



**LION ONE METALS LIMITED**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**(Expressed in Canadian Dollars)**

**FOR THE PERIOD ENDED SEPTEMBER 30, 2023**

**LION ONE METALS LIMITED****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian Dollars)

(Unaudited)

|                                                       | <b>September 30<br/>2023</b> | <b>June 30<br/>2023</b> |
|-------------------------------------------------------|------------------------------|-------------------------|
| <b>ASSETS</b>                                         |                              |                         |
| <b>Current</b>                                        |                              |                         |
| Cash and cash equivalents                             | \$ 20,076,396                | \$ 30,394,370           |
| Short term investment (Note 4)                        | 7,000,000                    | 15,000,000              |
| Receivables                                           | 2,952,970                    | 3,741,179               |
| Inventory (Note 6)                                    | 5,122,272                    | -                       |
| Prepaid expenses                                      | 1,749,709                    | 1,296,152               |
|                                                       | <u>36,901,347</u>            | <u>50,431,701</u>       |
| <b>Non-current assets</b>                             |                              |                         |
| Right-of-use asset (Note 10,17)                       | 509,552                      | 537,860                 |
| Deposits (Note 5)                                     | 2,348,876                    | 2,395,957               |
| Other assets (Note 8)                                 | 473,119                      | 473,408                 |
| Mineral property, plant and equipment (Note 5, 13)    | 150,201,436                  | 30,998,185              |
| Exploration and evaluation asset (Note 5, 13)         | 19,136,657                   | 123,279,784             |
|                                                       | <u>\$ 209,570,987</u>        | <u>\$ 208,116,895</u>   |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>           |                              |                         |
| <b>Current</b>                                        |                              |                         |
| Accounts payable and accrued liabilities (Note 9, 13) | \$ 5,715,423                 | \$ 4,930,660            |
| Lease liability (Note 10, 13)                         | 80,876                       | 76,963                  |
|                                                       | <u>5,796,299</u>             | <u>5,007,623</u>        |
| <b>Non-current liabilities</b>                        |                              |                         |
| Loan facility (Note 7)                                | 26,418,017                   | 25,349,166              |
| Accrued interest – loan facility (Note 7)             | 2,695,726                    | 1,559,923               |
| Lease liability (Note 10, 13)                         | 450,487                      | 472,234                 |
| Reclamation and closure provision (Note 11)           | 807,321                      | 676,688                 |
|                                                       | <u>36,167,850</u>            | <u>33,065,634</u>       |
| <b>Shareholders' equity</b>                           |                              |                         |
| Share capital (Note 7, 12)                            | 199,458,017                  | 199,378,457             |
| Reserves (Note 12)                                    | 39,213,899                   | 38,944,699              |
| Accumulated other comprehensive income (loss)         | (1,616,087)                  | (880,683)               |
| Deficit                                               | (63,652,692)                 | (62,391,212)            |
|                                                       | <u>173,403,137</u>           | <u>175,051,261</u>      |
|                                                       | <u>\$ 209,570,987</u>        | <u>\$ 208,116,895</u>   |

**Nature of operations (Note 1)**

Approved and authorized by the Board on November 14, 2023:

*"Walter H. Berukoff"*

Director

*"Richard Meli"*

Director

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

**LION ONE METALS LIMITED****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE INCOME (LOSS)**

(Expressed in Canadian Dollars)

**FOR THE PERIOD ENDED SEPTEMBER 30**

|                                                                                 | <b>2023</b>    | <b>2022</b> |
|---------------------------------------------------------------------------------|----------------|-------------|
| <b>EXPENSES</b>                                                                 |                |             |
| Consulting fees (Note 13)                                                       | \$ 23,472      | \$ 18,152   |
| Depreciation (Note 10)                                                          | 28,308         | 38,767      |
| Directors fees (Note 13)                                                        | 5,750          | 5,750       |
| Foreign exchange loss (gain)                                                    | 573,693        | (152,970)   |
| Interest expense (Note 13)                                                      | 33,968         | 2,329       |
| Licenses, dues and insurance                                                    | 29,621         | 30,935      |
| Investor relations (Note 13)                                                    | 160,640        | 213,528     |
| Management fees (Note 13)                                                       | 80,000         | 65,000      |
| Office and administrative                                                       | 236,976        | 162,989     |
| Professional fees (Note 13)                                                     | 181,902        | 119,573     |
| Shareholder communications and filings                                          | 90,951         | 72,864      |
| Share-based payments (Note 12,13)                                               | 160,121        | 797,894     |
| Travel                                                                          | 45,835         | 33,652      |
| Operating loss                                                                  | (1,651,237)    | (1,408,463) |
| <b>OTHER INCOME &amp; EXPENSES</b>                                              |                |             |
| Interest income                                                                 | 389,757        | 169,649     |
| Loss for the period                                                             | (1,261,480)    | (1,238,814) |
| <b>OTHER COMPREHENSIVE INCOME (LOSS)</b>                                        |                |             |
| Foreign exchange translation adjustment                                         | (735,404)      | 1,850,886   |
| Comprehensive (loss) income for the period                                      | \$ (1,996,884) | \$ 612,072  |
| <b>Basic and diluted loss per common share</b>                                  | \$ (0.01)      | \$ (0.01)   |
| <b>Weighted average number of common shares outstanding – basic and diluted</b> | 206,272,143    | 173,769,893 |

