



## **LION ONE METALS LIMITED**

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

### **FOR THE PERIOD ENDED DECEMBER 31, 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 February 10, 2022. 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 December 31, 2021. The following discussion of performance, financial condition and future prospects should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the period ended December 31, 2021 and the audited annual consolidated financial statements 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 six-month period ended December 31, 2021 and the subsequent period up to February 10, 2022, 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. Sergio Cattalani, M.Sc., who is an officer of the Company and a member of The Association of Professional Geologists of Ontario, is the Qualified Person under the meaning of Canadian National Instrument 43-101, and responsible for the exploration technical content of this Management's Discussion and Analysis.*

*Mr. Patrick Hickey, P. Eng., MBA, who is an officer of the company, is a Qualified Person under the meaning of Canadian National Instrument 43-101, is responsible for the development and engineering 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 ("Tuvatu") 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. In 2019, the Company 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. 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 approximately 13,619 hectares. The 384.5 hectare Tuvatu mining lease is located near its epicentre and hosts the high grade, permitted for production, Tuvatu gold resource. 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.

The Company's objective remains to work toward a near-term modest production start, concomitant with an aggressive exploration program aimed at the continued expansion of deep bonanza-grade resources for the eventual scaled-up development of a larger and richer resource base. Lion One will continue to advance its exploration program to add further high-grade resources and develop a world class alkaline gold project and prove the concept that the Tuvatu has the potential to become 10 to 20 million ounces gold camp. The Company is also targeting the root feeder or feeders that gave rise to the Tuvatu lode complex with the deep drilling program.

The Company now utilizes six active diamond drilling rigs capable of operating year-round through the rainy season, including five fully owned, and a fully operational, quick-response metallurgical and geochemical laboratory at its Fiji head office in Nadi, 16km from the project site. Lion One will continue to focus on testing the deep extensions of new high-grade zones of mineralization discovered below Tuvatu in 2020 and shallow resource infill drilling from the surface and underground targeting areas of planned early production. The Company has also recently 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.

**HIGHLIGHTS AND SIGNIFICANT SUBSEQUENT EVENTS*****December Quarter 2021 Exploration Summary:***

During the quarter ended December 31, 2021, the Company completed 7243.7 meters of diamond drilling in 35 completed holes, while a further 4 drill holes were still in progress. The Company is undertaking three tiers of drilling for exploration purposes:

- 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 target areas within the Navilawa caldera, such as Banana Creek and Matanavatu.

An additional tier of drilling for geotechnical purposes has also been initiated during the December quarter.

<b>December 2021 Quarter Exploration Summary</b>	
<b>Activity</b>	<b>Number</b>
# of drill holes completed	35
# of drill holes in progress at end of Quarter	4
# of meters drilled	7,243.7
# of drill core samples submitted for analysis	10,422
# of bulk density analyses from drill core	nil
# of channels excavated and sampled	19
# of samples from channel sampling	126
# of rock chip samples collected	nil
# of samples analyzed in Lion One Laboratory	12,419

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

During the quarter ended December 31, 2021, the Company continued with its exploration program to confirm the potential for a multi-million ounce alkaline gold system. Two rigs remain focused on the deep-seated feeder structure of the main Tuvatu mineralization, two rigs are focused on the infill drill program in areas earmarked for initial mining, one rig was devoted to testing regional targets, and the remaining rig has primarily been utilized for geotechnical and water monitoring wells. In early July 2021, one rig was mobilized to the Navilawa tenement (SPL1512) to target regional targets as possible Tuvatu analogues 3.5km to the north. This drill rig was moved back to assist with deep exploration drilling at Tuvatu in November when wet conditions made it too difficult to pursue regional targets. Consequently, by the end of the quarter there were 3 drill rigs focused on deep feeder structures, 2 drill rigs on infill drilling and one rig on geotechnical and water well drilling.

