



## **ANNUAL INFORMATION FORM**

**FOR THE YEAR ENDED JUNE 30, 2013**

September 26, 2013

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## GLOSSARY OF TERMS

The following is a glossary of terms and abbreviations that appear in this Annual Information Form (“AIF”). A Glossary of Technical Terms appears at the end of this Annual Information Form. In this Annual Information Form, words only importing the singular number include the plural and vice versa and words importing any gender include all genders.

“**2013 Fiscal Year**” means the financial year of the Company ending June 30, 2013.

“**ASX**” means the Australian Securities Exchange.

“**Lion One**” or the “**Company**” means Lion One Metals Limited and its subsidiaries.

“**Board of Directors**” or “**Board**” means the board of directors of the Company.

“**Common Shares**” means the common shares of the Company.

“**External Auditor**” means Davidson & Company, LLP Chartered Accountants.

“**NI 43-101**” means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*.

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators.

“**Qualified Person**” has the meaning given to it in NI 43-101.

“**TSX-V**” means the TSX Venture Exchange.

“**Tuvatu Gold Project**” means the exploration and development of identified mineral resources on the Tuvatu Property.

“**Tuvatu Property**” means the exploitation mining concessions owned by the Company through its subsidiary, Lion One Limited, located in Fiji.

“**Tuvatu Technical Report**” has the meaning ascribed to it under the section entitled “Description of the Business - the Tuvatu Gold Project” of this Annual Information Form.

## FORWARD LOOKING INFORMATION

This Annual Information Form may contain “forward-looking information” which may include, but is not limited to, statements with respect to the future financial or operating performances of Lion One, its subsidiaries and its projects (including the Tuvatu Gold Project); the ability to continue exploration and development plans on the Company’s Projects (including the Tuvatu Gold Project); the future price of gold, iron ore and uranium; the estimation of mineral reserves and resources; the realization of mineral reserve estimates; the timing and amount of estimated future production revenues, margins, costs of production, capital, operating and exploration expenditures; costs and timing of the development of new deposits; costs and timing of future exploration; cost and timing of plant and equipment; requirements for additional capital; the ability to raise capital; government regulation of mining operations; environmental risks, reclamation and rehabilitation expenses; title disputes or claims; limitations of insurance coverage; and the timing and possible outcome of pending litigation and regulatory matters. Often, but not always, forward-looking information statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes”, or variations (including negative variations) of such words and phrases, or state 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 Lion One and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; the high degree of operational risk involved in mining operations; inherent exploration, development and operating risks; fluctuations in the value of the Canadian or US dollar or Australian dollar or Fijian dollar; competition in the mining industry; regulatory risks; risks associated with additional financing required to advance exploration properties; price volatility of the Company's Common Shares, as well as those factors discussed in the section of this Annual Information Form entitled "Description of the Business - Risk Factors".

Although Lion One 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 to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this Annual Information Form based on the opinions and estimates of management, and Lion One disclaims any obligation to update any forward-looking statements, whether as a result of new information, estimates or opinions, future events or results or otherwise. 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.

## **FINANCIAL INFORMATION AND ACCOUNTING PRINCIPLES**

Unless otherwise indicated, all references to "CDN \$" or "Canadian dollars" in this Annual Information Form refer to the Canadian dollar. All financial information in this AIF is prepared in accordance with International Financial Reporting Standards ("IFRS").

The Company reports its financial results and prepares its financial statements in Canadian dollars. All currency amounts in this AIF are expressed in Canadian dollars, unless otherwise indicated. The Canadian exchange rates for the Company's principal operating currencies against the Canadian dollar are as follows:

<b>As at June 30</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Fijian dollar (F\$)	0.5521	0.5554	0.5601
Australian dollar (AUD\$)	-	-	0.9636

## **QUALIFIED PERSONS UNDER NI 43-101**

Except where specifically indicated otherwise, the disclosure in this AIF of scientific and technical information regarding exploration projects on the Company's mineral properties has been reviewed and approved by Robert McLeod, P.Geol, a qualified person for the purposes of NI 43-101.

## METRIC CONVERSION TABLE

For ease of reference, the following conversion factors are provided:

<u>Metric Unit</u>	<u>U.S. Measure</u>	<u>U.S. Measure</u>	<u>Metric Unit</u>
1 hectare .....	2.471 acres	1 acre .....	0.4047 hectares
1 metre .....	3.281 feet	1 foot .....	0.3048 metres
1 kilometre .....	0.621 miles	1 mile .....	1.609 kilometres
1 gram .....	0.032 troy ounces	1 troy ounce .....	31.1 grams
1 kilogram .....	2.205 pounds	1 pound .....	0.454 kilograms
1 tonne .....	1.102 short tons	1 short ton .....	0.907 tonnes
1 gram/tonne .....	0.029 troy ounces/ton	1 troy ounce/ton .....	34.286 grams/tonne

## CLASSIFICATION OF MINERAL RESOURCES

In this AIF, the definitions of indicated and inferred resources are those used by Canadian Securities Administrators and conform to the definitions utilized by the CIM and CIM Guidelines.

# LION ONE METALS LIMITED ANNUAL INFORMATION FORM

For its financial year ended June 30, 2013

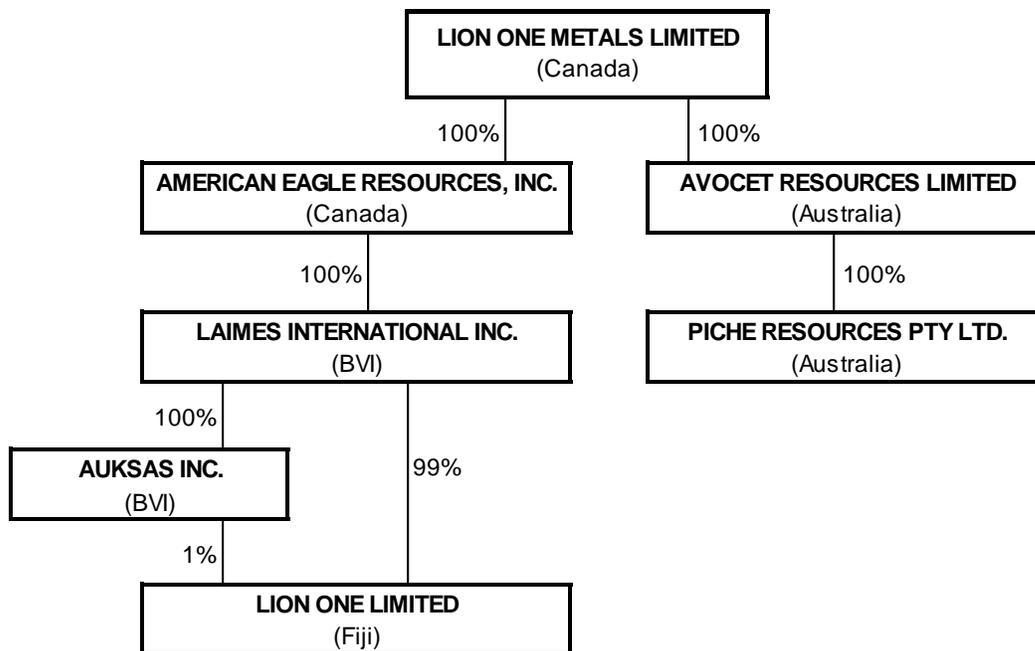
## CORPORATE STRUCTURE

### Name, Address and Incorporation

Lion One was incorporated under the *Business Corporations Act* (British Columbia) on November 12, 1996 under the name X-Tal Minerals Inc. (“X-Tal”). On January 28, 2011, the Company changed its name from X-Tal to Lion One Metals Limited and executed a reverse takeover of X-Tal by American Eagle Resources Inc (“AME”). Lion One’s head office and registered and records office is located at 311 West 1<sup>st</sup> Street, Vancouver, British Columbia, V6C 3R8.

### Intercorporate Relationships

The following organization chart shows the intercorporate relationships among the Company and its subsidiaries:



## GENERAL DEVELOPMENT OF THE BUSINESS

### Background

Lion One is a junior Canadian mining company primarily engaged in the acquisition, exploration and development of mineral properties in Fiji, Australia and Argentina. The Company’s emphasis is on adding shareholder value through the progressive development of mining properties. The Company’s principal development focus is the Tuvatu Gold Project in Fiji. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The Company is in the process of exploring its

optioned mineral properties and has not yet determined whether the properties contain mineral reserves that are economically recoverable.

## **History of Lion One**

### **2011**

On January 31, 2011 the Company announced the completion of the reverse takeover (the "RTO") of AME, a private BC corporation, AME's subsidiary, Lion One Limited Fiji, held five special prospecting licenses (SPL's) covering 38,034 hectares in the Fijian Islands. The main asset was the Tuvatu Gold Project ("Tuvatu"), held within SPL's 1283 and 1296, in the upper Sabeto Valley, 25 km from the Nadi International Airport, in western Viti Levu.

Also on January 31, 2011 the Company announced the completion of the name change from X-Tal Minerals Corp. to Lion One Metals Limited and began trading on the TSX Venture Exchange (the "TSX-V") under the symbol "LIO". In connection with the RTO, the Company issued 21,108,543 common shares to acquire all of the issued and outstanding shares of AME and completed a private placement of 11,500,000 units priced at \$1.00 for total proceeds of \$11,500,000.

On February 16, 2011 the Company announced the commencement of its first phase of exploration activities, focusing on the confirmation of historic exploration and development data generated by previous operators at Tuvatu, which included over 87,000 meters of drilling. The Company began a systematic core re-logging program and surface trenching program to test the extent and grades of mineralization at Tuvatu.

