LION ONE METALS

Management's Discussion and Analysis

For the Three Months Ended September 30, 2012

As at November 5, 2012

(Dollar amounts expressed in Canadian dollars)

Introduction

Basis of Discussion and Analysis

Management's Discussion and Analysis ("MD&A") supplements the unaudited condensed consolidated interim financial statements of the Company for the three month period ended September 30, 2012. It discusses the significant factors affecting the results of operations and financial position of Lion One Metals Limited (the "Company" or "Lion One") for the three months ended September 30, 2012 and includes material information up to November 5, 2012. This information should be read in conjunction with those financial statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar references, unless otherwise stated, are in Canadian dollars.

This MD&A should be read in conjunction with the Company's annual MD&A report and its audited financial statements for the year ended June 30, 2012.

Non-GAAP Measures

The Company uses non-GAAP measures which do not have any standardized meaning prescribed by GAAP. These non-GAAP definitions are used in this MD&A because management believes that they provide useful information regarding the Company's business. Readers are cautioned that the definitions are not recognized measures under IFRS, do not have standardized meaning prescribed by IFRS and should not be construed as indicators of performance, liquidity or cash flows. The Company's method of calculating these measures may differ from the method used by other entities and accordingly the Company's measures may not be comparable to similar titled measures used by other entities or in other jurisdictions

Forward-Looking Statements

This MD&A contains forward-looking statements and information within the meaning of applicable securities legislation. These forward-looking statements reflect management's current expectations, estimates, projections, beliefs and assumptions that were made using information currently available to management. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "expect," "plan," "anticipate," "believe," "intend," "estimate," "predict," "forecast," "outlook," "potential," "continue," "should," "likely," or the negative of these terms or other comparable terminology. Although management believes that the anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve assumptions, known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements and information.

Factors that could cause actual results to differ materially from those set forth in the forward-looking statements and information include, but are not limited to, general economic conditions; availability of equity and debt financing; financial market volatility; the impact of newly adopted accounting principles on the Company's accounting policies; and other risks and factors described from time to time in the documents filed by the Company with the security regulators in Canada. The Company undertakes no obligation to publicly revise or update any forward-looking statements or information, whether as a result of new information, future events or otherwise, except as required by law. The forward-looking statements contained herein are made as of the date hereof and are expressly qualified in its entirety by the cautionary statements in this MD&A.

Overview

Lion One Metals Limited was incorporated under the laws of the Province of British Columbia and is focused on the acquisition, exploration, and development of mineral resource properties in the Fijian islands. The Company's primary asset is the development-stage Tuvatu Gold Project located near Nadi on the island of Viti Levu. The Company's mineral tenements cover 38,000 hectares under five exploration licenses ("Special Prospecting Licenses", or "SPL's") granted by Fiji's Department of Mineral Resources.

The Company trades on the TSX Venture Exchange under the symbol "LIO".

Tuvatu Gold Project

The Tuvatu Gold Project ("Tuvatu") has been subject to significant historic exploration and development work by previous operators, the most recent being the Emperor Gold Mining Company of Australia, which advanced Tuvatu through feasibility studies, project engineering, and trial mining from 1997 through 2001. In addition to acquiring the SPL's covering the Tuvatu property, the Company acquired extensive exploration and development databases, including data from over 600 historic drill holes, metallurgical studies, mine models, resource estimates, engineering studies, and financial models.

Lion One's business objective is to advance Tuvatu towards commercial production, through continued exploration and expansion of resources towards the establishment of an economically viable gold deposit. Current mineral resources as reported in the "Technical Report and Resource Estimate on the Tuvatu Gold Property, Viti Levu, Fiji" dated October1, 2010 by P&E Mining Consultants include inferred resources of 480,000 ounces of gold (2.618 million tonnes grading 5.71 g/t Au) and indicated resources of 172,000 ounces of gold (760,000 tonnes grading 7.05 g/t Au). Additional information with respect to the technical report is available on the Company's website.

