LION ONE METALS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2013

311 West 1st Street
North Vancouver, BC
V7M 1B5
Canada
Tel: 604-998-1250
Email: info@liononemetals.com

55 Carrington Street
Nedlands, WA
6009
Australia
Tel: (08) 9481 2243

Set out below is a review of the activities, results of operations and financial condition of Lion One Metals Limited ("LIO", "Lion One", or the "Company") and its subsidiaries for the year ended June 30, 2013. The discussion below should be read in conjunction with the Company's consolidated financial statements for the years ended June 30, 2013 and 2012. 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 September 26, 2013.

The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol LIO and the Australian Securities Exchange ("ASX") under the symbol LLO (OTCQX: LOMLF; FSX:FY1).

Additional information related to the Company is available on SEDAR at www.sedar.com and the Company's website is www.liononeresources.com.

BACKGROUND AND CORE BUSINESS

Lion One Metals Limited was incorporated on November 12, 1996 under the name X-Tal Minerals Corp. ("X-Tal") under the laws of the Province of British Columbia, Canada. On January 28, 2011, the Company executed a reverse takeover ("RTO") of X-Tal by American Eagle Resources Inc. ("AME") and changed its name to Lion One Metals Limited.

The Company is in the business of mineral exploration and development and is currently focused on the acquisition, exploration and development of mineral resources in Fiji, Australia and Argentina.

The Company's head office and principal address and registered and records office is 311 West 1st Street, North Vancouver, BC, V7M 1B5.

COMPANY HIGHLIGHTS

During the three month period ended June 30, 2013 and subsequent the Company:

- Executed the Merger Implementation Agreement with Avocet Resources Limited ("Avocet");
- Commenced trading on the Australian Stock Exchange under the symbol LLO;
- Continued its ongoing drilling program and announced results from the Tuvatu Gold Project in Fiji;
- Submitted its Environmental Impact Assessment ("EIA") and Mining Lease application for the Tuvatu Gold Project; and
- Held community consultations and commenced preparations for mining license applications; and
- Acquired an additional 22% interest in the Olary Creek Iron Project, South Australia.

Details with respect to significant developments are published at www.sedar.com and on the Company's website www.liononemetals.com.

CORPORATE DEVELOPMENTS AND SIGNIFICANT TRANSACTIONS

Merger Implementation Agreement ("MIA") Executed with Avocet

On June 19, 2013, the Company acquired all of Avocet's outstanding shares through the issuance of 11,006,421 CHESS Depository Interests ("CDI") with each CDI representing one common share of the Company. The CDI's began trading on the ASX on June 20, 2013. Each CDI represents beneficial ownership in one common share of the Company and has materially the same rights as a common share of the Company.

Avocet's property portfolio includes gold, uranium and iron ore projects in Australia and Argentina. The Company holds carried interests and options on future production royalties in its Olary Creek Iron Project in South Australia, held in a joint venture with Chinese steel industry partner Henan Yukuang. In Western Australia, the project portfolio includes uranium and gold prospects in the Ashburton District, in joint ventures with Cameco and Thundelarra-Cullen. The Ashburton properties also host the Monster Gold Project, targeting a regional structure with no history of previous exploration. The Company holds uranium and gold exploration projects in joint ventures with strong industry partners in the Chubut Province of Argentina: the Sierra Cuadrada Uranium Project with Canadian-based U3O8 Corp., and the Cerro Chacon Gold Project with MH Argentina. These properties are discussed in "Properties – Avocet Portfolio".

PROPERTIES - FIJI

Tuvatu Gold Project, Fiji

The Tuvatu Gold Project is located near the city of Nadi on the main island of Viti Levu in Fiji. The project is held within three contiguous Special Prospecting Licenses ("SPL's") granted by the Mineral Resources Department of Fiji ("MRD") that collectively cover 105 square kilometers on the margins of the Navilawa Caldera.

The Navilawa Caldera is a volcanic intrusive complex situated along the Viti Levu Lineament; a mineral belt hosting Fiji's known gold deposits. The Navilawa Caldera's geological setting bears many similarities with the nearby Tavua Caldera, which hosts Fiji's largest defined gold deposit and oldest operating gold mine at Vatukoula. Vatukoula has produced over 7 million oz. gold to date, with 4.2 million oz. current resources and 790,000 oz. reserves (as per VGM website, 2013). The Fijian Islands themselves are situated along the Pacific Islands Arc, the host of a number of major deposits that include the Lihir, Porgera, Ok Tedi, and Wafi-Golpu gold deposits in PNG.

Gold mineralization at Tuvatu is evident in two deposit styles; low-sulphidation epithermal gold-silver, and porphyry-style copper-gold. The Tuvatu Gold Project currently contains an indicated mineral resource of 172,000 oz. Au (760,000 tonnes at 7.05 g/t Au) and an inferred mineral resource of 480,000 oz. Au (2,618,000 tonnes at 5.71 g/t Au). (See Technical Report and Resource Estimate on the Tuvatu Gold Property, Viti Levu, Fiji filed November 26, 2010).

