



## **LION ONE METALS LIMITED**

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

**FOR THE PERIOD ENDED MARCH 31, 2020**

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*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 period months ended March 31, 2020. The discussion below should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the period ended March 31, 2020 and the audited consolidated financial statements for the year ended June 30, 2019. Those financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All dollar figures included in the following Management Discussion and Analysis ("MD&A") are quoted in Canadian dollars unless otherwise indicated. This MD&A has been prepared as at May 13, 2020. The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol LIO, on the Australian Securities Exchange ("ASX") under the symbol LLO, and on the OTCQX market under the symbol LOMLF.*

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

*Additional information related to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) and the Company's website at [www.liononemetals.com](http://www.liononemetals.com).*

## HIGHLIGHTS AND SIGNIFICANT SUBSEQUENT EVENTS

### Continued advancement and expansion of the Tuvatu Gold Project in Fiji:

#### ▪ **Confirmatory deep drilling at Tuvatu**

During the three month period ended March 31, 2020, the Company continued with its accelerated exploration program to confirm the potential of this large mineralized alkaline system to host multi-millions gold ounces.

The Company commenced drilling a number of deeper holes targeting high grade mineralized structures below the existing Tuvatu resource, up to depths of 1,000m below the surface (news release dated October 1, 2019, November 7, 2019 and December 18, 2019). Assay results from the first hole, TUDDH 493, confirmed high grade mineralization 70 meters below the current resource, including highlights of: **105 g/t Au over 0.35m** from 177.25 m, **33.22 g/t Au over 4.29m (including 322 g/t Au over 0.31m)** from 422.53m, and **10.29 g/t Au over 3.83m** from 322.17m. Of note, the 4.29m interval of 33.22 g/t Au intersected 70m below the existing drilling in the area was composed of a type of hydrothermal breccia not previously observed at Tuvatu, indicating that a high-grade gold system is evolving at depth below Tuvatu, and possibly converging into a root feeder.

As at March 31, 2020, the Company has completed one drill hole to the target depth in this program (TUDDH493 to 536.90 meters) and temporarily stopped two other holes at the maximum depth capability of the drill rig using HQ drill rods (TUDDH494 was temporarily stopped at 748.60m and TUDDH495 was temporarily stopped at 768 meters). The Company ordered 1,500 meters of NQ drill rods but due to COVID-19 shutdowns around the world, the drill rods are arriving late. The drilling at TUDDH494 and TUDDH495 will continue once the new drill rods arrive to site in May.

#### ▪ **Dry season drill campaign and new drill rig purchased**

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

- Drill Rig One: this Company-owned diamond drill rig has been operational throughout the latest seasonal wet season in Fiji, and is currently drill testing down dip extensions at Tuvatu West; 1,500m depth capability drilling NQ-sized core;
- Drill Rig Two: this Company-owned underground diamond drill rig is being reconditioned and will soon be ready for mobilization to the Kingston-Biliwi prospect 2km north of Tuvatu in the newly acquired tenements covering the northern half of the Navilawa caldera; 250m depth capability drilling NQ-sized core; and
- Drill Rig Three: the Company purchased a new diamond drill rig on April 24, 2020, with anticipated 6-week delivery from South Korea, designated for new targets within the new Navilawa tenements including Banana Creek, a Tuvatu-style target displaying multiple high-grade outcropping lodes; 1,500m depth capability drilling NQ-sized core.

- **COVID-19 and seasonal cyclones**

The Government of Fiji confirmed its first case of COVID-19 on March 19, 2020 and has since reported 18 documented cases of COVID-19, with zero fatalities attributed to the virus. To date, the impact of COVID-19 to Lion One's activities has been minimal as the Company acted quickly to establish clear policy guidelines for the health and safety of its employees and consultants, and thus has experienced only a small decrease in productivity. The Company continues to monitor the situation in Fiji, and whilst the health and safety of its employees remain the highest priority, work activities have continued with little disruption.

Fiji has been affected by several cyclones this wet season (December to April), and although work programs have been disrupted due to heavy rains and extreme winds, few work days have been lost and negligible damage has occurred.

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

In 2019 the Company completed a specialized stream sediment sampling program over the entire combined Tuvatu and Navilawa SPL area, using the Bulk Leach Extractable Gold ("BLEG") technique. See news release "Lion One Expands Navilawa Alkaline Gold System" dated November 7, 2019. Initial results confirm a clearly evident surface footprint of gold several times larger than previously thought, particularly to the North and Northeast of Tuvatu in the Navilawa Caldera. Lion One will further analyze the BLEG results, in conjunction with geophysical results from Controlled Source Audio Magnetotelluric ("CSAMT") technique to generate multiple new drill targets across several areas in the project area.

Once access to the appropriate areas is available after the wet season, infill and follow up BLEG sampling to further define those BLEG targets identified in 2019 is expected in 2020.

- **Completion of project-wide CSAMT geophysical survey reveals robust structural network under Tuvatu**

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

Drilling will target a number of these structural targets in 2020, whilst a follow up and infill CSAMT survey is contemplated for late in the 2020 calendar year.

- **Surface exploration at Tuvatu and Navilawa**

During the period ended March 31, 2020, the Company continued extensive surface exploration over new target areas on Tuvatu SPL 1283 and Navilawa SPL 1512. This program is not only focusing on mineralized targets identified by earlier work and strike extensions of those targets, but new targets exposed and generated whilst opening up tracks and access in the Navilawa tenement SPL1512.

On February 19, 2020, the Company announced that the recent surface sampling at its new Navilawa exploration license, has returned high-grade gold assays (please refer to the table below for a summary of results). Prospecting has been geared to follow up on strong bulk leach extractable gold ("BLEG") stream sediment samples collected in 2019.

Following the expected cessation of the wet season in May 2020, the Company expects to continue its surface sampling program to extend the anomalies generated and reported in the earlier releases.

- **Lion One Named #2 on 2020 OTCQX Best 50**

In January 2020, the Company was awarded the #2 rank on the 2020 OTCQX Best 50 list. The OTCQX Best 50 is an annual ranking of the top 50 U.S. and international companies traded on the OTCQX market. The ranking is calculated based on an equal weighting of one-year total return and average daily dollar volume growth in 2019. Lion One's USD share price on the OTCQX on December 31, 2019 was \$1.30, an increase of 481% from its prior 52-week low of \$0.27. Lion One's CAD share price on the TSX-V closed at \$1.68 on December 31, 2019, an increase of 460% from its prior 52-week low of \$0.365.

## OBJECTIVES AND OUTLOOK

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

In light of the Company's understanding of the alkaline model and the way Tuvatu fits into that model type, the Company will continue to expand its exploration efforts to develop the potential 10 to 20 million ounces gold camp. This program will include deep drilling, further geophysics, mapping and sampling, and targeted exploration of other targets generated in 2019 and before. Three diamond drill rigs will be mobilized in preparation for the Company's 2020 dry season exploration campaign, with at least 10,000 meters of drilling planned. The three drill rigs will focus on exciting new targets, new potentially mineralized structural zones, and depth extensions of known gold lode mineralization.

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

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

The Company has also completed a specialized stream sediment sampling program using a BLEG technique over the entire concession area. The recent encouraging BLEG results indicates an extensive anomalous area within the northern part of the Navilawa caldera and where the Company will explore for extensions of this robust gold system. To better define the underlying structural controls that hosts the high-grade vein network in the Navilawa Caldera, an initial CSAMT program was also completed in November 2019. Following interpretation of the CSAMT geophysical program, the deep drilling program will be expanded to include targets identified from that survey. Lion One believes the Tuvatu region can host a prolific, deep, high-grade alkaline gold system associated with the interpreted underlying magma chamber beneath the Navilawa Caldera.

