continue to demonstrate excellent opportunity for expansion of some of the principal Tuvatu lodges at depth. The UR4 lode appears particularly promising given there may be at least 200m of untested strike at depth.

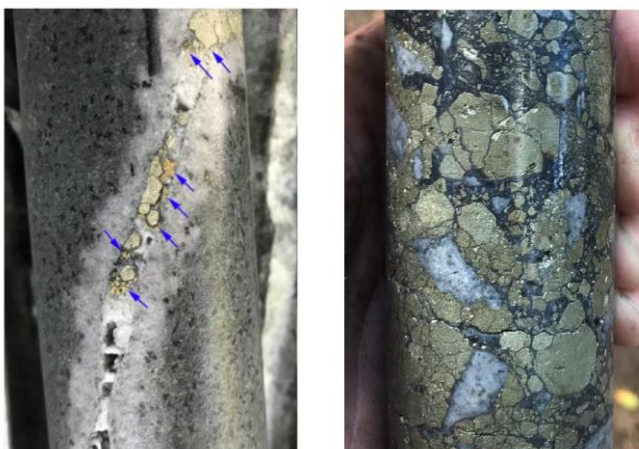
On July 26, 2021, the Company announced further assay results from its ongoing deep step-out drilling at Tuvatu (news release dated July 26, 2021). Multiple high-grade gold intercepts had been encountered in TUDDH533. The deepest intercept of 2.30m @ 55.44 g/t Au (including 221.60 g/t over 0.40m) from a downhole depth of 575.70m, is believed to be a continuation of the same structure that encountered 12.7m @ 55.44 g/t in TUDDH500, 40m to the SW, in July 2020 (see July 24, 2020 News Release). Evidence is growing that this deep NE-oriented structure is nearly vertical, with a strike length of at least 360m, and vertical extent of at least 720m from surface. It is believed to be an extension of the high grade UR4 lode, open both at depth and along strike where it projects from the Tuvatu resource area to the Banana Creek target 3.5km to the NE.

TUDDH533 Highlights include:

- 0.65m @ 18.96 g/t Au from a down hole depth of 13.00m
- 0.60m @ 437.13 g/t Au from a down hole depth of 266.80m
- 1.45m @ 16.14 g/t Au from a down hole depth of 309.35m
- 2.30m @ 55.44 g/t Au from a down hole depth of 575.70m

Lion One interprets this deep intercept from TUDDH533 to be part of the same important structure as that identified in TUDDH500 with both intercepts displaying strong visual similarities including coarse pyrite and visible gold in gray silica within centimetric-scale veins with distinct light gray potassium feldspar alteration halos around the veins (Figure 1).

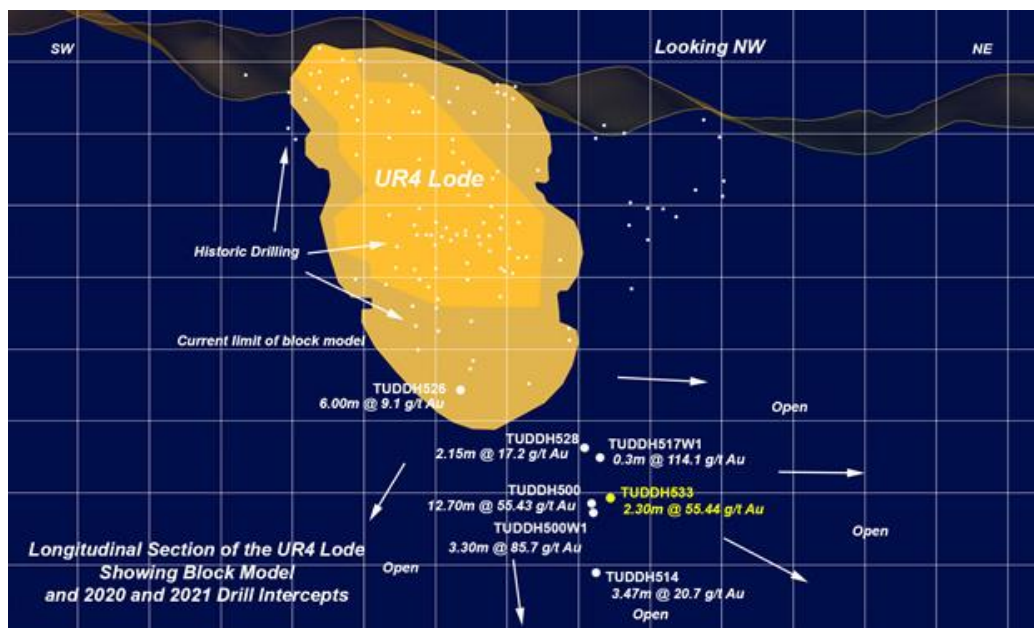
Figure 1: Comparison of drill core from TUDDH 500 (Left) and TUDDH533 (Right)