The Company is focused on the following strategic priorities:

- Resource expansion, exploration, and development of the Tuvatu Gold project

- Regional exploration near Tuvatu, early-stage exploration on Viti Levu and Vanua Levu
- Sourcing capital for continued exploration, development of assets, and future exploration and acquisitions
- Working with the Fijian government departments to secure environmental permits and convert exploration licenses to mining licenses; and
- Updating historic feasibility study to reflect the current economic environment

Overall Performance

Drilling at Tuvatu Gold Project

In the first quarter of fiscal 2013, the Company continued its drilling program consisting of a combination of infill and step out holes. A total of 1,875 meters have been drilled to date. The objective of the program is to upgrade existing inferred resources to the indicated category, add new resources, and capture further historic resources. Details on the scope of the drill program are included in the news release dated June 5, 2012.

On September 6, 2012, the Company published the assay results for the first two drill holes from the diamond drilling program. The results confirm lateral continuity of the east-west trending Murau Lodes, intersecting down dip mineralization along strike 80 meters to the west. Notable intersections include 16.15 g/t gold over 3.78 meters at 121.99 meters depth from TUDDH-347, and 23.03 g/t gold over 7.49 meters at 155.05 meters depth from TUDDH-348. These intervals include bonanza grades of 248 g/t gold over .09 meters from TUDDH-347, and 855 g/t gold over 0.17 meters from TUDDH-348. Extensions of these lodes have been mapped at surface along strike up to 1,330 meters to the west of the Tuvatu resource area.

On September 20, 2012, the Company reported the assay results for a third drill hole. The results continue to confirm the lateral continuity of the Murau Lodes, with this third hole collared near the intersection of the east-west trending Murau Lodes with the north-south trending Upper Ridges Lodes. The mineralization and geologic units intercepted in this hole are consistent with interceptions of bonanza grades over significant widths encountered in the first two holes of the program. These holes were collared 80 meters to the east, along strike of the most recently completed drill hole, TUDDH349. The bonanza grades in the Murau Lodes lie within structural zones associated with the Viti Levu Lineament and are consistent with dilation zones in Riedel Shears. More than 1,400 structural measurements have been taken by Company's geological team and structural interpretation is ongoing.

Notable intersections include 11.77 g/t gold over 1.83 meters (true width) from 128.55 meters depth in the Murau 2 Lode. Extensions of these lodes have been mapped at surface along strike up to 1,330 meters to the west of the Tuvatu resource area.

Assays are pending for results from three other completed holes, including two holes drilled near the Tuvatu portal that tested extensions of the north-south trending UR lodes. A second drill rig has been mobilized to the Tuvatu property. Lion One is targeting the western extensions of the Murau lodes and the northern extensions of the UR lodes in an effort to significantly expand the current resource base at Tuvatu.

Testing detail is summarized in the May 7, September 6 and September 20, 2012 news releases published at www.sedar.com.

Metallurgical Testing

Concurrent with the 2012 drill program, the Company undertook metallurgical test work on the Tuvatu Gold Project. The work has confirmed the reliability of previous metallurgical test work and confirms that various ores from Tuvatu are amenable to conventional crushing, grinding and flotation processing techniques.

The Company has commenced further optimization studies to evaluate a configuration that includes the combination of a cone crusher, two stage ball milling, in-line pressure gravity concentration, and two additional points of gravity concentration, followed by flotation at a coarse grind size and CIL leaching or direct sale of concentrates. The Company believes that this proposed configuration could enhance recoveries of both coarse and fine gold, and may have potentially attractive capital and operating cost parameters.

The Company is incorporating these tests into an update of the previously conducted feasibility study and will include an updated mine plan and production overview. The Company will report the conclusions of this work to the Mineral Resources Department of Fiji (MRD), in line with its regulatory requirements, in anticipation of securing formal permitting required for the commencement of mining operations, extraction, and processing.