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

**LION ONE METALS LIMITED**
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Expressed in Canadian Dollars)

**FOR THE THREE MONTHS ENDED SEPTEMBER 30**

|                                                                                                                          | <b>2023</b>        | <b>2022</b>        |
|--------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| <b>CASH FLOWS (USED IN) OPERATING ACTIVITIES</b>                                                                         |                    |                    |
| Net loss for the period                                                                                                  | \$ (1,261,480)     | \$ (1,238,814)     |
| Non-cash items:                                                                                                          |                    |                    |
| Foreign exchange loss (gain)                                                                                             | 573,693            | (152,970)          |
| Depreciation                                                                                                             | 28,308             | 38,767             |
| Interest expense                                                                                                         | 33,968             | 2,329              |
| Share-based payments                                                                                                     | 160,121            | 797,894            |
| Changes in non-cash working capital items:                                                                               |                    |                    |
| Receivables                                                                                                              | 772,591            | (451,792)          |
| Prepaid expenses                                                                                                         | 30,023             | (782,266)          |
| Inventory                                                                                                                | (2,201,222)        | -                  |
| Accounts payable and accrued liabilities                                                                                 | 10,480             | (456,804)          |
|                                                                                                                          | <u>(1,853,518)</u> | <u>(2,243,655)</u> |
| <b>CASH FLOWS (USED IN) INVESTING ACTIVITIES</b>                                                                         |                    |                    |
| Purchase of mineral property, plant and equipment                                                                        | (14,737,405)       | (1,106,483)        |
| Exploration and evaluation asset expenditures                                                                            | (1,599,821)        | (4,390,812)        |
| Short term investments                                                                                                   | 8,000,000          | 10,000,000         |
| Deposits and other assets                                                                                                | (457,224)          | (7,101,632)        |
|                                                                                                                          | <u>(8,794,450)</u> | <u>(2,598,927)</u> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                                              |                    |                    |
| Cash proceeds from sale of shares – private placement                                                                    | -                  | 13,357,960         |
| Share issuance costs on private placement                                                                                | -                  | (1,204,345)        |
| Cash proceeds on exercise of stock options                                                                               | 56,250             | -                  |
| Payment of lease liability                                                                                               | (45,000)           | (45,000)           |
|                                                                                                                          | <u>11,250</u>      | <u>12,108,615</u>  |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>                                                      | 318,744            | 166,497            |
| <b>Change in cash and cash equivalents during the period</b>                                                             | (10,317,974)       | 7,431,530          |
| <b>Cash and cash equivalents, beginning of the period</b>                                                                | <u>30,394,370</u>  | <u>25,749,771</u>  |
| <b>Cash and cash equivalents, end of the period</b>                                                                      | \$ 20,076,396      | \$ 33,181,301      |
| <b>Supplementary cash flow information:</b>                                                                              |                    |                    |
| Cash and cash equivalents consist of:                                                                                    |                    |                    |
| Cash                                                                                                                     | \$ 20,076,396      | \$ 28,181,301      |
| Cash equivalents (redeemable short-term deposit certificates)                                                            | -                  | 5,000,000          |
| Non-cash transactions:                                                                                                   |                    |                    |
| Depreciation expense capitalized to exploration and evaluation assets                                                    | \$ 229,926         | \$ 423,347         |
| Transfer to inventory from mineral property, plant and equipment                                                         | (2,717,216)        | -                  |
| Share-based payments expense capitalized to mineral property, plant and equipment, and exploration and evaluation assets | 132,389            | 467,917            |
| Share-based payments expense – share issuance costs                                                                      | -                  | 427,932            |
| Capitalized interest and accretion expense – loan facility                                                               | 1,518,795          | -                  |
| Stock options exercised – fair value                                                                                     | 23,310             | -                  |
| Change in reclamation and closure provision                                                                              | 123,830            | -                  |
| Accounts payable and accrued liabilities in mineral property assets                                                      | 5,635,664          | 2,920,671          |

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

**LION ONE METALS LIMITED**
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Expressed in Canadian Dollars)

(Unaudited)

|                                               | <b>Share Capital</b> |                |                 |                 | <b>Accumulated<br/>Other<br/>Comprehensive<br/>Income (Loss)</b> | <b>Total</b>   |
|-----------------------------------------------|----------------------|----------------|-----------------|-----------------|------------------------------------------------------------------|----------------|
|                                               | <b>Number</b>        | <b>Amount</b>  | <b>Reserves</b> | <b>Deficit</b>  |                                                                  |                |
| <b>Balance, June 30, 2022</b>                 | 156,421,893          | \$ 164,315,701 | \$ 26,477,648   | \$ (59,481,661) | \$ (1,261,609)                                                   | \$ 130,050,079 |
| Share-based payments – stock options          | -                    | -              | 1,265,811       | -               | -                                                                | 1,265,811      |
| Private placement                             | 17,348,000           | 13,357,960     | -               | -               | -                                                                | 13,357,960     |
| Share issuance costs                          | -                    | (1,632,277)    | 427,932         | -               | -                                                                | (1,204,345)    |
| Comprehensive loss for the period             | -                    | -              | -               | (1,238,814)     | 1,850,886                                                        | 612,072        |
| <b>Balance, September 30, 2022</b>            | 173,769,893          | \$ 176,041,384 | \$ 28,171,391   | \$ (60,720,475) | \$ 589,277                                                       | \$ 144,081,577 |
| Share-based payments – stock options          | -                    | -              | 1,250,260       | -               | -                                                                | 1,250,260      |
| Private placement                             | 32,475,348           | 29,689,800     | -               | -               | -                                                                | 29,689,800     |
| Share issuance costs                          | -                    | (2,537,227)    | 512,682         | -               | -                                                                | (2,024,545)    |
| Warrants issued as debt issue costs           | -                    | -              | 5,194,866       | -               | -                                                                | 5,194,866      |
| Value of warrants issued in private placement | -                    | (3,815,500)    | 3,815,500       | -               | -                                                                | -              |
| Comprehensive loss for the period             | -                    | -              | -               | (1,670,737)     | (1,469,960)                                                      | (3,140,697)    |
| <b>Balance, June 30, 2023</b>                 | 206,245,241          | \$ 199,378,457 | \$ 38,944,699   | \$ (62,391,212) | \$ (880,683)                                                     | \$ 175,051,261 |
| Share-based payments – stock options          | -                    | -              | 292,510         | -               | -                                                                | 292,510        |
| Exercise of stock options                     | 75,000               | 79,560         | (23,310)        | -               | -                                                                | 56,250         |
| Comprehensive loss for the period             | -                    | -              | -               | (1,261,480)     | (735,404)                                                        | (1,996,884)    |
| <b>Balance, September 30, 2023</b>            | 206,320,241          | \$ 199,458,017 | \$ 39,213,899   | \$ (63,652,692) | \$ (1,616,087)                                                   | \$ 173,403,137 |

