LION ONE METALS LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE PERIOD ENDED MARCH 31, 2023

LION ONE METALS LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited)

	March 31, 2023	June 30, 2022
ASSETS		
Current		
Cash and cash equivalents	$ 28,862,596	$ 25,749,771
Short term investment (Note 4)	8,000,000	10,000,000
Receivables	3,368,000	930,676
Prepaid expenses	653,194	1,190,188
	40,883,790	37,870,635
Non-current assets		
Right-of-use asset (Note 10,16)	-	116,300
Deposits (Note 5)	18,936,258	7,112,183
Other assets (Note 8)	474,189	473,655
Exploration and evaluation assets (Note 5, 12)	107,873,845	75,407,963
Property and equipment (Note 6)	14,493,079	10,294,938
	$ 182,661,161	$ 131,275,674
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 9, 12)	$ 3,747,844	$ 1,094,987
Lease liability (Note 10, 12)	-	130,608
	3,747,844	1,225,595
Non-current liabilities		
Loan facility (Note 7)	25,322,806	-
Accrued interest - loan facility (Note 7)	547,681	-
	29,618,331	1,225,595
Shareholders' equity		
Share capital (Note 7, 11)	178,727,210	164,315,701
Reserves (Note 11)	34,247,785	26,477,648
Accumulated other comprehensive income (loss)	2,539,863	(1,261,609)
Deficit	(62,472,028)	(59,481,661)
	153,042,830	130,050,079
	$ 182,661,161	$ 131,275,674

Nature of operations and going concern (Note 1) and subsequent events (Note 16)

Approved and authorized by the Board on May 12, 2023:

"Walter H. Berukoff" Director *"Richard Meli"* Director

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

LION ONE METALS LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended March 31, 2023	Three months ended March 31, 2022	Nine months ended March 31, 2023	Nine months ended March 31, 2022
EXPENSES				
Consulting fees (Note 12)	$ 17,102	$ 11,502	$ 54,131	$ 34,706
Depreciation (Note 10)	38,767	38,767	116,300	116,300
Directors fees (Note 12)	5,750	5,750	17,250	17,250
Foreign exchange loss (gain)	75,256	23,286	(89,809)	(225,568)
Interest expense (Note 12)	593	3,997	4,392	14,402
Licenses, dues and insurance	47,728	30,046	120,920	90,268
Investor relations (Note 12)	198,323	156,182	599,352	415,645
Management fees (Note 12)	65,000	64,981	195,000	205,608
Office and administrative	209,677	105,749	557,516	353,216
Professional fees (Note 12)	163,101	135,122	399,436	324,676
Shareholder communications and filings	62,459	55,932	225,098	158,477
Share-based payments(Note 11, 12)	240,957	204,001	1,264,985	681,715
Travel	103,199	23,681	174,434	23,681
Operating loss	(1,227,912)	(858,996)	(3,639,005)	(2,210,376)
OTHER INCOME & EXPENSES				
Interest income	259,126	49,419	648,638	247,086
Loss for the period	(968,786)	(809,577)	(2,990,367)	(1,963,290)
OTHER COMPREHENSIVE(LOSS) INCOME				
Foreign exchange translation adjustment	(82,138)	45,457	3,801,472	(250,519)
Comprehensive (loss) income for the period	(1,050,924)	(764,120)	811,105	(2,213,809)
Basic and diluted loss per common share	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.01)
Weighted average number of common shares outstanding – basic and diluted	176,895,241	156,371,893	161,501,439	149,237,560

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

LION ONE METALS LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars) (Unaudited)
FOR THE NINE MONTHS ENDED MARCH 31

	2023	2022
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net loss for the period	$ (2,990,367)	$ (1,963,290)
Non-cash items:		
Foreign exchange	(89,809)	(225,568)
Depreciation	116,300	116,300
Interest expense	4,392	14,402
Share-based payments	1,264,985	681,715
Changes in non-cash working capital items:		
Receivables	(2,352,008)	(348,610)
Prepaid expenses	(170,678)	(425,010)
Accounts payable and accrued liabilities	(76,023)	(207,418)
	(4,293,208)	(2,357,479)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Purchase of property and equipment	(4,293,398)	(4,400,261)
Exploration and evaluation asset expenditures	(23,549,264)	(5,833,685)
Cash proceeds on royalty advance	-	301,521
Short term investments	2,000,000	5,000,000
Deposits and other assets	(11,791,378)	(2,903,199)
	(37,634,040)	(7,835,624)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Cash proceeds from sale of shares – private placement	16,045,760	-
Share issuance costs on private placement	(1,206,319)	-
Proceeds from loan facility, net of deferred debt costs	30,279,363	-
Payment of lease liability	(135,000)	(135,000)
	44,983,804	(135,000)
Effect of exchange rate changes on cash and cash equivalents	56,269	(35,933)
Change in cash and cash equivalents during the period	3,112,825	(10,364,036)
Cash and cash equivalents, beginning of the period	25,749,771	43,213,213
Cash and cash equivalents, end of the period	$ 28,862,596	$ 32,849,177