On April 14 and April 26, 2011, the Company completed further private placements of 8,180,906 and 1,025,123 Units respectively at a price of \$1.55 per unit for total proceeds of \$14,269,345.

During 2011 the Company also focused on upgrading its site camp facilities and moved from its office to a new compound near the Nadi International Airport.

### **2012**

On March 6, 2012 the Company announced the commencement of metallurgical testing. The Company shipped a 300 kg sample of drill core composites to an independent laboratory in Australia for comminution, gravity, and flotation testwork, to confirm results from previous batch treatment campaigns undertaken by previous operators.

On June 5, 2012, the Company announcement commencement of a drilling program testing western extensions of mineralized zones of Tuvatu.

On September 17, 2012 the Company announced that its ongoing metallurgical test work confirmed the reliability of previous metallurgical test work and confirms the amenability of the samples selected to conventional crushing, grinding and flotation processing techniques.

On November 29, 2012 the Company announced the commencement of an Environmental Impact Assessment ("EIA") for the Tuvatu Gold Project. The EIA would reference findings from a previous baseline study "Tuvatu Gold Mine Environmental Impact Assessment and Management Plan" published for Emperor Gold Mines in 1997. The Company also reported that it was granted a Liquid Waste Discharge Permit by Fiji's Department of the Environment. The Company announced that it had commenced the rehabilitation and dewatering of its exploration decline to the 152 meter level at a depth of 40 meters from surface and passed inspection by Fiji's Director of Mines.

On December 21, 2012 the Company announced the execution of a Merger Implementation Agreement by which the Company proposed to acquire all of the outstanding shares of Avocet Resources Limited ("Avocet") of Perth, Australia.

## **2013**

On February 25, 2013 the Company announced the appointment of Ms. Samantha Shorter as the new Chief Financial Officer of the Company

On June 10, 2013 the Company announced that approval from the shareholders of Avocet was obtained for a merger by Scheme of Arrangement by which Lion One would acquire all of the outstanding shares of Avocet.

On June 19, 2013, the Company acquired all of Avocet's outstanding shares through the issuance of 11,006,421 CHESS Depository Interests ("CDI") with each CDI representing one common share of the Company. The CDI's began trading on the ASX on June 20, 2013 under the symbol "LLO"

On June 26, 2013 the Company announced the successful implementation of the merger with Avocet and the issuance of Lion One CDI's to Avocet shareholders. On July 15, 2013 the Company announced further positive results from its ongoing drill programs which continued to extend high grade mineralization at Tuvatu West.

On June 30, 2013 the Company announced it increased its ownership of the Olary Creek Iron Project in South Australia by acquiring a further 22% participating interest in the project, in addition to its 25% carried interest. It also announced the signing of a joint venture agreement with partner Henan Yukuang for the ongoing exploration and development of the project.

### **Merger with Avocet Resources Limited**

On June 19, 2013, the Company acquired all of Avocet's outstanding shares through the issuance of 11,006,421 CHESS Depository Interests ("CDI") with each CDI representing one common share of the Company. The CDI's began trading on the ASX on June 20, 2013.

The significant additions to the asset portfolio of the Company following the acquisition of Avocet are as follows:

#### Olary Creek, South Australia

The Olary Creek Project, is located 70 kilometers from Broken Hill, NSW with ready access to roads, rail and port facilities. The project is situated a short distance south of the Barrier Highway and the Indian Pacific railway line in South Australia.

Avocet considers the project prospective for a range of elements and has completed drilling programs in search of uranium and base metals over the past few years. More recently, the Company has focused its attention on iron ore within the project. The primary target is now the magnetite rich Braemer Iron Formation. Over 16,000 meters of diamond and RC drilling has been carried out to test zones of outcropping iron mineralization that extend along 7.5 kilometers of strike and have been observed to improve in grade and thickness with depth.

In 2010, Lion One subsidiary Avocet Resources signed a farm-in and joint venture agreement for the project's Fe (iron ore) and Mn (manganese) rights, retaining 100% interest in all other commodities. In 2012 the partner earned a 53% interest in the Olary Creek Joint Venture over the iron and manganese rights by meeting the \$5,000,000 expenditure requirement, with the Company retaining a 25% interested free carried to the completion of a bankable feasibility study and decision to mine. In July 2013 the Company acquired a 22% participating interest in the Olary Creek Joint Venture. The Company now owns the 25% free carried interest and a 22% participating interest in the venture.

Following completion of a feasibility study and within 90 days of a decision to mine, the Company has the option to contribute to its proportional share associated with the 25% free carried interest of development expenditures or convert the 25% free carried interest to a 2% FOB royalty, or to a 1% FOB royalty with a \$0.50 per tonne production royalty.

#### Ashburton, Western Australia

The Ashburton Project comprises 10 granted exploration tenements prospective for gold, silver, rare earths and base metals, in addition to unconformity style uranium mineralization, situated south of Paraburdoo in Western Australia.

The project area consists of three groups of tenements. Three granted tenements are held 100% by Avocet. A further 5 tenements comprise the Ashburton Joint Venture, a 50:50 joint venture with Cameco Australia, with two remaining tenements forming part of the Saltwater Pool Joint Venture with Thundelarra Exploration and Cullen Resources.

Cameco and Avocet equally contributed to the 50:50 joint venture until Cameco notified Avocet that due to the focus on potential development projects in Australia, they would dilute their interest. Consequently, Avocet is contributing 100% of costs to the joint venture and maintains a majority interest.

The project is located in the Ashburton Basin of Western Australia. It covers the contact zone between the Lower Proterozoic Ashburton Trough and the Mid Proterozoic Bresnahan Basin. The Lower Proterozoic basement is represented by the Wyloo Group. The Wyloo Group unconformably overlies the Hamersley Basin Mt. Bruce Supergroup. The area is recognised as having strong geological similarities to the Alligator River area of the Northern Territory which hosts the world class Ranger and Jabiluka uranium deposits.

Initially, the principal target of the exploration activities was the unconformity between the basal conglomerates of the Middle Proterozoic Bresnahan Group (Cherrybooka Formation) and the underlying black shales and dolomites of the Lower Proterozoic Wyloo Group (Mt. McGrath Formation and Duck Creek Dolomite). This contact is known for its uranium mineralisation at the nearby Angelo River A and B deposits north of Avocet's tenements.

Subsequently, through the Company's exploration activities, the prospectivity for rare earths, gold and silver has been highlighted.

#### Additional Projects

Avocet has a strong portfolio of other precious metal and uranium projects through strong joint venture relationships in Argentina.

## Employees

As of June 30, 2013, the Company had 2 employees in Canada, 2 employees in Australia and 48 full and part-time employees in Fiji in addition to its directors and officers. The Company engages administrative, financial, legal, geological and engineering consultants from time to time as required to assist in maintaining corporate records and preparing reporting requirements, evaluating its interests and recommending and conducting work programs.

## Health, Safety, Environment and Community

Lion One's policy is to conduct its business responsibly and in a manner designed to protect its employees, adjacent communities and the natural environment. The Company is committed to achieving a safe, productive and healthy work environment and to uphold the values of human rights. These commitments are described in the Company's Environmental, Health and Safety and Social Responsibility Mission Statement.

## TUVATU GOLD PROJECT

### Details of the Tuvatu Gold Project

The following information has been derived from and is qualified by the NI 43-101 technical report entitled "Technical Report and Resource Estimate on the Tuvatu Gold Property, Vitu Levu, Fiji" in respect of the Tuvatu Gold Project prepared by P&E Mining Consultants Inc. on behalf of X-Tal Minerals Corp. (the "Tuvatu Technical Report") dated October 1, 2010. The entire Tuvatu Technical Report may be obtained through the SEDAR website at [www.sedar.com](http://www.sedar.com). For detailed information on the Tuvatu Gold Project, including maps and diagrams please refer to the Tuvatu Technical Report as filed on SEDAR. Capitalized terms used in this section and not otherwise defined have the meaning ascribed to them in the Tuvatu Technical Report. The section entitled "Current Update on Tuvatu Gold Project" reflects work completed subsequent to the Tuvatu Technical Report through to June 30<sup>th</sup>, 2013.

### Project Description and Location

The Tuvatu Gold Project is located near Nadi on the island of Viti Levu in Fiji. The Tuvatu property comprises three contiguous "SPLs" (Special Prospecting Licenses) totaling 12,166 ha. Tuvatu was previously explored and developed by the Emperor Gold Mining Company of Australia which during the 1997-2000 period completed over 87,000 meters of drilling, a 1,600 meter exploration decline, and feasibility study. Tuvatu is one of several gold projects aligned along the Viti Levu lineament; a regional trend hosting Fiji's known epithermal gold deposits.

The Company was formally notified on Sept. 18, 2013 by the Mineral Resources Department of Fiji (MRD) that the special prospecting licenses (SPL's) 1283 and 1296 were renewed for a term of thirty six (36) months from September 3, 2013. The Company was also advised by the MRD that the renewal process for SPL 1465 (Nagado) was underway and that there are no reasons to suggest that the renewal would not be granted by the Director of Mines.

SPL Number	Area (ha)	3 Year Expenditure Requirement (FJD\$)	Date of Grant	Expiry	Interest
1283 Tuvatu	1,951	2,100,000	September 3, 2013	September 3, 2016	100%
1296 Yavuna	1,315	2,100,000	September 3, 2013	September 3, 2016	100%

## **Environmental Impact and Liabilities**

The Company has incorporated certain health, safety, and environmental policies and procedures aimed at protecting the safety of its personnel and reducing the environmental impact of its operations.