## BACKGROUND AND CORE BUSINESS

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

The Company's primary asset is the 100% held Tuvatu Gold Project ("Tuvatu"), located 17 km from the Nadi International Airport on the main island of Viti Levu in Fiji. Discovered in 1987, Tuvatu is a high-grade underground gold project situated along the Viti Levu lineament, Fiji's own corridor of high-grade alkaline gold deposits. Tuvatu is situated with a 5-hectare footprint inside a larger 384 hectare mining lease. The project contains numerous high-grade prospects proximal to Tuvatu, at depth, and up to 1.50 km along strike from the resource area, giving near-term production potential and further discovery upside on one of Fiji's largest and underexplored alkaline gold systems. Tuvatu was advanced by previous owners through surface and underground exploration from 1997 through to the completion of a feasibility study in 2000. Acquired by Lion One in 2011, the project has over 100,000 meters of drilling completed to date in addition to 1,600 meters of underground development.

A Preliminary Economic Assessment ("PEA") completed in 2015 envisages a high grade, low cost, high margin underground gold mining operation at Tuvatu with estimated cash costs of US\$567 per Au ounce and all-in-sustaining costs of US\$779 per Au ounce over the first seven years of its initial mine life. Projected production of 352,931 Au ounces at head grades of 11.30 g/t Au includes 226,000 Au ounces at 15.30 g/t Au through year three. Total capex of US\$48.6 million includes a contingency of US\$6.1 million with a 15-month preproduction schedule and 18-month payback on capital. At a US\$1,200 per ounce gold price, the project generates net cash flow of US\$112.5 million over its 6-year production life and an IRR of 52% (after tax). The Company has not based a production decision on a feasibility study of mineral reserves demonstrating economic and technical viability; as a result, there is increased uncertainty and economic and technical risks associated with its production decision. The PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA will be realized. For more information please view the technical report dated June 1, 2015 "Tuvatu Gold Project Preliminary Economic Assessment", available for download on the Company website.

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

In January 2019, the Company purchased all of the drilling equipment from Geodrill, a Fijian drilling company, which included one surface diamond drilling rig and one underground drilling rig, with a full parts inventory and vehicle fleet. The Company previously utilized Geodrill's equipment and personnel for the majority of the diamond drilling and geotechnical drilling undertaken at Tuvatu since 2012. Lion One has also employed several experienced drillers from Geodrill. This strategic acquisition will ensure the Company has available, cost effective diamond drilling capabilities well into the future. Operating these drills "in-house" enables the Company to significantly reduce drilling costs, a huge benefit to the Company's ability to implement cost-effective exploration.

In April 2020, the Company purchased its third drill rig, designated for new targets within the new Navilawa tenements including Banana Creek, a Tuvatu-style target displaying multiple high-grade outcropping lodes; 1,500m depth capability drilling NQ-sized core.

## EXPLORATION PROGRAM

### *Diamond Drilling*

In October 2019, the Company announced the start of its diamond drill program (news release dated October 1, 2019 and subsequent updates dated November 7, 2019 and December 18, 2019), targeting the high-grade feeder structures beneath the Tuvatu resource area. The first drill hole, TUDDH493 (hole TD1 on the Figure 1), was designed to a depth of 800m to target down dip extensions near the center of the current resource in an area where an extremely high-grade feeder structure appears to be coalescing. Nearby drill hole TUDDH-160 intersected 1,614 g/t Au over 0.50m within a broader interval of 367g/t Au over 2.92m, from 333m down hole depth. A second hole, TUDDH494, (hole number TD2 on the Figure 1), was planned to go to a depth of 1,000m and targets a further 300m downdip below TD01. At least one further hole was planned but the order of drilling will be dependent of results. TD03 and TD04, each 1000m long, will test down dip areas 200m north and 200m south of TD02, respectively.

To date, due to limited access as a result of heavy rains, only three diamond holes in the current "Tuvatu Deeps" program have been drilled, and only the first one was completed to the targeted depth. The first hole (TUDDH493) of the program targeting the "Tuvatu Deeps" was completed to a downhole depth of 536.90 meters, and intersected all the expected target zones including the Murau 2 lode, the URW1 lode and the UR2 lode.

TUDDH493 was oriented eastward at an inclination of 55 degrees encountered high-grade gold mineralization at the bottom of the current delineated resource.

<b>Results for hole TUDDH493:</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Length (m)</b>	<b>Au (gpt)</b>	<b>Lode</b>
	177.25	177.60	0.35	<b>105.00</b>	Murau 2
	322.17	326.00	<b>3.83</b>	<b>10.21</b>	URW1
<i>including</i>	325.61	325.73	0.12	<b>56.70</b>	
	422.53	426.82	<b>4.29</b>	<b>33.22</b>	UR2
<i>including</i>	423.41	423.72	0.31	<b>322.00</b>	
<i>including</i>	424.63	425.00	0.37	<b>22.50</b>	
	507.82	508.20	0.38	<b>0.97</b>	UR3

Of particular note is a 4.29m interval of 33.22 g/t Au starting at 422.53 m down hole (true width estimated to be 2.5m). This interval, interpreted to be part of the UR2 lode and fully 70m below the current resource in that area. It is comprised of hydrothermal breccia unlike any mineralization previously observed at Tuvatu, but closely resembling that seen in some lodes at the Vatukoula Gold Mine approximately 40km to the northeast. Included in this interval is a 0.31m interval of 322.00 g/t Au beginning at 423.41m down hole. Lion One believes this intercept is highly significant and suggests the mineralizing system is evolving with depth, perhaps an indication of further high-grade mineralization below. In this area, several lode structures appear to be converging, potentially forming a root feeder. Lion One's next few deep holes will further test this possibility.

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

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

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

The second drill hole of the program, TUDDH494, also intersected the east west striking Murau lodes in the first part of that hole, intersecting

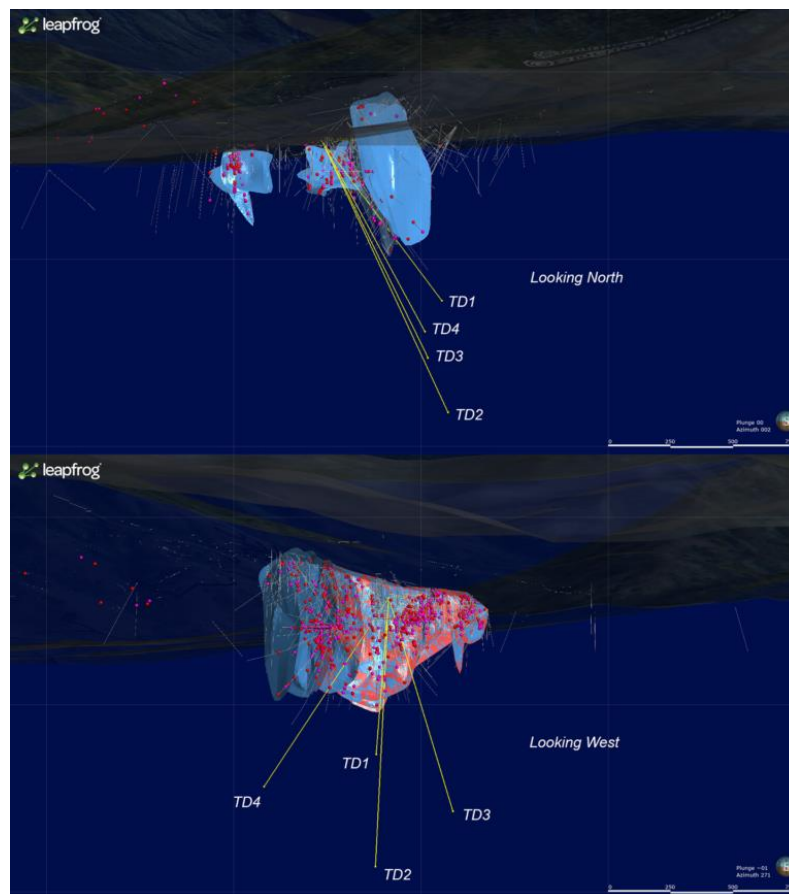
- 1.47m @ 1.45 g/t Au from 157.15m from Murau 1 lode, and
- 3.60m @ 13.12 g/t Au from 188.80m from Murau 2 lode

This second deep diamond drill hole (news release dated January 22, 2020), TUDDH494, drilled from the same pad and azimuth as TUDDH493 but at an inclination of -67 degrees, was temporarily halted at 748.60 meters due to the depth capacity of the rig with the HQ sized drill rods being used, but will be extended to the deeper target zone on receipt of 1,500 meters of the slightly smaller NQ drill rods expected to arrive to site in May. An approximately 2m long notable mineralized interval was encountered at a down hole depth of 188.8m and has been interpreted to be another intercept into the Murau 2 lode. If so, this provides further indication this lode is open to the west and may possibly link up with a feeder structure. This interval through the Murau 2 lode has returned an intersection of 3.60m @ 13.12 g/t Au from 188.80m down hole (true width estimated to be 2.2m).