Supplementary cash flow information:

	2023	2022
Cash and cash equivalents consist of:		
Cash	$ 28,862,596	$ 29,849,177
Cash equivalents (redeemable short-term deposit certificates)	-	3,000,000
Non-cash transactions:		
Depreciation expense capitalized to exploration and evaluation assets	$ 1,306,425	$ 684,204
Share-based payments expense capitalized to exploration and evaluation assets	882,354	403,654
Share-based payments expense – share issuance costs	427,932	-
Capitalized interest and accretion expense – loan facility	790,285	-
Deferred debt costs warrants – loan facility	5,194,866	-
Accounts payable and accrued liabilities in exploration and evaluation assets	3,672,866	636,574

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

LION ONE METALS LIMITED

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS'S EQUITY

(Expressed in Canadian Dollars)
(Unaudited)

	Share Capital					
	Number	Amount	Reserves	Deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balance, June 30, 2021	156,371,893	164,262,661	$ 25,094,491	$ (56,972,708)	$ 908,804	$ 133,293,248
Share-based payments – stock options	-	-	1,085,369	-	-	1,085,369
Comprehensive loss for the period	-	-	-	(1,963,290)	(250,519)	(2,213,809)
Balance, March 31, 2022	156,371,893	$ 164,262,661	$ 26,179,860	$ (58,935,998)	$ 658,285	$ 132,164,808
Share-based payments – stock options	-	-	313,328	-	-	313,328
Exercise of stock options	50,000	53,040	(15,540)	-	-	37,500
Comprehensive loss for the period	-	-	-	(545,663)	(1,919,894)	(2,465,557)
Balance, June 30, 2022	156,421,893	$ 164,315,701	$ 26,477,648	$ (59,481,661)	$ (1,261,609)	$ 130,050,079
Share-based payments – stock options	-	-	2,147,339	-	-	2,147,339
Private placement	20,473,348	16,045,760	-	-	-	16,045,760
Share issuance costs	-	(1,634,251)	427,932			(1,206,319)
Deferred debt costs - warrants			5,194,866	-	-	5,194,866
Comprehensive loss for the period	-	-	-	(2,990,367)	3,801,472	811,105
Balance, March 31, 2023	176,895,241	$ 178,727,210	$ 34,247,785	$ (62,472,028)	$ 2,539,863	$ 153,042,830

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Lion One Metals Limited ("Lion One" or the "Company") was incorporated on November 12, 1996 under the laws of the Province of British Columbia, Canada. The Company is in the business of mineral exploration and evaluation and is currently focused on the acquisition, exploration and evaluation of mineral resources in Fiji. The Company is listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol LIO and on the Australian Securities Exchange ("ASX") under the symbol LLO. The Company's head office and principal address is 306 - 267 West Esplanade, North Vancouver, BC, Canada, V7M 1A5. The address of the Company's registered and records office is Suite 1700 – 1055 West Hastings Street, Vancouver, BC, V6E 2E9.

The Company's condensed consolidated interim financial statements are presented in Canadian dollars.

The Company is in the process of exploring and evaluating its resource properties and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has incurred losses from inception and has not advanced its properties to commercial production. The Company estimates that it has adequate financial resources for the next twelve months with working capital of $37,135,946. The Company's continuation as a going concern is dependent upon the successful results from its exploration activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations.

There are many external factors that can adversely affect general workforces, economies and financial markets globally. Examples include, but are not limited to, the COVID-19 global pandemic and political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of adverse results of such externalfactors and their effect on the Company's business or ability to raise funds.

The condensed consolidated interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Continued operations of the Company are dependent on the Company's ability to receive financial support, obtain necessary financings, and/or generate profitable operations in the future.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies and methods of computation applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company's annual financial statements for the year ended June 30, 2022.

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified.