On November 2, 2021, the Company announced further high-grade intercepts from two recently completed drillholes (TUDDH544-W2 - 33.40 g/t Au over 3.90m from 629.30m incl. 105.0 g/t Au over 0.30m from 629.6m and TUDDH544-W1 - 48.74 g/t Au over 0.6m from downhole depth of 651.50m) as part of ongoing deep extensional step-out drilling and confirmed the following:

- Deep feeder Zone 500 extends over 300 meters vertically and 150 meters laterally
- Weighted average grade of 23 g/t Au from Zone 500 mineralized intercepts is 2.6 times higher than the average grade of the Tuvatu 2019 Mineral Resource Update
- Zone 500 connects with base of Existing Resource at approximately 470 meter depth
- Drill extent of Tuvatu system increased by 53% to approximately 720 meter depth

High grade mineralization in Deep Feeder Zone 500 has now been demonstrated to extend over an area approximately 150m along strike and 300m vertically and the Company believes it will add significantly to the overall gold inventory of the Tuvatu orebody. Furthermore, an improved understanding of the orientation of the 500 Zone now allows Lion One to connect this high-grade feeder to the base of the existing resource. The Company plans to continue additional drilling to test the lateral and vertical extents of this zone which remains open in all directions.

▪ ***High grade results from Infill Drill Program***

On November 30, 2021, the Company announced the results from the infill drill and re-sampling program undertaken in the near-surface portion of the Tuvatu deposit. This program was designed to further strengthen the database in the portion of the deposit earmarked for earliest production, from the Company's 100% owned Tuvatu gold project in Fiji. Highlights from near-surface infill drilling and re-sampling include:

- 20.61 g/t Au over 7.50m inc. 89.03 g/t Au over 1.50m, and 227.3 g/t Au over 0.30m from TUDDH545
- 21.34 g/t Au over 2.50m inc. 38.25 g/t Au over 1.30m, and 52.27 g/t Au over 0.30m from TUDDH548
- 33.52 g/t Au over 2.40m inc. 185.60 g/t Au over 0.40m from TUDDH553
- 9.13 g/t Au over 2.59m inc. 74.58 g/t Au over 0.30m from resampling of historic hole TUDDH362

On January 25, 2022, the Company announced additional results from the infill drill program undertaken in the near-surface portion of the Tuvatu deposit. Approximately 85% or 6,735m of the proposed program completed a total of 38 holes since the start of infill program from June 2021. Highlights from near-surface infill drilling include:

- 359.76 g/t Au over 1.80m incl. 1,616.0 g/t Au over 0.40m from TUDDH565
- 126.62 g/t Au over 0.70m incl. 294.50 g/t Au over 0.30m from TUDDH555
- 17.60 g/t Au over 5.0m incl. 125.50 g/t Au over 0.60m from TUDDH557
- 111.40 g/t Au over 0.40 from TUDDH562
- 22.80 g/t Au over 2.10m and 16.44 g/t Au over 4.20m incl. 26.11 g/t Au over 0.60m from TUG137

Multiple bonanza-grade intercepts have been returned from the ongoing near-surface infill/definition drill program which is aimed at a thorough re-appraisal of the database in portions of the resource earmarked for earliest production. The exceptional grades returned from hole TUDDH565 at a downhole depth of 71.2m, of 1616.0 g/t Au corresponds to a complex vein of centimetric width at low to moderate angle to core axis, consisting of coarse, subhedral honey sphalerite, fine skeletal marcasite and coarse visible gold in a groundmass of amorphous gray quartz. The vein also contained coarse vugs lined by clear crustiform euhedral quartz crystals and abundant delicate wire native gold.

#### ▪ **Mill Design and Underground Mine Development Update**

On February 8, 2022, the Company announced an update on the engineering and development, highlights include:

- Production permits are in place for underground gold mining operations
- Engineering and procurement of gold recovery plant is underway
- Development of second underground access portal is underway
- Mobile crushing unit has been ordered, built, and is now being shipped to mine site
- Majority of required mining equipment has been shipped and delivered to mine site
- Contracts for water, power, tailings, explosives, and communications secured or in progress
- ERP implementation underway for accounting, supply chain, cost control, and inventory

#### **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 63,000 cases of COVID-19, with over 800 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, supply chain disruptions, 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.

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 doubled its workforce since 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. To date vaccination programs are rapidly advancing in Fiji with 100% of the Company's Fijian employees being fully vaccinated with two doses.