The third drill hole, TUDDH495 was also stopped early at 768.70m for the same reason and will also be continued when the new drill rods arrive.

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

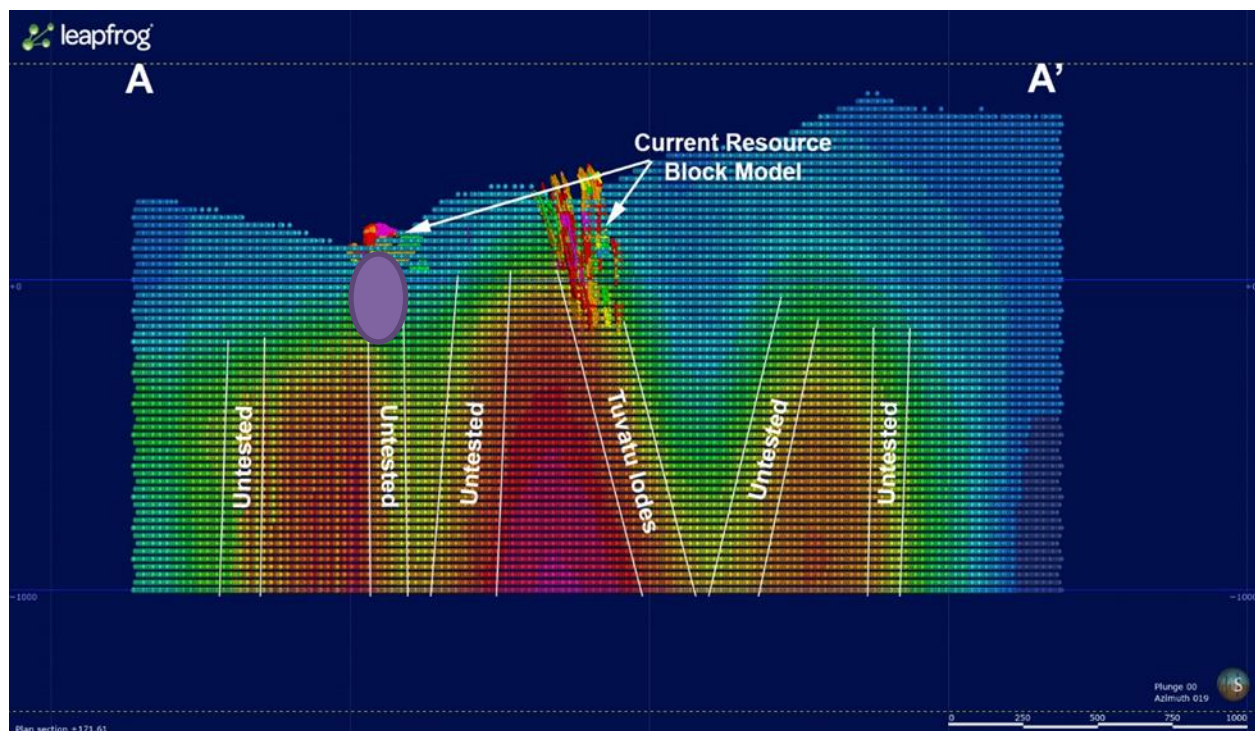


The Company will continue to drill additional deep holes, to gain a better understanding of the underlying plumbing system that brought up gold-rich fluids and try to discover the root feeder or feeders that gave rise to the Tuvatu lode complex. Alkaline gold deposits are known to extend to great depths, so there are many areas to explore. The recent encouraging BLEG results indicated an extensive anomalous area within the northern part of the Navilawa caldera and where the Company will explore for extensions of this robust gold system.

At the completion of these holes, several holes will target the deep extension of the Murau lodes at Tuvatu West. Following a further review of the 2012/2013 diamond drilling program by Lion One, the east-west striking Tuvatu West lodes have always posed an exciting target because of the numerous high grade intersections returned to date, some of which are included in the Table below. Additionally, it is clear that the feeder zones which are the target of the Tuvatu Deeps program, have been intersection in some of the existing holes.

**Figure 2: Previous Lion One high grade drill intersections from east west striking Tuvatu West lodes**

Drill Hole	From (m)	To (m)	Interval (m)	True Width m)	Au (g/t)	Lode
TUDDH 341	148.54	150.86	2.32	1.49	62.81	Snake
incl	149.50	149.85	0.35		420.00	Snake
TUDDH347	121.99	125.77	3.78	2.51	16.15	Murau 1
incl	124.00	124.09	0.09	0.06	248.00	Murau 1
TUDDH348	155.05	162.54	7.49	4.97	23.03	Murau1
incl	161.37	161.54	0.17	0.11	855.00	Murau 1
TUDDH 349	130.92	138.75	7.83	6.57	17.69	Murau1
TUDDH 350	78.99	81.24	2.25	1.70	25.53	Murau Flat
incl	79.96	80.43	0.47		20.00	Murau Flat
incl	80.68	81.24	0.56		72.20	Murau Flat
	89.43	90.82	1.39	1.00	10.56	Murau 2
	142.00	145.66	3.66	2.76	15.68	Murau 1
incl	142.00	142.44	0.44		27.50	Murau 1
incl	143.84	144.55	0.61		49.70	Murau 1
TUDDH 356	89.70	93.29	3.59	2.44	15.43	Snake FW
TUDDH 359	130.69	133.80	3.11	2.50	14.31	Murau 1
TUDDH 364	202.93	209.36	6.43	5.52	12.74	Murau 2 FW
incl	202.93	207.32	4.39	3.77	18.34	Murau 2 FW
TUDDH 365	164.55	168.86	4.31	3.10	14.95	Murau1 HW
TUDDH 371	185.69	200.68	14.99	9.95	14.28	West 2 HW
	203.68	205.31	1.63	1.09	38.38	West 2
TUDDH373	99.55	100.40	0.85	0.52	26.23	West 2
	105.46	106.68	1.22	0.75	28.27	West 2
TUDDH374	26.27	27.00	0.73	0.52	14.90	West 2

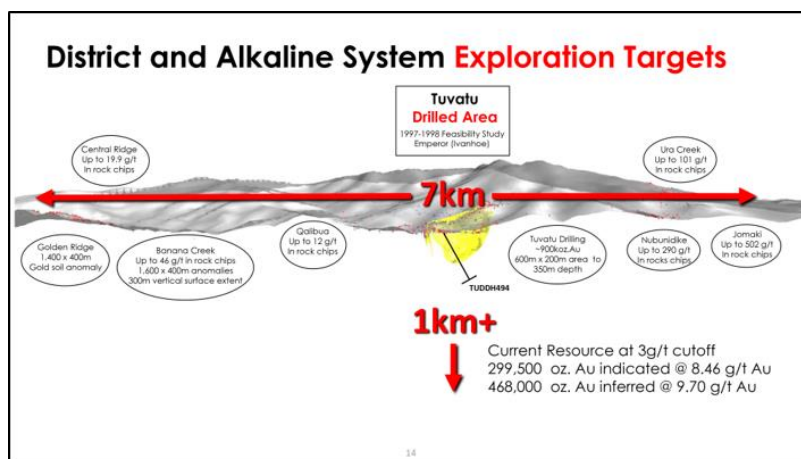
**Figure 3: Interpreted CSAMT Section across existing Tuvatu resource highlighting (as the ellipse) the drill target area beneath Tuvatu West and situated on an untested CSAMT structural anomaly**