These condensed consolidated interim financial statements incorporate the financial statements of the Company and its wholly controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The condensed consolidated interim financial statements include the accounts of the Company and its direct wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

2. BASIS OF PREPARATION (cont'd…)

Basis of Consolidation and Presentation

Use of Estimates

The preparation of these condensed consolidated interim 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.

Judgments
The functional currency of each of the subsidiaries and the Company were assessed to determine the economic substance of the currency in which each entity performed its operations. The functional currency of the Company is the Canadian dollar. The functional currencies of the Company's subsidiaries have been assessed as follows:

	Country of Incorporation	Effective Interest	Functional currency
American Eagle Resources Inc.	Canada	100%	Canadian Dollar
Laimes International Inc.	BVI	100%	Canadian Dollar
Auksas Inc.	BVI	100%	Canadian Dollar
Lion One Pte Limited	Fiji	100%	Fijian Dollar
Lion One Australia Pty Ltd.	Australia	100%	Australian Dollar
Piche Resources Pty Ltd.	Australia	100%	Australian Dollar

Estimates
Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, are as follows:

The carrying value and recoverability of exploration and evaluation assets and property and equipment requires management to make certain estimates, judgments and assumptions about its project. Management considers the economics of the project, including the latest resource prices and the long-term forecasts, and the overall economic viability of the project.

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.

Share-based payments are subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected share price volatility. Where such valuations are applied, such as the time of a stock option grant or issuance of shares from trust, management provides detailed valuation assumptions.

3. SIGNIFICANT ACCOUNTING POLICIES

Debt and borrowing costs

Debt is initially recognized at fair value, net of any transaction costs, and subsequently carried at amortized cost.

- Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset are capitalized as part of the cost of that asset until the asset is substantially complete and ready for its intended use. All other borrowing costs are expensed as incurred.

New accounting pronouncements

The Company has applied the following revised IFRS that has been issued and this accounting standard does not have a significant effect on the Company's accounting policies or financial statements.

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

(Expressed in Canadian Dollars)

4. SHORT TERM INVESTMENT

The short-term investment is comprised of guaranteed investment certificate issued by the Company's banking institution.

5. EXPLORATION AND EVALUATION ASSETS

June 30, 2022	**Total**
Acquisition costs	
Balance, June 30, 2022 and March 31, 2023	$ 21,915,063
Exploration expenditures	
Balance, June 30, 2022	57,225,982
Additions for the period	29,332,445
Balance, March 31, 2023	86,558,427
Cumulative translation adjustment	
Balance, June 30, 2022	(3,733,082)
Adjustments for the period	3,133,437
Balance, March 31, 2023	(599,645)
Property total, March 31, 2023	$ 107,873,845

June 30, 2022	**Total**
Acquisition costs	
Balance, June 30, 2021 and June 30, 2022	$ 21,915,063
Exploration expenditures	
Balance, June 30, 2021	46,798,671
Additions for the year	10,427,311
Balance, June 30, 2022	57,225,982
Cumulative translation adjustment	
Balance, June 30, 2021	(2,218,711)
Adjustments for the year	(1,514,371)
Balance, June 30, 2022	(3,733,082)
Property total, June 30, 2022	$ 75,407,963

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Tuvatu Gold Project

The Company's primary asset is the Tuvatu Gold Project located near Nadi on the island of Viti Levu, Fiji.

In January 2015, the Mineral Resources Department ("MRD") of Fiji granted Special Mining Lease 62 ("SML 62") on the Tuvatu project to the Company. SML 62 is a designated area within the original boundaries of the Company's Special Prospecting Licenses ("SPL's") 1283 and 1296. SML 62 provides exclusive rights for the potential development, construction, and operation of mining, processing, and waste management infrastructure at Tuvatu. The terms of the mining lease provide for certain performance and reporting requirements. The SML has been granted for a term of ten years provided the Company complies with the terms of the lease. Extensions to the term can be applied subject to the terms of the lease and the Mining Act. In August 2022, SML 62 was extended for an additional 10 year term renewable to February 28, 2035. A performance and environmental bond of FJD$2,700,000 ($1,643,609), (June 30, 2022 - $1,562,409) has been placed on deposit with the MRD. The SML is subject to annual lease payments of FJD$73,697 ($44,863).

In addition to a 5% net smelter royalty ("NSR") with the government of Fiji, the Fiji properties are subject to a perpetual production royalty of 0.5% to 1.5% of net smelter returns. This NSR is payable to Laimes Global Inc., a company controlled by Walter Berukoff, CEO and director of the Company.

