



## **LION ONE METALS LIMITED**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE PERIOD ENDED SEPTEMBER 30, 2018**

306 - 267 West Esplanade  
North Vancouver, BC  
V7M 1A5  
Canada  
Tel: 604-998-1250  
Email: [info@liononemetals.com](mailto:info@liononemetals.com)

Level 1, 31-33 Cliff Street  
Fremantle, WA  
6160  
Australia  
Tel: (08) 9432 3200

*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 ended September 30, 2018. The discussion below should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the period ended September 30, 2018 and the audited consolidated financial statements for the year ended June 30, 2018. 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 November 14, 2018.*

*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.*

*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).*

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## **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.

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 "the ASX" under the symbol "LLO".

The Company's head office and principal address is 306 - 267 West Esplanade, North Vancouver, BC, V7M 1A5. The address of the registered and records office is Suite 1700 – 1055 West Hastings Street, Vancouver, BC, V6E 2E9.

The Company's primary asset is the 100% held Tuvatu Gold Project ("Tuvatu"), located on the island of Viti Levu in the Republic of Fiji. The Company operates in Fiji under its wholly-owned subsidiary Lion One Limited (Fiji).

The Tuvatu Gold Project is 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, low sulphidation, epithermal gold deposit situated upon the Viti Levu lineament, Fiji's own corridor of high grade gold deposits. Tuvatu is situated upon 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 inside of one of Fiji's largest and underexplored volcanic goldfields.

Tuvatu was advanced by previous owners through underground exploration and development 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.

In January 2016, the Hon. Prime Minister of Fiji, Mr. V. Bainimarama, formally presented the previously granted Tuvatu Mining Lease to Lion One in a ceremony at Tuvatu, concluding the permitting process for the development of an underground gold mine and processing plant at Tuvatu, demonstrating strong government support for Fiji's 85 year-old gold mining industry.

The Company 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 ounces of gold 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 an 18-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. 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.

## COMPANY HIGHLIGHTS

During the period ended September 30, 2018, the Company continued the exploration, de-risking, and development of the Tuvatu Gold Project in Fiji, making significant progress in bulk earthworks and plant site construction at Tuvatu. Exploration completed during the period on the SW Prospects inside the Mining Lease advanced the Company's understanding of the system of new vein structures discovered up to 1.5 km from the principal lodes of the Tuvatu resource. At the Tuvatu head office compound 1 km from the Nadi International Airport, the Company advanced the construction of the new Tuvatu Assay Laboratory building, with commissioning expected in early 2019. Two rock crushing units installed prior to the beginning of the period remain operational in production of engineered fill for roadwork, retaining walls and site platforms.

### **Surface Development**

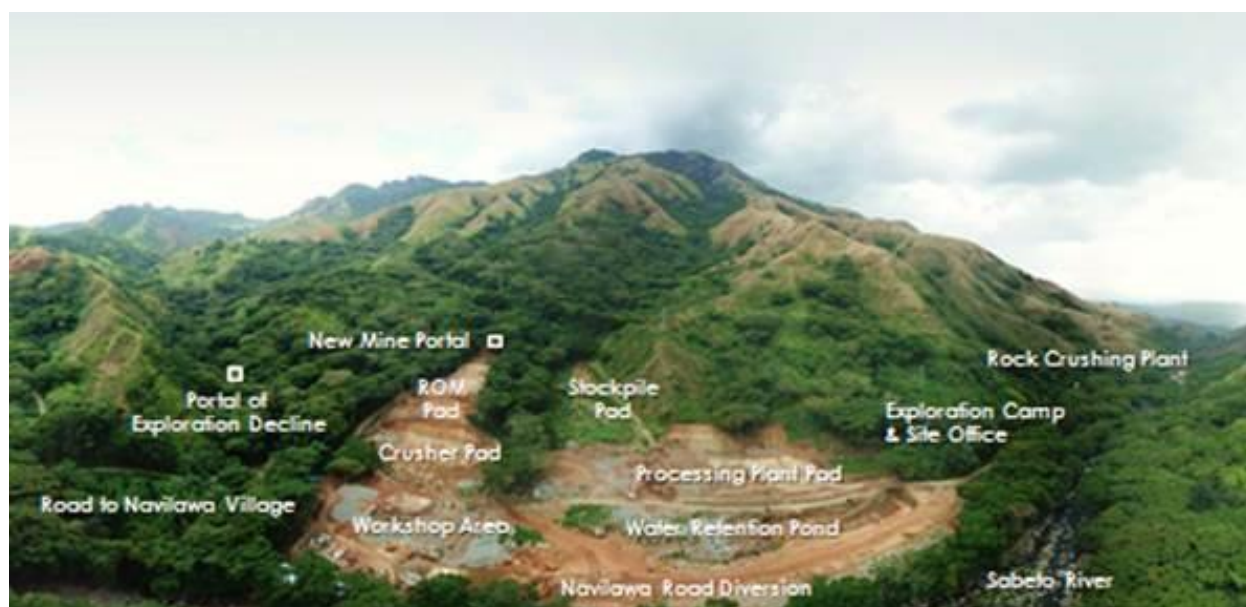
In November 2017, the Company mobilized a local Fijian contractor for the initiation of bulk earthworks at the Tuvatu plant site. The bulk earthworks project consists of engineering five levels of terrain for the surface infrastructure including the processing plant, power plant foundations, workshop, buildings, and equipment. Additional work includes the construction of three anchored retaining walls, a storm water detention pond, and a 400m diversion of the principal valley road. During the period ended September 30, 2018, the Company made significant progress with bulk earthworks and also progressed with the installation of two new culvert bridge crossings over tributaries of the Sabeto River.