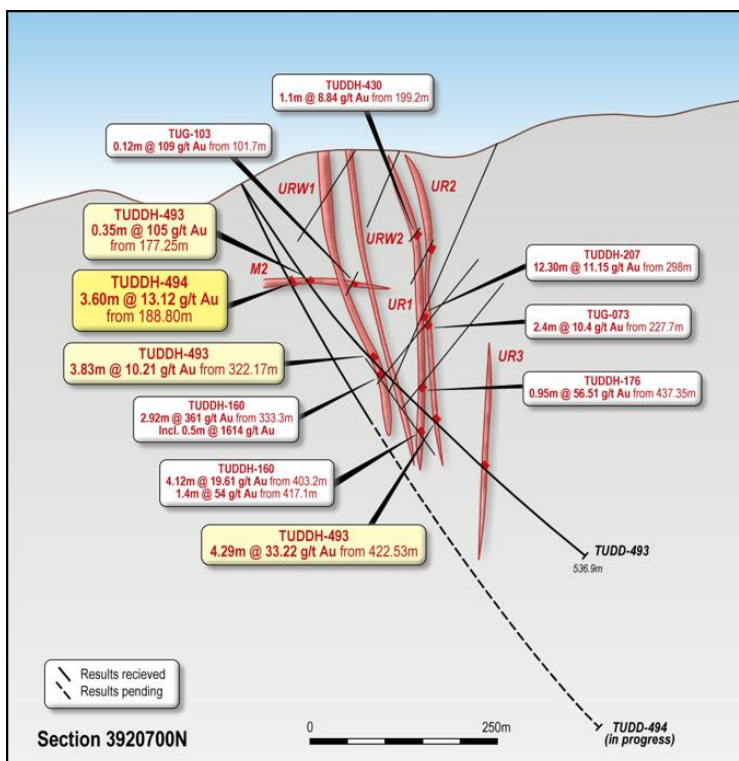
Anomalies identified by the 2019 CSAMT geophysical program highlight the presence of structural targets beneath the Tuvatu lodes and suggest the lodes in this area are open at depth and may well link up with a feeder structure below. Completion of TUDDH496, targeting a depth of approximately 600m, should further highlight the high grade potential in the area.

Lion One believes the Tuvatu region hosts a prolific, deep, high-grade alkaline gold system associated with the interpreted underlying magma chamber beneath the Navilawa Caldera. The Company is utilizing its own diamond drill rig and the core is sawn in half and sampled by Lion One staff. Initial assays are completed at the Company's own geochemical laboratory in Fiji, and duplicate pulps of all significant intervals are sent to ALS Global laboratory in Australia. Au is analyzed by fire assay with atomic absorption spectrometer finish, whilst the highest-grade samples are also assayed by fire assay with gravimetric finish. Multi-elements are analyzed by mass spectrometry following three acid digestion.

**Figure 4:** Location of TUDDH 494 below Tuvatu resource in relation to entire Navilawa Caldera



**Figure 5:** Section 3920700N highlighting TUDDH493 and current drill hole TUDDH494. TUDDH495 is just off section.



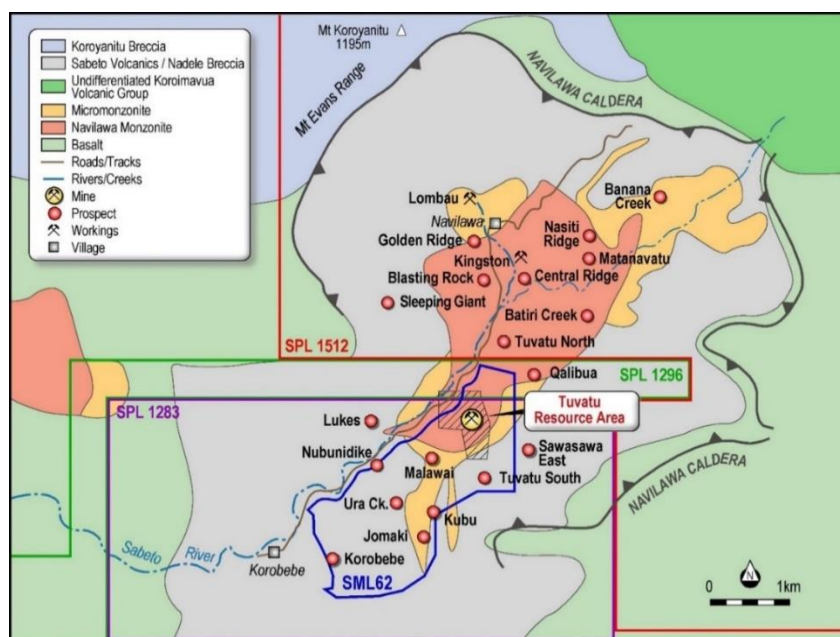
### Navilawa Tenement

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

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

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

**Figure 6: The Navilawa Caldera Existing Exploration Targets**



### BLEG Sampling Program

To better understand the extent and distribution of gold mineralization within the caldera, the Company's initial exploration work included specialized stream sediment sampling using a technique called bulk leach extractable gold ("BLEG") over the entire concession area. Navilawa is an ideal place for BLEG sampling given that gold predominantly occurs as fine grains within small fractures that, when weathered, should yield appreciable fine gold that generates a strong analytic response. The BLEG sampling produces highly sensitive low-level anomalies that can help define and prioritize mineralized areas. The results will help guide further prospecting and target identification.

The Tuvatu area is well suited for the BLEG application because of the geology, steeply incised drainages which flow all year round, and the high rates of weathering. Sample sites are determined by the nature of the drainage, with one sample being collected from each main drainage system of approximately 5km<sup>2</sup>. Samples are collected by a trained team of geologists and field technicians, and analyzed by an independent commercial laboratory. Analysis of BLEG samples use very low detection limits so typically very low order anomalies can be detected. Although the collection

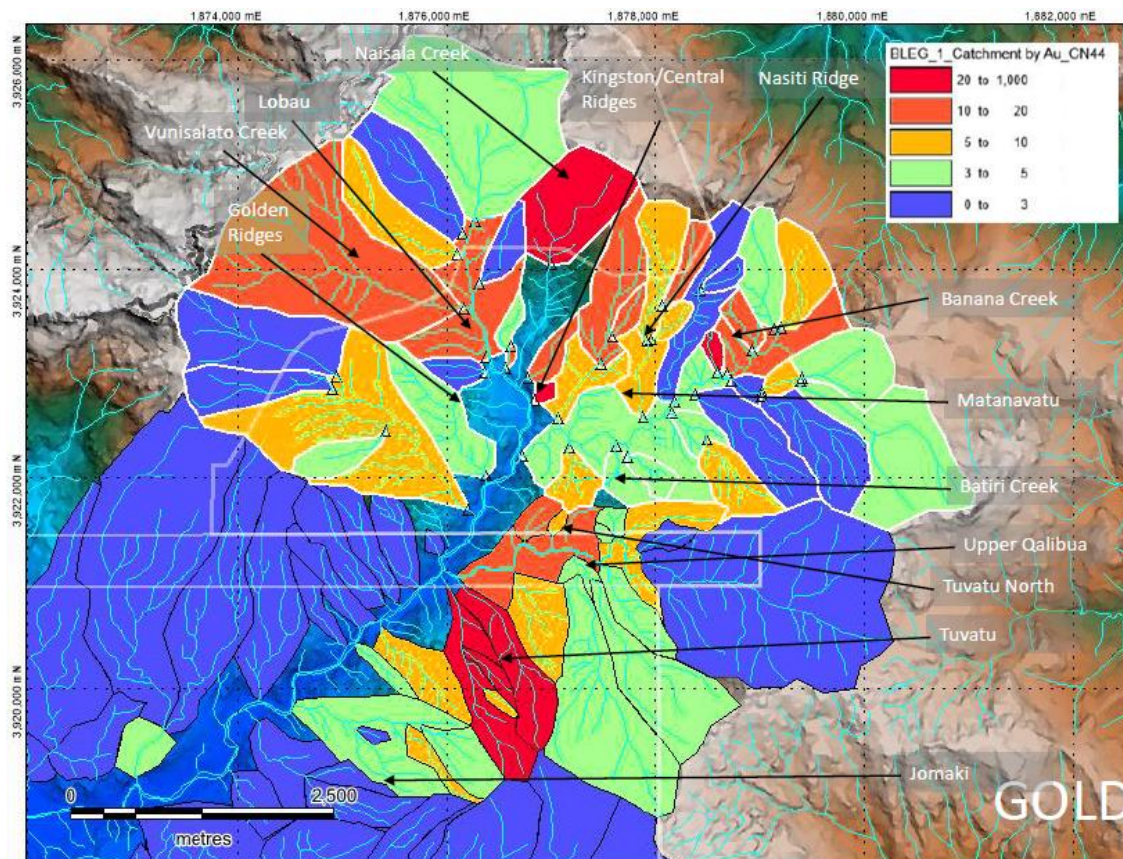
and processing of a single sample can take several hours, large areas can be tested for relatively low cost. Lion One is confident that anomalies generated in 2019 and those still to be generated from the current program will produce significant major gold targets for future exploration.