Historical information with respect to the Tuvatu Gold Project is available at the Company's website www.liononemetals.com

During the three month period ended June 30, 2013, the Company published results from its ongoing diamond drilling program. The program focused on targets drilled at 40 to 80 meter centers to confirm grade, widths, and continuity of mineralized extensions west of the Tuvatu Resource Area.

Gold mineralization in this new zone (Tuvatu West) is hosted in east-west oriented vein structures that cross-cut the main Tuvatu Resource and extend along strike over 1 kilometer to the west. Mineralization in the Tuvatu Resource Area has been drill tested to depths of approximately 300 meters, and remains open at depth and along strike. A summary of those results reported in this period are included below but supporting figures and documentation are available in the news release dated May 15, 2013.

Hole ID	Interval (m)	Grade (g/t Au)	From (m depth)
TUDDH 342	1.56	5.74	19.00
TUDDH 355	1.87	2.98	45.97
TUDDH 358	2.82	3.55	69.43
TUDDH-362	1.81	2.07	83.00
TUDDH-362	1.3	8.84	87.40
TUDDH-359	2.74	6.99	85.56
TUDDH-359	2.44	4.22	93.24
TUDDH-359	3.11	14.31	130.69
TUDDH-365	13.81	7.07	155.05
including	7.45	4.88	155.05
and	4.31	14.95	164.55
TUDDH-364	6.43	12.74	202.93
including	4.39	18.34	202.93

The Company is continuing drilling in the area and intends to undertake a new resource estimate upon completion of the program. Geological mapping and surface sampling is ongoing within the Tuvatu West area to ensure a clear understanding of the controls and nature of mineralization throughout the target zone.

During the period, the Company submitted the Environmental Impact Assessment and Mining Lease application to the MRD. The MRD has requested supplemental geotechnical analysis of the proposed tailings area. This supplemental geotechnical work is underway.

The Company's Tuvatu mineral property hosts Indicated Mineral Resources and Inferred Mineral Resources. Canadian Institute of Mining Metallurgy and Petroleum defines a mineral resource as a concentration or occurrence of natural, solid or organic fossilized material in or on the Earth's crust in such form and quantity and of such quantity and or such grade that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.

While, by definition, Mineral Resources have "reasonable prospects for economic extraction" the actual economic viability of the Company's Tuvatu mineral property has not been established.

Vanua Levu, Fiji

The Delaikoro (SPL 1467) and Vunimoli (SPL 1468) properties cover a combined 27,489 hectares in the Labasa area on the island of Vanua Levu and are early-stage exploration projects.

Subsequent to June 30, 2013, the Company received the renewal of SPL's 1283 and 1296 which have been extended to September 3, 2016. The Company is obligated to spend $2,100,000 Fijian dollars (CAD$1,171,230) on each of the tenements over the three year term. The MRD has also requested the Company post bonds for 10% of the required expenditures which the Company will submit relative to the proposed annual budget.

The Company's remaining tenements are under renewal. The Company has submitted its renewal documentation and has received notice from the MRD that the applications are in process. The Company has applied for a renewal of three years on all tenements The Company has supplied all requested geological, environmental and land owner relationship information requested to ensure that the licenses are granted in a timely fashion. Changes in the MRD management staff over the past year have resulted in some procedural delays.

Expenditures incurred on the Fiji properties are as follows:

	June 30, 2011	Additions	June 30, 2012	Additions	June 30, 2013
Acquisition costs	$21,915,063	$ -	$ 21,915,063	$ -	$ 21,915,063
Camp costs and field supplies	32,376	389,032	421,408	225,204	646,612
Consulting fees	799,411	597,702	1,397,113	305,414	1,702,527
Depreciation	35,280	61,222	96,502	113,660	210,162
Dewatering and environmental	-	-	-	102,719	102,719
Drilling	113,679	65,645	179,324	1,301,417	1,480,741
Fiji office administration	441,179	115,448	556,627	121,498	678,125
Permitting and community consults	41,785	1,880	43,665	57,200	100,865
Road building and site works	196,617	302,417	499,034	58,774	557,808
Salaries and wages	962,352	725,785	1,688,137	855,945	2,544,082
Sample preparation, assaying	129,775	436,268	566,043	400,248	966,291
Travel	252,423	132,165	384,588	30,211	414,799
Vehicle and transportation	93,602	66,774	160,376	75,885	236,261
Cumulative foreign currency translation adjustment	(3,345,842)	299,684	(3,046,158)	(16,377)	(3,062,535)
	$21,667,700	$ 3,194,022	$ 24,861,722	$ 3,631,798	$ 28,493,520

PROPERTIES – AVOCET PORTFOLIO

Olary Creek, South Australia

The Olary Creek Project (exploration license 4664) is located in South Australia 70 kilometers ("km") southwest of Broken Hill, NSW, 40 km south of the Barrier Highway. To the north of the area is an open access railway with direct routes to major capital cities and ports. The property is considered prospective for a range of elements having previously been drilled for uranium and copper, and more recently (2011-2012) for iron. The project contains several iron rich siltstone units of the Braemar Iron Formation, which are highly prospective for bulk magnetite deposits.