## 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, 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. The Tuvatu resource covers a 5-hectare footprint within the 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 130,000 meters of drilling completed to date in addition to 1,600 meters of underground development. Concomitant with the mine development plan being undertaken, Lion One continues to pursue aggressive exploration drilling of newly defined feeder targets in proximity to the Tuvatu resource, including the prolific 500 Zone, as well as regional targets within the 6 km Navilawa caldera.

In 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. Lion One also employed several experienced drillers and offsidars from Geodrill. 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. In 2020-2021, the Company purchased three additional deep capacity diamond drill rigs contracts a sixth diamond drill rig to accelerate the drilling program, with the capabilities to drill to depths beyond 1,000 meters.

The Company's has encountered multiple high-grade intercepts from its 2020-2021 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. Alkaline hosted gold deposits are known to extend to great depths, so there are many areas to explore. The Company is also infill drilling from surface and underground targeting areas of planned early production. 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 also 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. A number of access tracks into the Navilawa tenement were completed and sampling of prospective zones continues with numerous additional targets identified to date. The Company has a large pipeline of drilling targets across the Navilawa Caldera and this program will include deep drilling, further geophysics, mapping and sampling, and targeted exploration of other prospects generated.

In 2019, the Company completed a specialized stream sediment sampling program using the BLEG ("Bulk Leach Extractable Gold") technique over the entire project area. The results from that BLEG sampling program indicates an extensive anomalous area within the northern part of the Navilawa caldera. 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 expanded to include targets identified from that survey. Lion One believes the Tuvatu region can host a 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 December 31, 2021, the Company continued its diamond drilling program, where it completed 7,243.7 meters of diamond drilling in 35 completed holes with 4 drill holes still in progress at the end of the quarter. The Company continues to advance its deep diamond drilling program to prove that the project has the potential to become a multi-million ounces gold camp, which is consistent with Tuvatu as an example of an alkaline gold mineralizing system. 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 high-grade feeder style mineralization in alkaline gold systems.

Predominant vein minerals included a combination of quartz, potassium-rich hydrothermal feldspar called adularia, hydrothermal apatite, vanadium-rich hydrothermal mica called roscoelite, and late-stage 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 numerous veins. Native gold occurs as native free Au, as well as telluride minerals, forming fine-grained aggregates that appear to clump together to form larger particles. This may reflect rapid deposition of gold known as "flashing", from a metal-saturated ore-forming colloid or fluid. Such rapid gold-deposition can generate very high grades in alkaline gold systems. Sulphide minerals include minor pyrite, lesser marcasite, sphalerite, chalcopyrite, and traces of galena, arsenopyrite and bornite.

Mineralization in hole TUDDH500 and the subsequent holes drilled to follow up that hole display many diagnostic characteristics of feeder style mineralization from an alkaline gold system. Notably, remarkable vertical extent to the high-grade mineralization, and mineral textures that 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 and Matanavatu.

Regional drill programs requiring access to remote parts of the Navilawa caldera has been interrupted during the wet season (November to February), but will resume at the end of wet season.

### Resource Infill/Definition Drilling

Multiple bonanza-grade intercepts have been returned from the ongoing near-surface infill/definition drill program which is aimed at a thorough re-appraisal of the database in portions of the resource earmarked for earliest production. The current 8,000m infill drill program was initiated in June of 2021 with the aim of infilling areas of low data density within parts of the resource currently categorized as Inferred. To date, a total of 6,735m of diamond drilling over 38 holes have been completed, with approximately 15% of the proposed program remaining.

On November 30, 2021, the Company announced the results from the infill drill and re-sampling program undertaken in the near-surface portion of the Tuvatu deposit. This program was designed to further strengthen the database in the portion of the deposit earmarked for earliest production.