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

# **LION ONE METALS LIMITED**

## **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

**September 30, 2023**

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### **1. NATURE OF OPERATIONS**

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

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

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has incurred losses from inception and has not advanced its properties to commercial production. The Company estimates that it has adequate financial resources for the next twelve months with working capital of \$31,105,048. The Company's continuation as a going concern is dependent upon the successful results from its exploration activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations.

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

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

### **2. BASIS OF PREPARATION**

#### **Statement of Compliance**

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies and methods of computation applied by the Company in these condensed interim consolidated financial statements are the same as those applied in the Company's annual financial statements for the year ended June 30, 2023.

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

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

## LION ONE METALS LIMITED

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

September 30, 2023

## 2. BASIS OF PREPARATION (cont'd...)

### Basis of Consolidation and Presentaion

#### Use of Estimates

The preparation of these condensed interim 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.

#### Juedgements

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

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

#### Estimates

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

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

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in the Company's provision for income taxes.

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

## 3. MATERIAL ACCOUNTING POLICIES

During the three months ended September 30, 2023, the Company expanded its material accounting policy on mineral property in development phase and mineral property in production phase as follows:

#### *Mineral property - development phase*

Once the technical feasibility and commercial viability of an exploration property has been determined, it is then considered to be a mine under development and is reclassified to mineral property. The carrying value of capitalized exploration and evaluation costs are tested for impairment before they are transferred to mineral property. All costs relating to the construction, installation, or completion of a mine that are incurred subsequent to the exploration and evaluation stage are capitalized to mineral property. The Company assesses the stage of each mine under development to determine when a property reaches the stage when it is in the condition for it to be capable of operating in a manner intended by management ("commercial production"). Determining when a mine has achieved commercial production is a matter of judgement.

# LION ONE METALS LIMITED

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

September 30, 2023

### 3. MATERIAL ACCOUNTING POLICIES ( cont'd...)

Depending on the specific facts and circumstances, the following factors may indicate that commercial production has commenced:

- all major capital expenditures to bring the mine to the condition necessary for it to be capable of operating in the manner intended by management have been completed;
- the completion of a reasonable period of testing of the mine plant and equipment;
- the ability to produce saleable product;
- the mine or mill has reached a predetermined percentage of design capacity;
- mineral recoveries are at or near the expected production level; and
- the ability to sustain ongoing production of mineralized materials (i.e., the ability to continue to produce mineralized materials at a steady or increasing level).

#### *Mineral property - production phase*

When management determines that a property is capable of commercial production, amortization of costs capitalized during development begins. Once a mineral property has been brought into commercial production, the costs of any additional work on that property are expensed as incurred, except for exploration and development programs which constitute a betterment, which will be deferred and amortized over the remaining useful life of the related assets. Mineral properties include decommissioning and restoration costs related to the reclamation of mineral properties. Mineral properties are derecognized upon disposal, or impaired when no future economic benefits are expected to arise from continued use of the asset or the carrying value of the cash generating unit exceeds its recoverable amount. Any gain or loss on disposal of the asset, determined as the difference between the proceeds received and the carrying amount of the asset is recognized in the statement of loss and comprehensive loss.

Mineral properties are amortized on the unit-of-production basis using the mineable ounces extracted from the mine in the period as a percentage of the total mineable ounces to be extracted in current and future periods based on mineral resources. Mineral properties are recorded at cost, net of accumulated depreciation and depletion and accumulated impairment losses and are not intended to represent future values. Recovery of capitalized costs is dependent on successful development of economic mining operations or the disposition of the related mineral property.

#### *Impairment of non-current assets*

Non-current assets are tested for impairment when indicators of impairment are present. Calculating the estimated fair values of cash generating units for non-current asset impairment tests requires management to make estimates and assumptions with respect to future gold prices; future capital cost estimates; operating cost estimates; estimated mineral resources; and, the discount rate. Reductions in metal price forecasts; increases in estimated future costs of production; increases in estimated future non-expansory capital expenditures; reductions in the amount of recoverable resources, and exploration potential; and/or adverse current economics can result in a write-down of the carrying amounts of the Company's non-current assets (Note 5).

The application of the Company's accounting policy for mineral property development costs required judgement to determine when the Tuvatu Project Project's technical feasibility and commercial viability had been demonstrated. The Company considered the approval of the Company's Board of Directors to start the detailed engineering, procurement, and construction of the 500 tonne per day Tuvatu Project process plant, along with the substantial amount of work that had been completed on the 300 tonne per day pilot plant to date, and concluded that the technical feasibility and commercial viability had been achieved. Accordingly, effective September 30, 2023, the Company reclassified capitalized costs from exploration and evaluation assets to mineral property and tested for impairment. Concurrent with the development decision, the Company completed an impairment test of the Tuvatu Project which compared the carrying value to the recoverable amount. Based on the result of the impairment test, the Company concluded that there was no impairment.