Discussion regarding historic metallurgical test work on Tuvatu is included in the news release dated September 17, 2012.

Darcy Krohman, P.Geo, a Qualified Person under the meaning of Canadian National Instrument 43-101 is responsible for the technical content of this Management's Discussion and Analysis.

Capitalized Exploration and Evaluation Assets:

	Cost June 30, 2011	Additions/ (Disposals)	Cost June 30, 2012	Additions/ (Disposals)	Cost September 30, 2012
Acquisition costs	21,915,063	-	21,915,063	-	21,915,063
Salaries and benefits	962,352	726,025	1,688,377	120,272	1,808,649
Consultants	799,411	597,899	1,397,310	26,815	1,424,125
Camp costs, accomodation and housing	32,376	389,170	421,546	36,041	457,587
Drilling	113,679	65,667	179,346	207,371	386,717
Sample preparations, assaying, analysis	129,775	436,413	566,188	64,722	630,910
Office and administration	441,179	115,488	556,667	40,658	597,325
Road building and site works	196,617	301,559	498,176	46,719	544,895
Overseas travel, meals, and accomodation	252,423	132,209	384,632	2,621	387,253
Amortization	35,280	61,242	96,522	19,599	116,121
Vehicles and Freight	93,602	66,785	160,387	35,274	195,661
Dewatering	-	-	-	57,416	57,416
Other	41,785	1,881	43,666	21,026	64,692
Cumulative foreign currency adjustment	(3,345,842)	299,684	(3,046,158)	81,451	(2,964,707)
	21,667,700	3,194,022	24,861,722	759,985	25,621,707

The capitalization of exploration and evaluation assets schedule has been prepared in accordance with IFRS, as reported in the Company's annual consolidated financial statements.

Review of Operations

Results of Operations – 3 month period ended September 30, 2012 compared with three month period ended September 30, 2011

The Company's net loss for the three months ended September 30, 2012 was $278,586 ($0.01 per share), compared with $1,078,748 ($0.02 per share) during the same period in 2011. The following summary is an excerpt from the Consolidated Interim Statement of Operations and Comprehensive Loss:

	Three months ended September 30, 2012	Three months ended September 30, 2011
GENERAL AND ADMINISTRATIVE EXPENSES		
Consulting fees	$ 38,550	$ 48,650
Foreign exchange (gain) loss	11,883	86,961
Licenses, dues and other fees	7,039	6,630
Investor relations	31,434	126,742
Management fees	202,180	343,787
Office and miscellaneous	2,845	24,591
Professional fees	16,053	14,783
Rent	45,000	43,697
Shareholder communications and regulatory filings	6,567	8,377
Stock based compensation	47,462	423,799
Travel	13,909	14,781
Operating loss	422,922	1,142,798
OTHER INCOME AND EXPENSE		
Interest income	(52,517)	(64,050)
Net loss for the period	370,405	1,078,748
OTHER COMPREHENSIVE INCOME (LOSS)		
Foreign exchange (gain) loss	(91,819)	-
Comprehensive loss for the period	$ 278,586	$ 1,078,748
Basic and diluted loss per share amounts	0.01	0.02
Weighted average common shares outstanding	48,868,827	48,365,966

Quarterly results for the past two years

Fiscal quarter ended	Total interest income	Loss from continuing operations – total	Loss from continuing operations – per share [1]	Comprehensive loss - total	Comprehensive loss - per share [1]
September 30, 2012	$52,517	$370,405	$0.01	$278,586	$0.01
June 30, 2012	52,656	710,805	0.02	394,761	0.01
March 31, 2012	55,721	670,755	0.01	670,755	0.01
December 31, 2011	61,529	760,384	0.02	760,384	0.02
September 30, 2011	64,050	1,078,748	0.02	1,078,748	0.02
June 30, 2011	59,020	1,269,822	0.04	1,269,822	0.04
March 31, 2011	31,682	6,937,607	0.21	6,937,607	0.21
December 31, 2010	Nil	126,535	0.01	126,535	0.01
September 30, 2010	Nil	173,522	0.01	173,522	0.01

Note 1: Basic and diluted – share dilution is not recognized as it would be anti-dilutive

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The Company's operation's expenditures dropped significantly from the last quarter ended June 30, 2012. The Company's stock based compensation expense was reduced due to the reduced costs relating to trust shares and the recovery of stock based compensation due to employee turnover.