Surface Lease Agreement

The Company holds a 21-year Surface Lease agreement with the iTaueki Land Trust Board ("TLTB") which governs the native land ownership rights in Fiji. The TLTB manages the lease agreements between native land owners and tenants. Under the terms of the Surface Lease, the Company must make a one-time payment of FJD$1,000,000 of which FJD$700,000 ($426,121) was paid upon acceptance of the Surface Lease agreement. In March 2019, the Company paid FJD$249,497 ($151,880) to the TLTB with FJD$50,503 ($30,743) remaining is due upon the first gold production from mining operations in Tuvatu. An additional lease payment of FJD$30,000 ($18,262) is payable per annum to the local communities for education and community development over the 21-year term of the Surface Lease agreement.

Fiji Exploration Properties

The Company holds four exploration licenses (SPL's) for the Tuvatu properties as granted by the MRD. Under the terms of the SPL's, the Company is required to spend a minimum threshold of expenditures on each of the licenses. In March 2022, the Company received the renewal application for SPL 1465 for a three year period ending in March 2025.

SPL	Issued	Expiry Date	Bond (Fijian $)	Bond (Canadian $)	Expenditure Requirement (Fijian $)	Expenditure Requirement (Canadian $)
1283	Aug. 24, 2020	Aug. 23, 2025	158,180	96,291	1,400,000	852,242
1296	Aug. 24, 2020	Aug. 23, 2025	158,180	96,291	1,600,000	973,990
1465	Mar. 5, 2022	Mar. 4, 2025	67,979	41,382	679,789	413,817
1512	May 14, 2019	May 13, 2024	516,058	314,147	15,333,305	9,334,057

Deposits

As at March 31, 2023, the Company paid $16,541,274 deposits for mill and other equipment and $163,571 other deposits in Fiji (June 30, 2022 - $4,991,008).

Bonds

The SPL's require the posting of bonds as security against future reclamation obligations. As at March 31, 2023, the Company has bonds of $2,191,720 (June 30, 2022 - $2,083,442) held with the MRD pursuant to SML62 and the SPL's and an environmental bond $39,693 (June 30, 2022 – 37,733) held with the Ministry of Environment. These are recorded as Deposits on the statements of financial position.

(Expressed in Canadian Dollars)

6. PROPERTY AND EQUIPMENT

	Computers and Office Equipment	Motor Vehicles	Building and Equipment	Total
Cost				
Balance, June 30, 2021	$ 273,391	$ 439,005	$ 7,224,613	$ 7,937,009
Disposals for the year	(12,508)	(58,479)	(6,721)	(77,708)
Additions for the year	9,478	563,222	4,948,680	5,521,380
Cumulative translation adjustment	(3,883)	(39,902)	(308,507)	(352,292)
Balance, June 30, 2022	266,478	903,846	11,858,065	13,028,389
Additions for the period	640,135	305,837	3,879,778	4,825,750
Cumulative translation adjustment	7,272	49,932	667,374	724,578
Capitalized finance cost	-	-	92,190	92,190
Balance, March 31, 2023	$ 913,885	$ 1,259,615	$ 16,497,407	$ 18,670,907
Accumulated depreciation				
Balance, June 30, 2021	$ 270,243	$ 291,486	$ 1,378,732	$ 1,940,461
Disposals for the year	(12,508)	(58,479)	(6,721)	(77,708)
Additions for the year	472	106,938	820,045	927,455
Cumulative translation adjustment	651	(9,310)	(48.098)	(56,757)
Balance, June 30, 2022	258,858	330,635	2,143,958	2,733,451
Additions for the period	83,607	115,615	1,107,204	1,306,426
Cumulative translation adjustment	6,371	19,220	112,360	137,951
Balance, March 31, 2023	$ 348,836	$ 465,470	$ 3,363,522	$ 4,177,828
Net book value				
As at June 30, 2022	$ 7,620	$ 573,211	$ 9,714,107	$ 10,294,938
As at March 31, 2023	$ 565,049	$ 794,145	$ 13,133,885	$ 14,493,079

7. LONG TERM DEBT

Financing Facility

On January 19, 2023 the Company entered into a facility agreement with Nebari Gold Fund 1, LP, Nebari Natural Resources Credit Fund I, LP and Nebari Natural Resources Credit Fund II, LP (collectively, "Nebari"), with Nebari Collateral Agent, LLC as collateral agent and certain Lion One subsidiaries as guarantors, for a financing facility of up to US$37,000,000 (the "Financing Facility"). The Financing Facility consists of a US$35,000,000 senior secured first lien term loan (the "Loan Facility") and a US$2,000,000 ($2,687,800) equity investment ("the Equity Investment") in common shares of the Company.