In late 2012 the Company submitted the first draft of its Environmental Impact Assessment with Fiji's Department of the Environment and MRD. The scope of the EIA includes ongoing exploration and drilling work, rehabilitation, community engagement, water quality monitoring, dewatering, and waste disposal and consideration for anticipated future development activities.

## **Mineral Rights, Agreements and Royalties**

In the Republic of Fiji, a royalty is payable to the state government when a mineral is sold, disposed of or used. The Fiji Mineral Resources Act 1989 requires that the holder of a mining lease or mining claim lodge a royalty return and any royalty is payable at least annually for all leases and claims held, even if no production took place but saleable metal was won. The Minister allows samples with small quantities of gold to be sent for analysis, however, under the law in Fiji, trail mining and bulk sampling can be carried out and any significant gold won as determined by the Minister will be subject to royalties. Royalties for the Tuvatu Property will be 5% of the value of precious metal exported. This royalty is then split with parts compensating the community and other stakeholders.

## **Security of Title**

The Government acknowledges that security of land tenure is a critical issue for mineral sector investors. Hence Government is totally committed to enforcing investors land rights which are enshrined in both the 1990 Constitution and the Land Transfer Act (Cap. 131). The Land Lease itself is a legally binding document that guarantees security of land tenure.

## **Native Title, Land Rights and Compensation Agreements**

In terms of native land rights, four landowner groups cover the area of Tuvatu. There are also native Fijian leaseholders in the project area that must be consulted regarding any acquisition plans. Compensation agreements must be finalized with these leaseholders to gain access to both surface and underground areas of their leases. Compensation agreements which have been drawn up and signed by local landowners under the previous company ownership need to be replaced with new agreements. Since the time the earlier agreements were completed, the Mineral Resources Department and the Ministry of Lands have drafted a new Compensation Policy. The agreements are yet to be signed by the local landowners.

The next stage in the progression from advanced exploration to the conductance of mining activities requires the issuance of a (Special) Mining Lease ("SML") as prescribed under the Mining Act, and in conformance with the various special terms and conditions agreed upon between the Director of Mines and the License holder. The issuance of the Lease is subject to two conditions.

1. The submission of a comprehensive Feasibility Study which demonstrates the commercial viability of the project. The Feasibility Study will be accompanied by a detailed Financing Plan for the development and by an approved Environmental Impact Assessment document, detailing an acceptable environmental impact assessment process.
2. The submission of a Development Agreement outlining the broad principles, responsibilities, and obligations of all parties to the development. This Agreement would normally be prepared through consultation with the License holder, the Fiji Government, and representatives of the people of the development region. In general, new mining projects are handled as Executive Agreements between Government and the License holder.

## **Accessibility, Climate, Local Resources, Infrastructure and Physiography**

Tuvatu lies on the west coast of Viti Levu, 25 kilometers northeast of the town of Nadi and approximately 25 kilometers by road from the Nadi International Airport. Nadi, the closest city, is serviced by several Australian airlines who offer direct daily jet flights from Brisbane and Sydney. Tuvatu is readily accessed from Nadi International Airport using the Sabeto Road. A network of local formed roads and pastoral tracks provides ready access to most of the Property. During the wet season (November to March) both the major and minor creeks may be impassable for some days. The terrain ranges in elevation from 120 meters to 660 meters.

The Sabeto Road turnoff is found approximately 5-8 minutes north of the Nadi International Airport. The Sabeto Road winds along the southern bank of the Sabeto River. Further along the Sabeto Road, the road forks, with the left fork going to Korobebe village, and on to Navilawa village. The Tuvatu deposit is located between Murua Creek and Qalibua Creek approximately 400 meters southeast of the main road to Navilawa.

Nadi is equipped with modern technology for both its internal and international telecommunications. All major towns have digital telephone exchanges and the islands are linked by cable and satellite to worldwide networks. The Property is covered by GSM mobile-phone reception.

The Fiji Electricity Authority ("FEA") holds the monopoly in all facets of the energy sector; generation, transmission and distribution. Hydro and diesel are the two sources of power for the FEA. Its supply capacity currently stands at 50 MW, however rising use of electricity have prompted government to call for submissions from independent power producers.

Electricity is accessible to all areas within the declared boundaries of cities, towns and townships. This accounts for more than 70 % of the population who have electricity supplied to them. Electricity is available to all main centers at 240 V, 50 cycles AC. The FEA have an 11 kV line at Korobebe village, which could supply 2 MW of power. This line could be upgraded by the Fiji Electricity Authority (Scheme No G79/99) to 33 kV from the Sabeto turnoff to the mine site. The villages around Tuvatu utilize chiefly fuel wood and small diesel generators.

Nadi International Airport is the main international gateway to Fiji and accommodates almost 1.3 million international passengers annually. It is located about 8 km west of the township of Nadi. The airport hosts modern services and facilities, and services regular air routes to Australia, New Zealand, USA, Canada, Europe, Japan and South Korea. The focus of international air services is Fiji Airways with a capacity up to B747. There are several domestic air service in Fiji. Sun Air and Fiji Airways are two operators that provide regular scheduled air services while others also provide chartered flights on request.

The Public Works Department is responsible for administration of roads in Fiji. Since 2002, the Fijian government has invested F\$110 million for the construction and improvement of its road network. The two main islands of Viti Levu and Vanua Levu account for 90% of the nation's road network, while Viti Levu alone hosts 77% of the nations paved road length chiefly pivoted around Nadi. The road network is utilized by a range of bus, taxi, motor vehicles, motorcycles and inter-island freight industries.

The upland areas of the Tuvatu property are grassland. Stream valleys and their perimeters are heavily vegetated. Several intermittent and perennial streams are located within the prospecting licenses. Elevation of the Tuvatu property ranges from 50 meters to a maximum of 700 meters. The area is hilly with slopes of 15% - 30% being common.

Viti Levu's climate is dominantly controlled by oceanic temperatures and winds, restricting the diurnal temperature range heavily with an average daily range of 8.5° C to 10.3° C. Average minimum temperatures for Nadi range from 18° C to 23° C while average maximums range from 28° C to 32° C. It can be expected that these are good guidelines for the Tuvatu area, given its close proximity to Nadi. Mean rainfall in the area varies from 50 millimeters in July to a high of 300-325 millimeters during the December to March wet season.

The islands lie in an area which is occasionally traversed by tropical cyclones, mostly confined to the period November to April, with greatest frequency around January and February. On average, some ten to twelve cyclones per decade affect some part of Fiji, and two or three cause severe damage. Specific locations may not be directly affected for several years, but the dominant northwest tracks give some increased risk of damage in the outlying northwest island groups.

## **History**

Active prospecting took place in the upper Sabeto Valley during the early part of the 20th century. Limited pitting and underground work was carried out from 1945 to 1952. From 1977 to 1979, the area was explored by Aquitaine Fiji. In 1987, Geopacific Ltd. of Australia ("Geopacific") in association with Noranda Pty. staked out SPL1283 and SPL1296 and discovered the Tuvatu deposit. Geopacific subsequently optioned the Tuvatu property to the Emperor Gold Mining Company ("Emperor") of Australia which carried out several phases of exploration and development work at Tuvatu. In the 1997-2000 period Emperor completed approximately 87,000 meters of drilling, 1,600 meters of underground development, culminating in a feasibility study by Bateman Engineering of Australia. The mineral reserves supported by the feasibility study under JORC have since been downgraded to inferred resources.

## **Geological Setting**

Fiji is comprised of two large islands, Viti Levu and Vanua Levu, and approximately 300 smaller islands. As described in Scherbarth and Spry (2006), the islands are positioned on a prominent offset of the convergent boundary between the Pacific and Indo-Australian tectonic plates. Fiji is presently a remnant tertiary oceanic arc.

During the middle Mesozoic to the late Miocene, active subduction of the Pacific plate beneath the Indo\_Australian plate occurred along the Viliatz Trench. Collisions of the Ontong-Java Platerau into the Solomon Islands and the Melanesian Border Plateau into the eastern portion of the Viliatz Trench stopped subduction along the Viliatz Trench and led to a reversal of arc polarity north of Fiji along the Vanuatu segment of the arc. An arc north of Fiji fragmented to form a transverse rift and the platform comprising today's Fiji Islands, underwent counter-clockwise rotation.

The E-NE-trending Fiji fracture zone and the NE trending Hunter fracture zone are major transform zones. The Viti Levu lineament is a SW-NE trending fracture zone running sub-parallel to the Fiji fracture zone and controls the distribution of volcanic centers on the Fiji platform.

Tuvatu is an epithermal gold system located in the Navilawa caldera, one of the volcanic centers associated with alkaline magmatism aligned along the Viti Levu lineament. All of Fiji's known epithermal deposits are located along this trend, including Tuvatu, Vatukoula, and Raki Raki.

### **Exploration**

In the 1997-2000 era the Tuvatu Deposit was the subject of an underground exploration program that was developed to a depth of 240 m below surface. The exploration decline gained access to mineralized structures that were subsequently identified and drilled by Emperor. These structures are noted below:

- 11 lodes in the Upper Ridges area (the subject of resource modeling).
- 2 lodes in the Murau area (no information made available).
- 3 lodes in the West area (no information made available).
- 2 lodes in the Tuvatu area (no information made available).
- Flatmakes in the SKL area (no information made available).