Several shallower high-grade intercepts in hole TUDDH533 are also very important, especially 0.60m @ 473.13 g/t Au occurring at 266.80m down hole depth. Veining in this area appears almost perpendicular to core suggesting this high-grade intercept possibly represents a flat lode. Such flat lodes common higher up at Tuvatu. If this intercept is indeed from a flat lode, it would be the deepest known flat lode at Tuvatu. Lion One believes that the ore-forming fluids that generated the high-grade feeder discussed above may have found their way into nearby fractures thus forming lodes similar to those seen in the flatmakes.

“The deep high-grade intercept encountered in hole TUDDH533 is almost certainly from the same high-grade structure encountered in hole TUDDH500 late July 2020,” commented Dr. Quinton Hennigh, technical advisor to Lion One. “Visual appearances of these two intercepts are strikingly similar. We are now growing comfortable with the idea that this is a northeast-trending, near vertical lode, likely the down-dip and strike continuation of the UR4 lode. This is very exciting, because this lode remains open to the northeast and at depth. In fact, this lode projects toward the Banana Creek target approximately 3.5km to the northeast from Tuvatu. It is intriguing to think that the UR4 structure might be a main mineralizing conduit that could tie together the bigger gold system within the Navilawa caldera. Lion One has several deep drill holes planned at Banana Creek this drill season.”

Figure 2: Longitudinal Section of the UR4 Lode Showing Block Model and 2020 and 2021 Drill Intercepts. The grid is 100m, the bright yellow is indicated and the darker yellow is inferred.



Preparation for a deep drilling program at Banana Creek is underway. Data from controlled-source audio-magnetotellurics, similar to that which helped defined the deep target under Tuvatu leading to the discovery of high-grade feeder mineralization encountered in hole TUDDH500, is the principal means of defining targets for this test. Drilling will commence at Banana Creek in July 2021 where a deep capacity rig will probe deeper parts of that large anomalous gold system in search of Tuvatu style lodes.

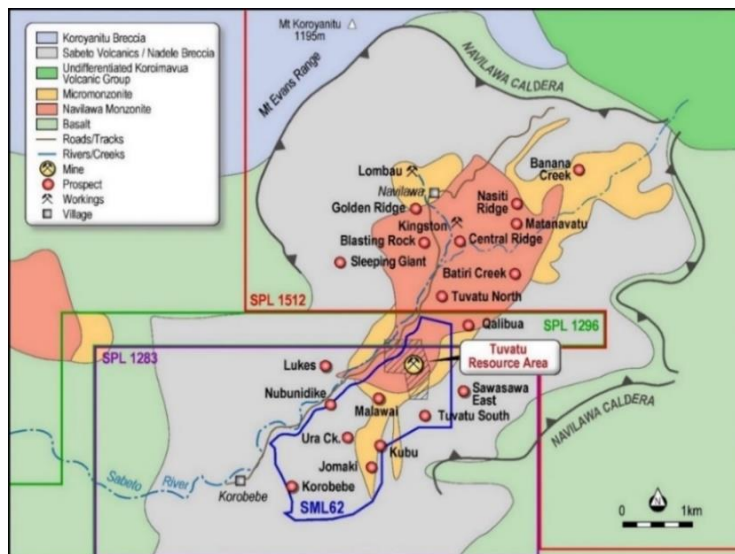
Navilawa Tenement and Exploration Program

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 modern, systematic exploration has been able to be undertaken over the entire area.