The total amount of the Loan Facility will be funded in up to three tranches, with US$23,000,000 funded on February 9, 2023 ("Tranche 1"), and an additional US$12,000,000 available at the Company's option in up to two further tranches ("Tranches 2 and 3") within 18 months of closing. Interest on Tranche 1 is 8% (plus three-month secured overnight financing rate, as administered by Federal Reserve Bank of New York "SOFR"), and amortization is on the maturity date 42 months from the closing date on August 8, 2026, with no closing fees payable. Tranches 2 and 3 funding is subsequent to an 8% original issue discount and interest is 10% plus SOFR, with progressive amortization over 42 months from the Tranche 2 funding date, with closing fees equal to 2% of the amounts funded.

On February 9, 2023, the Company received total proceeds of US$25,000,000 ($33,597,500) from its Financing Facility, which was comprised of US$23,000,000 ($31,125,900) Tranche 1 loan facility and completion of the US$2,000,000 ($2,687,800) Equity Investment, with Nebari purchasing 3,125,348 common shares of the Company at a price of $0.86 per share. The interest with respect to Tranche 1 will be capitalized and added to the principal amount outstanding of the Loan Facility from February 9, 2023 to March 31, 2024, with monthly interest payments beginning on March 31, 2024. The interest with respect to Tranche 2 and Tranche 3, commences on the Utilisation Date in respect of Tranche 2 and ending on (inclusive) the earlier of: (i) the third Interest Payment Date following the utilization of Tranche 2; and (ii) June 30, 2024.

(Expressed in Canadian Dollars)

7. LONG TERM DEBT (cont'd…)

Financing Facility (cont'd…)

Following the first month in which the Tuvatu Project produces at least 2,000 ounces of gold, the Company shall pay to Nebari a royalty equal to 0.5% of the net smelter returns on the first 400,000 ounces (equivalent to 2,000 ounces) of gold produced and sold from the Tuvatu Project.

		March 31, 2023		June 30, 2022
Loan facility	$	31,125,900	$	-
Deferred debt costs		(5,803,094)		-
Total long-term debt, net of deferred debt costs		25,322,806		-
Non-current accrued interest		547,681		-
	$	25,870,487	$	-

Deferred debt costs

As part of the Tranche 1 loan facility with Nebari, the Company issued 15,333,087 warrants ("Tranche 1 Warrants") of the Company to Nebari, exercisable into common shares of the Company at a price of $1.49 for a period of 42 months from issuance (*Note 11 (d)*). The Tranche 1 Warrants are subject to an accelerator provision whereby the Company may accelerate the expiry date of up to 25% of the initial warrants in the event that the volume weighted average trading price of the common shares of the Company exceeds 100% over the strike price for a period of twenty consecutive days. The Company has the option to accelerate the expiry of further 25% portions of the warrants at four-month intervals, up to a maximum of 75% of the warrants issued.

The Company recognized $5,194,865 of deferred debt costs for the fair value of the Tranche 1 Warrants. The fair value of the Tranche 1 Warrants was determined using the Black-Scholes option pricing model using the following assumptions: risk free interest rate 2.99%, expected life of 3.5 years, annualized volatility 75% and dividend rate at nil. The Company also incurred deferred debt costs for professional and legal fees of $850,832. The deferred debt costs will be amortized over the term of the Loan Facility on an effective interest basis.

During the period ended March 31, 2023, the Company amortized $242,604 (2022 - $Nil) of deferred debt costs and recorded $547,681 (2022 - $Nil) of accrued interest expense of which $91,190 (2022 - $Nil) was capitalized to property and equipment (*Note 6*) and $699,095 to exploration and evaluation assets (*Note 5*).

All debts under the Loan Facility are guaranteed by the Company and it subsidiaries: American Eagle Resources, Inc., Laimes International Inc., Auksas Inc., and Lion One Pte Limited, and secured by the assets of the Company and pledges of the securities of the aforementioned Company's subsidiaries. The Loan Facility includes certain covenants that are calculated on last day of each calendar month. As at March 31, 2023, the Company was in compliance with all covenants.