#### **New accounting standards issued but not yet effective**

##### *Amendments to IAS 1, Presentation of Financial Statements*

In January 2020, the International Accounting Standards Board ("IASB") issued "Classification of Liabilities as Current or Non-current (Amendments to IAS 1)". The amendments clarify that the classification of liabilities as current or non-current should be based on rights that exist at the end of the reporting period. The amendments also clarify the definition of a settlement and provide situations that would be considered as a settlement of a liability. In October 2022, the IASB issued "Non-current Liabilities with Covenants (Amendments to IAS 1)". These further amendments clarify how to address the effects on classification and disclosure of covenants that an entity is required to comply with on or before the reporting date and covenants that an entity must comply with only after the reporting date. The amendments are effective for reporting periods beginning on or after January 1, 2024. The Company has not yet determined the impact that these amendments will have on the condensed interim consolidated financial statements.

**LION ONE METALS LIMITED**
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

**September 30, 2023**
**4. SHORT TERM INVESTMENT**

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

**5. MINERAL PROPERTY, PLANT AND EQUIPMENT**

|                                 | Property,<br>plant and<br>equipment | <u>Construction in progress</u> |               | Mineral property | Exploration<br>and<br>evaluation<br>assets | Total          |
|---------------------------------|-------------------------------------|---------------------------------|---------------|------------------|--------------------------------------------|----------------|
|                                 |                                     | Mill                            | Mine          |                  |                                            |                |
| <b>Acquisition costs</b>        |                                     |                                 |               |                  |                                            |                |
| Balance, June 30, 2022          | \$ -                                | \$ -                            | \$ -          | \$ -             | \$ 21,915,063                              | \$ 21,915,063  |
| Additions for the period        | -                                   | -                               | -             | -                | -                                          | -              |
| Balance, June 30, 2023          | -                                   | -                               | -             | -                | 21,915,063                                 | 21,915,063     |
| Transfer to mineral property    | -                                   | -                               | -             | 21,915,063       | (21,915,063)                               | -              |
| Balance, September 30, 2023     | \$ -                                | \$ -                            | \$ -          | \$ 21,915,063    | \$ -                                       | \$ 21,915,063  |
| <b>Costs</b>                    |                                     |                                 |               |                  |                                            |                |
| Balance, June 30, 2022          | \$ 13,380,681                       | -                               | -             | -                | \$ 57,225,982                              | \$ 70,606,663  |
| Additions for the period        | 22,072,051                          | -                               | -             | -                | 46,108,229                                 | 68,180,280     |
| Capitalized finance cost        | 829,518                             | -                               | -             | -                | 1,412,422                                  | 2,241,940      |
| Balance, June 30, 2023          | 36,282,250                          | -                               | -             | -                | 104,746,633                                | 141,028,883    |
| Transfer to mineral property    | -                                   | 20,670,883                      | 10,375,320    | 55,594,767       | (86,640,970)                               | -              |
| Transfers to inventory          | -                                   | -                               | -             | (2,717,216)      | -                                          | (2,717,216)    |
| Additions for the period        | 1,352,928                           | 9,028,447                       | 3,710,180     | 2,164,431        | 1,602,530                                  | 17,858,516     |
| Capitalized finance cost        | 226,795                             | 827,784                         | 340,172       | 124,044          | -                                          | 1,518,795      |
| Balance, September 30, 2023     | \$ 37,861,973                       | \$ 30,527,114                   | \$ 14,425,672 | \$ 55,166,026    | \$ 19,708,193                              | \$157,688,978  |
| <b>Cumulative translation</b>   |                                     |                                 |               |                  |                                            |                |
| Balance, June 30, 2022          | \$ (352,292)                        | \$ -                            | \$ -          | \$ -             | \$ (3,733,082)                             | \$ (4,085,374) |
| Additions for the period        | (140,515)                           | -                               | -             | -                | 351,170                                    | 210,655        |
| Balance, June 30, 2023          | (492,807)                           | -                               | -             | -                | (3,381,912)                                | (3,874,719)    |
| Transfer to mineral property    | -                                   | (543,220)                       | (273,505)     | (2,046,721)      | 2,863,446                                  | -              |
| Foreign currency translation    | (236,368)                           | (415,658)                       | (170,910)     | (109,556)        | (53,070)                                   | (985,562)      |
| Balance, September 30, 2023     | \$ (729,175)                        | \$ (958,878)                    | \$ (444,415)  | \$ (2,156,277)   | \$ (571,536)                               | \$ (4,860,281) |
| <b>Accumulated depreciation</b> |                                     |                                 |               |                  |                                            |                |
| Balance, June 30, 2022          | \$ 2,733,451                        | \$ -                            | \$ -          | \$ -             | \$ -                                       | \$ 2,733,451   |
| Additions for the period        | 2,046,460                           | -                               | -             | -                | -                                          | 2,046,460      |
| Cumulative translation          | 11,347                              | -                               | -             | -                | -                                          | 11,347         |
| Balance, June 30, 2023          | 4,791,258                           | -                               | -             | -                | -                                          | 4,791,258      |
| Additions for the period        | 649,008                             | -                               | -             | -                | -                                          | 649,008        |
| Cumulative translation          | (34,599)                            | -                               | -             | -                | -                                          | (34,599)       |
| Balance, September 30, 2023     | \$ 5,405,667                        | \$ -                            | \$ -          | \$ -             | \$ -                                       | \$ 5,405,667   |
| <b>Net book value</b>           |                                     |                                 |               |                  |                                            |                |
| As at June 30, 2023             | \$ 30,998,185                       | \$ -                            | \$ -          | \$ -             | \$123,279,784                              | \$154,277,969  |
| As at September 30, 2023        | \$ 31,727,131                       | \$ 29,568,236                   | \$ 13,981,257 | \$ 74,924,812    | \$ 19,136,657                              | \$169,338,093  |