The Navilawa area has over 10 well defined prospects including the Kingston, Banana Creek, and Tuvatu North. The most significant historic results returned were surface rock chip samples of 46.30 g/t Au from Banana Creek; 176.27 g/t Au from the Kingston, and 8.50 g/t Au from Tuvatu North. Although little systematic historical exploration has been previously undertaken in the area, a number of prospects have historic workings with short shafts or adits up to 15 meters deep or manual workings on copper and gold bearing rocks as is the case at the Central Ridge prospect.

Lion One continued its aggressive opening of roads and excavation of trench cuts within the large Navilawa tenement situated north of the Tuvatu mining license. During the quarter ended June 30, 2021, 272 channel rock chip samples were collected from 23 benches and trenches in this area. Regional sampling and mapping was interrupted in this northern part of the project from November 2020 due to the commencement of the wet season and access difficulties, but has recently resumed. Efforts have been focused at Banana Creek, located approximately 3.5 km northeast of the Tuvatu resource, where the Company's team has continued to discover multiple outcropping lodes of similar nature to those seen at Tuvatu.

Following extensive planning and site preparation during the June 2021 Quarter, deep diamond drilling within the Navilawa tenement has commenced in July 2021.

Figure 3: The Navilawa Caldera Existing Exploration Targets

Mine Development Optimization / Surface Development

During the quarter ended in June 30, 2021, the Company has completed optimization of the detailed engineering design of the initial tailings facilities storage with a dry tailings disposal option. An Environmental Impact Assessment (EIA) update for the tailing's facilities storage has been initiated with the planning of the general arrangement of the proposed process plant facilities is on-going.

The Company has acquired permits to build a mine workshop and an exploration workshop at the mine site area. Concrete foundations for the workshops have been poured. Modified container modules for Bay 2 have been transported to site from the Contractor's workshop for installation. The Caterpillar 910KVA diesel generator and transformer purchased to replace the existing 388KVA power plant at the existing portal have been installed. Cabling work from the generator to transformer and switch panels are underway. Fuel tank for the power plant has been installed and connected to the diesel generator. The installation of leaky feeder communication system for the underground development and drilling at the existing decline is on-going. The Company has also purchased a number of pieces of equipment for the planned future mine development.

Olary Creek Royalty Agreement

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

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

On October 15, 2019, the Company received formal approval from the South Australian Minister of Energy and Mining for the Olary transfer to Lodestone. During the year ended June 30, 2021, the Company invoiced Lodestone for AUD\$200,000 for 10% of all funds raised for a BFS of which AUD\$150,000 was received. The Company has assigned the carrying value of the Olary Creek property at \$328,807 (2020 - \$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 and has the potential to deliver considerable future income to the Company through this 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.

The purchasing group consists of two companies owned by Australian mining entrepreneur Gordon Toll, Lodestone Equities Limited and its subsidiary Olary Magnetite Pty Ltd, (collectively known as the Lodestone Group "LG"). Both companies and the Olary Creek project now form part of South Australia's Braemar Bulk Export Project, an AUD\$5 billion infrastructure corridor designed to transport magnetite concentrates from South Australia's Braemar region to offshore loading and storage facilities near Adelaide, for shipment to steel manufacturers in Asia. Lodestone is currently in the final stages of completing a pre-feasibility study on the project.

Mining Equipment Deposit

In July 2018, the Company paid an AUD\$1,097,280 (\$1,075,334) deposit to an Australian mining contractor towards the refurbishment and purchase of certain mining equipment. In May 2021, the Company requested the delivery of the mining equipment to Fiji and to date it has not been delivered. The Company is currently pursuing the matter in a legal claim. As of June 30, 2021, the Company has written down the deposit by \$632,147 to the estimated carrying value of \$443,187 and reclassified it from Deposits to Other Assets.