**Table 1 - Significant High-Grade Results from Infill/Definition Drilling New Release November 30, 2021 \***

Hole Number	From (m)	To (m)	Interval (m)	Grade (g/t)
<b>TUDDH541</b>	112.60	116.83	4.23	4.61
incl	115.63	116.83	1.20	14.35
incl	116.23	116.53	0.30	33.85
<b>TUDDH544</b>	34.60	37.50	2.90	5.46
incl	34.90	35.40	0.50	16.75
incl	36.60	37.20	0.60	7.83
<b>TUDDH545</b>	<b>123.60</b>	<b>131.10</b>	<b>7.50</b>	<b>20.61</b>
incl	128.30	129.80	1.50	89.03
<b>incl</b>	<b>128.30</b>	<b>128.60</b>	<b>0.30</b>	<b>227.30</b>
	137.60	138.60	1.00	9.38
<b>TUDDH546</b>	104.20	105.4	1.20	10.16
incl	104.20	104.50	0.30	39.33
<b>TUDDH548</b>	<b>120.85</b>	<b>123.35</b>	<b>2.50</b>	<b>21.34</b>
incl	121.75	123.05	1.30	38.25
incl	121.75	122.05	0.30	52.27
and	122.35	122.75	0.30	53.82
<b>TUDDH553</b>	26.00	26.90	0.90	7.84
	<b>173.40</b>	<b>175.80</b>	<b>2.40</b>	<b>33.52</b>
<b>incl</b>	<b>174.50</b>	<b>174.90</b>	<b>0.40</b>	<b>185.60</b>

On January 25, 2022, the Company announced additional results from the infill drill program undertaken in the near-surface portion of the Tuvatu deposit.

**Table 2 - Significant High-Grade Results from Infill/Definition Drilling New Releases January 25, 2022 \***

Hole Number	From (m)	To (m)	Interval (m)	Grade (g/t)
<b>TUDDH555</b>	<b>133.00</b>	<b>133.70</b>	<b>0.70</b>	<b>126.62</b>
incl	133.40	133.70	0.30	294.50
	137.60	140.50	2.90	8.25
incl	139.10	139.70	0.60	28.67
	145.00	146.70	1.70	9.31
incl	145.90	146.30	0.40	31.63
<b>TUDDH557</b>	<b>113.80</b>	<b>118.80</b>	<b>5.00</b>	<b>17.60</b>
incl	115.30	115.90	0.60	125.50
	150.40	150.70	0.30	35.63
<b>TUDDH562</b>	<b>164.70</b>	<b>165.10</b>	<b>0.40</b>	<b>111.40</b>
<b>TUDDH563</b>	52.49	52.79	0.30	63.26
	164.55	164.85	0.30	68.50
<b>TUDDH565</b>	63.80	64.20	0.40	35.64
	70.80	72.60	1.80	359.76
incl	71.10	71.50	0.40	1,616.0
	92.90	94.60	1.70	13.34
Incl	93.30	93.70	0.40	42.09
	117.30	122.4	5.10	4.28
<b>TUG136</b>	75.70	76.30	0.60	16.19
incl	76.00	76.30	0.30	30.97
	77.90	82.10	4.20	4.71
incl	78.50	79.10	0.60	12.62
<b>TUG137</b>	<b>106.40</b>	<b>110.60</b>	<b>4.20</b>	<b>16.44</b>
incl	108.50	110.60	2.10	22.80

Final results were reported from a total of 10 holes, 7 of which were drilled specifically as part of the infill program (TUDDH555-562, 565) and three of which were drilled as part of the deep program testing the 500 Zone, but which intersected high grade mineralization in the near-surface (TUDDH563, TUG136, 137). Figures included in the news releases dated November 30, 2021 and January 25, 2022, illustrate schematically the location of many of the drill holes reported, and show mineralized intervals relative to modelled lodes.

The exceptional grades returned from hole TUDDH565 at a downhole depth of approximately 71.2m, of 1616.0 g/t Au corresponds to a complex vein of centimetric width at low to moderate angle to core axis, consisting of coarse, subhedral honey sphalerite, fine skeletal marcasite and coarse visible gold in a groundmass of amorphous gray quartz. The vein also contained coarse vugs lined by clear crustiform euhedral quartz crystals and abundant delicate wire native gold.

\* Samples are analyzed at the Company's own geochemical laboratory in Fiji; pulp duplicates of all samples with results >0.5g/t Au are re-assayed, as well as sent to ALS Global Laboratories in Australia for check assay determinations. Samples that have returned grades greater than 10g/t Au are then re-analyzed by gravimetric method. For certain high-grade samples for which results for duplicate assay are within 10% of the initial results, the average of duplicate runs is presented. All duplicate anomalous samples sent to ALS Townsville, Queensland, Australia are analyzed by the same methods (Au-AA26, and also Au-GRA22 where applicable).