In addition a number of other lodes have been identified in the local area but remain untested. An exploration decline was developed with minor crosscut and strike drive development during Phase 1. Underground development started in November 1997 and continued through 1998. A number of the lodes were intersected, geologically mapped and sampled resulting in several phases of underground drilling. Surface and underground drilling and exploration defined the Tuvatu resources within a number of sub-parallel structures. Several of the lodes remain open at depth and along strike. A trial mining exercise was also carried out to evaluate the continuity of structure and grade. The initial development program was extended to deepen the working in order to investigate the Upper Ridges lodes in the southern part of the resource area. These lodes had previously been identified by surface drilling at a broad spacing. A bulk sample of Upper Ridges' mineralization (Nasivi / SKL stockwork) was dispatched to Vatukoula for metallurgical test work.

In addition to the verification of historic exploration and confirmation of data, the Company continues to conduct drilling and surface exploration at Tuvatu. The Company is focused on expanding lateral continuity of the mineralization, with the aim of increasing the resource. The SPL areas remain under-explored.

### **Mineralization**

The mineralized zone at Tuvatu is thought to have originally developed as a porphyry copper system which has subsequently been overprinted by epithermal gold mineralization. The style of mineralization is thought to have evolved as the local monzonite intrusion cooled and meteoric waters mixed with the magmatic fluids, resulting in the gradational changing of the mineralization and alteration styles.

Mineralization associated with the porphyry copper system is characterized by apatite, potassium feldspar, magnetite, biotite veins with intense potassic alteration selvages. These veins are considered to have developed as the monzonite intrusive was in the final stages of crystallization and early stages of cooling. As the system cooled it was overprinted by a phase of phyllic alteration which was characterized by a quartz-muscovite-pyrite assemblage. The system was then overprinted by a set of quartz-adularia veins accompanied by lesser amounts of calcite, chalcopyrite, pyrite, galena, tellurides and native gold.

These veins generally have narrow chlorite-smectite selvages and commonly exhibit banded textures. Minor roscoelite (vanadium potassium-mica) has also been observed in association with the quartz-adularia veins. Roscoelite is commonly observed at Vatukoula and many major deposits around the world (e.g. Porgera, Hishikari) and invariably has a close association with gold mineralization. The precipitation of roscoelite generally requires the reduction of a vanadium-bearing mineralizing fluid. Reduction of the mineralizing fluid may also lead to the precipitation of gold, tellurides and pyrite. Also rare occurrences of fluorite have been observed associated with veining. The presence of fluorite further demonstrates the strong magmatic volatile content of the mineralizing fluids.

The structure, alteration, and mineralogy of the Tuvatu lodes are described in Hatcher (1998) and Scherbarth (2002). A brief summary after Spry and Scherbarth (2006) is provided below:

*“There is an intimate link at Tuvatu between local and regional structures, the emplacement of the Navilawa Monzonite, the development of the veins, and the deposition of mineralization during two deformational events (D1 and D2; A-Izzedin, 1998). The development of vein structures within the Navilawa Monzonite and the reactivation of pre-existing structures during the upper Miocene and Pliocene were related to the reversal of the subduction zone northwest of Fiji, in concert with movement along the Viti Levu lineament.*

*The earliest structure at Tuvatu is the 50 m wide, east-west trending (D1) brecciated Core Shed fault zone, which dips steeply to the south. The development of north-trending Nasivi lodes, north- to northeast-trending Upper Ridges lodes, northwest-trending sub-vertical fault structures (e.g., Carbonate Breccia CABX reverse fault), and sub-horizontal Murau and SKL flatmakes formed during an episode of north-south compressions (D2). A-Izzedin (1998) suggested that D2 structures subsequently acted as pathways for mineralizing fluids and were the main sites of deposition. Brecciation of the veins indicates that these structures were active while mineral deposition occurred or were reactivated intermittently.*

*Porphyry-style copper mineralization occurs in the northern part of the deposit in the northwest- to southeast-trending H and Tuvatu lodes, which are 5 to 40 m wide and dip moderately to the northeast. The Tuvatu lode is characterized by potassic alteration of the wall rock consisting of coarse grained apatite, orthoclase, magnetite, pyrite, chalcopyrite, and optically and compositionally zoned biotite. In the H lode, epithermal gold veins locally crosscut porphyry copper-style mineralization. In contrast to the Tuvatu lode, where magnetite is very common, magnetite occurs in trace quantities in the H lode. Other differences between the Tuvatu and H lodes include a marked decrease in grain size of the ore minerals in the H lode and the presence of trace amounts of native gold, calaverite, petzite, and tennantite. Although these two lodes are overprinted by gold-bearing epithermal-style veins and associated propylitic and phyllic alteration, most gold occurs in epithermal-style veins unrelated to porphyry-style mineralization in the Navilawa Monzonite, basaltic-andesite dikes and, to a lesser extent, the Nadele Breccia.*

*Epithermal gold mineralization was deposited in three lode types, “steep-dipping veins” striking northeast (e.g., Nasivi and Upper Ridges lodes), shallowly dipping veins (< 45°) or flatmakes representing reactivated oblique thrust faults (e.g., Murau lode), and irregular brecciated bodies or shatter zones (e.g., SKL lode) that occur at the intersection of the other two lode types (see Figure 6-6). Each lode consists of up to nine individual flatmakes (e.g., SKL) or vertical veins (e.g., Upper Ridges) that are generally no more than 1 m wide. In most places, alteration zones are narrow and do not extend more than 1 m into the wall rocks. Most veins are silicified and include base metal sulphides (pyrite, chalcopyrite, sphalerite, and galena), native gold and/or electrum tellurides, and gangue minerals (quartz, chalcedony, sericite, adularia, and roscoelite). Medium-grained cockade and fine-grained banded quartz in the veins is intergrown with or replaced by chalcedony. Adularia and white mica occur within the medium- to fine-grained quartz. Roscoelite, contains up to 32.71 wt % V<sub>2</sub>O<sub>3</sub>, among the highest reported vanadium values in roscoelite from an epithermal Au-Ag-Te deposit.” (Spry and Scherbarth, 2002).*

## **Drilling**

A diamond drill exploration program was carried out on the Nubundike Prospect in 2008. The program targeted the combined Nubundike, 290, and Hornet veins approximately 50m below surface over a strike length of 500m. The aim of the program was to acquire information on the dip and strike continuity of the vein system as well as grade distribution within the structures. Drilling programs carried out prior to 2007 are described in the "History" section above.

Two boreholes, TUDDH-348 and TUDDH-340, were completed during the program. Both holes intersected structures and went through shear zones characterized by slickensided contacts. The host rock is coarse to medium grained Nadele Breccia with 1mm wide calcite veins and 0.2m to 1.46 m wide layers of intercalated fine grained sediments.

Fifty-nine samples were taken from the two holes. Both the host rock and mineralized veins were sampled. The sample length ranged from 0.23 m to a maximum of 1.00m.

A LY44 drill rig was used for the program. The drill sites were along the Navilawa access road to minimize cost and land disturbance.

## **Sampling and Analysis**

Samples are prepared on-site at Tuvatu and delivered by the Company to the facilities of Australian Laboratory Services (ALS) Pty. Ltd., an independent accredited analytical laboratory. Samples are first prepared and crushed at the ALS facility in Suva, Fiji, before being shipped to Brisbane, Australia for analysis. The samples are analyzed for gold by fire assay with atomic absorption finish and 33 additional elements by Inductively Coupled Plasma Spectrometry (ICP-AES) using a 4-acid digestion. Samples with >3 g/t gold are reanalyzed using a gravimetric finish and/or by metallic screen.

The assay analyses performed during Lion One's exploration programs are subject to a formal quality assurance and quality control (QA/QC) program. Standard reference materials, blanks, and field duplicate samples are inserted into the sample stream prior to shipment from site to monitor laboratory accuracy and precision.

## **Security of Samples**

Lion One's procedures for data and sample security conform to industry standards. All drill cores are logged and photographed and the cores and sampling splits are stored on-site. These recording practices have been implemented to prevent identification errors and ensure that the historic sample record can be followed. All samples are under the care of Company personal until delivery at the ALS preparation laboratory in Suva, Fiji.

## **Mineral Resource Estimates**

The historical resource and reserve estimates that Emperor's pre-feasibility and feasibility reserves were based on have since been superseded by the updated resource estimate in the technical report "Technical Report and Resource Estimate on the Tuvatu Gold Property, Viti Levu, Fiji" (the "Technical Report") dated Oct. 1, 2010, and filed by the Company on SEDAR on November 26, 2010. All mineral resource estimation work reported was carried out by Mr. Fred Brown MSc. (Eng), CPG Pr.Sci.Nat. of P&E Mining Consultants Inc., and an independent Qualified Persons in terms of NI 43-101.

The Tuvatu Gold Project currently has an indicated mineral resource of 172,000 oz. Au (760,000 tonnes at 7.05 g/t Au) and an inferred mineral resource of 480,000 oz. Au (2,618,000 tonnes at 5.71 g/t Au).

**Mineral Resource estimate at a 2.0 g/t Au cutoff<sup>ff1,2</sup> as of August 1, 2010**

	Indicated			Inferred		
	Tonnes x 1000	Grade g/t	Au ozs x 1000	Tonnes x 1000	Grade g/t	Au ozs x 1000
Sulphides	760	7.05	172	2,502	5.78	465
Oxides	0	0	0	116	4.15	15
<b>TOTAL</b>	<b>760</b>	<b>7.05</b>	<b>172</b>	<b>2,618</b>	<b>5.71</b>	<b>480</b>

- (1) Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.
- (2) The quantity and grade of reported inferred resources in this estimation are conceptual in nature. There is no guarantee that all or any part of the Mineral Resource will be converted into Mineral Reserve.