(Expressed in Canadian Dollars)

8. OTHER ASSETS

Royalty Interest on Olary Creek - South Australia

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

- 1% FOB royalty on Iron Ore or manganese concentrates sold from Olary plus AUD$0.75 per tonne of Iron Ore or manganese concentrates or 2% FOB royalty on Iron Ore or manganese concentrates sold from Olary.

- Lodestone shall advance against the FOB royalty payable noted above:
  a. 10% of all funds raised by Lodestone until funding specifically designated as funding for a Bankable Feasibility Study ("BFS") has been raised;
  b. AUD$1,000,000 upon funding being raised by Lodestone specifically designated as funding for a Bankable Feasibility Study;
  c. AUD$3,000,000 upon a Decision to Mine being made; and
  d. AUD$3,000,000 upon 18 months after a Decision to Mine being made.

During the period ended March 31, 2023, the Company has assigned the carrying value of the Olary Creek property at $28,762 (June 30, 2022 - $28,228) to the value of the royalty interest, which has been disclosed in other assets.

Mining Equipment Deposit

In July 2018, the Company paid an AUD$1,097,280 ($1,075,334) deposit to an Australian mining contractor towards the refurbishment and purchase of certain mining equipment. In May 2021, the Company requested the delivery of the mining equipment to Fiji and to date it has not been delivered. During the peiod ended year ended June 30, 2021, the Company wrote down the deposit by $632,147 to its estimated carrying value. As at March 31, 2023, the estimated carrying value is $445,427 (June 30, 2022 - $445,427).

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities		March 31, 2023		June 30, 2022
Trade payables	$	74,977	$	153,488
Exploration and evaluation assets expenditures payable		3,672,867		941,499
Balance, end of the period	$	3,747,844	$	1,094,987

(Expressed in Canadian Dollars)

10. RIGHT-OF-USE ASSET AND LEASE LIABILITY

On July 1, 2019, the Company recognized $581,499 for a right-of-use asset for the office space lease and $581,499 for the lease liability equal to the present value of office space lease payments over a 45-month period ending March 31, 2023, discounted by using the Company's estimated incremental borrowing rate at 8.0%.

Right-of-use asset

	March 31, 2023	June 30, 2022
Opening balance	$ 116,300	$ 271,366
Depreciation	(116,300)	(155,066)
	$ -	$ 116,300

Lease liability

	March 31, 2023	June 30, 2022
Opening balance	$ (130,608)	$ (293,035)
Payments	135,000	180,000
Accreted interest	(4,392)	(17,573)
	$ -	$ (130,608)
Lease liability (current)	-	(130,608
Lease liability (non-current)	-	-
	$ -	$ (130,608)

11. SHARE CAPITAL AND RESERVES

a) Authorized share capital

Unlimited number of common shares without par value.

b) Bought Deal Offering

On September 28, 2022, the Company completed a bought deal offering of 17,348,000 units, at price of $0.77 per unit for gross proceeds of $13,357,960 (the "Offering"). Each unit consists of a common share of the Company and one-half of one common share purchase warrant. Each whole common share warrant, may be exercised to purchase a common share at a price of $1.05 until September 28, 2025. In the event that the volume weighted average trading price of the common shares on the TSX-V or such other principal exchange on which the common shares are then trading, is greater than $1.75 for a period of twenty consecutive trading days at any time after the closing of the Offering, the Company may accelerate the expiry date of the warrants by giving written notice to the holder thereof and in such case the warrants will expire on the 30th day after the date on which such notice is given by the Company.

In connection to the Offering, the Company incurred broker, filing and legal fees of $1,206,319 and recognized $427,932 of share issuance costs related to the issuance of 1,040,880 non-transferable compensation options ("CO") (*Note 11(e))*, each CO is exercisable to purchase a common share at a price of $0.77 until September 28, 2025. The fair value of the CO's of $427,932 was determined using the Black-Scholes option pricing model using the following assumptions: risk free interest rate 3.68%, expected life of 3 years, annualized volatility 75% and dividend rate at nil.

(Expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES (cont'd…)

c) Stock options

The TSX-V accepted the Company's Stock Option Plan, which was approved by the Company's shareholders at the Annual General Meeting ("AGM") held on December 16, 2022. A rolling stock option plan has been implemented whereby a maximum of 10% of the issued shares will be reserved for issuance under the plan. Options can be granted for a term not to exceed ten years. Shareholder approval must also be obtained yearly at the Company's AGM and in addition, submitted for review and acceptance by the TSX-V each year.