**LION ONE METALS LIMITED****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

**September 30, 2023****5. MINERAL PROPERTY, PLANT AND EQUIPMENT ( cont'd...)****Tuvatu Gold Project**

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

In January 2015, the Mineral Resources Department ("MRD") of Fiji granted Special Mining Lease 62 ("SML 62") on the Tuvatu project to the Company. SML 62 is a designated area within the original boundaries of the Company's Special Prospecting Licenses ("SPL's") 1283 and 1296. SML 62 provides exclusive rights for the potential development, construction, and operation of mining, processing, and waste management infrastructure at Tuvatu. The terms of the mining lease provide for certain performance and reporting requirements. The SML has been granted for a term of ten years provided the Company complies with the terms of the lease. Extensions to the term can be applied subject to the terms of the lease and the Mining Act. In August 2022, SML 62 was extended for an additional 10 year term renewable to February 28, 2035. A performance and environmental bond of FJD\$2,634,795 (2024 - \$1,543,097), FJD \$2,700,000 (June 30, 2023 - \$1,591,712) has been placed on deposit with the MRD. The SML is subject to annual lease payments of FJD\$73,697 (\$43,161).

The Fiji properties are subject to a perpetual production royalty of 0.5% to 1.5% of net smelter returns. This NSR is payable to Laimes Global Inc., a company controlled by Walter Berukoff, CEO and director of the Company.

*Surface Lease Agreement*

The Company holds a 21-year Surface Lease agreement with the iTaueki Land Trust Board ("TLTB") which governs the native land ownership rights in Fiji. The TLTB manages the lease agreements between native land owners and tenants. Under the terms of the Surface Lease, the Company must make a one-time payment of FJD\$1,000,000 of which FJD\$700,000 (\$409,963) was paid upon acceptance of the Surface Lease agreement. In March 2019, the Company paid FJD\$249,497 (\$146,121) to the TLTB with FJD\$50,503 (\$29,578) remaining is due upon the first gold production from mining operations in Tuvatu. An additional lease payment of FJD\$30,000 (\$17,570) is payable per annum to the local communities for education and community development over the 21-year term of the Surface Lease agreement.

**Fiji Exploration Properties**

The Company holds four exploration licenses (SPL's) for the Tuvatu properties as granted by the MRD. Under the terms of the SPL's, the Company is required to spend a minimum threshold of expenditures on each of the licenses.

| SPL  | Issued        | Expiry Date   | Bond<br>(Fijian \$) | Bond<br>(Canadian \$) | Expenditure<br>Requirement<br>(Fijian \$) | Expenditure<br>Requirement<br>(Canadian \$) |
|------|---------------|---------------|---------------------|-----------------------|-------------------------------------------|---------------------------------------------|
| 1283 | Aug. 24, 2020 | Aug. 23, 2025 | 158,180             | 92,640                | 1,400,000                                 | 819,925                                     |
| 1296 | Aug. 24, 2020 | Aug. 23, 2025 | 158,180             | 92,640                | 1,600,000                                 | 937,058                                     |
| 1465 | Mar. 5, 2022  | Mar. 4, 2025  | 67,979              | 39,813                | 679,789                                   | 398,126                                     |
| 1512 | May 14, 2019  | May 13, 2024  | 633,223             | 370,854               | 15,333,305                                | 8,980,119                                   |

**Deposits**

As at September 30, 2023, the Company paid \$164,841 other deposits in Fiji (June 30, 2023 - \$165,929).

**Bonds**

The SPL's require the posting of bonds as security against future reclamation obligations. As at September 30, 2023, the Company has bonds of \$2,145,847 (June 30, 2023 - \$2,191,588) held with the MRD pursuant to SML62 and the SPL's and an environmental bond \$38,188 (June 30, 2023 - \$38,440) held with the Ministry of Environment. These are recorded as Deposits on the statements of financial position.

**LION ONE METALS LIMITED****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

**September 30, 2023****6. INVENTORY**

The Company's inventory comprised of the following:

|                        | September 30,<br>2023 | June 30,<br>2023 |
|------------------------|-----------------------|------------------|
| Mineralized material   | \$ 1,205,317          | \$ -             |
| Materials and supplies | 3,916,955             | -                |
| Total inventory        | \$ 5,122,272          | \$ -             |

**7. LONG TERM DEBT****Financing Facility**

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

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

On February 9, 2023, the Company received total proceeds of US\$25,000,000 from its Financing Facility, which was comprised of US\$23,000,000 (\$30,452,000) Tranche 1 loan facility and completion of the US\$2,000,000 (\$2,687,800) Equity Investment, with Nebari purchasing 3,125,348 common shares of the Company at a price of \$0.86 per share. The interest with respect to Tranche 1 will be capitalized and added to the principal amount outstanding of the Loan Facility from February 9, 2023 to March 31, 2024, with monthly interest payments beginning on March 31, 2024. The interest with respect to Tranche 2 and Tranche 3, commences on the Utilisation Date, date the Loans under the Tranches are made, in respect of Tranche 2 and ending on (inclusive) the earlier of: (i) the third interest payment date following the utilization of Tranche 2; and (ii) June 30, 2024.