#### Deep Feeder Zone 500

The high-grade mineralization in Deep Feeder Zone 500 has now been demonstrated to extend over an area approximately 150m along strike and 250-300m vertically, completely outside the existing resource model. Furthermore, an improved understanding of the orientation of the 500 Zone now allows us to connect this high-grade feeder to the base of the existing resource. The Company is planning additional drilling to test the lateral extent of this zone and infill the shallowest part of this zone with the base of the existing resource.

These most recent intercepts are believed to be the continuation of the interpreted deep feeder structure that encountered 55.43 g/t Au over 12.70m in TUDDH500 (news release dated July 24, 2020) and 55.44 g/t Au over 2.30m in TUDDH533. Multiple new high-grade gold intercepts have been encountered in underground hole TUG135 drilled from the Tuvatu decline, as well as in hole TUDDH533W1, a wedge hole to TUDDH533 reported previously (new release dated July 26, 2021). These include 24.92 g/t Au over 3.70m (incl. 159.30 g/t over 0.30m) from a downhole depth of 415.70m, 2.89 g/t Au over 2.50m from a downhole depth of 508.10m in hole TUG135, and 3.34 g/t Au over 1.80m from a downhole depth of 613.90m in hole TUDDH533W1. This same gold-bearing structure has now been intersected by multiple holes, including TUDDH500, 500W1, 500W2, TUDDH533, 533W1, TUDDH528, TUDDH517, 517W1, TUDDH514, 514W1, and TUG135.

These additional deep intercepts significantly increase the degree of confidence that the Tuvatu orebody extends to considerable depth, and that it remains fully open, laterally and at depth. The Company believes that the current Tuvatu Resource represents but a fraction of a much larger and considerably more extensive, high-grade Au deposit for which additional drilling is warranted to further define its true extent.

On November 2, 2021, the Company announced further high-grade intercepts from two recently completed drillholes (TUDDH544-W1 and TUDDH544-W2) as part of ongoing deep extensional step-out drilling and confirm the following:

- Deep feeder Zone 500 extends over ~300 meters vertically and 150 meters laterally
- Weighted average grade of 23 g/t Au from Zone 500 mineralized intercepts are 6 times higher than average grade of 2019 Mineral Resource Update
- Zone 500 connects with base of Existing Resource at approximately 470 meter depth
- Drill extent of Tuvatu system increased by 53% to approximately 720 meter depth

Highlights include\*:

- TUDDH544-W2: 33.40 g/t Au over 3.90m from 629.30m incl. 105.0 g/t Au over 0.30m from 629.6m, 65.0 g/t Au over 0.30m from 630.2m, 112.0 g/t Au over 0.30m from 631.1m
- TUDDH544-W1: 48.74 g/t Au over 0.6m from 651.50m and 33.06 g/t Au over 0.6m from 658.2m

The growing number of intercepts has allowed for a remodeling of the 500 Zone structure such that the current best-fit orientation of the 500 Zone is now modelled with an azimuth of N060° and a dip of -88°, with all of the high-grade intercepts from the boreholes listed above captured by an approximately 50m wide envelope. This revised model for the 500 Zone structure connects the 500 Zone to the Tuvatu orebody at a depth of approximately -150m RSL by at least two historic drillholes (TUDDH212, previously interpreted as the base of UR2 lode; and TUG110, previously interpreted as part of the URW3 lode) which occur in the lowermost portion of the existing resource model. This area remains significantly under-drilled.

An additional update of results obtained from the deep drilling of the high-grade 500 Zone feeder include: 17.43 g/t Au over 1.5m from downhole depth of 643.1-644.6m from hole TUDDH544-W1. There are currently 3 drill holes targeting extensions to the 500 Zone. Results of these will be reported as they become available.

The high grade mineralization continues to be defined both in the near-surface portion of the deposit, as well as in the expanding deep feeder Zone 500. The additional data generated by the infill drilling and resampling programs will greatly enhance the Company's understanding of the geometry of the veins, and raise the level of confidence needed, ahead of Lion One's near-term underground development at Tuvatu.