The resource estimate is based on sample data provided by Lion One in the form of an Access database. The majority of the data were originally compiled by Emperor between 1995 and 2001. The data was subsequently audited and validated by Vigar (Vigar 2007) and included historical surface drilling records, historical underground drilling records, and historical trenching and underground chip sampling data. The supplied database contains 607 records, and includes collar, survey, lithology and assay data. Assay data fields consist of the drillhole ID, downhole interval distance, sample number and gold grade. The database contains a total of 38,557 Au assays. All data are in metric units and all collar coordinates are in a UTM grid system. All elevation data are relative to an assumed artificial sea level horizon of 10,000 m

The drilling database was subsequently validated by P & E, and the mineralized structures were modeled within 17 domains; ten Upper Ridge lodes (UR1, UR2, UR4, UR5, UR6, UR7, UR8, WR1, WR2 and WR3), two Tuvatu lodes (V1 and H1), two Murau lodes (M1 and M2), one lode identified during the development of the adit (GRF), and two Far West lodes (FW1 and FW2).

Gold assay values were composited on 1.00m lengths and capped at 40 g/t Au to prevent bias from higher grade assay values. The statistical mode (2.85 t/m<sup>3</sup>) of 171 bulk density measurements reported from drill hole core at Tuvatu was used as the bulk density of all lithologies in the resource estimate.

A series of orthogonal block models were established across the project area for each modeled mineralized structure.

**Table 16.6: Block Model Setup**

Axis	Origin	Blocks	Size
X	1,875,800	90	10m
Y	3,920,200	90	10m
Z	10,600	90	10m
Rotation	0		

The mineral resource estimate was constrained by wireframes representing individual domains that form hard boundaries between their respective composite grade data sets.

Due to the complex nature of the mineralized structures, variography was inconclusive. Block grades were therefore estimated using Inverse Distance Cubed ("ID3") linear weighting of capped composite values. A two-pass series of expanding search ellipses with minimum sample requirements was used for sample selection and classification:

- During the first pass, three to twelve composite values from two or more drill holes within the defined search ellipsoid were required for estimation. The search ellipsoid axes were aligned along the general orientation of the mineralized structure, and measured 35 m x 35 m x 10 m. All block grades estimated during the first pass were classified as Indicated.
- During the second pass, blocks not populated during the first pass were estimated. Three to twelve composite values from two or more drill holes within the defined search ellipsoid were required for estimation. The search ellipsoid axes were aligned along the general orientation of the mineralized structure, and measured 300 m x 300 m x 30m. All block grades estimated during the second pass were classified as Inferred.

The block model was validated visually by the inspection of successive section lines in order to confirm that the block model correctly reflects the distribution of high-grade and low-grade samples. Visual validation of the block estimates combined with observed differences in the summary statistics suggests that the impact of high-grade samples on the mineral resource estimate will need to be further evaluated moving forward.

A validation check for global bias was completed by comparing the modeled block estimates to a Nearest Neighbour (“NN”) block estimate generated using the same search criteria and tabulated at a nominal zero grade cut-off within the constraining domain. Results demonstrate a minimal global bias and are deemed suitable for mineral resource estimation

### **Current Update on Tuvatu Gold Project**

Between 2011 and June 30th, 2013 the Company has completed a total of 8,789m of additional core drilling on the Tuvatu West area, geologic mapping, prospecting, and trenching. The drilling consists of a combination of infill and step-out holes with an objective of upgrading and adding to the existing inferred resource. This phase of drilling has primarily targeted 560m of strike length along the east-west trending Murau structural corridor. Multiple sub-parallel near-surface, high-grade veins have been encountered. The Murau structural corridor is located west of the north-south trending UR structural corridor and current resource diamond drilling in the area is ongoing.

Over the past year, Lion One has continued to compile and validate data from historic operators into a central, robust database. Logs, surveys and assays from over 600 historic drill holes by multiple operators have been verified and merged. This information has subsequently been merged with the current, robust protocols for the Company’s ongoing data collection and for future exploration at Tuvatu. QA/QC steps and protocols from previous operators have been internally reviewed and verified, along with current procedures prepared and reviewed by the Company’s Qualified Persons under NI43-101.

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

Lion One has submitted the documentation to the MRD for converting the identified Tuvatu resource area to a mining license and applications to maintain the extended project area covered by the SPLs.

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

## RISK FACTORS

An investment in securities of Lion One is speculative and involves significant risks and uncertainties which should be carefully considered by prospective investors before purchasing such securities. The occurrence of any one or more of these risks and uncertainties could have a material adverse effect on the value of any investment in Lion One and the business, prospects, financial position or operating results of the Company. The risks noted below do not necessarily comprise all those faced by the Company. Each risk factor identified below should, unless specifically referring to one or more of the mineral projects of the Company, be considered in the context of each mineral project of the Company and the Company as a whole. In addition to the other information set forth elsewhere in this Annual Information Form, including, without limitation, the financial statements and notes, prospective investors should carefully review the following risk factors:

### *Lion One is subject to government regulation*

The Company's mineral exploration is, and any development activities will be, subject to various laws governing exploration, development, production, taxes, labour standards and occupational health, mine safety, environmental protection, toxic substances, land use, water use and other matters. Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties or enforcement actions, including orders issued by regulatory authorities curtailing the Company's operations or requiring corrective measures, any of which could result in the Company incurring substantial expenditures. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration or development. The Company continues to work in conjunction with the Government of Fiji and its regulatory departments to ensure compliance and proactive measures are taken wherever possible.

Following the acquisition of Avocet, the Company has become exposed to new operating environments including Australia and Argentina. The risk of entering into these political jurisdictions is mitigated by the continuity of senior officers between Avocet and Lion One. The existing senior management of Lion One has experience working in these countries and will work actively to be proactive in the face of any increased legal or political uncertainty.

### *The Company is subject to regulatory risks.*

Exploration and development activities and mining operations are subject to laws and regulations governing health and worker safety, employment standards, environmental matters, mine development, prospecting, project development, mineral production, permitting and maintenance of title, exports, taxes, labour standards, reclamation obligations, heritage and historic matters and other matters. It is possible that future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of permits and agreements applicable to the Company or its properties which could have a material adverse impact on the Company's current exploration program and future development projects. Where required, obtaining necessary permits and licenses can be a complex, time consuming process and there can be no assurance that required permits will be obtainable on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from proceeding with the development of an exploration project or the operation or further development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or fines, penalties or other liabilities.

*Lion One will require various permits to enable it to conduct its current and anticipated future operations.*

The Company's current and anticipated future operations, including further exploration and development activities and the commencement of production from the Company's portfolio of exploration and evaluation assets in Fiji, Australia and Argentina require the granting of the necessary permits from various federal and local authorities. The granting, continuing validity and enforcement of the terms of such concessions and permits are, as a practical matter, often subject to the discretion of the applicable governments or government officials. There can be no assurance that all concession and permits that the Company requires will be obtainable on reasonable terms, or at all, or will continue to be valid. Further, delays or failure to obtain such concession and permits, the withdrawal, expiry or non-renewal of existing concessions and permits, or failure to comply with the terms of such concessions and permits could have a material adverse impact on the Company.

The Company's 5 special prospecting licenses in Fiji have been granted by the Fijian government of which three are in the process of renewal. During the year ended June 30, 2013, the Company submitted its Mining License application over the Tuvatu Gold Project. The Company has complied with all requests from the MRD and associated governmental organizations. The Company works with its Fijian stakeholders on an on-going basis to ensure the successful grant of all required permits. Changes in government personnel can cause procedural delays and additional requests.

*There is no assurance that the Company's title to its mineral properties will not be challenged.*

The acquisition of title to mineral properties is a very detailed and time consuming process. Title to and the area of mineral properties may be disputed. While the Company has diligently investigated title to its mineral properties and has received a title opinion with respect to the Tuvatu Gold Project, this should not be construed as a guarantee of title to any of the Company's mineral properties. The Company's mineral properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. The Company has not surveyed the boundaries of all of its mineral properties and consequently the boundaries of the properties may be disputed. The Company's mineral properties may also be subject to prior unregistered agreements of transfer or aboriginal land claims, and title may be affected by undetected defects.

*Mining operations involve a high degree of operational risk.*

Lion One's operations will be subject to all the hazards and risks normally encountered in the exploration, development and production of gold, iron ore and uranium, including, without limitation, unusual and unexpected geologic formations, seismic activity, rock bursts, pit wall failures, cave ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other facilities, damage to life or property, environmental damage and legal liability. Milling operations are subject to various hazards, including, without limitation, equipment failure and failure of retaining dams around tailings disposal areas, which may result in environmental pollution and legal liability.

*The Company is subject to a number of inherent exploration, development and operating risks.*

The Company is a development stage Company engaged in mineral exploration and development. Mineral exploration and development is highly speculative in nature and involves many risks and is frequently not economically successful. Increasing mineral resources or mineral reserves depends on a number of factors including, among others, the quality of a Company's management and their geological and technical expertise and the quality of land available for exploration.

Once mineralization is discovered it may take several years of additional exploration and development until production is possible during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable reserves through drilling or drifting, to determine the optimal metallurgical process and to finance and construct mining and processing facilities. At each stage of exploration, development, construction and mine operation various permits and authorizations are required. Applications for many permits require significant amounts of management time and the expenditure of substantial amounts for engineering, legal, environmental, social and other activities. At each stage of a project's life delays may be encountered because of permitting difficulties. Such delays add to the overall cost of a project and may reduce its economic viability. As a result of these uncertainties, there can be no assurance that a mineral exploration and development Company's programs will result in profitable commercial production.