The first phase of the BLEG sampling has now been completed across the entire Navilawa Caldera. Large prospective areas are now clearly evident, mainly to the north and northeast of the Tuvatu Mine site (*Figure 7 below*).

BLEG results demonstrate the footprint of gold mineralization at Navilawa is several times larger than previously thought. Lion One expects to generate numerous new drill targets within these new areas.

The Company has recently been opening access into new gold anomalous areas so that prospecting, mapping and sampling can be conducted. Interestingly, many veins have already been exposed in new roadcuts. Vein material from Banana Creek displays fine crystalline, "wire," gold, a promising initial indication.

**Figure 7: BLEG stream sediment sample results**



The results clearly indicate a much larger gold system is present within the Navilawa Caldera. Most exploration work has focused around Tuvatu in the south-central part of the caldera. Large anomalous areas lie to the north and northeast of Tuvatu. BLEG work is a first step in defining new areas to explore. Lion One is currently opening up these new areas to begin conducting surface prospecting, mapping and sampling. The Company expects to generate sufficient data to drill test many new targets in 2020.



### CSAMT Geophysical Survey

In December 2019, the Company completed a Controlled Source Audio-Frequency Magneto-Telluric Survey ("CSAMT") that was combined with a natural source Audio-Frequency Magneto-Telluric ("AMT") survey. This technique is a specialist ground based geophysical technique that maps resistivity and conductivity of rocks to depths of up to 1,000m. CSAMT/AMT is a non-disturbing ground technique that leaves no impact upon the environment. The technique has been successfully applied to mineral exploration discovery in intrusive related (including alkali gold) and epithermal mineral environments and can detect alteration and structure. For more information see news release "Robust Structural Network Discovered Underlying Lion One's Tuvatu Alkaline Gold Project" dated February 5, 2020.

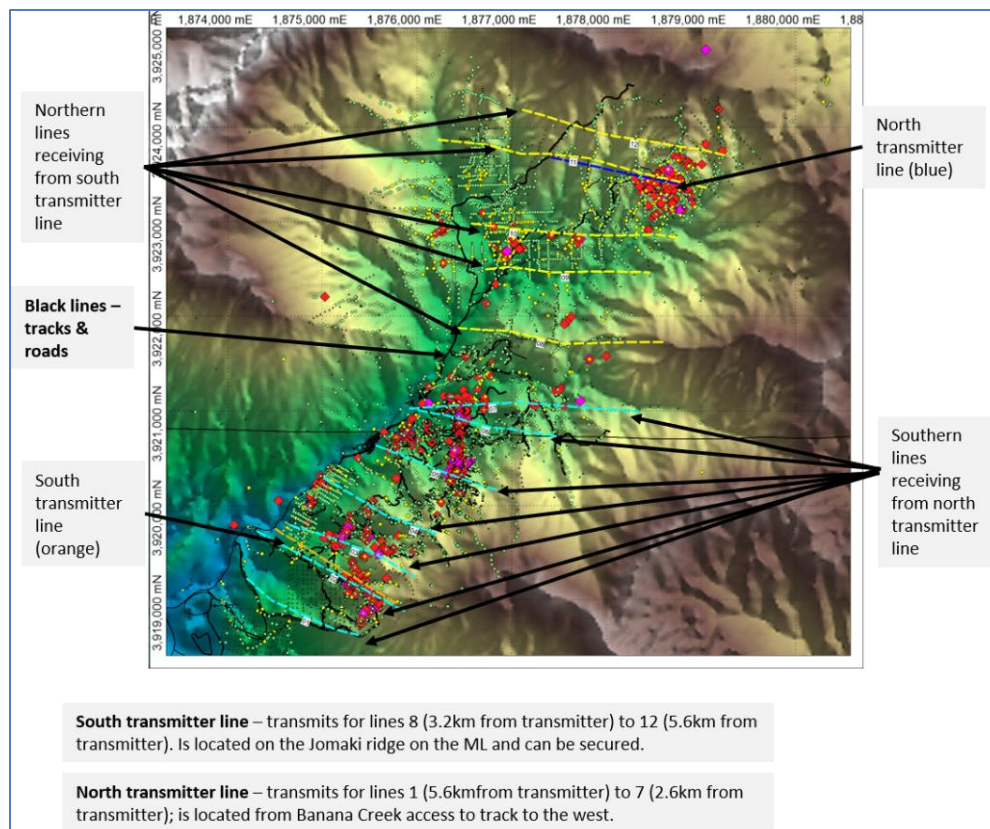
The Company conducted approximately 20,000m of line-based surveys across 12 lines stretching from just north of Korobebe to the north of the Navilawa village. It is important to station a transmitter line some distance from the receivers, and as such two transmitter lines at either end of the survey area were established.

The work was carried out by Zonge Engineering & Research Organisation Pty Ltd ("Zonge"), based in Australia. Zonge's team trained Lion One's field technicians to assist in the survey and the survey control was conducted by Lion One's chief surveyor. The data collected is in the process of being modelled by Zonge's chief geophysicist, Simon Mann and Lion One's consultant, Thomas Weis.

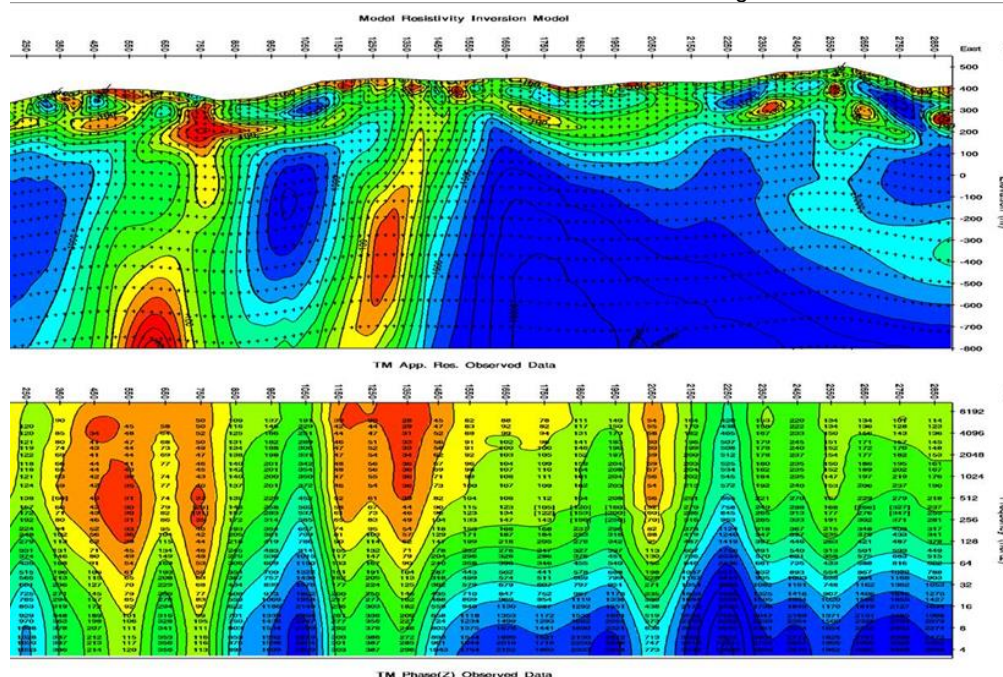
The goal of this survey is to identify deep gold-bearing structures, and it complements a recent reinterpretation of an IP survey completed in 2012 that identifies significant deep geophysical anomalies north of the Tuvatu resource thought to be associated with the core of the hydrothermal system. Once the CSAMT data are interpreted, the Company's drilling program may expand to include targets in the northern part of the caldera including Banana Creek, approximately 3,000m northeast of the Tuvatu resource area.