At the end of December 2018, the Company expects to demobilize its bulk earthworks contractor as a result of the seasonal onset of Fiji's wet season, but should be able to recommence bulk earthworks construction in parallel with construction of plant site foundations at the conclusion of the wet season in early-to-mid-2019. Construction of the Assay Laboratory that commenced in March 2018 continued during the period, with completion scheduled for December 2018, and commissioning in early 2019. The local assay laboratory will expedite turnaround times for both exploration and grade control assays.

Status of Excavation and Construction Work Programs:

- Stockpile platforms no. 1 & no. 2: both underway
- Main portal area: work started
- Storm water retention pond: on schedule for completion in November 2018
- Boulder blasting on Plant Site: ongoing
- Crushing plant platform: bulk earthworks completed; installation of #1 retaining wall underway
- Valley road reroute: completion scheduled for early December 2018
- Culvert Bridge #1: completion scheduled for late-November 2018
- Culvert Bridge #2: completion scheduled for early December 2018
- Assay Laboratory: completion scheduled for December 2018

### *Tuvatu Plant Site Photo*



### ***Mine Planning and Tailings Storage Facility***

During the period ended September 30, 2018, the Company hired and mobilized two experienced mining engineers at Tuvatu, and continued to optimize the underground mine plan to incorporate mineralization extending north of the Core Shed Fault, and the NW-SE striking HT corridor. The Company continues to evaluate bids from specialized underground mining contractors with the intention of commencing mining by mid-2019. The Company's strategy is to initiate preproduction mining and build a significant run of mine stockpile, to ensure there is sufficient mill feed for the processing plant.

The Company plans to use both new and refurbished equipment for underground mining. The mining equipment fleet will include single and twin-boom jumbos, underground loaders, haul trucks, a grader, and personnel carriers. During the current period the Company paid for the refurbishment of the mining equipment that is expected to arrive by ship at the port of Lautoka in early 2019.

Following the completion of additional geotechnical drill holes, test pits, and monitoring bores at the proposed tailings storage facility site, the final tailings design and engineering is now being completed by the Company's consultants.

### ***Engineering***

The Company continues detailed metallurgical test work on primary and regrind size to improve gold recovery. It is understood that recoveries through the process plant will improve slightly with a finer ore grind, and as such additional studies are being undertaken to determine the recoveries and associated economics of reducing the grind from 75 microns as currently planned, to finer grinds of 60 microns or less.

On June 4, 2018, the Company announced that it entered into an indicative term sheet with Sinosteel Equipment & Engineering Co., Ltd. and Baiyin International Investment Ltd.. The term sheet incorporates an Engineering, Procurement, and Construction ("EPC") bid and gold doré off-take financing facility totaling US\$40 million (the "Facility") for mine development and construction of the processing plant and associated infrastructure at the fully permitted Tuvatu Gold Project. The closing of the Facility is subject to board approvals and final documentation.

### ***Dewatering and Decline***

The Company previously completed dewatering of the existing exploration decline. The dewatering pumps were previously installed to maintain the water level at decline bottom. Ground water entry into the decline did increase as expected during the last wet season, but no significant increase in the water level has occurred. Minor ground support work and refurbishment is ongoing throughout the underground development area.

The decline was completed in the year 2000 by Emperor Gold Mines, comprising 1,430 meters of underground development including drives, cross cuts and raises. In conjunction with the dewatering, ventilation fans and lighting have been installed and are running as required.

During dewatering, two slippages were encountered in the whole area, one at the Core Shed Fault, 140m inside the decline which was cleared and reinforced to ensure permanent and safe access past that area, and the second at the 560m level which was also removed. Safe access into all parts of the exploration decline is available for future drilling and development programs. The rehabilitation of this area has been reviewed and approved by Mine Inspectors from Fiji's Mineral Resource Department.