Over 16,000 meters of diamond and reverse circulation drilling has been carried out by the joint venture partners to test zones of outcropping iron mineralization that extend along 7.5 kilometers of strike and have been observed to improve in grade and thickness with depth.

The original joint venture on the Olary Creek Project was formed in 2010 between Avocet and Perth- based HJH Nominees ("HJH") to explore the iron ore and manganese potential of the project area. In 2011 HJH signed a farm-in agreement with Yukuang to earn a combined 75% in the iron and manganese rights. In April 2012 the HJH/Yukuang partnership reached the $5,000,000 expenditure requirement with Avocet retaining a 25% free carried interest. In July 2013 Avocet exercised its preemptive right over the 22% interest held by HJH and negotiated a new Farm-in, Joint Venture, and Split Commodity Agreements with Yukuang covering the iron and manganese rights. Avocet holds a 51% interest in the tenement and has retained 100% rights for all other commodities.

Although the additional 22% equity acquired in the iron and manganese joint venture is a participating interest, the 25% is a non-contributing interest. Following completion of a bankable feasibility study and within 90 days of a decision to mine, the Company has the option to contribute to its proportional share of development expenditures or convert its 25% interest to a 2% FOB royalty, or to a 1% FOB royalty with a $0.50 per tonne production royalty.

Ashburton, Western Australia

The Ashburton Project group of tenements is located in the Ashburton Basin, southeast of Newman in Western Australia, covering the contact zone between the Lower Proterozoic Ashburton Trough and the Middle Proterozoic Bresnahan Basin. The area is recognised as having strong geological similarities to the Alligator River area of the Northern Territory which hosts the world class Ranger and Jabiluka uranium deposits.

Initially, the principle exploration targets were uranium anomalies in the unconformity between the basal conglomerates of the Middle Proterozoic Bresnahan Group (Cherrybooka Formation) and the underlying black shales and dolomites of the Lower Proterozoic Wyloo Group (Mt McGrath Formation and Duck Creek Dolomite). This contact is known for its uranium mineralization at the nearby Angelo River A and B deposits north of the project area. The Company has also undertaken extensive regional geochemical programs over the project area and identified a number of uranium, precious and base metal anomalies, in addition to rare earth anomalies, including 13 km of mineralized strike subsequently named "Monster".

The Ashburton Projects consist of ten exploration tenements prospective for gold, silver, rare earths, base metals, and unconformity style uranium mineralization, in the Ashburton Basin, south of Newman, Western Australia.

Five of the tenements comprise the Ashburton Uranium JV (a 50:50 joint venture with Cameco Australia); two tenements are held in the Saltwater Pool JV with Thundelarra Exploration and Cullen Resources, and three tenements are held 100% by Lion One's Australian subsidiary Avocet Resources Limited. All tenements are managed by Avocet Resources.

Monster Trend - High Grade Gold and Silver Target

The Monster prospect is situated on tenements held by both the Ashburton JV and the Saltwater Pool JV. Initial reconnaissance of the property resulted in the identification of quartz veins extending up to 13 km along strike in an area with no historic workings or any previous exploration. Sampling of these veins returned exceptionally high grade values of 1,590 g/t Ag (silver), 8.49 g/t Au (gold), and 1,830 ppm Cu (copper) (Sample 2100). Some of the veining appears to be ferruginous and well laminated, indicating potential for multiple mineralizing phases. The region is also host to a massive black shale unit, first discovered by a coincident radiometric anomaly and Tempest EM anomaly identified from a Company survey in 2008.

Sampling of a shale unit in the vicinity of the quartz veining has returned highly anomalous silver, gold and arsenic values indicating a potential source rock for the higher grade mineralization in the quartz veining. The extent of the black shale, its chemical composition and structural complexity suggests considerable potential for high grade mineralization. The scale of these occurrences resulted in the moniker "Monster".

In July 2013 following the completion of a heritage survey, Avocet completed an initial reverse circulation drilling program consisting of nineteen holes for 1,944 meters. A number of the drill holes intersected sheared graphitic black shale with variable amounts of quartz veining and sulphides. Highlights included drill hole MORC 011 which returned 23.00 g/t Ag over 2m and 18 g/t Ag over 1m, from 78 m and 98 m depths respectively, drill hole MORC 013 which returned 9 g/t Ag over 2 m from 106 m and drill hole MORC012 which returned 1.02 g/t Au over 5 m from 90 m.