EXPLORATION AND EVALUATION ASSETS

Tuvatu Gold Project, Viti Levu

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

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

The terms of SML 62 provide for certain performance and reporting requirements. The SML has been granted for a term of ten years provided the Company complies with the terms of the lease. Extensions to the term can be applied subject to the terms of the lease and the Mining Act. SPL's 1283, 1296, have been renewed for a 3 year term and SPL 1512 Navilawa tenement was issued in 2019 for a 5 year term. The Company is currently awaiting the renewal of SPL1465.

In September 2020, the Company was notified that the SPL 1283/1296 renewal was approved by the Mineral Resources Department (MRD) and 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. There has been a delay in granting the extension for SPL1465 due to COVID-19 and changes in the Mining Act, but the MRD has confirmed that SPL 1465 remains in good standing.

Technical Report 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 ("Tuvatu") as prepared by independent consultants.

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

The study utilized a base case gold price of \$1400/ oz.

PEA Highlights (all amounts are quoted in USD):

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

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. The PEA is filed on the Company's profile at www.sedar.com.

Mineral Resources

The Mineral Resource models and estimates, and the site visit were conducted by Mr. Ian Taylor, B.Sc. (Hons), G.Cert. Geostats, M.AusIMM (CP) (Qualified Person [QP]) of Mining Associates Pty Ltd. ("MA"). The Mineral Resource estimate was completed in January 2018 following the completion of the 2016-2017 diamond drilling program and field exploration. This Mineral Resource estimate does not include the 2019-2021 diamond drilling program. The Mineral Resource has been estimated for each vein individually using Ordinary Kriging (OK) of width and grade, the latter using accumulations, into a three-dimensional (3D) block model. The Mineral Resource has been estimated for each vein individually based on the current drill hole database, historic block models, and geological wireframes. The effective date for the Mineral Resource estimate is January 8, 2018 (See sensitivity of Mineral Resource to cut-off grade in table below).

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

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

Qualified Persons

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

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

Expenditures incurred on the Fiji properties are as follows:

	June 30, 2019	Additions	June 30, 2020	Additions	June 30, 2021
Acquisition costs	\$ 21,915,063	\$ -	\$ 21,915,063	\$ -	\$ 21,915,063
Camp costs and field supplies	1,361,984	145,473	1,507,457	269,024	1,776,481
Consulting fees	3,147,203	471,191	3,618,394	565,012	4,183,406
Depreciation	1,192,534	313,851	1,506,385	613,492	2,119,877
Dewatering and environmental	2,011,572	624,707	2,636,279	1,183,763	3,820,042
Drilling	4,864,911	416,768	5,281,679	870,676	6,152,355
Fiji office administration	5,157,789	710,570	5,868,359	760,806	6,629,165
Permitting and community consults	1,172,178	194,003	1,366,181	165,557	1,531,738
Site works and road building	3,616,688	276,476	3,893,164	416,469	4,309,633
Salaries and wages	7,848,372	940,746	8,789,118	1,429,383	10,218,501
Sample preparation, assaying	1,946,821	244,281	2,191,102	268,342	2,459,444
Technical reports	1,406,209	(6,404)	1,399,805	6,760	1,406,565
Travel	1,283,067	82,348	1,365,415	1,427	1,366,842
Vehicle and transportation	877,356	298,004	1,175,360	420,911	1,596,271
Write-off of exploration assets	(771,648)	-	(771,648)	-	(771,648)
Cumulative foreign currency translation adjustment	(1,182,889)	1,078,393	(104,496)	(2,114,216)	(2,218,712)
	\$ 55,847,210	\$ 5,790,407	\$ 61,637,617	\$ 4,857,406	\$ 66,495,023

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

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

SELECTED FINANCIAL INFORMATION

Selected Annual Information

	2021	2020	2019
Interest income	\$ 462,827	\$ 265,826	\$ 318,571
Net loss	4,231,362	2,723,822	2,221,436
Net loss per share	0.03	0.02	0.02
Comprehensive loss	6,755,798	1,679,535	3,281,624
Comprehensive loss per share	0.05	0.02	0.03
Working capital	57,892,384	13,012,110	9,135,456
Exploration and evaluation assets	66,495,023	61,637,617	56,352,590
Total assets	134,290,897	83,012,964	71,878,306

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 dollars.