Stock option transactions are summarized as follows:

	Number of Stock Options	Weighted Average Exercise Price
Balance, June 30, 2021	9,480,000	$ 1.16
Exercised	(50,000)	0.75
Forfeited and expired	(955,000)	1.34
Balance, June 30, 2022	8,475,000	1.15
Granted	4,540,000	1.25
Forfeited and expired	(1,485,000)	1.11
Balance, March 31, 2023	11,530,000	1.19

The following stock options are outstanding and exercisable as at March 31, 2023:

	Number of Options Outstanding	Exercise price	Number of Options Exercisable	Expiry date
Stock Options	2,195,000	0.75	2,195,000	March 1, 2024
	75,000	1.00	75,000	March 1, 2024
	1,825,000	1.50	1,368,750	June 3, 2025
	3,470,000	1.25	1,735,000	June 2, 2026
	3,965,000	1.25	1,321,667	September 3, 2027
	11,530,000		6,695,417	

During the period ended March 31, 2023, the Company granted 4,540,000 (2022 – Nil) stock options. The weighted average fair value of options granted during the period was $0.65 per share (2022 - $Nil). Total share-based payments recognized for the period ended March 31, 2023 was $1,699,165 (2022 - $1,085,369) for incentive options granted and vested. Share-based payments expense of $1,024,028 (2022 - $681,715) was recognized in the condensed consolidated interim statement of loss and comprehensive loss with the balance of $675,137 (2022 - $403,657) capitalized to exploration and evaluation assets, which relates to employees and consultants working on the Tuvatu property.

d) Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price	Expiry Date
Balance, June 30, 2021	10,836,591	$ 2.50	August 20, 2021
Warrants expired	(10,836,591)	2.50	August 20, 2021
Balance, June 30, 2022	-		
Warrants issued – Note 11(b)	8,674,000	1.05	September 28, 2025
Warrants issued – Note 7	15,333,087	1.49	August 9, 2026
Balance, March 31, 2023	24,007,087	1.33	

(Expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES (cont'd…)

e) Compensation Options

The compensation options were issued from August 2020 and September 2022 private placements.

Compensation Options are summarized as follows:

	Number of Options		Weighted Average Exercise Price	Expiry Date
Balance, June 30, 2021	1,303,010	$	1.83	August 20, 2022
Balance, June 30, 2022	1,303,010		1.83	August 20, 2022
Expired	(1,303,010)		1.83	August 20, 2022
Issued	1,040,880		0.77	September 28, 2025
Balance outstanding and exercisable, March 31, 2023	1,040,880	$	0.77	

12. RELATED PARTY TRANSACTIONS

Management Compensation

Key management personnel comprise of the: Chief Executive Officer, Managing Director, Chief Financial Officer, Chief Operating Officer, Senior Vice President Exploration and Vice President,Corporate Secretary of the Company, members of the Board of Directors and related companies. The remuneration of the key management personnel is as follows for the period ended March 31:

		2023		2022
Payments to key management personnel:				
Cash compensation expensed to management fees, professional fees, investor relations, directors fees and consulting fees	$	747,828	$	419,358
Cash compensation capitalized to exploration and evaluation assets		390,000		415,214
Share-based payments		1,431,931		716,335

During the period ended March 31, 2023, the Company paid $135,000 (2022 - $135,000) in rent to Cabrera Capital Corp. ("Cabrera"), a company controlled by Walter Berukoff, the CEO and director of the Company. As at March 31, 2023, the Company had a payable of $Nil (June 30, 2022 - $Nil) due to Cabrera and a lease liability of $Nil (June 30, 2022 – $130,608) due to Cabrera equal to the present value of office space lease payments over the term of the lease.

The Company had a management and corporate services agreement with Cabrera pursuant to which Cabrera provides a fully furnished and equipped business premises as well as management and administration services to the Company. With the exception of rent expense, Cabrera charges the Company on a cost-recovery basis. On April 1, 2023, the Cabrera management and corporate services agreement was renewed for an additional 5-year term.

During the period ended March 31, 2023, the Company paid $174,405 (2022 - $58,898) in rent to Lions Den (Fiji) Pte Limited, a company controlled by Walter Berukoff, the CEO and director of the Company, for short-term and long-term accommodations including utilities in Fiji, and has a payable of $4,254 (June 30, 2022 – receivable $6,840).