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

**Debt Issue Costs**

As part of the Tranche 1 loan facility with Nebari, the Company issued 15,333,087 warrants ("Tranche 1 Warrants") of the Company to Nebari, exercisable into common shares of the Company at a price of \$1.49 for a period of 42 months from issuance (*Note 12 (d)*). The Tranche 1 Warrants are subject to an accelerator provision whereby the Company may accelerate the expiry date of up to 25% of the initial warrants in the event that the volume weighted average trading price of the common shares of the Company exceeds 100% over the strike price for a period of twenty consecutive days. The Company has the option to accelerate the expiry of further 25% portions of the warrants at four-month intervals, up to a maximum of 75% of the warrants issued.

The Tranche 1 Warrants were valued at \$5,194,865 using the Black-Scholes option pricing model using the following assumptions: risk free interest rate 2.99%, expected life of 3.5 years, annualized volatility 75% and dividend rate at nil. The Company also incurred deferred debt costs for professional and legal fees of \$850,804. Of the total debt issue costs incurred, the Company recorded \$559,100 as transaction costs which are netted with the debt and amortized over the term of the Loan Facility on an effective interest basis. The remainder totalling \$291,704 was recorded as deferred debt issue cost.

**LION ONE METALS LIMITED****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

**September 30, 2023****7. LONG TERM DEBT (cont'd...)**

During the period ended September 30, 2023, the Company amortized \$424,851 (June 30, 2023 – \$651,132) of deferred debt costs and recorded \$1,093,944 (June 30, 2023 - \$1,590,808) of accrued interest expense of which \$1,518,795 (June 30, 2023 - \$829,518) was capitalized to mineral property, plant and equipment (Note 5) and \$Nil (June 30, 2023 - \$1,412,422) to exploration and evaluation assets (Note 5).

All debts under the Loan Facility are guaranteed by the Company and its subsidiaries: American Eagle Resources, Inc., Laimes International Inc., Auksas Inc., and Lion One Pte Limited, and secured by the assets of the Company and pledges of the securities of the aforementioned Company's subsidiaries. The Loan Facility includes certain covenants that are calculated on last day of each calendar month. As at September 30, 2023, the Company was in compliance with all covenants.

| <b>Loan Facility</b>                                    | September 30,<br>2023 | June 30,<br>2023     |
|---------------------------------------------------------|-----------------------|----------------------|
| Balance, beginning of the period                        | \$ 25,349,166         | \$ -                 |
| Drawdown                                                | -                     | 30,909,700           |
| Deferred debt costs incurred                            | -                     | (5,753,966)          |
| Deferred debt costs amortized                           | 424,851               | 651,132              |
| Foreign exchange loss (gain)                            | 644,000               | (457,700)            |
| <b>Total long-term debt, net of deferred debt costs</b> | <b>26,418,017</b>     | <b>25,349,166</b>    |
| Non-current accrued interest                            | 2,695,726             | 1,559,923            |
|                                                         | <b>\$ 29,113,743</b>  | <b>\$ 26,909,089</b> |

| <b>Deferred Debt Cost</b>        | September 30,<br>2023 | June 30,<br>2023      |
|----------------------------------|-----------------------|-----------------------|
| Balance, beginning of the period | \$ (5,102,834)        | \$ -                  |
| Deferred debt costs incurred     | -                     | (5,753,966)           |
| Deferred debt amortized          | 424,851               | 651,132               |
| <b>Total deferred debt costs</b> | <b>\$ (4,677,983)</b> | <b>\$ (5,102,834)</b> |

**8. OTHER ASSETS****Royalty Interest on Olary Creek - South Australia**

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

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

**LION ONE METALS LIMITED****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

**September 30, 2023****8. OTHER ASSETS (cont'd...)****Royalty Interest on Olary Creek - South Australia (cont'd...)**

During the period ended September 30, 2023, the Company has assigned the carrying value of the Olary Creek property at \$27,692 (June 30, 2023 - \$27,981) to the value of the royalty interest, which has been disclosed in other assets.

**Mining Equipment Deposit**

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

**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

|                                                        | September 30,<br>2023 | June 30,<br>2023 |
|--------------------------------------------------------|-----------------------|------------------|
| Accounts payable and accrued liabilities               |                       |                  |
| Trade payables                                         | \$ 79,761             | \$ 64,016        |
| Exploration and evaluation assets expenditures payable | 5,635,662             | 4,866,644        |
| Balance, end of the period                             | \$ 5,715,423          | \$ 4,930,660     |

**10. RIGHT-OF-USE ASSET AND LEASE LIABILITY**

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

On April 1, 2023, the Company recognized \$566,168 for a right-of-use-asset for the office space lease and \$566,168 for the lease liability equal to the present value of office space lease payments over a 60-month period ending March 31, 2028, discounted by using the Company's estimated incremental borrowing rate of 20.0%.