Companies engaged in mining activities are subject to all of the hazards and risks inherent in exploring for and developing natural resource projects. These risks and uncertainties include, but are not limited to, environmental hazards, industrial accidents, labour disputes, increases in the cost of labour, social unrest, fires, changes in the regulatory environment, impact of non-compliance with laws and regulations, encountering unusual or unexpected geological formations or other geological or grade problems, unanticipated metallurgical characteristics or less than expected mineral recovery, encountering unanticipated ground or water conditions, cave ins, pit wall failures, flooding, rock bursts, periodic interruptions due to inclement or hazardous weather conditions, earthquakes, seismicity, natural disasters and other acts of God or unfavourable operating conditions and losses. Should any of these risks or hazards affect a Company's exploration, development or mining activities it may: cause the cost of development or production to increase to a point where it would no longer be economic to produce metal from the Company's mineral resources or expected reserves; result in a write-down or write-off of the carrying value of one or more mineral projects; cause delays or stoppage of mining or processing; result in the destruction of mineral properties, processing facilities or third party facilities necessary to the Company's operations; cause personal injury or death and related legal liability; or result in the loss of insurance coverage — any or all of which could have a material adverse effect on the financial condition, results of operations or cash flows of the Company.

*The Company's potential profitability is partly dependent upon factors beyond the Company's control.*

As with other enterprises in the mining industry, the Company's mineral exploration and development related activities are subject to conditions beyond the Company's control that may impact upon the potential profitability of its mineral projects. For instance, world prices of and markets for minerals are unpredictable, highly volatile, potentially subject to governmental interference, currency pegging and/or controls and respond to changes in domestic, international, political, social and economic environments. Another factor is that a decline in the market price of metals including gold, iron ore and/or uranium could also have a material adverse impact on the ability of the Company to finance the exploration and development of its existing projects.

Profitability will also depend on the costs of operations, including costs of labour, equipment, electricity, environmental compliance, diesel prices, cost of sulphuric acid and other production inputs, the discovery and/or acquisition of additional mineral reserves and mineral resources, the successful conclusion of feasibility and other mining studies, access to adequate capital for project development and sustaining capital, design and construction of efficient mining and processing facilities within capital expenditure budgets, securing and maintaining title to concessions and other mining rights, obtaining permits, consents and approvals necessary for the conduct of exploration, development, construction and production, the ability to procure major equipment items and key consumables in a timely and cost-effective manner. Such costs will fluctuate in ways the Company cannot predict and are beyond the Company's control, and such fluctuations will impact on profitability and may eliminate profitability altogether. Additionally, due to worldwide political and economic uncertainty, the availability and cost of funds for development and other costs have become increasingly difficult, if not impossible, to predict. These changes and events may materially affect the Company's financial performance.

*The Company has limited operating history and the Company is expected to continue to incur losses.*

The Company has a limited operating history in the mineral exploration and development business and there can be no assurance that the Company will ever be profitable.

*The Company has no history of mineral production.*

The Company currently has no advanced exploration projects other than the Tuvatu Gold Project. The Tuvatu Gold Project is an exploration project that has no operating history upon which to base estimates of future cash operating costs, future capital spending requirements or future site remediation costs or asset retirement obligations.

*The Company's resource estimates are based on interpretations and assumptions and may yield less mineral production under actual conditions than is currently estimated.*

Mineral resource estimates for development projects are, to a large extent, based on interpretations of geological data obtained from drill holes and other sampling techniques. There is significant uncertainty in any mineral resource estimate and the actual deposits encountered may differ materially from the Company's estimates. Mineral resources which are not mineral reserves do not have demonstrated economic viability.

Estimated mineral resources are periodically recalculated based on changes in prices of mineral products, changes in expected operating and capital costs and asset retirement obligations, further exploration or development activity or actual production experience. Such recalculations could materially and adversely affect estimates of the volume or grade of mineralization or other important factors which influence mineral resources.

The inclusion of mineral resource estimates should not be regarded as representation that these amounts can be economically exploited and no assurance can be given that such resource estimates will be converted into mineral reserves.

*Currency fluctuations.*

Fluctuations in currency exchange rates (principally the Australian dollar/CDN \$, and Fijian dollar/CDN \$ exchange rates) may significantly impact the Company's exploration and development costs. The appreciation of the Argentinean peso and/or Australian dollar against the Canadian dollar would increase the cost of exploration and development of the Company's mineral properties located in Australia and Argentina which could have a material adverse effect on the financial condition of the Company. The appreciation of the Fijian dollar against the Canadian dollar would increase the cost of exploration and development of the Company's mineral properties (including the Tuvatu Gold Project) located in Fiji which could have a material adverse effect on the financial condition of the Company.

*Competition in the mining industry could adversely affect the Company's ability to acquire mineral claims, leases and other mineral interests.*

There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company will be competing with other mining companies, many of which have greater financial resources than it does, for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. There can be no assurance that the necessary funds can be raised or that any projected work will be completed.

*The Company is subject to environmental risk and environmental regulations which may negatively affect exploration and development activities.*

Mining operations have inherent risks and liabilities associated with the pollution of the environment and the disposal of waste produced as a result of mineral exploration and production. Open pit mining and ore processing is subject to risks and hazards, including discharge of toxic chemicals, breach of tailings dams, fire, flooding, rock falls and subsidence. The occurrence of these hazards can increase operational costs and result in liability to the Company. Such incidents may also result in a breach of the conditions of a mining lease or other consent or permit of a relevant regulatory regime, with consequent exposure to enforcement procedures, including the possible revocation of such leases, consents and permits. Environmental hazards may exist on the properties on which the Company holds interest which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties.

The Company's current or future operations, including exploration, development and production activities, are subject to environmental regulations which may negatively affect their economic viability or prohibit them altogether. The Company is subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products which could occur as a result of mineral exploration, development and production.

To the extent that the Company is subject to environmental liabilities, the payment of such liabilities or the costs that it may incur to remedy environmental pollution would reduce the funds otherwise available to it and could have a material adverse effect on the financial condition, results of operations or cash flow results of the Company. If the Company is unable to fully remedy an environmental problem, it may be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a material adverse effect on the financial condition, results of operations or cash flows of the Company. The Company has not purchased insurance for environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) as it is not generally available at a reasonable price.

*The Company is subject to litigation risks and judgments obtained in Canadian courts may not be enforceable in foreign jurisdictions.*

The Company may be subject to legal claims, with and without merit and the cost to defend and settle such legal claims can be substantial, regardless of the merit of the claim. Substantially all of the Company's assets are located outside of Canada. It may be difficult or impossible to enforce judgments obtained in Canadian courts predicated upon the civil liability provisions of the securities laws of the various Canadian provinces against the Company's assets located outside of Canada.

*The Company's insurance coverage may not cover all losses and liabilities and certain risks are uninsured or uninsurable.*

The mining industry is subject to significant risks, including unexpected or unusual geological formations or operating conditions, rock bursts, cave ins, fires, floods, earthquakes and other environmental occurrences, and political and social instability, which could result in damage to, or destruction of, mineral properties or producing facilities, personal injury or death, environmental damage, delays in mining and monetary losses and possible legal liability. Accordingly, the Company may become subject to losses, liabilities, delays or damages against which it cannot insure or against which it may elect not to insure because insurance costs are too expensive relative to the perceived risk.

Of the risks which the Company may elect to insure, the liability could exceed the policy limits or otherwise determined to be excluded by the coverage. The impact of the potential cost associated with any liabilities in excess of the Company's insurance coverage or of any uninsured liabilities may have a material adverse effect on the financial condition, results of operations or cash flows of the Company. The Company has not purchased insurance for environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) as it is not generally available at a reasonable price.

*The Company is reliant upon management and other key personnel and employees.*

The Company is heavily reliant on the personal efforts, experience and expertise of its directors and senior officers. If any of these individuals should cease to be available to manage the affairs of the Company, its activities and operations could be adversely affected. Recruiting and retaining qualified personnel is critical to the Company's success. The number of persons skilled in acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As the Company's business activity grows, the Company will require additional key financial, administrative and mining personnel as well as additional operations staff. Although the Company believes that it will be successful in attracting, training and retaining qualified personnel, there can be no assurance of such success. If the Company is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

*The Company may not be able to raise additional financing if required to advance exploration properties.*

If the Company's exploration efforts on the Tuvatu Gold Project are successful, additional funds may be required to continue exploration and to develop an economic ore body and place it into commercial production. Exploration and future development of these mineral properties may depend on the Company's ability to obtain adequate financing through the joint venturing of projects, debt financing, equity financing or by other means. There can be no assurance that the Company will be successful in obtaining the required financing. Failure to obtain such financing would result in delay or indefinite postponement of exploration and future development work on the Tuvatu Gold Project.

#### *Fluctuating Metals Prices*

The Company's revenues, if any, are expected to be in large part derived from the extraction and sale of gold and other metals or interests related thereto. The price of those commodities has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Company's control including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. The effect of these factors on the price of gold, and therefore the economic viability of any of the Company's exploration projects, cannot accurately be predicted.

*The Company's Common Shares may experience price volatility and the market price of the Common Shares cannot be assured.*

There can be no assurance that an active market for the Common Shares will be sustained. Securities of mining companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the securities of the Company is also likely to be significantly affected by short-term changes in commodity prices, other precious metal prices or other mineral prices, currency exchange fluctuation, the political environment in Fiji or Argentina, or in its financial condition or results of operations as reflected in its quarterly earnings reports.