Ashburton Uranium JV

The Ashburton Uranium JV was signed in 2008 between Avocet and Cameco Australia Pty Ltd., the Australian subsidiary of Cameco Corporation, the largest uranium producer in the world. The Ashburton JV comprises five tenements covering almost 600 km², in an area hosting major uranium targets highlighted by coincident radiometric and electromagnetic anomalies.

One tenement of the Ashburton JV (E52/1917) contains the north western extension of the Monster anomaly.

Avocet is the manager of the JV; upon the discovery of a mineral resource (defined according to the JORC reporting standards) containing at least 25 million pounds of U_3O_8, the area of the resource plus other ground necessary for the development, may become subject to a separate Joint Venture on the same terms as in the Joint Venture Agreement, except that Cameco shall have the right to be appointed the Manager of the Development Joint Venture. In that scenario, Avocet will remain manager of all other areas of the Joint Venture.

Exploration by previous companies in the mid-1980's led to the discovery and delineation of the Angelo River uranium deposits to the north of the joint venture ground. Regional reconnaissance highlighted numerous other radiometric anomalies around the unconformity. Four prospects, namely Atlantis, Nobby's, Canyon Creek and Xanadu lie within the project area.

At the Atlantis prospect, surface sampling returned exceptionally high grade samples (to 37% U_3O_8). At the Nobby's prospect, drill holes beneath the enriched mineralization intersected 5.5 m @ 0.62% eU_3O_8, and 2.2 m @ 0.74% eU_3O_8. At the nearby Canyon Creek prospect, two anomalous zones were defined by radon surveys with rock chip samples returning up to 1% U_3O_8, while at the Xanadu prospect to the west of Atlantis, rock samples returned up to 0.26% U_3O_8. A detailed magnetic and radiometric survey was completed over the entire project area during 2007.

A detailed electromagnetic survey was completed over the JV area early in 2008. The initial processing of data highlighted several large scale and strike extensive conductors of significant magnitude. The data also shows a subtle conductive horizon at the basement-sandstone contact thereby potentially providing a means of mapping the unconformity under deep cover. Strike extensive conductors are observed to be steeply dipping beneath, and spatially coincident with surface uranium anomalies. Additionally, a coincident conductive-magnetic target located on the Atlantis Project (E52/1880) provides a possible link between the Nobby's and Trend prospects.

Within Canyon Creek (E52/1893), large scale conductors were identified to be spatially coincident with uranium anomalies identified in airborne surveys, some of which are newly discovered targets. The relationship between surface uranium mineralization and buried conductors has been of particular interest.

Saltwater Pool JV (Thundelarra/Cullen)

The Saltwater Pool JV properties include parts of the Monster Trend and consolidate Avocet's land holdings in the Ashburton district. The joint venture comprises two tenements prospective for uranium, gold, rare earths, and base metals. The JV was signed in March 2011, between Avocet and Thundelarra Exploration Limited on one tenement which has now been relinquished (E52/1940) and held 100% by Thundelarra, and two other tenements (E52/1890, 1892), held by Cullen Resources Limited in agreement with Thundelarra. Avocet can earn a 51% interest in each tenement by spending a combined total of $1.1 million over a three year period ending in March 2014.

Argentina Properties

The Company also manages two separate joint venture projects in the Patagonia area of the Chubut Province of Argentina; one for uranium (Sierra Cuadrada JV with U3O8 Corp) and the other for gold (Cerro Chacon JV with MH Argentina). Both are managed through the Company's wholly owned subsidiary, Piche Resources Pty Ltd. ("Piche").

The target models are low sulphidation epithermal gold deposits at Cerro Chacon and sandstone hosted uranium deposits at Sierra Cuadrada.

The district has a history of uranium mining, with previously mined deposits including Los Adobes and Cerro Condor and the existing resource at Cerro Solo, which is held by CNEA (Argentinean National Nuclear Commission). Additionally, it hosts a number of world class gold/silver deposits including Navidad, Esquel, Cerro Vanguardia and Cerro Negro.

Argentina is a nuclear energy producing country seeking domestic uranium supply to fuel its growing reactor fleet. Uranium is viewed as a strategic resource in Argentina where the government has signed nuclear cooperation agreements with the United Arab Emirates and China. Argentina has previously been a uranium producer, having a number of mine sites which are now closed, but it is endeavoring to become self-sufficient with its own mines.

Sierra Cuadrada Uranium Joint Venture

A Heads of Agreement was signed with Toronto-based U3O8 Corp. in late 2011 on the Company's 100% owned Sierra Cuadrada uranium project in Argentina. In March 2013, Avocet executed a definitive Farm-in and Joint Venture Agreement through which Avocet may earn a 51% interest in the Sierra Cuadrada Joint Venture project by spending US$1 million in exploration over a maximum of 4 years. Avocet manages the exploration activity on the project.