The significant changes in the 3 month period ended September 30, 2012 in comparison to September 30, 2011 are summarized as follows:

a. Investor relations expenditures are down significantly from the prior period as less travel and investor relation capital raising activities were undertaken;

b. Management fees include costs of salaries and benefits, business administration shareholder services, securities administration, and corporate services charged by a related company. These costs are charged on a cost recovery basis. These costs were reduced due to a reduction of staffing personnel in the current period; and,

c. Stock based compensation reflecting costs of stock options granted to employees, consultants and directors of the Company in lieu of cash compensation. The costs have been reduced due to staffing reductions, and the completion of cost recognition on certain option and trust agreements.

Share Capital

As at September 30, 2012, the Company had 48,868,827 common shares issued and outstanding.

Disclosure of Outstanding Share Capital as at November 5, 2012

The common shares outstanding are 48,868,827.

Stock Options

Summary of outstanding stock options as at September 30, 2012

Date of Expiry	Number of Options Outstanding	Exercise Price	Number of Options Exercisable
February 6, 2013	200,000	$0.50	200,000
February 9, 2014	140,000	0.35	140,000
March 1, 2014	375,000	0.35	375,000
March 1, 2015	680,000	0.35	453,356
October 25, 2015	608,667	1.00	341,166
May 25, 2016	1,085,000	1.40	560,000
July 20, 2016	200,000	1.40	100,000
November 2, 2016	225,000	1.40	-
	3,513,667		2,169,522

On October 10, 2012, a further 875,000 options were granted at an exercise price of $0.70.

Summary of outstanding stock options as at November 5, 2012:

Date of Expiry	Number of Options Outstanding	Exercise Price	Number of Options Exercisable
February 6, 2013	200,000	$0.50	200,000
February 9, 2014	140,000	0.35	140,000
March 1, 2014	375,000	0.35	375,000
March 1, 2015	680,000	0.35	453,356
October 25, 2015	608,667	1.00	430,334
May 25, 2016	1,085,000	1.40	560,000
July 20, 2016	200,000	1.40	100,000
November 2, 2016	225,000	1.40	75,000
October 10, 2017	875,000	0.70	-
	4,338,667		2,333,690

Liquidity

The Company had cash and short term investments totalling $14,867,911 at September 30, 2012 as compared to $15,971,997 at June 30, 2012. The working capital surplus of $16,334,492 at June 30, 2012 decreased to a surplus of $15,258,399 as at September 30, 2012. Funds used for operating, investing and financing activities during the period ended September 30, 2012 and 2011 were $1,104,086 and $1,334,486 respectively. The decrease is primary attributable to decreases in management fees, and investor relations expenditures.

The financial statements for the period ended September 30, 2012, have been prepared on the basis of accounting principles applicable to a going concern. This assumes that the Company will operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The ability of the Company to realize its assets and meet its financial obligations and commitments is dependent upon the existence of economically recoverable reserves, maintaining interest in its properties, obtaining the necessary financing to search and acquire and meet exploration commitments on the properties and upon future profitable operations or proceeds from the disposition of the properties.

The Company's principal liquidity needs for the next twelve months are to:

- fund the exploration and development program of the Tuvatu Gold Deposit and the other mineral properties acquired;
- fund future acquisitions, if any and;
- fund recurring (including general and administrative) costs.

Capital Resources

The Company will have to rely upon equity financings to satisfy its capital requirements after the proposed acquisition. There can be no assurance the Company will be able to obtain the financing required in the future on acceptable terms.