During the period ended March 31, 2023, the Company paid professional fees of $24,378 (2022 - $19,326) to a management services company owned by David McArthur, a director of the Company's subsidiary, Lion One Australia Pty Ltd. As at March 31, 2023, the Company had a payable of $2,990 (June 30, 2022 - $2,934).

During the period ended March 31, 2023, the Company paid professional fees of $171,463 (2022 - $Nil) to Adera LLC, a company owned by Kevin Puil, a director of the Company, for consulting services.

During the period ended March 31, 2023, the Company paid professional fees of $20,000 (2022 - $Nil) to Richard Meli, a director of the Company, for consulting services.

(Expressed in Canadian Dollars)

13. SEGMENTED INFORMATION

The Company operates in one industry segment, the mineral exploration industry.

March 31, 2023	Fiji	Australia	Total
Exploration and evaluation assets	$ 107,873,845	$ -	$ 107,873,845
Other assets	-	28,762	28,762
Property and equipment	14,493,079	-	14,493,079
	$ 122,366,824	$ 28,762	$ 122,395,686

June 30, 2022	Fiji	Australia	Total
Exploration and evaluation assets	$ 75,407,963	$ -	$ 75,407,963
Other assets	-	28,228	28,228
Property and equipment	10,294,938	-	10,294,938
	$ 85,702,901	$ 28,228	$ 85,731,129

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

Cash and cash equivalents, short term investments, receivables, deposits, accounts payable and accrued liabilities, lease liability, loan facility and accrued interest are carried at amortized cost. The Company considers the carrying amount of the current financial assets and liabilities measured at amortized cost to approximate their fair value due to the short-term nature of the financial instruments. The fair value of long-term liabilities are initially reorded at fair value and subsequently carried at amortized cost using rates comparable to market interest rates.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial risk factors

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and cash equivalents, short term investments and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash 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 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 March 31, 2023, the Company had working capital of $37,135,946.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (con'd…)

Financial risk factors (cont'd…)

Market risk

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

a) Interest rate risk

The Company has cash balances, investment-grade short-term deposit certificates issued by its banking institution and long-term debt under the loan facility. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Advances under the Loan Facility bear interest at the 3 month SOFR +8% for Tranche 1 and +10% for Tranche 2/3. The Company manages this risk by monitoring fluctuations in SOFR and in the event 3 month SOFR is in excess of 5%, the Company has the option to pay that portion of the interest attributable to Term SOFR that exceeds 5% by issuing shares of the Company subject to the approval of the TSXV.

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 (liabilities) and other assets are denominated in US dollars and Australian dollars. As such, the Company is exposed to foreign currency risk in fluctuations.

As at March 31, 2023, the Company's net foreign denominated financial assets (liabilities) are as follows:

	Foreign currency	Canadian dollar equivalent
Australian Dollar	4,253,611	3,853,771
Fijian Dollar	6,284,721	3,825,786
USD Dollar	(15,337,686)	(20,756,490)

The sensitivity of the Company's comprehensive loss due to changes in the carrying values of monetary assets and liabilities denominated in foreign currencies is as follows.

Increase / decrease in foreign exchange rate	March 31, 2023	June 30, 2022
+ 5%	$ 653,847	$ 424,059
- 5%	(653,847)	(424,059)

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.

15. CAPITAL MANAGEMENT

The Company's capital management policy has the objective of maintaining a strong, but flexible capital structure that optimizes the cost of capital, creditor and market confidence while sustaining the future development of the business.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. The Company's capital structure includes shareholders' equity of $153,042,830 (June 30, 2022 - $130,050,079). In order to maintain or adjust the capital structure, the Company may from time-to-time issue shares, seek debt financing and adjust its capital spending to manage current and working capital requirements. There were no changes to the Company's approach to capital management during the period ended March 31, 2023.

16. SUBSEQUENT EVENT

a) Bought Deal

On May 11, 2023, the Company completed a bought deal offering of 29,350,000 units, at a price of $0.92 per unit for gross proceeds of $27,002,000 (the “Offering”). Each unit consists of a common share of the Company and one-half of one common share purchase warrant. Each whole common share warrant, may be exercised to purchase a common share at a price of $1.25 until November 11, 2025. The Company also issued 1,755,000 non-transferable compensation options (“CO”) to the underwriters, each CO is exercisable to purchase a common share at a price of $0.92 until November 11, 2025.

b) Office lease renewal

On April 1, 2023, the Company renewed the 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 for a five year period ending on March 31, 2028. 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, 2023.