The results from the CSAMT/AMT survey will be integrated with other geophysics, surface geochemistry work and recent stream catchment BLEG analysis and geological interpretations. The CSAMT/AMT adds a considerable third dimension and will enable targeting at depth.

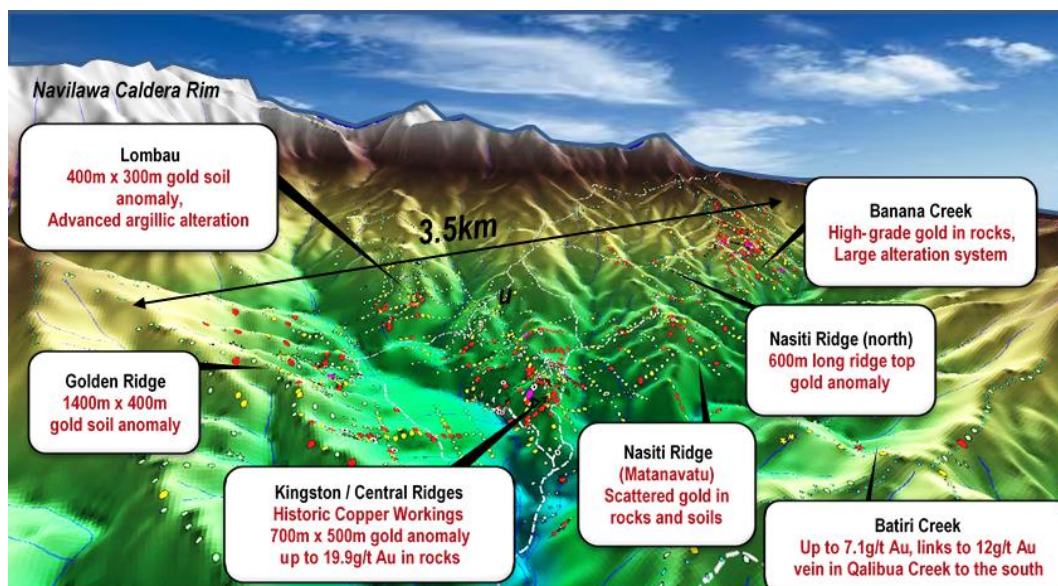
**Figure 8:** CSAMT/AMT survey at Tuvatu and Navilawa. The surface sampling, coloured for gold, is showing underlying the image, and the Tuvatu Gold Deposit is covered by lines 6 & 7.



**Figure 9:** Processed data from Line 11 highlighting the high resistivity near vertical anomaly to depths in excess of 1,000m. The gradients on the margins of the resistivity anomaly are high priority drill targets. Line 11 is the second most traverse marked on Figure 8.



**Figure 10:** SPL1512 Northern parts of Navilawa Caldera highlighting main targets identified to date



### Surface Exploration

The Company continues to carry out an extensive program of trenching, mapping and sampling over new target areas on SPL's 1283 and 1512. This program is not only focusing on mineralized targets identified by earlier work and strike extensions of those targets, but new targets exposed and generated whilst opening up tracks and access in the Navilawa tenement SPL1512. This work is generating drill targets for the 2020 calendar year. On SPL1283, and prompted by a review of the topographic models a benching program was initiated in the upper Qalibua Creek catchment located approximately 0.5 to 1 kilometre east-northeast of the Tuvatu Gold Project. Despite its proximity, the area was previously difficult to access with steep ravines and, in places, dense forest.



A strong zone of topographic disruption oriented approximately north-south and potentially a linking structure between Tuvatu and the Banana Creek prospect was identified. Historically, there are a number of spot rock samples grading  $>1$  g/t (up to 13 g/t) Au collected from exposures in the upper Qalibua creek and its tributaries such as Rowale Creek. The current program includes a series of benches crossing the north-south zone of topographic disruption with benches on both the north and south side of the Qalibua Creek.

Whilst previously interpreted as Nadele Breccia, the principal rock type in this area is monzonite. Benching in the oxidized monzonite highlights a series of north-south striking structures with steep dips both to the east and the west. The structures themselves include iron oxide (after pyrite), silicification and clay zones. As the benching moves further east, a series of structures striking between 60 and 100 degrees, with general south to south-easterly dips occur. In places these are heavily altered with some solid quartz veins and iron staining.

On February 19, 2020, the Company announced that the recent surface sampling at its new Navilawa exploration license, has returned high-grade gold assays (please refer to the table below for a summary of results). Prospecting has been geared to follow up on strong bulk leach extractable gold ("BLEG") stream sediment samples collected in 2019.

Recent surface samples from nine new targets yield significant gold assays. Notable high-grade channel sample results include:

- 19.4 g/t Au over 0.85 m, 10.83 g/t Au over 1.00 m and 35.30 g/t Au over 0.45 m at Banana Creek.
- 60.4 g/t Au over 0.40 m, 94.8 g/t Au over 0.40 m, 17.90 g/t Au over 0.75 m and 83.60 g/t Au over 0.45 m at Biliwi.
- 12.55 g/t Au over 1.85 m at Central Ridge.
- 6.26 g/t Au over 0.90 m at Kingston.
- 32.30 g/t Au over 0.65 m, 35.88 g/t Au over 0.60 m, and 53.60 g/t Au over 0.13 g/t Au at Matanavatu.
- 7.85 g/t Au over 0.61 m at Qalibua.

Although early stage, these results indicate high prospectivity along a 6 km long corridor extending northeastward from the Tuvatu resource. As more data is collected, the Company anticipates developing a pipeline of new drill targets in this area.

BLEG results indicate more gold sources are likely present within the Navilawa license. Lion One plans aggressive expansion of the prospecting area as well as follow up of these encouraging results.

"Building a pipeline of new, high quality drill targets outside of the Tuvatu resource is one of our main objectives at Lion One," commented Dr. Quinton Hennigh, technical advisor to Lion One. "Once access was granted to our new Navilawa tenement, we began to explore. Over the past few months, we conducted BLEG sampling which indicated the entire northern half of the caldera is prospective. Now that we are opening up roads, we are able to see numerous mineralized exposures. These first surface sample results are very promising, and, coupled with recently announced results from our controlled-source audio-magnetotelluric surveys that show robust structures underlying the region, suggest we should have a large pipeline of drill targets in time for the upcoming dry season."

### **Surface Development**

During the three month period ending March 31, 2020, the Company has completed reinforcing last portion of the gabion wall along the access road to the future main portal. The site development work for this stage is substantially complete and the contractor will be demobilizing from site.

### **Mine Development Optimization**

During the three month period ending March 31, 2020, the Company continued to optimize the underground mine plan. Part of the optimization includes a review of the mining equipment and its sizing for various mining options and to further reduce mining cost. The Company is in the process of refining the mine portal construction plans which include portal entry design, additional excavation, mine infrastructure layout/arrangement and batter wall stabilization.