Off-balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

On November 1, 2011, the Company signed a 5 year Management and Corporate Services Agreement (CSA) with Cabrera Capital Corp. (Cabrera), a company having directors and senior officers in common with the Company. The CSA indicates that Cabrera provides a fully furnished and equipped business office with management, business administration, shareholder services, securities administration, and corporate and general administration services to the Company and will charge the Company actual out-of-pocket costs. In addition, the CSA indicates that the Company will pay rent of $15,000 plus HST per month for its fully-equipped premises. Management fees of $229,211 (2011 - $343,787) and rent of $45,000 (2011 - $43,697) were incurred during the three month period ended September 30, 2012. Included in these management fees are wages and employee benefits paid to employees and senior management of $184,701 (2011 - $288,195). No profit or loss is realized on these shared costs and the transactions are recorded at the exchange amount, being the amount agreed to by the transacting parties. These costs are included in net loss for the period.

At September 30, 2012, the Company had a net liability to companies having directors in common with the Company of $6,437 (June 30, 2012 - $14,358).

During the period ended September 30, 2012, the Company incurred direct compensation costs with its officers of $160,677 (2011 - $194,829). Of the direct compensation, $18,000 (2011 - $37,375) was capitalized to exploration and evaluation assets.

Financial Instruments and Other Instruments

Financial instruments of the Company comprise cash, deposits, other receivables due from related parties, accounts payable, and accrued liabilities and due to related parties. The carrying values of these financial instruments other than due from and to related parties do not materially differ from their fair values due to their ability for prompt liquidation or their short terms to maturity. Due to and from related parties are measured at their carrying values.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

The Company has exposure to liquidity risk, foreign currency risk, and credit risk and as a result of its use of financial instruments. This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks.

Further quantitative disclosures are included throughout these financial statements. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

Liquidity risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they come due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking harm to the Company's reputation. All financial liabilities of the Company are due within one year. As at June 30, 2012 there are adequate financial assets on hand to meet current trade liabilities.

Foreign currency risk

Foreign currency exchange risk is the risk that the future cash flows of financial instruments will fluctuate as a result of changes in foreign exchange rates. Historically the Company has raised funds through the sale of its common shares in Canadian dollars however the majority of the Company's expenditures are denominated in either Canadian or Fijian dollars. Therefore, the Company is exposed to fluctuations between the Canadian and Fijian dollar exchange rate. As at June 30, 2012, the Company's net financial assets were C$180,955 (F$325,810). A 100 basis points change in the value of the Canadian dollar would result in a foreign exchange gain or loss of approximately $3,258.

Credit risk

Financial instruments of the Company that are subject to credit risk consist of cash deposited with reputable financial institutions. Management believes the risk of loss is remote.

The Company does not engage in hedging activities.

Risks and Uncertainties

Country Risk

The Company's financial position and its future development projects may be affected by political or economic instability. These risks may include exposure to fluctuations in currency exchange rates and high rates of inflation.

Operations of future exploration properties may be affected in varying degrees by such factors as government regulations with respect to price controls, income taxes, expropriation of property, environment legislation, land use, water use and land claims. The effect of these factors will depend on the location of the mineral properties and cannot be accurately predicted.

Critical Accounting Policies and Estimates

Use of Estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's estimates are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. The result of the Company's ongoing evaluation of these estimates forms the basis for making judgements about the carrying values of assets and liabilities and the reported amounts of revenues and expenses that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions.

Management Reporting

The Company's Board of Directors has approved the information contained in the audited financial statements and this MD&A. The Board of Directors fulfills its responsibility regarding the financial statements mainly through its Audit Committee, which has a written mandate which complies with the current requirements of Canadian securities legislation.

Additional Information and Continuous Disclosure

Additional information on the Company is available through regular filings of press releases and financial statements on SEDAR at www.sedar.com.