The Sierra Cuadrada JV project area consists of 10 tenements, covering almost 600km^2, and is an early-stage prospect targeting sandstone hosted uranium mineralization that is geologically similar to the state owned Cerro Solo deposit also in Chubut, and currently being advanced by CNEA. The Company is currently finalizing the environmental impact assessments and landowner access negotiations so it can commence its exploration programs over the project area.

The host sediments in this part of southern Argentina specifically form part of the San Jorge Basin, primarily consisting of the Cretaceous Chubut Group that is made up of continental sediments and volcanoclastics of the Los Adobes, Cerro Barcino and Puesto Manuel Arce Formations. These sedimentary formations lie sub-horizontally and typically are products of braided stream deposition.

Even though visible uranium mineralization outcrops at the surface in a number of areas within the project, very little surface exploration, and no drilling, has been undertaken outside the zone of mineralization previously identified by CNEA. The Company plans to undertake trenching, geochemistry and geological mapping in its next exploration programs

Cerro Chacon Gold Joint Venture

Avocet, through Piche, signed a Joint Venture Agreement in early 2012 with MH Argentina S.A. on the Cerro Chacon Project, in Chubut Province, Argentina. The Company can earn 60% in the Joint Venture by expending US$500,000 during the first three years. Exploration work completed in early 2013 included ground magnetic and IP surveys, gridding and rock chip and soil sampling.

Piche has the right to earn 60% in the Joint Venture by expending US$500,000 during the first three years. Furthermore, Piche is able to earn 100% of the project within 10 years subject to conditions which include:

- (i) Expending US$500,000 during the first three years;
- (ii) Within the initial 3 year period, a Joint Venture Company between MHA and Piche having been formed;
- (iii) Mining activities having commenced.

If Piche meets the conditions set out above and exercises its options to earn 100% of the project, MHA will be granted a 3% net Smelter Return Royalty over the property. Piche will be able to acquire half of that royalty (1.5%) by payment of US$1.5million.

The Company's joint venture partner, MH Argentina S.A., is the Argentinean branch of Hochschild Mining, a leading underground precious metal producer in the Americas with a primary focus on gold and silver.

The Cerro Chacon Project consists of 13 tenements covering an area of approximately 500 km^2, in an area prospective for low sulphidation epithermal gold-silver mineralization with several very significant anomalies having previously been identified. Epithermal vein systems up to 2 km long have been followed on the surface with rock chip samples returning gold values up to 9.8 g/t Au (gold). A number of target areas have been identified.

The Chacon grid target is regarded as the most prospective prospect in the JV area, where banded quartz veins which are developed as WNW trending dilatant flexures within NW structures, have been recognized to host mercury (Hg), arsenic (As) and gold (Au) anomalies. Black sulphidic material likened to the ginguro ore hosting portions of bonanza chalcedony-ginguro veins was sampled and regarded as most encouraging.

The La Javiela, Cajon de Ginebra, Asuncion and Fernet prospects occur elsewhere on the project area and at times exhibit variable amounts of FeO, spots of framboidal pyrite and localized silica within structures consistent with indications of mineralized polymetallic Au-Ag vein systems at depth.

To date, the Company has completed a photogeological and spectral interpretation over the entire tenement area, ground magnetics (40.5 line km), ground IP (10.5 line km), gridding, 1:2000 mapping, rock chip and soil sampling.

Expenditures incurred on the Avocet properties from the date of acquisition on June 19, 2013 to June 30, 2013 are as follows:

	Olary Creek, South Australia	Ashburton Project, Western Australia	Saltwater Pool JV, South Australia	Argentina Properties	Total
Acquisition costs	$ 480,940	$ 1,800,424	$ 591,530	$ 347,200	$ 3,220,094
Geological consulting	-	2,658	(448)	7,378	9,588
Cumulative foreign currency translation adjustment	(5,428)	(20,331)	(6,674)	(3,946)	(36,379)
	$ 475,512	$ 1,782,751	$ 584,408	$ 350,632	$ 3,193,303

Rob McLeod, 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.

OUTLOOK

Lion One is currently reviewing and compiling recent and historic data from the Tuvatu project. This includes all geological, analytical, geotechnical and geophysical information gathered over multiple decades of work from a variety of Operators at Tuvatu. The Company is evaluating multiple possibilities to advance the project, including: additional surface and underground exploration work on areas of known gold mineralization within and adjacent to the existing resource, economic and engineering studies and testwork, as well as regional exploration for new and satellite zones of gold mineralization on the Property.

Over the next few quarters, the Company will announce future exploration and/or development plans for the Tuvatu project, upon completion of current studies.

The Company is also working with local stakeholders in Fiji to promote strong working relationships and facilitate the execution of its mining license application filed in the period.