### ***Navilawa Tenement and Exploration Program***

In May 2019, SPL 1512 was issued for the Navilawa tenement for a 5-year term renewable in 2024. The tenement area directly adjoins the northern boundary of Lion One's tenements at Tuvatu, which consolidates ownership of the entire Navilawa mineral complex under a contiguous 13,619 hectare 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, Matanavatu, 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. Efforts have been primarily focused at Banana Creek, where the Company's team has completed two drill holes totaling 1458.7m. More recently, work has been focused on the Matanavatu prospect which is approximately half-way between Tuvatu and Banana Creek.

During the quarter ended December 31, 2021, 126 channel rock chip samples were collected from 19 separate channels at the Matanavatu area. The Company continued the opening of roads and excavation of trench cuts within the large Navilawa tenement. Regional sampling, mapping and drilling were interrupted in this part of the project from November due to the commencement of the wet season and access difficulties, but is expected to resume in April 2022.

### **Underground Mine and Surface Development**

During the quarter ended in December 31, 2021, the Company continued to optimize the mine plan and develop the mining contract strategies. In October 2021, mining equipment including a Tamrock Single Boom Jumbo, a Caterpillar R1300 LHD Loader and a Manitou ST1030 Telehandler was delivered to Fiji for the planned mine development. The Environmental Impact Assessment (EIA) update for the overall project, including mining, process plant and surface infrastructures was also submitted to the Ministry of Environment of Fiji. Planning and design of surface infrastructure for mine development, including main portal, mine workshop at main portal, mine dry, and site office have been completed and being reviewed by professional engineers at this time for approval. On January 28, 2022, the Company commenced development of the portal for underground access #2 and expects to commence underground development at a projected rate of approximately two meters a day in the coming months.

Proposals and quotations for the engineering and supply of a 300 tonne per day processing plant have been received and are currently under evaluation. Purchasing orders have been issued to purchase a mobile crusher and a mobile screener, which will be set up at mine site to crush waste rocks from mine development for site road work, foundation improvement and surface platform hardstand. The construction of both the Bay 1 and Bay 2 exploration workshops at the mine site area has completed and put into use. New temporary magazines have been fabricated and installed at site close to the existing exploration portal. The contracts for water, power, tailings, explosives, and communications secured or in progress.

The Company advises that it has not based its current mine development plan on a feasibility study of mineral reserves, demonstrating economic and technical viability, and, as a result, there may be an increased uncertainty of achieving any particular level of recovery of minerals or the cost of such recovery, including increased risks associated with developing a commercially mineable deposit. The Company has not based its development plan on a technical report filed under National Instrument 43-101.

### **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. The Company signed a 21-year Surface Lease agreement with local landowners and the iTaukei Land Trust in 2014 and 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.

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

SPL	Issued	Expiry Date	Bond (Fijian \$)	Bond (Canadian \$)	Expenditure Requirement (Fijian \$)	Expenditure Requirement (Canadian \$)
1283	Aug. 24, 2020	Aug. 23, 2025	\$ 158,180	\$ 93,957	\$ 1,400,000	\$ 831,582
1296	Aug. 24, 2020	Aug. 23, 2025	158,180	93,957	\$ 1,600,000	950,379
1465	Aug. 3, 2017	Aug. 2, 2020	185,000	109,888	3,050,000	1,811,660
1512	May 14, 2019	May 13, 2024	280,038	166,339	15,333,305	9,107,784

### 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 programs. 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

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 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. 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](http://www.sedar.com).

Expenditures incurred on the Fiji properties are as follows:

	June 30, 2020		June 30, 2021		December 31, 2021	
		Additions		Additions		
Acquisition costs	\$21,915,063	\$ -	\$ 21,915,063	\$ -	\$ 21,915,063	
Camp costs and field supplies	1,507,457	162,470	1,669,927	150,333	1,820,260	
Consulting fees	3,618,394	565,012	4,183,406	458,003	4,641,409	
Depreciation	1,506,385	613,492	2,119,877	439,138	2,559,015	
Development, dewatering, geology and environmental	2,636,279	1,104,854	3,741,133	1,018,137	4,759,270	
Drilling	5,281,679	870,676	6,152,355	373,742	6,526,097	
Fiji office administration	5,868,359	719,523	6,587,882	498,136	7,086,018	
Permitting and community consults	1,366,181	165,557	1,531,738	144,243	1,675,981	
Site works and road building	3,893,164	416,469	4,309,633	263,043	4,572,676	
Salaries and wages	8,789,118	1,429,383	10,218,501	580,643	10,799,144	
Sample preparation, assaying	2,191,102	495,088	2,686,190	409,593	3,095,783	
Technical reports	1,399,805	6,760	1,406,565	37,769	1,444,334	
Travel	1,365,415	1,427	1,366,842	39,108	1,405,950	
Vehicle and transportation	1,175,359	420,911	1,596,270	358,178	1,954,448	
Write-off of exploration assets	(771,648)	-	(771,648)	-	(771,648)	
Cumulative foreign currency translation adjustment	(104,495)	(2,114,216)	(2,218,711)	(127,241)	(2,345,952)	
	<b>\$61,637,617</b>	<b>\$ 4,857,406</b>	<b>\$ 66,495,023</b>	<b>\$ 4,642,825</b>	<b>\$ 71,137,848</b>	