Selected of Quarterly Results

	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Total assets	\$ 134,290,897	\$ 135,272,336	\$ 137,210,857	\$ 127,062,746
Exploration and evaluation assets	66,495,023	65,284,953	64,631,454	63,130,605
Working capital	57,892,384	59,633,886	62,712,197	55,638,207
Interest income	96,963	100,919	129,796	135,149
Net loss for the period	(1,850,742)	(764,596)	(862,263)	(753,761)
Comprehensive (loss) income for the period	(2,712,756)	(2,016,839)	(1,090,147)	(936,056)
Basic and diluted loss per share	(0.01)	(0.00)	(0.01)	(0.01)
	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)

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, 2021 compared to 2020

The comprehensive loss for the year ended June 30, 2021 was \$6,755,798 (2020 – loss of \$1,679,535). Significant changes to the comprehensive loss are explained as follows:

- Investor relations increased by \$95,143 to \$675,636 (2020 - \$580,493) due to 2020-21 market awareness program and increased attendance at online investor conferences compared to prior year period.
- Shareholder communication and filings increased by \$24,452 to \$216,755, (2020 - \$192,303) due to increase in number of news releases in the current period and higher stock exchange listing fees.
- Share-based payments expense of \$1,119,909 (2020 - \$690,072) has increased due to the employee stock options granted in June 2021.
- Write down of mining equipment deposit of \$632,147 (2020 – Nil), refer to Note 7 on the consolidated financial statements.
- During the year ended June 30, 2021, the Company recognized a foreign exchange translation loss of \$2,524,436 on its net assets denominated in Fijian dollars reflecting a weakening of the Fijian dollar against the Canadian dollar since June 30, 2020. A foreign exchange gain of (\$1,044,287) was recognized in the comparative period.

Results of Operations for the three months ended June 30, 2021 compared to 2020

The comprehensive loss for the three months ended June 30, 2021 was \$2,712,756 (2020 – gain of \$453,799). Significant changes to the comprehensive loss are explained as follows:

- Investor relations increased by \$36,822 to \$148,220 (2020 - \$111,398) due to increase in attendance at online investor conferences compared to prior year period.

- Share-based payments expense of \$566,455 (2020 - \$501,069) has increased due to the employee stock options granted during the period ended June 2021.
- Write down of mining equipment deposit of \$632,147 (2020 – Nil), refer to Note 7 on the consolidated financial statements.
- During the three-month period ended June 30, 2021, the Company recognized a foreign exchange translation loss of \$862,014 on its net assets denominated in Fijian dollars reflecting a weakening of the Fijian dollar against the Canadian dollar since March 31, 2021. A foreign exchange gain of \$532,888 was recognized in the comparative period.

Cash flows for the year ended June 30, 2021 compared to 2020

Cash, cash equivalent and short-term investments have increased by \$44,956,613 to \$58,213,213 at June 30, 2021 from a balance of \$13,256,600 as at June 30, 2020.

Cash outflows from operating activities increased by \$422,212 to \$2,015,454 (2020 – \$1,593,242). This is primarily due to the timing of VAT collections in prior year.

Cash outflows from investing activities increased by \$12,295,522 to \$20,443,020 (2020 - \$8,147,498) due to the purchase of \$12,000,000 guaranteed investment certificates, the purchase of new diamond drill rigs and a higher level of Tuvatu Gold Property development activities in the current year period.

Cash inflows from financing activities increased to \$55,980,876 (2020 - \$11,138,599) due to \$37,000,211 net cash proceeds from issuance of shares for August 2020 private placement equity raise, \$17,250,000 from the December 2019 private placement warrants exercised, \$430,500 from exercise of broker compensation warrants, \$483,000 from exercise of broker compensation units and \$997,165 from stock options exercised.

Financial Position

Cash, cash equivalents and short term investments have increased by \$44,956,613 to \$58,213,213 as at June 30, 2021 from a balance of \$13,256,600 as at June 30, 2020, due to primarily to the August 2020 private placement equity financing and warrants exercised from December 2019 private placement equity financing.