On a longer term, the Company is working toward the development of an updated geological and development model in its efforts to determine the viability of advancing the Tuvatu Project toward commercial production.

SELECTED FINANCIAL INFORMATION

Selected Annual Information

	2013	2012	2011
Interest income	$ 182,074	$ 233,956	$ 90,702
Net loss	2,261,398	3,220,692	8,507,486
Net loss per share	0.05	0.07	0.28
Comprehensive loss	2,338,290	2,904,648	7,891,272
Comprehensive loss per share	0.05	0.06	0.26
Working capital	13,089,357	16,334,492	21,251,830
Exploration and evaluation assets	31,686,823	24,861,722	21,667,700
Total assets	46,522,825	42,096,133	43,362,897

In fiscal 2011, the Company executed the RTO of X-Tal by AME. The transaction resulted in a one-time, non-cash listing fee expense of $6,104,347 measured under IFRS reverse takeover transaction accounting which significantly increased the net loss recognized for the year ended June 30, 2011 over operating expenses incurred. The difference between net and comprehensive loss over the periods presented is attributed to the foreign exchange translation on the Company's long-term assets denominated in Fijian and Australian dollars. In fiscal 2013, the Company executed the MIA with Avocet and consolidated Avocet's existing exploration and evaluation assets which increased total assets of the continuing entity.

Results of Operations for the year ended June 30, 2013 compared to 2012

The comprehensive loss for the period decreased by $566,358 to $2,338,290 (2012 – $2,904,648). This decrease in comprehensive loss is explained as follows:

- Consulting fees decreased by $45,939 to $188,861 (2012 - $234,800) due to a reduction in recurring consultants.
- Investor relations expenses decreased by $175,302 to $364,872 (2012 - $540,174) as the Company attended fewer industry events in the current year and is working to manage expenditures in this area due to general market conditions.
- Office and miscellaneous expenses decreased by $57,138 to $342,329 (2012 - $399,467) due to non-recurring costs on establishment of office resources in 2012.
- Professional fees increased by $126,060 to $368,258 (2012 - $242,198) as the Company has incurred substantial legal fees in the current period in relation to the MIA with Avocet and concurrent ASX listing. In the prior year, the Company reduced its accounting staff thereby reducing ongoing accounting fees.
- Shareholder communications and filings increased by $56,177 to $213,452 (2012 - $157,275) which reflects the incremental costs incurred to initiate the ASX listing and registration of CDI's pursuant to the execution of the MIA.
- Share-based payments expense decreased by $824,420 to $403,622 (2012 - $1,228,042) which is consistent with the graded vesting of equity instruments required by accounting standards which recognizes less share-based payments expense over time as instruments vest. The majority of the equity instruments generating share-based payments expense were granted prior to and in conjunction with the RTO transaction executed in fiscal 2011. Further, cancellation of some stock options reduced the overall expense.
- Travel expenses decreased by $88,486 to $52,797 (2012 - $141,283) as staff members made fewer trips to Fiji in the current year as operations in Fiji have been established with permanent staff.
- During the year ended June 30, 2013, the Company recognized a foreign exchange loss of $76,892 on its net assets denominated in Fijian and Australian dollars. The Fijian dollar strengthened slightly against the Canadian dollar since June 30, 2012. This was offset by a weakening of the Australian dollar between the date of acquisition of Avocet and the year end. A gain of $316,044 was recognized in the comparative period indicating an overall strengthening of the Fijian dollar for fiscal 2012.

Results of Operations for the three month period ended June 30, 2013 compared to 2012 (Fourth Quarter)

The comprehensive loss for the three month period increased by $448,078 to $1,235,857 (2012 – $787,779). This increase in comprehensive loss is explained as follows:

- Investor relations expenses decreased by $38,559 to $83,271 (2012 - $121,830) as the Company attended fewer industry events in the current period due to general market conditions.
- Professional fees increased by $81,265 to $140,523 (2012 - $59,258) as the Company has incurred substantial legal fees in the current period in relation to the MIA with Avocet and concurrent ASX listing application.
- Shareholder communications and filings increased by $67,532 to $93,520 (2012 - $25,988) which reflects the incremental costs incurred to initiate the ASX listing and registration of CDI's pursuant to the execution of the MIA.
- Share-based payments expense decreased by $153,507 to $86,603 (2012 - $240,110) which is consistent with the graded vesting of equity instruments required by accounting standards which recognizes less share-based payments expense over time as instruments vest. Further, cancellation of some stock options reduced the overall expense.

- During the three month period ended June 30, 2013, the Company recognized a foreign exchange loss of $566,101 on its net assets denominated in Fijian and Australian dollars reflecting a weakening of both the Fijian and Australian dollars against the Canadian dollar since March 31, 2013 and the acquisition of Avocet on June 19, 2013 respectively. A loss of $38,314 was recognized in the comparative period resulting in a significant swing in comprehensive loss when comparing periods.