## EXPLORATION AND EVALUATION ASSETS

### PROPERTIES – FIJI

#### *Tuvatu Gold Project, Viti Levu*

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

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

The terms of SML 62 provide for certain performance and reporting requirements. The SML has been granted for a term of ten years provided the Company complies with the terms of the lease. Extensions to the term can be applied subject to the terms of the lease and the Mining Act. SPL's 1283, 1296, and 1465 were renewed in 2017 for a 3 year term and SPL 1512 Navilawa tenement was issued in 2019 for a 5 year term. In February 2020, the Company submitted the renewal application for SPL 1283/1296 to the MRD. Due to COVID-19 pandemic, the renewal is still in process and the MRD has confirmed that SPL 1283/1296 remain in good standing.

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

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

On July 14, 2015, the Company published a National Instrument ("NI") 43-101 Preliminary Economic Assessment for Tuvatu, prepared by independent consultants Canenco Canada Inc., AMC Consultants Pty Ltd., Knight Piésold Pty. Ltd., and Mining Associates Pty Ltd. The PEA is based on the resource estimate contained in the technical report entitled "Tuvatu Resource Estimate" dated June 6, 2014 and prepared by Ian Taylor of Mining Associates Pty Ltd. Tuvatu hosts an indicated mineral resource of 1.1 million tonnes grading 8.46 g/t Au for 299,500 contained ounces, and an inferred mineral resource of 1.5 million tonnes grading 9.70 g/t Au for 468,000 contained ounces at a cut-off grade of 3.0 g/t Au.

The resource estimate prepared in 2014 is summarized as follows:

Tuvatu Resource Summary			
Cutoff	Indicated		
g/t	tonnes	g/t	ounces
1.0	1,943,000	5.61	350,300
2.0	1,435,000	7.07	326,200
3.0	1,101,000	<b>8.46</b>	299,500
5.0	683,000	11.25	247,000
Cutoff	Inferred		
g/t	tonnes	g/t	ounces
1.0	3,022,000	5.8	561,000
2.0	2,156,000	7.5	520,000
3.0	1,506,000	<b>9.7</b>	468,000
5.0	872,000	13.9	390,000

The PEA published in July 2015 provides the following highlights (US\$1,200/oz Au price base case):

- Capital costs of US\$48.6 million (excluding working capital); 15-month pre-production schedule
- 1.5-year payback, IRR of 67% (before tax), NPV5% of US\$117 million
- 352,931 oz Au production over first 7 years at average grade of 11.30 g/t Au
- Operating costs of US\$567 per oz Au; All-in sustaining costs of US\$779 per oz Au

The PEA is filed on the Company's profile at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.liononemetals.com](http://www.liononemetals.com). The PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA will be realized.

The Company advises that it has not based a production decision 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. Historically, such projects have a much higher risk of economic and technical failure. There is no guarantee that production will begin as anticipated or at all or that anticipated production costs will be achieved. Failure to commence production would have a material adverse impact on the Company's ability to generate revenue and cash flow to fund operations. Failure to achieve the anticipated production costs would have a material adverse impact on the Company's cash flow and future profitability.

Expenditures incurred on the Fiji properties are as follows:

	June 30, 2018	Additions	June 30, 2019	Additions	March 31, 2020
Acquisition costs	\$21,915,063	\$ -	\$ 21,915,063	\$ -	\$ 21,915,063
Camp costs and field supplies	1,092,960	269,024	1,361,984	61,081	1,423,065
Consulting fees	2,711,683	435,520	3,147,203	329,386	3,476,589
Depreciation	999,550	192,984	1,192,534	205,974	1,398,508
Dewatering and environmental	1,560,882	450,690	2,011,572	422,537	2,434,109
Drilling	4,700,764	164,147	4,864,911	229,981	5,094,892
Fiji office administration	4,166,899	990,890	5,157,789	470,831	5,628,620
Permitting and community consults	883,962	288,216	1,172,178	138,806	1,310,984
Site works and road building	1,759,108	1,857,580	3,616,688	250,560	3,867,248
Salaries and wages	6,684,930	1,163,442	7,848,372	582,325	8,430,697
Sample preparation, assaying	1,612,672	334,149	1,946,821	212,451	2,159,272
Technical reports	1,397,285	8,924	1,406,209	(6,404)	1,399,805
Travel	1,079,570	203,497	1,283,067	79,501	1,362,568
Vehicle and transportation	638,152	239,204	877,356	242,544	1,119,900
Write-off of exploration assets	(771,648)	-	(771,648)	-	(771,648)
Cumulative foreign currency translation adjustment	<u>(311,392)</u>	<u>(871,497)</u>	<u>(1,182,889)</u>	<u>574,414</u>	<u>(608,475)</u>
	<u>\$50,120,440</u>	<u>\$ 5,726,770</u>	<u>\$ 55,847,210</u>	<u>\$ 3,793,987</u>	<u>\$ 59,641,197</u>

Details regarding the expenditure commitments on the SPL's are included in the accompanying consolidated financial statements.

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

The Olary Creek Project is located in South Australia 70 km southwest of Broken Hill, NSW, and 40 km south of the Barrier Highway. On March 19, 2019, the Company entered into a sale agreement ("Agreement") to sell its 51% Olary Creek Tenement ("Olary") interest including 47% interest in the iron ore and manganese rights on the Olary Creek Joint Venture in South Australia, which included a 25% interest free carried through the completion of a bankable feasibility study and the decision to mine, and an optional 22% participating interest, to Olary Magnetite Pty Ltd a wholly owned subsidiary of Lodestone Equities Limited ("Lodestone") for the following proceeds:

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

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

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

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

**SELECTED FINANCIAL INFORMATION****Summary of Quarterly Results**

	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Total assets	\$ 82,306,227	\$ 81,764,902	\$ 71,353,995	\$ 71,878,306
Exploration and evaluation assets	59,641,197	57,772,643	56,786,168	56,352,590
Working capital	15,037,590	16,034,937	7,314,817	9,135,456
Interest income	97,804	62,790	47,980	55,640
Net loss for the period	(562,334)	(516,269)	(658,532)	(607,303)
Comprehensive income (loss) for the period	457,228	(412,889)	(1,270,075)	(2,055,616)
Basic and diluted loss per share	(0.00)	(0.00)	(0.01)	(0.01)

	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018
Total assets	\$ 73,438,486	\$ 74,888,943	\$ 72,479,821	\$ 73,996,626
Exploration and evaluation assets	56,659,758	55,820,584	51,608,792	50,649,007
Working capital	10,659,737	12,683,843	16,032,535	19,449,489
Interest income	74,158	90,165	98,608	103,989
Net loss for the period	(716,282)	(324,952)	(572,899)	(428,738)
Comprehensive (loss) income for the period	(1,637,431)	2,005,370	(1,593,947)	(745,741)
Basic and diluted loss per share	(0.01)	(0.00)	(0.01)	(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 subsidiaries, Lion One Limited, which is denominated in Fijian dollars and Lion One Australia Pty Ltd., which is denominated in Australian dollars.

### **Results of Operations for the nine months ended March 31, 2020 compared to 2019**

The comprehensive loss for the nine months ended March 31, 2020 was \$1,225,736 (2019 – \$1,226,008). Significant changes to the comprehensive loss are explained as follows:

- Professional fees decreased by \$53,475 to \$260,736 (2019 - \$314,211) due to a higher level of corporate development activities in the prior period.
- Share-based payments expense of \$189,003 (2019 - \$306,339) has decreased due to the cancellation of certain stock options in the current period.
- During the nine month period ended March 31, 2020, the Company recognized a foreign exchange translation gain of \$511,399 on its net assets denominated in Fijian and Australian dollars reflecting a strengthening of the Fijian dollar and weakening of the Australian dollar against the Canadian dollar since June 30, 2019. A foreign exchange gain of \$388,125 was recognized in the comparative period.