**Right-of-use asset**

|                 | September 30, 2023 | June 30, 2023 |
|-----------------|--------------------|---------------|
| Opening balance | \$ 537,860         | \$ 116,300    |
| Additions       | -                  | 566,168       |
| Depreciation    | (28,308)           | (144,608)     |
|                 | \$ 509,552         | \$ 537,860    |

**Lease liability**

|                               | September 30, 2023 | June 30, 2023 |
|-------------------------------|--------------------|---------------|
| Opening balance               | \$ (549,197)       | \$ (130,608)  |
| Additions                     | -                  | (566,168)     |
| Payments                      | 45,000             | 180,000       |
| Accreted interest             | (27,166)           | (32,421)      |
|                               | \$ (531,363)       | \$ (549,197)  |
| Lease liability (current)     | (80,876)           | (76,963)      |
| Lease liability (non-current) | (450,487)          | (472,234)     |
|                               | \$ (531,363)       | \$ (549,197)  |

**LION ONE METALS LIMITED****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

**September 30, 2023****10. RIGHT-OF-USE ASSET AND LEASE LIABILITY (cont'd...)**

The annual commitment over the term of the lease is as follows:

|                      |           |
|----------------------|-----------|
| Less than one year   | \$180,000 |
| One to two years     | \$180,000 |
| Two to three years   | \$180,000 |
| Three to four years  | \$180,000 |
| More than four years | \$90,000  |

**11. RECLAMATION AND CLOSURE PROVISION**

The Company has recorded a reclamation provision of \$807,321 (June 30, 2023 - \$676,688) for future reclamation costs associated with the Tuvatu pilot plant and gold mine project currently in construction in Fiji. The reclamation costs has been calculated to reflect the amount of expected future net cash outflows discounted to present value for the future reclamation of disturbances incurred as at September 30, 2023. The reclamation provision has been recorded using a discount rate of 4% and an inflation factor of approximately 3.5%. As at September 30, 2023, total undiscounted estimated reclamation costs are approximately \$847,000 (June 30, 2023 - \$710,000).

|                                                                    | September 30,<br>2023 | June 30,<br>2023 |
|--------------------------------------------------------------------|-----------------------|------------------|
| Balance, beginning of the period                                   | \$ 676,888            | \$ -             |
| Increase in estimated cash flows resulting from current activities | 123,830               | 676,688          |
| Accretion                                                          | 6,723                 | -                |
| Effect of changes in foreign exchange rates                        | (120)                 | -                |
| Balance, end of the period                                         | \$ 807,321            | \$ 676,688       |

**12. SHARE CAPITAL AND RESERVES**

## a) Authorized share capital

Unlimited number of common shares without par value.

## b) Stock options

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

Stock option transactions are summarized as follows:

|                             | Number of<br>Stock Options | Weighted Average<br>Exercise Price |
|-----------------------------|----------------------------|------------------------------------|
| Balance, June 30, 2022      | 8,475,000                  | \$ 1.15                            |
| Granted                     | 4,540,000                  | 1.25                               |
| Forfeited and expired       | (1,876,667)                | 1.15                               |
| Balance, June 30, 2023      | 11,138,333                 | 1.19                               |
| Exercised                   | (75,000)                   | 0.75                               |
| Balance, September 30, 2023 | 11,063,333                 | 1.19                               |

**LION ONE METALS LIMITED****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

**September 30, 2023****12. SHARE CAPITAL AND RESERVES (cont'd...)**

The following stock options are outstanding and exercisable as at September 30, 2023:

|               | Number of<br>Options<br>Outstanding | Exercise<br>price | Number of<br>Options<br>Exercisable | Expiry date       |
|---------------|-------------------------------------|-------------------|-------------------------------------|-------------------|
| Stock Options | 2,120,000                           | \$ 0.75           | 2,120,000                           | March 1, 2024     |
|               | 75,000                              | 1.00              | 75,000                              | March 1, 2024     |
|               | 1,800,000                           | 1.50              | 1,800,000                           | June 3, 2025      |
|               | 3,420,000                           | 1.25              | 2,577,500                           | June 2, 2026      |
|               | <u>3,648,333</u>                    | 1.25              | <u>2,443,329</u>                    | September 3, 2027 |
|               | 11,063,333                          |                   | 9,015,829                           |                   |

During the period ended September 30, 2023, the Company granted Nil (2023 – 4,540,000) stock options. The weighted average fair value of options granted during the period was \$Nil per share (2023 - \$0.65). Total share-based payments recognized for the period ended September 30, 2023 was \$292,510 (2023 - \$2,516,071) for incentive options granted and vested. Share-based payments expense of \$160,121 (2023 - \$1,439,910) was recognized in the condensed interim consolidated statement of loss and comprehensive loss with the balance of \$35,715 (2023 – \$1,076,161) capitalized to exploration and evaluation assets, \$96,674 (2023 - \$Nil) was recognized in mineral property, plant and equipment, which relates to employees and consultants working on the Tuvatu property.

**c) Warrants**

Warrant transactions are summarized as follows:

|                              | Number of<br>Warrants | Weighted<br>Average<br>Exercise Price | Expiry Date        |
|------------------------------|-----------------------|---------------------------------------|--------------------|
| Balance, June 30, 2022       | -                     |                                       |                    |
| Warrants issued – Note 12(b) | 8,674,000             | \$ 2.50                               | September 28, 2025 |
| Warrants issued – Note 12(b) | 14,675,000            | 1.25                                  | November 11, 2025  |
| Warrants issued – Note 7     | <u>15,333,087</u>     | 1.49                                  | August 9, 2026     |
| Balance, June 30, 2023       | 38,682,087            |                                       |                    |
| Balance, September 30, 2023  | <u>38,682,087</u>     | \$ 1.30                               |                    |

**d) Compensation Options**

The compensation options were issued from September 2022 and May 2023 private placements.