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

**SELECTED FINANCIAL INFORMATION**

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

**Selected Quarterly Results**

	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Total assets	\$ 133,185,950	\$ 134,059,118	\$ 134,290,897	\$ 135,272,336
Exploration and evaluation assets	71,137,848	69,000,349	66,495,023	65,284,953
Working capital	49,997,294	54,206,890	57,892,384	59,633,886
Interest income	87,206	110,461	96,963	100,919
Net loss for the period	(779,448)	(374,265)	(1,850,742)	(764,596)
Comprehensive loss for the period	(1,268,369)	(181,320)	(2,712,756)	(2,016,839)
Basic and diluted loss per share	(0.00)	(0.00)	(0.01)	(0.00)

  

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

*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 subsidiary, Lion One Limited, which is denominated in Fijian dollars.*

**Results of Operations for the six months ended December 31, 2021 compared to 2020**

The comprehensive loss for the six months ended December 31, 2021 was \$1,449,689 (2020 – loss of \$2,026,203). Significant changes to the comprehensive loss are explained as follows:

- Investor relations decreased by \$112,627 to \$259,463 (2020 - \$372,090) due to timing of investor conferences compared to prior year period and prior year market awareness program.
- Licenses, dues and insurance increased by \$28,252 to \$60,222 (2020 - \$31,970) due to higher insurance premiums in the current period.
- Professional fees decreased by \$18,007 to \$189,554 (2020 - \$207,561) due to lower level of corporate development activities in the current period.
- Shareholder communications decreased by \$23,433 to \$102,545 (2020 - \$125,978) due to lower transfer agent and filing fees compared to prior year period.
- Share-based payments expense of \$477,714 (2020 - \$405,162) has increased due to the employee stock options granted in June 2021.
- During the six-months period ended December 31, 2021, the Company recognized a foreign exchange translation loss of \$295,976 on its net assets denominated Fijian and Australian dollars reflecting a weakening Fijian and Australian dollar against the Canadian dollar since June 30, 2021. A foreign exchange translation loss of \$410,179 was recognized in the comparative period.

**Results of Operations for the three months ended December 31, 2021 compared to 2020**

The comprehensive loss for the three months ended December 31, 2021 was \$1,268,369 (2020 – loss of \$1,090,147). Significant changes to the comprehensive loss are explained as follows:

- Investor relations decreased by \$16,240 to \$137,231 (2020 - \$153,471) due to timing of investor conferences compared to prior year period and prior year market awareness program.
- Licenses, dues and insurance increased by \$16,620 to \$35,860 (2020 - \$19,240) due to higher insurance premiums in the current period.
- Shareholder communications decreased by \$19,686 to \$39,420 (2020 - \$59,106) due to lower transfer agent and filing fees compared to prior year period.
- Share-based payments expense of \$239,167 (2020 - \$170,603) has increased due to the employee stock options granted in June 2021.
- During the three-months period ended December 31, 2021, the Company recognized a foreign exchange translation loss of \$488,921 on its net assets denominated Fijian and Australian dollars reflecting a weakening Fijian dollar against the Canadian dollar offset by a strengthening of Australian dollar against the Canadian dollar since September 30, 2021. A foreign exchange translation loss of \$227,884 was recognized in the comparative period.