### **Results of Operations for the three months ended March 31, 2020 compared to 2019**

The comprehensive income for the three months ended March 31, 2020 was \$457,228 (2019 – loss of \$1,637,431). Significant changes to the comprehensive loss are explained as follows:

- Investor relations increased by \$104,400 to \$204,998 (2019 - \$100,598) due to primarily to increased attendance at investor road shows compared to prior period.
- Professional fees decreased by \$3,972 to \$82,284 (2019 - \$86,256) due to a higher level of corporate development activities in the prior period.
- Share-based payments expense of \$47,866 (2019 - \$210,315) has decreased due to the cancellation of certain stock options in the three month period ended December 31, 2019.
- During the three month period ended March 31, 2020, the Company recognized a foreign exchange translation gain of \$1,019,562 on its net assets denominated in Fijian and Australian dollars reflecting a strengthening of the Fijian dollar and weakening of the Australian dollar against the Canadian dollar since December 31, 2019. A foreign exchange loss of \$921,149 was recognized in the comparative period.

### **Cash flows for the nine months ended March 31, 2020 compared to 2019**

Cash has increased by \$3,338,738 to \$12,246,156 at March 31, 2020 from a balance of \$8,907,418 as at June 30, 2019.

Cash outflows from operating activities decreased by \$676,187 to \$993,841 (2019 – \$1,670,028). This is primarily due to the late receipt of the 2018 Value-Added Tax refund with the Government of Fiji ("VAT").

Cash outflows from investing activities decreased to \$6,476,012 (2019 - \$7,387,161) due to a higher level of Tuvatu Gold Property development activities in the prior period.

Cash inflows from financing activities increased to \$10,913,725 (2019 - \$Nil) due to the \$11,500,000 December 2019 brokered private placement equity raise offset by the adoption of IFRS 16 accounting policy in the current year, whereby office space payments under lease agreements are recorded against the lease liability and are no longer accounted for as rent expense (Refer to New standards adopted on Page 20).

### **Financial Position**

Receivables decreased by \$426,511 to \$122,723 (June 30, 2019 - \$549,234) due to a lower VAT balance as the Company received the 2018 VAT in the current period and has also moved from an annual to a quarterly reporting cycle for VAT in 2019. Current liabilities increased by \$23,980 to \$407,966 (June 30, 2019 - \$383,986) primarily due to current lease liability recognized as a result of the adoption of IFRS 16.



Shareholders' equity increased by \$10,059,551 to \$81,513,375 (June 30, 2019 - \$71,453,824) due primarily to the December 2019 brokered private placement equity financing.

## LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2020, the Company had a working capital of \$15,037,590 including cash, cash equivalents and short-term investments of \$15,246,156 as compared to working capital of \$9,135,456 including cash and cash equivalents of \$8,907,418 as at June 30, 2019. The Company believes it has adequate financial resources for the next twelve months.

The Company's continued development is contingent upon its ability to raise sufficient financing. There are no guarantees that additional sources of funding will be available to the Company; however, management is committed to pursuing all possible sources of financing in order to execute its business plan including new equity issues and debt issuances. 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.

## OUTSTANDING SHARE DATA

At the date of this report, the Company has 118,162,797 issued and outstanding common shares, 14,504,375 warrants, and 733,125 Compensation Option "CO" units (each CO consists of an option to purchase one unit at a price of \$0.80 per unit with each unit consisting of one common share at \$0.80 and one common share purchase warrant, which is exercisable at a price of \$1.20 per share) units and 6,211,540 outstanding stock options.

## OFF STATEMENT OF FINANCIAL POSITION ARRANGEMENTS

At March 31, 2020, the Company had no material off statement of financial position 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.

## PROPOSED TRANSACTIONS

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

## RELATED PARTY TRANSACTIONS

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

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

	2020	2019
Payments to key management personnel:		
Cash compensation expensed to management fees, professional fees, investor relations and consulting fees	\$ 414,917	\$ 412,580
Cash compensation capitalized to exploration and evaluation assets	242,262	311,929
Share-based payments	(2,572)	302,687

During the period ended March 31, 2020, the Company paid \$135,000 (2019 - \$135,000) in rent to Cabrera Capital Corp. ("Cabrera"), a company controlled by a director of the Company. Effective July 1, 2019, the Company adopted IFRS 16, Leases (Note 3 of the unaudited condensed consolidated interim financial statements for the period ended March 31, 2020) using the modified retrospective application method, with the office space lease rent payment applied to the lease liability. As at March 31, 2020, the Company had a payable of \$36,378 (June 30, 2019 - \$33,952) due to Cabrera and a lease liability of \$478,677 (June 30, 2019 - nil) due to Cabrera equal to the present value of office space lease payments over the term of the lease.

During the period ended March 31, 2020, the Company paid professional services fees of \$24,215 (2019 - \$25,659) to a management services company owned by a director of the Company's subsidiary.

During the period ended March 31, 2020, the Company paid directors' fees of \$15,500 (2019 - \$17,250) to non-executive board members.

As at March 31, 2020, the Company has a payable of \$789 (June 30, 2019 - \$Nil) due to Red Lion Management Ltd., a company controlled by a director of the Company, for expenses incurred on behalf of the Company. Accounts payable due to related parties are unsecured, non-interest bearing, and are due on demand.

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

### **CRITICAL ACCOUNTING ESTIMATES**

The Company's accounting policies are described in Notes 2 and 3 of its consolidated financial statements for the year ended June 30, 2019. 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 period. 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 unaudited condensed consolidated interim financial statements for the period ended March 31, 2020.

#### *Exploration and evaluation assets*

The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about its projects. Management considers the economics of the project, including the latest resource prices and the long-term forecasts, and the overall economic viability of the project. The user is advised to refer to the risks of the Company discussed in the Annual Information Form for the year ended June 30, 2019, 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.

**New standards adopted during the period***IFRS 16 Leases*

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

The objective of IFRS 16 is to bring all leases on-balance sheet for lessees. IFRS 16 requires lessees to recognize a Right-of-Use "ROU" asset and liability calculated using a prescribed methodology. The Company policy is to assess whether a contract is or contains a lease, at the inception of a contract. The Company recognizes a ROU asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the following exceptions: (i) the Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months, or (ii) for leases of low value. The payments for such leases are recognized in the consolidated statement of comprehensive loss on a straight-line basis over the lease term.

As at July 1, 2019, the Company recognized \$581,499 for a ROU asset for the office space lease and \$581,499 for a lease liability equal to the present value of office space lease payments over a 45 month period ending March 31, 2023, discounted by using the Company's incremental borrowing rate at 8.0%. During the period ended March 31, 2020, the Company recognized non cash interest expense of \$32,178 for the office space lease and non cash depreciation expense for the ROU asset for \$116,300.

**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 March 31, 2020, the Company had working capital of \$15,037,590 and believes it has adequate financing for the next twelve months.

*Market risk*

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

a) Interest rate risk

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

b) Foreign currency risk

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

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 March 31, 2020. Based on the evaluation, the Company's certifying officers concluded that the disclosure controls and procedures were effective to provide a reasonable level of assurance that information required to be disclosed by the Company in its annual filings and other reports that it files or submits under Canadian securities legislation is recorded, processed, summarized and reported within the time period specified and that such information is accumulated and communicated to the Company's management, including the certifying officers, as appropriate to allow for timely decisions regarding required disclosure.

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

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

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

*Limitations of Controls and Procedures*

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

**INFORMATION REGARDING FORWARD LOOKING STATEMENTS**

This Management's Discussion and Analysis of Financial Condition and Results of Operations contain certain forward-looking statements. Forward-looking statements include but are not limited to the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes" or variations of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and uncertainties include, among others, the actual results of current exploration activities, conclusions or economic evaluations, changes in project parameters as plans continue to be refined, possible variations in grade and or recovery rates, failure of plant, equipment or processes to operate as anticipated, accidents, labour disputes or other risks of the mining industry, delays in obtaining government approvals or financing or 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**

<b>TENEMENT DESCRIPTION</b>	<b>TENEMENT NUMBERS (1)</b>	<b>PERCENTAGE INTEREST</b>	<b>CHANGES IN THE PERIOD</b>
<b>FIJI</b>			
<b>TUVATU GOLD PROJECT, VITI LEVU</b>			
Tuvatu	SML 62	100%	
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).