Cash flows for the year ended June 30, 2013 compared to 2012

Cash has decreased by $2,395,731 to $13,576,266 from a balance of $15,971,997 as at June 30, 2012.

Cash outflows from operating activities increased by $53,791 to $1,925,186 (2012 – $1,871,395). This is consistent with the overall reduction in net loss for the year ended June 30, 2013 relative to 2012 and a higher accumulated accounts payable balance as at June 30, 2013.

Cash outflows from investing activities of $538,688 (2012 - $3,399,408) were offset in the current year by the cash balances consolidated upon the acquisition of Avocet of $2,599,396. In the current year, the Company realized greater efficiencies on its drilling programs and was able to gain increased meterage. Therefore, expenditures of $2,973,995 in the Tuvatu Gold Project increased over the previous year expenditures of $2,796,297. In the prior year, the Company made additional investments in property and equipment predominantly consisting of vehicles, and the acquisition of the Nadi office building and work site structures.

Cash inflows from financing activities for both years related to the issuance of common shares pursuant to the exercise of options and agents' warrants. In the year ended June 30, 2013, the Company received $100,000 for options exercised. In the year ended June 30, 2012, the Company had received net proceeds of $363,478 for the exercise of options and agent's warrants.

Summary of Quarterly results

	June 30, 2013	March 31, 2013	December 31, 2012	September 30, 2012
Total assets	$ 46,522,825	$ 41,558,607	$ 41,920,146	$ 41,795,574
Exploration and evaluation assets	31,686,823	27,534,071	26,797,214	25,621,707
Working capital	13,089,357	12,978,442	14,123,850	15,258,399
Interest income	39,973	42,329	47,255	52,517
Net loss for the period	(669,764)	(540,849)	(680,380)	(370,405)
Comprehensive loss for the period	(1,235,609)	(648,486)	(175,609)	(278,586)
Basic and diluted loss per share	(0.02)	(0.01)	(0.01)	(0.01)

	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011
Total assets	$ 42,096,133	$ 42,562,588	$ 42,827,627	$ 43,455,119
Exploration and evaluation assets	24,861,722	24,336,162	23,535,225	22,912,593
Working capital	16,334,492	17,369,117	18,624,689	20,067,009
Interest income	52,656	55,721	61,529	64,050
Net loss for the period	(695,580)	(640,258)	(806,106)	(1,078,748)
Comprehensive loss for the period	(245,456)	(423,728)	(1,156,716)	(1,078,748)
Basic and diluted loss per share	(0.01)	(0.01)	(0.02)	(0.02)

The focus of the Company over the periods presented has consistently been the exploration and development of its Fijian exploration and evaluation assets. The differential between net and comprehensive loss in each period reflects the translation adjustment of the assets and liabilities of the Company's subsidiary, Lion One Limited, which is maintained in Fijian dollars. On June 19, 2013, the Company acquired Avocet which resulted in an increase in the exploration and evaluation assets and will expose the comprehensive loss of the Company to fluctuations in the Australian dollar.

Financial Position

Receivables decreased by $174,964 to $283,864 (June 30, 2012 - $458,828) following the receipt of a Value-Added Tax refund from the Government of Fiji and HST refunds from the Government of Canada.

Accounts payable and accrued liabilities increased by $659,701 to $803,383 (June 30, 2012 - $143,682) due to the increased rate of drilling meters gained and associated assay work toward the end of the period ended June 30, 2013. Further, the acquisition of Avocet resulted in the consolidation of existing Avocet payables.

Shareholders' equity increased by $3,733,243 to $45,685,694 (June 30, 2012 - $41,952,451) which reflects the comprehensive loss recognized for the year and valuation of shares issued pursuant to the execution of the MIA with Avocet.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2013, the Company had working capital of $13,089,357, including cash of $13,576,266 as compared to working capital of $16,334,492, including cash of $15,971,997 at June 30, 2012.

While the Company believes it has adequate financing to execute its plans for the coming year, the Company's continued development is contingent upon its ability to raise sufficient financing in the long-term. 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.

The Company does not have any contractual or purchase obligations requiring future payment.

OUTSTANDING SHARE DATA

At the date of this report the Company has 60,175,608 issued and outstanding common shares, and 3,363,667 outstanding stock options.

OFF STATEMENT OF FINANCIAL POSITION ARRANGEMENTS

At June 30, 2013, 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

The Company does not have any proposed transactions in process.

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), Avocet Resources Limited (Australia) and Piche Resources Pty Ltd (Australia).