**Cash flows for the six months ended December 31, 2021 compared to 2020**

Cash, cash equivalent and short-term investments have decreased by \$8,429,092 to \$49,784,121 at December 31, 2021 from a balance of \$58,213,213 as at June 30, 2021.

Cash outflows from operating activities increased by \$302,623 to \$1,227,616 (2020 – \$924,993). This is primarily due to the reduction in accounts payable and accrued liabilities in the current period compared to prior year period.

Cash outflows from investing activities decreased by \$14,059,580 to \$2,161,697 (2020 - \$16,221,277) due to the current period \$5,000,000 redemption of guaranteed investment certificates (GICs) and the purchase of \$12,000,000 GICs in prior year period, offset by increase in purchase of mining equipment and higher level of Tuvatu Gold Property exploration and development activities in the current year period.

Cash outflows from financing activities were \$90,000 for office lease payments (2020 – \$55,282,751 inflows), inflows from prior year period due to \$37,000,980 net cash proceeds from issuance of shares for August 2020 private placement equity raise, \$17,250,000 from the December 2019 private placement warrants exercised, \$401,500 from broker compensation warrants exercised, \$483,000 broker compensation units exercised and \$255,915 from stock options exercised in prior year period.

**Financial Position**

Cash, cash equivalents and short-term investments have decreased by \$8,429,092 to \$49,784,121 as at December 31, 2021 from a balance of \$58,213,213 as at June 30, 2021, due primarily to \$4,642,825 expenditures on exploration and evaluation assets and \$2,500,981 on property and equipment during the current period.

Shareholders' equity decreased by \$639,050 to \$132,654,198 (June 30, 2021 – \$133,293,248) due primarily to the share-based payments expense for stock options.

**LIQUIDITY AND CAPITAL RESOURCES**

As at December 31, 2021, the Company had a working capital of \$49,997,294 including cash, cash equivalents and short-term investments of \$49,784,121 as compared to working capital of \$57,892,384 including cash, cash equivalents and short-term investments of \$58,213,213 as at June 30, 2021. 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 period ended December 31, 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 period ended December 31, 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 period ended December 31, 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 December 31, 2021, the Company had working capital of \$49,997,294.

### *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](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 December 31, 2021. Based on the evaluation, the Company's certifying officers concluded that the disclosure controls and procedures were effective to provide a reasonable level of assurance that information required to be disclosed by the Company in its annual filings and other reports that it files or submits under Canadian securities legislation is recorded, processed, summarized and reported within the time period specified and that such information is accumulated and communicated to the Company's management, including the certifying officers, as appropriate to allow for timely decisions regarding required disclosure.

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

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

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

#### *Limitations of Controls and Procedures*

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

## **BALANCE SHEET ARRANGEMENTS**

At December 31, 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 for the period ended December 31:

	2021	2020
Payments to key management personnel:		
Cash compensation expensed to management fees, professional fees, investor relations and consulting fees	\$ 568,401	\$ 422,730
Cash compensation capitalized to exploration and evaluation assets	285,274	130,122
Share-based payments	562,918	251,402

During the period ended December 31, 2021, the Company paid \$90,000 (2020 - \$90,000) in rent to Cabrera Capital Corp. ("Cabrera"), a company controlled by a director of the Company. As at December 31, 2021, the Company had a payable of \$Nil (June 30, 2021 - \$82,181) due to Cabrera and officer of the company and a lease liability of \$213,440 (June 30, 2021 - 293,035) due to Cabrera equal to the present value of office space lease payments over the term of the lease.

During the period ended December 31, 2021, the Company paid professional services fees of \$11,063 (2020 - \$17,147) to a management services company owned by a director of the Company's subsidiary

During the period ended December 31, 2021, the Company paid directors' fees of \$11,500 (2020 - \$11,500) to non-executive board members.

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

**OUTSTANDING SHARE DATA**

As at December 31, 2021 and February 10, 2022, the balance of common shares, stock options, warrants and broker compensation units were issued and outstanding as follows:

	<b>Balance</b>	<b>Balance</b>
	<b>December 31, 2021</b>	<b>February 10, 2022</b>
Common Shares	156,371,893	156,371,893
Stock Options	9,480,000	9,480,000
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](http://www.sedar.com) and the Company's website [www.liononemetals.com](http://www.liononemetals.com).

**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%	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%	

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