Other factors unrelated to the performance of the Company that may have an effect on the price of the securities of the Company include the following: the extent of analyst coverage available to investors concerning the business of the Company may be limited if investment banks with research capabilities do not follow the Company's securities; lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of securities of the Company; the size of the Company's public float may limit the ability of some institutions to invest in the Company's securities; and a substantial decline in the price of the securities of the Company that persists for a significant period of time could cause the Company's securities to be delisted from an exchange, further reducing market liquidity. If an active market for the securities of the Company does not continue, the liquidity of an investor's investment may be limited and the price of the securities of the Company may decline and investors may lose their entire investment in the Common Shares.

As a result of any of these factors, the market price of the securities of the Company at any given point in time may not accurately reflect the long-term value of the Company. Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

*Conflicts of interest may arise between Lion One's directors and officers.*

Certain of the directors and officers of Lion One also serve as directors and/or officers of other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict.

*Any future acquisitions by the Company may not be successful or acceptable.*

Lion One's business strategy includes continuing to seek new property and corporate acquisition, merger and joint venture opportunities. In pursuit of such opportunities, Lion One may fail to select appropriate acquisition candidates or negotiate acceptable arrangements, including arrangements to finance acquisitions or integrate the acquired businesses and their personnel into Lion One. Lion One cannot assure that it can complete any acquisition or business arrangement that it pursues, or is pursuing, on favourable terms, or that any acquisitions or business arrangements completed will ultimately benefit Lion One's business.

*Lion One does not have a dividend history or policy.*

No dividends on the Common Shares have been paid by Lion One to date. Lion One anticipates that for the foreseeable future it will retain future earnings and other cash resources for the operation and development of its business. Payment of any future dividends will be at the discretion of Lion One's board of directors after taking into account many factors, including Lion One's operating results, financial condition and current and anticipated cash needs.

Further, Lion One conducts its major operations through subsidiaries. Lion One's ability to obtain dividends or other distributions from subsidiaries may be subject to restrictions on dividends or repatriation of earnings under applicable local law, monetary transfer restrictions and credit facilities. There can be no assurance that there will be no future restrictions on repatriation, the payment of dividends or other distributions from subsidiaries which are necessary to enable the Company to pay dividends in the future.

## DIVIDENDS

Lion One has not, since the date of its incorporation, declared or paid any dividends on its Common Shares and currently has no policy with respect to the payment of dividends. For the foreseeable future, Lion One anticipates that it will retain future earnings and other cash resources for the operation and development of its business. The payment of dividends in the future will depend on the earnings, if any, and Lion One's financial condition and such other factors as the directors of Lion One consider appropriate.

## DESCRIPTION OF CAPITAL STRUCTURE

Lion One is authorized to issue an unlimited number of Common Shares. As of the date of this AIF, 2013, 60,175,608 Common Shares were issued and outstanding.

The holders of Common Shares are entitled to receive notice of any meeting of Lion One shareholders and to attend and vote thereat. Each Common Share entitles its holder to one vote. The holders of Common Shares are entitled to receive on a *pro rata* basis such dividends as the board of directors of Lion One may declare out of funds legally available therefor. In the event of the dissolution, liquidation, winding-up or other distribution of the assets of Lion One, such holders are entitled to receive on a *pro rata* basis all of the assets of Lion One remaining after payment of all of Lion One's liabilities. The Common Shares carry no pre-emptive, conversion, redemption or retraction rights. The Common Shares carry no other special rights and restrictions other than as described herein.

Lion One is authorized to issue up to 11,106,700 securities for quotation on the ASX in the form of CHESS Depository Instruments ("CDIs"). The Company's CDIs are listed and freely tradable on the ASX with each CDI representing a beneficial ownership interest in one common share of the Company and have materially the same rights as common shares of the Company. CDIs are issued as regulatory constraints do not allow for the listing and trading of common shares of foreign corporations on the ASX.

## MARKET FOR SECURITIES

### Exchange Listings

Country	Listing	Market	Securities Identifier
Canada	LIO	TSX Venture Exchange	CUSIP: 536216104
USA	LOMLF	OTCQX Market	CIK: 0001509397
Germany	LY1	Frankfurt Stock Exchange	ISIN: CA5362161047
Australia	LLO	Australia Securities Exchange	ISIN: AU000000LLO8

### Trading Price and Volume for Shares in Canada

The Common Shares are listed for trading on the TSX-V under the trading symbol "LIO". The trading price range and volume for Common Shares on the TSX-V from July 1, 2012 to June 30, 2013 are set out below. All prices are in Canadian dollars.

<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Close (as at month end)</u>	<u>Volume (Common Shares)</u>
July 2012	\$0.80	\$0.68	\$0.70	336,298
August 2012	\$0.72	\$0.58	\$0.69	546,610
September 2012	\$0.75	\$0.63	\$0.66	393,615
October 2012	\$0.72	\$0.64	\$0.67	374,648
November 2012	\$0.75	\$0.60	\$0.75	1,097,317
December 2012	\$0.80	\$0.70	\$0.78	528,182
January 2013	\$0.91	\$0.75	\$0.77	323,009
February 2013	\$0.78	\$0.66	\$0.66	302,808
March 2013	\$0.66	\$0.495	\$0.58	406,860
April 2013	\$0.57	\$0.365	\$0.57	442,173
May 2013	\$0.64	\$0.49	\$0.58	283,687
June 2013	\$0.63	\$0.365	\$0.415	555,757

### Trading Price and Volume for Shares in Australia

The Common Shares are listed for trading on the ASX under the trading symbol "LLO". The trading price range and volume for CDI's on the ASX from the listing date on June 7, 2013 to June 30, 2013 are set out below. All prices are in Australian dollars.

<u>Period</u>	<u>High</u>	<u>Low</u>	<u>Close (as at period end)</u>	<u>Volume (Common Shares)</u>
June 7, 2013 to June 30, 2013	\$0.49	\$0.35	\$0.35	145,781

### Prior Sales

During the 2013 Fiscal Year the Company granted 1,000,000 stock options as follows:

<u>Date of grant</u>	<u>Options granted</u>	<u>Exercise price</u>
October 11, 2012	875,000	\$0.70
February 25, 2013	125,000	\$0.70

## SECURITIES HELD IN ESCROW OR SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

To the best of the Company's knowledge, no securities of the Company are held in escrow. And to the best of the Company's knowledge, the following securities of the Company are subject to contractual restrictions on transfer as of June 30, 2013:

Designation of Class	Number of Securities Subject to Contractual Restriction on Transfer	Percentage of Class
Stock Options	3,363,667 <sup>(1)</sup>	100%
Shares in Trust	307,000 <sup>(2)</sup>	100%

<sup>(1)</sup> Contractual restrictions on transfer apply pursuant to the Company's stock option plan.

<sup>(2)</sup> Pursuant to a Trust Agreement dated April 1, 2010, the Company has issued and allotted 1,000,000 common shares from treasury at a deemed value of \$0.40 per share to a designated trustee in connection with certain share-based incentive initiatives for management of the Company. The Trust Agreement stipulates the release of the shares to the beneficiaries upon vesting dates.

## DIRECTORS AND OFFICERS

### Name, Occupation and Security Holding

The following table sets out the names of the current directors and executive officers of the Company, the municipality and country in which each is ordinarily resident, their principal occupations during the five preceding years, the period of time for which each has been a director of the Company and the number of Common shares and percentage of the issued Common Shares beneficially owned, directly or indirectly, or subject to control or direction by those persons.

Name and Residence	Principal Occupations During The Five Preceding Years <sup>(1)</sup>	Appointment as Director	Number and Percentage of Company Common Shares Beneficially Owned or Controlled <sup>(1)(2)</sup>
<b>Walter H. Berukoff<sup>(4) (5)</sup></b> West Vancouver, BC, Canada <i>Chairman, CEO and Director</i>	Merchant banker; President of Red Lion Management Ltd., a Vancouver-based merchant banking company; director of La Mancha Resources Inc. from May, 1998 to January, 2008; Chief Executive Officer of La Mancha Resources Inc. from January, 2003 to September, 2006; director of Leisure Canada Inc. from 1997 to 2010; Chairman and Chief Executive Officer of Leisure Canada Inc. from 1999 to 2009.	December 1, 1997	18,981,772
<b>George S. Young<sup>(3)</sup></b> Texas, USA <i>President</i>	Consultant for project acquisitions, seed capital formation and structuring of IPOs and other financings and listings on public exchanges for various public companies in the resource industries since 2005; co-founder, Director and Vice-President of International Royalty Corp. from 2003 to 2008; President of American Eagle Resources, Inc. from April 1, 2010 to January 28, 2011.	December 21, 2010	500,000