Shareholders' equity increased by \$51,224,914 to 133,293,248 (2020 – 82,068,334) due primarily to the August 2020 private placement equity financing and warrants exercised from December 2019 equity private placement equity financing.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2021, the Company had a working capital of \$57,892,384 including cash, cash equivalents and short term investments of \$58,213,213 as compared to working capital of \$13,012,110 including cash, cash equivalents and short term investments of \$13,256,600 as at June 30, 2020. The Company believes it has adequate financial resources for the next twelve months. Being in the exploration and development stage, the Company does not have revenue from operations, and relies on equity financing for its continuing financial liquidity.

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

CRITICAL ACCOUNTING ESTIMATES

The Company's accounting policies are described in Notes 2 and 3 of its consolidated financial statements for the year ended June 30, 2021. 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, 2021.

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, 2021, which discusses factors that could impair the Company's ability to develop its exploration and evaluation assets in the future.

Income taxes

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

Equity measurements

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

PROPOSED TRANSACTIONS

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

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

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

Credit risk

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

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

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company will raise funds for future use from equity financings and other methods as contemplated by management to satisfy its capital requirements and will continue to depend heavily upon these financing activities. All of the Company's current financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. As at June 30, 2021, the Company had working capital of \$57,892,383.

Market risk

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

a) Interest rate risk

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

b) Foreign currency risk

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

c) Price risk

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

RISK FACTORS

Prior to making an investment decision, investors should consider the investment risks set out in the Annual Information Form ("AIF"), located on SEDAR at www.sedar.com, 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, 2021, 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 Operating Officer, Senior Vice President Exploration and Vice President and Corporate Secretary of the Company. The remuneration of the key management personnel is as follows:

	2021	2020
Payments to key management personnel:		
Cash compensation expensed to management fees, professional fees, investor relations and consulting fees	\$ 536,638	\$ 613,935
Cash compensation capitalized to exploration and evaluation assets	289,922	290,596
Share-based payments	1,064,135	289,576

During the year ended June 30, 2021, the Company paid \$180,000 (2020 - \$180,000) in rent to Cabrera Capital Corp. ("Cabrera"), a company controlled by a director of the Company. As at June 30, 2021, the Company had a payable of \$82,181 (2020 - \$32,413) due to Cabrera and a lease liability of \$293,035 (2020 - 443,014) 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, 2021, the Company paid professional services fees of \$34,450 (2020 - \$32,411) to a management services company owned by a director of the Company's subsidiary.

During the year ended June 30, 2021, the Company paid directors' fees of \$23,000 (2020 - \$20,083) to non-executive board members.

As at June 30, 2021, the Company has a payable of \$Nil (2020 - \$5,106 credit note) due to Red Lion Management Ltd., a company controlled by a director of the Company, for expenses incurred on behalf of the Company payable due to related parties are unsecured, non-interest bearing, and are due on demand.

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

OUTSTANDING SHARE DATA

As at June 30, 2021 and August 31, 2021, the balance of common shares, stock options, warrants and broker compensation units were issued and outstanding as follows:

	Balance June 30, 2021	Balance August 31, 2021
Common Shares	156,371,893	156,371,893
Stock Options	9,480,000	9,480,000
Warrants	10,836,591	-
Compensation Units	1,303,010	1,303,010

INFORMATION REGARDING FORWARD LOOKING STATEMENTS

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

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

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

ADDITIONAL INFORMATION

Additional information regarding the Company can be found at www.sedar.com and the Company's website www.liononemetals.com.

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

TENEMENT DESCRIPTION	TENEMENT NUMBERS ⁽¹⁾	PERCENTAGE INTEREST	CHANGES IN THE PERIOD
FIJI			
TUVATU GOLD PROJECT, VITI LEVU			
Tuvatu	SML 62	100%	Renewal application has been submitted in accordance with statutory requirements, and renewal is pending.
Tuvatu	SPL 1283	100%	
Yavuna	SPL 1296	100%	
Nagado	SPL 1465	100%	
Navilawa	SPL 1512	100%	

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