Compensation Options are summarized as follows:

|                                                            | Number of<br>Options | Weighted Average<br>Exercise Price | Expiry Date        |
|------------------------------------------------------------|----------------------|------------------------------------|--------------------|
| Balance, June 30, 2022                                     | 1,303,010            | \$ 1.83                            | August 20, 2022    |
| Expired                                                    | (1,303,010)          | 1.83                               | August 20, 2022    |
| Issued                                                     | 1,040,880            | 0.77                               | September 28, 2025 |
| Issued                                                     | <u>1,755,000</u>     | 0.92                               | November 11, 2025  |
| Balance outstanding and exercisable,<br>June 30, 2023      | 2,795,880            | 0.86                               |                    |
| Balance outstanding and exercisable,<br>September 30, 2023 | 2,795,880            | \$ 0.86                            |                    |

**LION ONE METALS LIMITED****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

**September 30, 2023****13. RELATED PARTY TRANSACTIONS****Management Compensation**

Key management personnel comprise of the: Chief Executive Officer, Managing Director, Chief Financial Officer, Chief Operating Officer, Senior Vice President Exploration and Vice President, Corporate Secretary of the Company, members of the Board of Directors and related companies. The remuneration of the key management personnel is as follows for the period ended September 30:

|                                                                                                                          | 2023       | 2022       |
|--------------------------------------------------------------------------------------------------------------------------|------------|------------|
| Payments to key management personnel:                                                                                    |            |            |
| Cash compensation expensed to management fees, professional fees, investor relations, directors fees and consulting fees | \$ 233,250 | \$ 142,000 |
| Cash compensation capitalized to mineral property, plant and equipment and exploration and evaluation assets             | 143,630    | 130,000    |
| Share-based payments                                                                                                     | 192,153    | 672,461    |

During the period ended September 30, 2023, the Company paid \$45,000 (2022 - \$45,000) in rent to Cabrera Capital Corp. ("Cabrera"), a company controlled by Walter Berukoff, the CEO and director of the Company. As at September 30, 2023, the Company had a lease liability of \$531,363 (June 30, 2023 - \$549,197) due to Cabrera equal to the present value of office space lease payments over the term of the lease.

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

During the period ended September 30, 2023, the Company paid \$37,261 (2022 - \$57,893) in rent to Lions Den (Fiji) Pte Limited, a company controlled by Walter Berukoff, the CEO and director of the Company, for short-term and long-term accommodations including utilities in Fiji, and has a receivable of \$6,869 (June 30, 2023 - receivable \$6,590).

During the period ended September 30, 2023, the Company paid professional fees of \$7,023 (2022 - \$8,027) to a management services company owned by David McArthur, a director of the Company's subsidiary, Lion One Australia Pty Ltd. As at September 30, 2023, the Company had a payable of \$3,838 (June 30, 2023 - \$7,756).

**14. SEGMENTED INFORMATION**

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

| September 30, 2023                    | Fiji               | Australia | Total              |
|---------------------------------------|--------------------|-----------|--------------------|
| Exploration and evaluation assets     | \$ 19,136,657      | \$ -      | \$ 19,136,657      |
| Other assets                          | -                  | 27,692    | 27,692             |
| Mineral property, plant and equipment | <u>150,201,436</u> | <u>-</u>  | <u>150,201,436</u> |
|                                       | \$ 169,338,093     | \$ 27,692 | \$ 169,365,785     |

| June 30, 2023                     | Fiji              | Australia | Total             |
|-----------------------------------|-------------------|-----------|-------------------|
| Exploration and evaluation assets | \$ 123,279,784    | \$ -      | \$ 123,279,784    |
| Other assets                      | -                 | 27,981    | 27,981            |
| Property and equipment            | <u>30,998,185</u> | <u>-</u>  | <u>30,998,185</u> |
|                                   | \$ 154,277,969    | \$ 27,981 | \$ 154,305,950    |

# LION ONE METALS LIMITED

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

September 30, 2023

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### 15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### Financial instruments

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

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

#### Financial risk factors

##### *Credit risk*

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and cash equivalents, short term investments and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

Receivables mainly consist of Goods and Services Tax ("GST") receivable from the Government of Canada, GST receivable from the Government of Australia and value added tax receivable from the Government of Fiji. The Company believes that the credit risk concentration with respect to receivables is minimal.

##### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company will raise funds for future use from equity financings and other methods as contemplated by management to satisfy its capital requirements and will continue to depend heavily upon these financing activities. All of the Company's current financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. As at September 30, 2023, the Company had working capital of \$31,105,048.

##### *Market risk*

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

##### a) Interest rate risk

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

##### b) Foreign currency risk

The Company's property exploration work occurs in Fiji and is conducted in Canadian dollars and Fijian dollars. A portion of the Company's financial assets (liabilities) and other assets are denominated in US dollars and Australian dollars. As such, the Company is exposed to foreign currency risk in fluctuations.

**LION ONE METALS LIMITED****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

**September 30, 2023****15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)**

As at September 30, 2023, the Company's net foreign denominated financial assets (liabilities) are as follows:

|                   | Foreign currency | Canadian dollar equivalent |
|-------------------|------------------|----------------------------|
| Australian Dollar | 4,876,997        | 4,254,205                  |
| Fijian Dollar     | 6,776,489        | 3,968,725                  |
| USD Dollar        | (23,572,268)     | (31,869,707)               |

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 | September 30,<br>2023 | June 30,<br>2023 |
|----------------------------------------------|-----------------------|------------------|
| + 5%                                         | \$ 1,182,339          | \$ 1,042,960     |
| - 5%                                         | (1,182,339)           | (1,042,960)      |

**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.

**16. CAPITAL MANAGEMENT**

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

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. The Company's capital structure includes shareholders' equity of \$173,403,137 (June 30, 2023 - \$175,051,261). In order to maintain or adjust the capital structure, the Company may from time-to-time issue shares, seek debt financing and adjust its capital spending to manage current and working capital requirements. There were no changes to the Company's approach to capital management during the period ended September 30, 2023.