### ***Diamond Drilling***

The Company completed a detailed diamond drilling program amounting to 13,946.5 meters in 2017, but has not completed more exploration or resource definition drilling since that time. The Company's 2016-2017 drill program successfully extended the existing zones of mineralization and increased confidence in the resource ahead of mine development at Tuvatu. The Tuvatu resource as reported in 2014 consists of 39 mineralised lodes, of which about half are included in the current mineable resource. The lodes strike in a number of different directions and many remain open along strike and also at depth. Consequently, there are numerous targets within and adjacent to the Tuvatu resource itself as well as regional targets which could be drilled using a surface rig.

Details of this drilling program have been documented in previous MD&A's and new releases. Geotechnical diamond drilling about the process plant and new mining portal has been undertaken and test work is in progress. Several narrow mineralised structures were identified within this drilling and samples have been submitted for analysis.

### Exploration - 2018 Surface Program

The 2018 surface program is being carried out within the permitted area of the Tuvatu Mining Lease (SML 62) and on adjacent tenements (SPL1283, SPL1296 and SPL1465) and consists of two phases of work. The initial phase includes excavator benching with detailed mapping and sampling, with plans to follow up anomalies identified from this work with a drilling program.

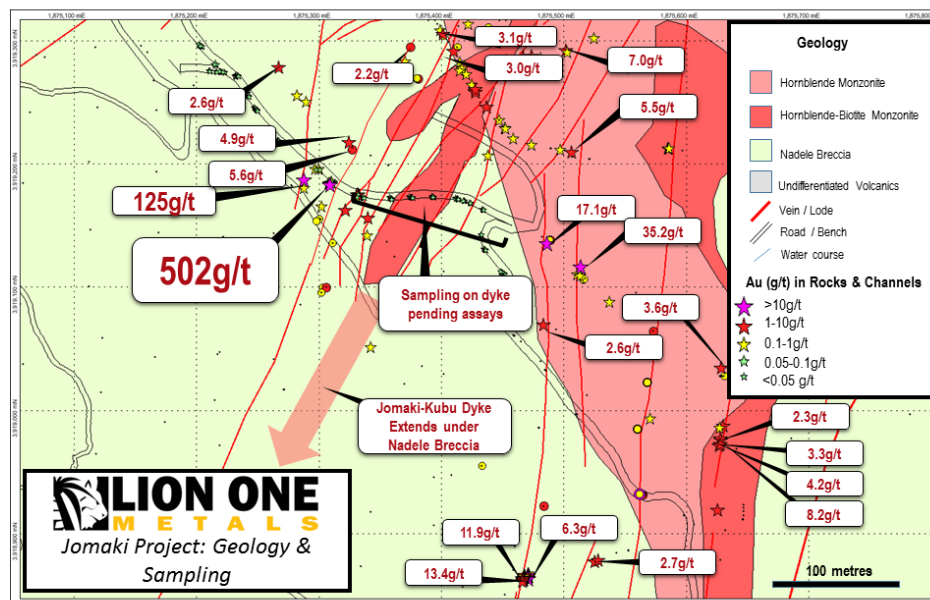
The first part of the exploration program is focused primarily on delineating southern extensions of the mineralized zone identified at the Tuvatu gold deposit, as well as complementary zones located approximately one kilometre southwest of the planned mill site at Tuvatu. Three priority prospects have been recognized in the area to date, including Ura Creek, Jomaki, and Kubu.

On February 28, 2018, the Company announced the return of a high grade gold result of 502 g/t gold over 0.70 metres from a surface sample taken from trenching from the Jomaki prospect. Following this discovery of a new mineralised lode from benching (see news release dated March 5, 2018), Lion One's Fiji exploration team has mapped more than 20 previously undefined mineralized structures at the Jomaki-Ura Creek prospect areas and identified potential geological extensions on the main mineralized zones inside the Tuvatu Mining Lease (SML 62) including the following highlights:

- Jomaki-Ura Creek prospect: more than 20 mineralized veins covering a 1,000m x 900m area;
- Ura Creek: mapping of extensions of at least 3 veins in the Ura vein system including continuations NE towards the principal gold bearing veins of the Tuvatu system giving a target strike length of 2.2 km;
- Jomaki: 18 mineralized structures hosted in 2 parallel zones (Jomaki East & Jomaki West) including the previously announced high-grade select sample of 502g/t Au over 0.70 m.
- Tuvatu South: anomalies from multi-element data point to possible 1km extension of main mineralized zone of Tuvatu; to be evaluated as underground drilling targets.