Key management personnel is comprised of Walter Berukoff, Chief Executive Officer, George Young, President, Hamish Greig, Vice-President, Stephen Mann, Director, Samantha Shorter, Chief Financial Officer, Stephanie Martel, VP Administration and Directors of the Company. The remuneration of the key management personnel is as follows:

		2013		2012
Payments to key management personnel:				
Cash compensation	$	615,611	$	693,667
Share-based payments		310,684		796,523

During the period ended June 30, 2013, the Company paid $180,000 (2012 - $180,000) in rent to Cabrera Capital Corp. ("Cabrera"), a company controlled by a director of the Company.

As at June 30, 2013, the amount of $45,338 (June 30, 2012 - $11,714) is due to related parties for expense reimbursements and fees. All balances are unsecured, non-interest bearing, have no fixed repayment terms, and are due on demand.

CRITICAL ACCOUNTING ESTIMATES

The Company's accounting policies are described in note 2 and 3 of its audited consolidated financial statements for the year ended June 30, 2013. 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 consolidated financial statements.

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 resources 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 accompanying AIF which discuss 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

The value of shares issued for non-cash transactions is measured by the fair value of the services or goods received unless the market value of the shares issued on the date of issuance is a more reliable estimate. In the year ended June 30, 2013, the Company made a significant estimate with respect to the valuation of the shares issued for Avocet. The valuation is discussed in Note 4 of the consolidated financial statements for the year ended June 30, 2013.

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.

CHANGES IN ACCOUNTING POLICIES

The Company did not adopt any new accounting policies in the year ended June 30, 2013.

New standards not yet adopted

The following new standards, amendments to standards and interpretations have been issued but are not effective during the period ended June 30, 2013:

- IFRS 9 — New financial instruments standard that replaces IAS 39 for classification and measurement of financial assets[(iii)]
- IFRS 11 — New standard to account for the rights and obligations in accordance with a joint agreement[(i)]
- IFRS 12 — New standard for the disclosure of interests in other entities not within the scope of IFRS 9/IAS 39[(i)]
- IFRS 13 — New standard on the measurement and disclosure of fair value[(i)]
- IAS 28 (Amendment) — New standard issued that supersedes IAS 28 (2003) to prescribe the accounting for investments in associates and joint ventures[(i)]
- IAS 32 (Amendment) — New standard that clarifies requirements for offsetting financial assets and financial liabilities. [(ii)]

(i) Effective for annual periods beginning on or after January 1, 2013
(ii) Effective for annual periods beginning on or after January 1, 2014
(iii) Effective for annual periods beginning on or after January 1, 2015

The Company anticipates that the application of these standards, amendments and interpretations will not have a material impact on the results and financial position of the Company.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Financial instruments of the Company comprise 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 and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. The Company does not currently maintain cash deposits in Argentina.

Receivables mainly consist of government sales 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

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2013, the Company had a working capital of $13,089,357.

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. 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 development and exploration work occurs in Fiji, Australia and Argentina and is conducted in Canadian dollars, Australian dollars, Fijian dollars and, to a lesser degree, Argentinean pesos. As such, the Company is exposed to foreign currency risk in fluctuations among these currencies. Fluctuations in the exchange rate among the Canadian dollar, Australian dollar and Fijian dollar may have a material adverse effect on the Company's business and financial condition.

As at June 30, 2013, the Company's net foreign denominated financial assets are as follows:

		Foreign currency		Canadian dollar equivalent
Australian Dollar	$	2,264,887	$	2,182,445
Fijian Dollar		155,175		86,914

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

Increase / decrease in foreign exchange rate		2013		2012
+ 5%	$	113,468	$	8,524
- 5%		(113,468)		(8,524)

c) Price risk

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

RISK FACTORS

Prior to making an investment decision investors should consider the investment risks set out in the Annual Information Form ("AIF"), located on SEDAR at www.sedar.com, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of the Company consider the risks set out in the AIF to be the most significant to potential investors in the Company, but are not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Directors are currently unaware, or which they consider not to be material in relation to the Company's business, actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline and investors may lose all or part of their investment.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that material information is gathered and reported to senior management to permit timely decisions regarding public disclosure. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles.

Venture issuers are not required to provide representations in their annual and interim filings relating to the establishment and maintenance of DC&P and ICFR, as defined in National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"). In particular, the CEO and CFO do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The Company ceased to be a venture issuer on June 7, 2013 as a result of the listing of its CDIs on the ASX. The Company is currently in the process of developing and implementing NI 52-109 compliance DC&P and ICFR, which will be incorporated prior to the end of the Company's first full quarter as a non-venture issuer, or September 30, 2013.

As the Company is no longer a venture issuer as defined by NI 51-102 *Continuous Disclosure Obligations*, the Company is required to have a fully independent audit committee. The Audit Committee is comprised of Mr. Richard Meli, Mr. David Duval and Mr. George Young. Two members are independent in accordance with 52-110 *Audit Committees*. The Board is reviewing the composition of the Audit Committee and plans to re-constitute the Audit Committee following the Company's next annual general meeting in compliance with NI 52-110.

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

ADDITIONAL INFORMATION

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