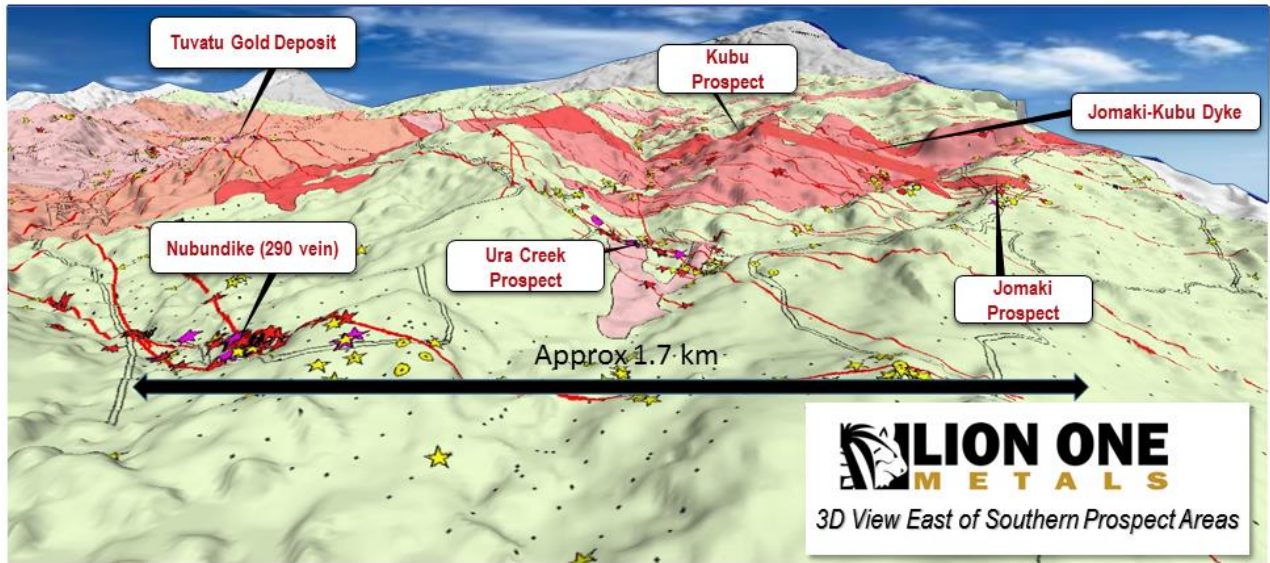
The Company has identified more than 20 mineralized veins at surface in the Jomaki-Ura Creek area where strong multi-element anomalism suggest potential scale and signature comparable and possibly larger than the main resource area at Tuvatu. The high grade assay result was returned from bench sampling, and extends the Jomaki prospect, located 1,300 metres south-west of the main mineralized zone at Tuvatu, and 1 km south-west of the planned mill site. The Jomaki prospect consists of a zone of closely spaced veins that have been mapped over a strike length of 400 metres and which remain open to the north and south. This new sample was taken 21 metres east of a previously collected 125 g/t gold result. Both high-grade samples are from steep east dipping veins within the Nadele Breccia (an extrusive volcanic breccia) and near to the contact with the Navilawa Monzonite.

### Geology and surface sampling at the Jomaki Prospect (samples > 2g/t labelled)





*3D view east of the southern prospects*

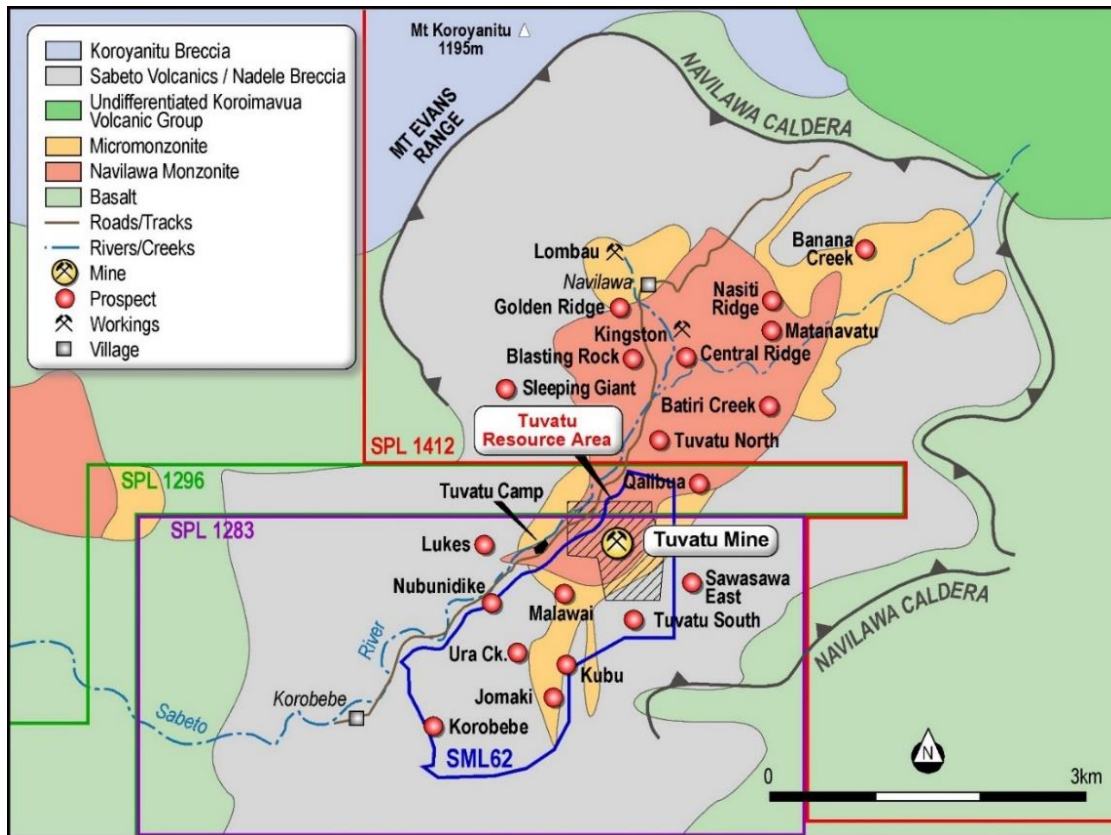


Mineralized veins, fractures, and faults have been mapped at both the Ura Creek and Jomaki prospects over strike lengths of 400m. The Kubu prospect features a 50m wide zone of closely spaced veins associated with a monzonite dyke and mapped over a strike length of 200 metres. A benching, mapping, and sampling program has begun to determine if the Jomaki and Kubu prospects are part of the same structural corridor, which if combined, could represent a 600 metre wide zone with a potential strike length of at least one kilometre. The Company also plans to test the 50 metre wide zone at Kubu along the 600 metre strike, for its potential to augment the Tuvatu mine plan with a source of near surface tonnage inside the Company's Tuvatu Mining Lease.

*Wide exposure of the UR8 vein discovered 300m south of the Tuvatu resource*



*The Tuvatu Project Area Schematic Project Map*



**Navilawa Tenement Tender**

The Company was notified in November 2017 by Fiji's Ministry of Lands and Natural Resources of its successful bid to acquire the Navilawa exploration tenement directly adjoining the northern boundaries of Lion One's Special Prospecting License and Mining Lease areas covering the Tuvatu gold project.

The Navilawa prospect area directly adjoins the northern boundary of Lion One's tenements at Tuvatu, which if combined, would consolidate ownership of the entire Navilawa mineral complex under an exploration license package with Tuvatu's 384.5 hectare Mining Lease (SML 62) and mining and processing operation, currently under development, at its center.

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, six of the 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.



## 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 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 Navilawa goldfield, one of Fiji's major volcanic intrusive complexes. 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.

For the 2016-2017 drill program, the Company completed 125 diamond drill holes at Tuvatu for a total advance of 13,946.5 meters. This includes surface diamond drill holes (67 holes for 11,195.8 meters), underground diamond drill holes (16 holes for 1684.2 meters) and geotechnical diamond drill holes (42 holes for 1,066.5 meters). Although no further drilling was undertaken during 2018 to date to allow for an evaluation of the combined results, mapping and surface sampling did continue and successfully identified extensions to existing and new zones of mineralization away from the current resource.

High grade, low-sulphidation gold mineralization of the Tuvatu deposit is associated with the emplacement of an alkalic volcanic intrusive complex in the Navilawa Caldera, one of several large mineralized systems aligned along the Viti Levu Lineament, Fiji's epithermal 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 epithermal gold deposits systems such as the Lihir, Porgera, Ok Tedi, and Wafi-Golpu gold deposits in Papua New Guinea.

On July 14, 2015, the Company published a National Instrument ("NI") 43-101 Preliminary Economic Assessment (the "PEA") 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 gold for 299,500 contained ounces, and an inferred mineral resource of 1.5 million tonnes grading 9.70 g/t gold for 468,000 contained ounces at a cut-off grade of 3.0 g/t Au.

The resource is summarized as follows:

#### Tuvatu Resource Summary

Cutoff g/t	Indicated		
	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 g/t	Inferred		
	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 Company has been reviewing and enhancing a number of aspects of its 2015 study, with a view to move forward with the project as soon as possible. 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.

Expenditures incurred on the Fiji properties are as follows:

	June 30, 2017	Additions	June 30, 2018	Additions	September 30, 2018
Acquisition costs	\$21,915,063	\$ -	\$ 21,915,063	\$ -	\$ 21,915,063
Camp costs and field supplies	944,219	148,741	1,092,960	45,384	1,138,344
Consulting fees	2,363,423	348,260	2,711,683	137,158	2,848,841
Depreciation	742,169	257,381	999,550	92,129	1,091,679
Dewatering and environmental	1,036,569	524,313	1,560,882	85,283	1,646,165
Drilling	4,118,003	582,761	4,700,764	91,093	4,791,857
Fiji office administration	2,964,695	1,202,204	4,166,899	310,315	4,477,214
Permitting and community consults	758,659	125,303	883,962	11,315	895,277
Site works and road building	742,883	1,016,225	1,759,108	760,761	2,519,869
Salaries and wages	5,604,835	1,080,095	6,684,930	208,017	6,892,947
Sample preparation, assaying	1,328,972	283,700	1,612,672	48,884	1,661,556
Technical reports	1,150,524	246,761	1,397,285	83	1,397,368
Travel	792,839	286,731	1,079,570	75,451	1,155,021
Vehicle and transportation	465,633	172,519	638,152	32,769	670,921
Write-off of exploration assets	(771,648)	-	(771,648)	-	(771,648)
Cumulative foreign currency translation adjustment	<u>265,053</u>	<u>(576,445)</u>	<u>(311,392)</u>	<u>(920,327)</u>	<u>(1,231,719)</u>
	<u>\$44,421,891</u>	<u>\$ 5,698,549</u>	<u>\$ 50,120,440</u>	<u>\$ 978,315</u>	<u>\$ 51,098,755</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. 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 minerals, having previously been drilled for uranium and copper, and subsequently for iron ore. The project contains several iron rich siltstone units of the Braemar Iron Formation, which are highly prospective for bulk magnetite deposits.

On February 8, 2018, Lion One Australia and Yukuang Australia (WA) Resources Pty Ltd. ("Yukuang") Exploration Licence (EL 5928) was extended for a period of two years ending on February 7, 2020. The original exploration joint venture on the Olary Creek Project was formed in 2010 between Lion One Australia and HJH Nominees ("HJH"). In 2011, HJH signed a farm-in agreement with Yukuang, the Australian subsidiary of Henan Yukuang, a state-owned mineral exploration and mining company based in Henan Province, Peoples Republic of China, whereby Yukuang could earn a combined 75% interest in the iron and manganese rights. In April 2012, the HJH/Yukuang partnership reached the \$5,000,000 expenditure requirement with Lion One Australia retaining a 25% free carried interest. In July 2013, Lion One Australia exercised its preemptive right over the 22% interest held by HJH and negotiated new Farm-in, Joint Venture, and Split Commodity Agreements with Yukuang covering the iron and manganese rights. Lion One Australia now holds a 51% interest in the tenement and has retained 100% rights for all other commodities. Lion One currently retains a 47% interest in the iron ore and manganese rights on the Olary Creek Joint Venture.

The Company's 47% joint venture interest comprises a 25% interest free carried through the completion of a bankable feasibility study and the decision to mine, and a 22% participating interest. The Company holds an option to convert its 25% free carried interest, within 90 days of the decision to mine, to a 2% free on board ("FOB") royalty, or to a 1% FOB royalty with a \$0.50 per tonne production royalty. The 22% participating interest is an optional contributing interest.

In excess of 16,000 meters of diamond and reverse circulation drilling have 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 at depth. The prospective Braemar Iron Formation remains open at depth and open along strike within the tenement area. On March 6, 2014, the Company published an initial NI 43-101 Mineral Resource Estimate for the Olary Iron Ore Project, in South Australia. The technical report "Olary Iron Project Mineral Resource Estimate, South Australia" was commissioned by joint venture partner Yukuang and completed by SRK Consulting Australasia Pty Ltd.

Highlights of the estimate include:

Olary Iron Project Resource Estimate Summary									
Category	Tonnage	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	LOI%	S%	P%	DTR%	Density
Indicated	214,000,000	26.3	40.8	6.9	3.9	0.029	0.24	26.4	3.12
Inferred	296,000,000	26.4	41.3	6.9	3.7	0.027	0.25	27.3	3.10

Table 1: Summary of Olary Iron Project Resource Estimate using cutoff grade of 20% Fe

Category	Concentrate Tonnage	DTR Concentrate Grades					
		Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	LOI%	S%	P%
Indicated	57,000,000	69.6	2.9	0.3	-3.1	0.008	0.01
Inferred	81,000,000	69.8	2.6	0.2	-3.1	0.009	0.008

Table 2: Davis Tube Recovery (DTR) test results and Fe content for the magnetic concentrate for composite RC and Diamond drillhole samples at grind size of 38 microns and 10% DTR cut-off grade

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

#### Qualified Persons

*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 exploration technical content of this Management's Discussion and Analysis.*

*Mr. Ian I Chang, M.A.Sc, P.Eng., who is an officer of the Company, is a Qualified Person under the meaning of Canadian National Instrument 43-101, is responsible for the development and engineering content of this Management's Discussion and Analysis.*

#### OUTLOOK

The Company is focused on the advancement of its primary asset, the 100% owned and fully permitted Tuvatu Gold Project in Fiji. Lion One has received all of the mandatory regulatory approvals, including a 10-year renewable mining lease and 21-year surface lease, for the complete development of mining and processing operations at Tuvatu.

The Company carried out an extensive diamond drilling program in 2017 targeting ore lodes to be developed in the first two or three years of mining. Infill and extensional holes were drilled on lodes adjacent to the existing portal, and which can easily be accessed from that portal. Regional exploration is ongoing through geological mapping, trenching and sampling, targeting prospects close to the Tuvatu infrastructure containing high grade gold assays from rock chip and trench samples. Work will also focus on the further clearing and earthworks of the proposed processing plant area and the tailings storage facility area in preparation for proposed construction activities.

The second phase of proposed underground work includes the development of a new western portal and 500 meter decline to be driven into the central mineralized zone of the Tuvatu resource. These development activities will be undertaken in conjunction with surface and underground drilling focused on Tuvatu and discussed above. Further near surface targets within the mining lease area will be explored with the potential to add low-cost ounces to the resource base.

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.

The Company further cautions that the July 2015 NI 43-101 Tuvatu PEA Technical Report is preliminary in nature. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that the Tuvatu PEA will be realized.

## SELECTED FINANCIAL INFORMATION

### Summary of Quarterly Results

	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Total assets	\$ 72,479,821	\$ 73,996,626	\$ 74,595,870	\$ 73,985,216
Exploration and evaluation assets	51,608,792	50,649,007	49,361,410	46,791,113
Working capital	17,107,869	19,449,489	21,644,064	23,788,426
Interest income	98,608	103,989	96,761	93,551
Net loss for the period	(572,899)	(428,738)	(727,699)	(514,347)
Comprehensive loss for the period	(1,593,947)	(745,741)	298,478	(723,486)
Basic and diluted loss per share	(0.01)	(0.00)	(0.01)	(0.01)

	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Total assets	\$ 74,512,513	\$ 76,227,959	\$ 76,926,985	\$ 76,428,976
Exploration and evaluation assets	45,600,897	44,959,283	42,408,514	40,446,880
Working capital (deficit)	25,580,311	27,760,109	31,170,889	33,019,877
Interest income	86,438	80,801	83,396	88,729
Net loss for the period	(578,733)	(611,596)	(516,263)	(560,707)
Comprehensive (loss) income for the period	(1,781,294)	(1,067,552)	72,799	(1,067,932)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)

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 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 three months ended September 30, 2018 compared to 2017

The comprehensive loss for the three-month period ended September 30, 2018 was \$1,593,947 (2017 - loss of \$1,781,294). Significant changes to the comprehensive income are explained as follows:

- Investor relations expenses have increased by \$68,163 to \$110,844 (2017 - \$42,681) as the Company has taken steps to strengthen market awareness including engaging investor relations companies.
- Professional fees increased by \$75,705 to \$124,159 (2017 - \$48,454) due to increase in legal fees and consulting fees arising from higher level of corporate development activities.
- During the three-month period ended September 30, 2018, the Company recognized a foreign exchange translation adjustment loss of \$1,021,048 on its net assets denominated in Fijian and Australian dollars reflecting a weakening of the Fijian dollar and Australian dollar against the Canadian dollar since June 30, 2018. A loss of \$1,202,561 was recognized in the comparative period.

**Cash flows for the period ended September 30, 2018 compared to 2017**

Cash has decreased by \$3,623,664 to \$15,950,863 at September 30, 2018 from a balance of \$19,574,527 as at June 30, 2018.

Cash outflows from operating activities increased by \$1,231,635 to \$1,671,078 (2017 - \$439,443). This is primarily due to an increase in prepaid expenses pertaining to mining equipment and mining consultants.

Cash outflows from investing activities increased slightly to \$1,857,393 (2017 - \$1,830,132) as the Company's Tuvatu Gold Property development continues.

Cash inflows from financing activities decreased to \$Nil (2017 - \$21,000) as prior year includes cash proceeds on the exercise of stock options.

**Financial Position**

Receivables increased by \$128,391 to \$297,727 (June 30, 2018 - \$169,336) due to a higher receivable of input credits under the Value-Added Tax ("VAT") program with the Government of Fiji. The Company remits its VAT return annually and anticipates recovering the VAT credits. Current liabilities decreased by \$69,105 to \$326,666 (June 30, 2018 - \$374,442) due to repayment of accumulated amounts payable, including amounts due to related parties, out of equity financing proceeds received in the prior year.

Shareholders' equity decreased by \$1,468,300 to \$72,114,283 (June 30, 2017 - \$73,582,583) which reflects the comprehensive loss recognized for the period offset by share-based payments.

**LIQUIDITY AND CAPITAL RESOURCES**

At September 30, 2018, the Company had a working capital of \$17,107,869 including cash of \$15,950,863 as compared to working capital of \$19,449,489 including cash of \$19,574,527 as at June 30, 2018. The Company believes it has adequate financing for the next twelve months due to net cash proceeds of \$36,195,917 raised under the private placement completed during the year ended June 30, 2017.

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 102,522,044 issued and outstanding common shares, Nil warrants and 5,350,000 outstanding stock options.

**OFF STATEMENT OF FINANCIAL POSITION ARRANGEMENTS**

At September 30, 2018, 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 is comprised of Walter Berukoff, Chief Executive Officer, Hamish Greig, Vice-President, Stephen Mann, Managing Director, Ian Chang, Chief Development Officer, Tony Young, Chief Financial Officer, and Directors of the Company. The remuneration of the key management personnel is as follows:

	2018	2017
Payments to key management personnel:		
Cash compensation	\$ 241,541	\$ 231,146
Share-based payments	89,252	156,328

During the period ended September 30, 2018, the Company paid \$45,000 (2017 - \$45,000) in rent to Cabrera Capital Corp. ("Cabrera"), a company controlled by a director of the Company. As at September 30, 2018, the Company had a payable of \$47,313 due (June 30, 2018 - \$18,612) to Cabrera.

During the period ended September 30, 2018, the Company paid professional services fees of \$8,600 (2017 - \$8,901) to a management services company owned by a director of the Company's subsidiary.

During the period ended September 30, 2018, the Company paid directors' fees of \$5,750 (2017 - \$5,750) to non-executive board members.

As at September 30, 2018, the Company has a payable of \$16,782 (June 30, 2018 - \$6,100) 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.

## 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, 2018. 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 September 30, 2018.

### *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, 2018 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*

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**

### *IFRS 9 Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments ("IFRS 9") which will replace IAS 39, Financial Instruments ("IAS 39"). This standard is effective for annual periods beginning on or after January 1, 2018. IFRS 9 provides a revised model for recognition and measurement of financial instruments with two classification categories: amortized cost and fair value. As well, under the new standard a single impairment method is required, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes a substantially reformed approach to hedge accounting that aligns accounting more closely with risk management. The Company has assessed IFRS 9's impact and concluded that its adoption will have no material impact on its financial statements other than increased disclosure.

## **New standards not yet adopted**

### *IFRS 16 Leases*

In January 2016, the IASB issued IFRS 16, Leases ("IFRS 16"). This standard is effective for annual periods beginning on or after January 1, 2019, and permits early adoption provided that IFRS 15 is also adopted. 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" asset and liability calculated using a prescribed methodology. The Company is assessing IFRS 16's impact on its financial statements and has not yet determined the impact.

## **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

Financial instruments of the Company comprise cash, 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 and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

Receivables mainly consist of Goods and Services Tax ("GST") receivable from the Government of Canada, GST receivable from the Government of Australia, and value added tax receivable from the Government of Fiji. The Company 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 September 30, 2018, the Company had working capital of \$17,107,869 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. 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. 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.

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 September 30, 2018. 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 <sup>(1)</sup></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%	
<b>VITI LEVU</b>			
Nagado	SPL 1465	100%	
Navilawa	SPL 1412	100%	
<b>SOUTH AUSTRALIA</b>			
Olary Creek	EL 5928	51% <sup>(2)</sup>	
<b>ARGENTINA</b>			
<b>SIERRA CUADRADA JOINT VENTURE</b>			
Mamuny 1	15888/10	100%	
Mamuny 2	15889/10	100%	
Mamuny 3	15890/10	Under application	
Mamuny 4	15891/10	Under application	

<sup>(1)</sup> Tenured ground held in Fiji is held under Special Prospecting Licenses (SPL's) and a Special Mining License (SML), those held in Australia are held under an Exploration License (EL), and those held in Argentina are held as Manifestations.

<sup>(2)</sup> Under the Olary Creek Farm-In and Joint Venture Agreement ("Olary Creek JV"), the Company maintains a 51% ownership of the tenement. The Company has a 47% interest in the Olary Creek JV which consists of a 25% free carried interest to the decision to mine and a 22% contributing interest. Refer to the unaudited condensed consolidated interim financial statements for the period ended September 30, 2018 for additional information as filed under the Company's profile at [www.sedar.com](http://www.sedar.com).