Name and Residence	Principal Occupations During The Five Preceding Years <sup>(1)</sup>	Appointment as Director	Number and Percentage of Company Common Shares Beneficially Owned or Controlled <sup>(1)(2)</sup>
<b>Stephen Mann</b> Perth, Western Australia, Australia <i>Director</i>	Managing Director of Avocet Resources Limited (formerly U3O8 Limited) in Perth, Australia, since 2006. Former Managing Director of Cogema Australia Pty Ltd./AREVA, 1999-2006.	October 11, 2012	87,400
<b>Hamish Greig</b> Vancouver, BC, Canada <i>Vice-President, Corporate Secretary and Director</i>	Investor relations and corporate administration consultant for junior resource companies; VP Corporate Development, Palladon Ventures Ltd. 2004-2008, Director Invenio Resources 2005-2009, Corporate Secretary of American Eagle Resources from April 1, 2010 to January 28, 2011. Director of Corex Gold Corp. and Standard Graphite Corp. since March 2013	June 22, 2012	200,000
<b>Richard J. Meli</b> <sup>(3) (4) (5)</sup> New York, New York, USA <i>Director</i>	Independent businessman; President of La Mancha Resources Inc. from September, 2004 until May, 2006; President of Luzenac America, a subsidiary of Rio Tinto plc. from 1999 to 2001; Senior Executive Business Development of Rio Tinto plc from 1996 to 1999.	February 12, 2004	Nil
<b>David Duval</b> <sup>(3) (4) (5)</sup> Vancouver, BC, Canada	Mr. Duval is a mining and media consultant who has served as a director and/or officer of several exploration and production companies including Abaddon Resources, Roderia Diamond Corp., San Fernando Mining Company and Princeton Mining Corp. He has ten years of production and engineering experience in underground mining operations with Patino Mining Corp. and Texas Gulf Sulphur. Mr. Duval also served as a Technical Advisor to the United Nations and Royal Government of Thailand and as a Board member of Primary Corp., a TSX-listed investment bank.	March 6, 2009	Nil
<b>Stephanie Martel</b> North Vancouver, BC, Canada <i>VP Administration</i>	Ms. Martel is the Chief Operating Officer for Red Lion Management, a private investment firm, and is a former Director of American Eagle Resources, Inc. Ms. Martel holds a Bachelor of Arts from Simon Fraser University.	N/A	285,000
<b>Samantha Shorter</b> <sup>(7)</sup> Vancouver, BC, Canada <i>Chief Financial Officer</i>	Since 2011 an independent consultant in the industry of mineral exploration and development.  Previously an Audit Manager with a Vancouver-based accounting firm.	N/A	Nil

- (1) The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled has been provided by the respective directors and officers.
- (2) As a group, the directors and executive officers beneficially own or control a total of 20,054,172 Common Shares, or 33.3% of the Common Shares of the Company. Percentages of Common Shares owned are based on 60,175,608 Common Shares issued and outstanding.
- (3) Denotes member of the Audit Committee.
- (4) Denotes member of the Compensation Committee.
- (5) Denotes member of the Corporate Governance Committee.
- (6) Denotes Chairman of the Board.
- (7) Appointed as Chief Financial Officer of the Company effective February 25, 2013.

Each director elected will hold office until the conclusion of the next annual general meeting of the Company at which a director is elected, unless the director's office is vacated earlier in accordance with the Articles of the Company or the provisions of the *Business Corporations Act* (British Columbia).

## **Cease Trade Orders, Bankruptcies, Penalties and Sanctions**

### Cease Trade Orders

None of the directors or executive officers of Lion One has been, within the 10 years before the date of this Annual Information Form, a director, a chief executive officer or a chief financial officer of any issuer that was subject to a cease trade or similar order, or an order that denied the other issuer access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days:

- (a) while such person was acting in the capacity as director or chief executive officer or chief financial officer; or
- (b) was issued after the director or executive officer ceased to be the director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

### Bankruptcies

None of the directors or executive officers of Lion One, or to the best of the Company's knowledge, any shareholder holding sufficient securities of the Company to materially affect the control of the Company, is, or has been within the 10 years before the date of this Annual Information Form, a director or officer of any issuer that, while such person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that issuer.

### Personal Bankruptcies

None of the directors or officers of Lion One, or to the best of the Company's knowledge, any shareholder holding sufficient securities of the Company to materially affect the control of the Company or a personal holding Company of any such persons, has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangements or compromises with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

## Penalties and Sanctions

None of the directors or officers of Lion One, or to the best of the Company's knowledge, any shareholder holding sufficient securities of the Company to materially affect the control of the Company, has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

## **Conflicts of Interest**

To Lion One's knowledge, and other than as disclosed in this Annual Information Form, there are no known existing or potential conflicts of interest among Lion One, its promoters, directors and officers, or other members of management, or of any proposed director, officer or other member of management as a result of their outside business interests except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to Lion One and their duties as a director or officer of such other companies. See "Interest of Management and Others in Material Transactions".

## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

Lion One is not a party to any legal proceedings material to it, or of which any of its property is the subject matter, and no such proceedings are known to be contemplated.

Lion One is not subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority during the 2013 Fiscal Year, any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision or any settlement agreements by Lion One entered into before court-related securities legislation or with a securities regulatory authority during the 2013 Fiscal Year.

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Other than as disclosed in this Annual Information Form, no director or officer of Lion One or any shareholder holding, of record or beneficially, directly or indirectly, more than 10% of the issued Common Shares, or any of their respective associates or affiliates, had any material interest, directly or indirectly, in any material transaction with Lion One since incorporation or in any proposed transaction which has materially affected or would materially affect Lion One.

Other than as disclosed in this Annual Information Form, the Company believes no director or executive officer of the Company, or any person or company that is the direct or indirect beneficial owner of, or who exercise control or direction over, more than 10% of the Company's Common Shares, or any associate or affiliate of any of the persons or companies referred to above, has any material interest, direct or indirect, in any transactions which materially affect or would reasonably be expected to materially affect the Company or any of its subsidiaries, occurring during the 2013 Fiscal Year.

## **REGISTRAR AND TRANSFER AGENT**

Lion One's registrar and transfer agent for its Common Shares is Computershare Trust Company of Canada at its principal offices in Vancouver, British Columbia.

## **MATERIAL CONTRACTS**

On November 8, 2011, the Company entered into a Management and Corporate Services Agreement ("Services Agreement") with Cabrera Capital Corp. ("Cabrera"), a company controlled by a director of the Company. Under the Services Agreement, Cabrera agrees to provide a fully furnished and equipped business premises as well as management, business administration, shareholder services, securities administration, and corporate and general administration services to the Company for an initial period of five years from the date of the Services Agreement.

The Company has agreed to pay Cabrera a monthly fee equal to the actual out of pocket expenses incurred by Cabrera, its advisers, sub-agents and employees in connection with the provision of these services and any additional direct costs associated with providing these services. In addition, the Company has agreed to pay \$15,000 per month in rent for its office premises.

The Company can terminate the Services Agreement at any time by paying Cabrera a year's worth of fees based on the average monthly fee paid to Cabrera since January 31, 2011.

There are no other material contracts.

## **INTERESTS OF EXPERTS**

The following are names of persons or companies (i) that have prepared a or certified a report, valuation statement or opinion described or included in a filing, or referred to in a filing made under NI 51-102 by the Company during, or relating to the Company's most recently completed financial year; and (ii) whose profession or business gives authority to the report, valuation statement or opinion made by the person or company:

- (a) P&E Mining Consultants Inc. author of the Tuvatu Technical Report; and
- (b) Robert McLeod, P.Geo. – acting Qualified Person for the Company and responsible for all technical information subsequent to the Tuvatu Technical Report.

Based on information provided by the experts, none of the experts named above, when or after they prepared the statement, report or valuation, has received or will receive any registered or beneficial interests, direct or indirect, in any securities or other property of the Company or of one of the Company's associates or affiliates (based on information provided to the Company by such experts). As at the date hereof, the aforementioned persons, and the directors, officers, employees and partners, as applicable, of each of the aforementioned companies and partnerships beneficially own, directly or indirectly, in total, less than one percent of the securities of the Company.

The auditors of the Company are Davidson & Company LLP, Chartered Accountants, of Vancouver, British Columbia. Davidson & Company LLP, has advised the Company that it is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

Neither the aforementioned persons, nor any director, officer, employee or partner, as applicable, of the aforementioned companies or partnerships, is currently expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.

## **AUDIT COMMITTEE DISCLOSURE**

The Company is subject to National Instrument 52-110 *Audit Committees* (“**NI 52-110**”), which has been adopted by the Canadian Securities Administrators and which prescribes certain requirements in relation to audit committees. NI 52-110 requires the Company to disclose annually certain information concerning the constitution of its Audit Committee and its relationship with its independent auditors, which is set forth below.

### **The Audit Committee’s Charter**

The Company’s Audit Committee is governed by an audit committee charter, the text of which is set out in Appendix “A” of this Annual Information Form.

### **Composition of the Audit Committee**

The Company’s Audit Committee is comprised of three directors: David K. Duval, Richard J. Meli and George S. Young. All members are considered independent members of the Audit Committee pursuant to the meaning of “independent” provided in NI 52-110, except for George S. Young, as he is President of the Company and all members of the Audit Committee are considered financially literate as provided for in NI 52-110. Mr. Richard Meli acts as chair of the Audit Committee. Following the completion of the Avocet acquisition and the Company’s listing on the ASX the Company ceased to be a venture issuer and is required under NI 52-110 to have a fully independent Audit Committee. The Company’s board of directors is reviewing the composition of the Audit Committee and plans to re-constitute the Audit Committee following the Company’s next annual general meeting in compliance with NI 52-110.

### **Relevant Education and Experience**

This section described the education and experience of the Company’s Audit Committee members that is relevant to the performance of their responsibilities in that role.

#### *Richard J. Meli*

Mr. Meli earned a B.S. in Economics in 1969 and a M.S. in Accounting in 1971, both from the Wharton School at the University of Pennsylvania. Mr. Meli began his career with PricewaterhouseCoopers (former known as Price Waterhouse & Co.) in 1971, spending eight years in the firm’s New York office, becoming a CPA and reaching the level of audit manager. Mr. Meli was President of La Mancha Resources Inc. from September, 2004 until May, 2006; President of Luzenac America, a subsidiary of Rio Tinto plc. from 1999 to 2001; Senior Executive Business Development of Rio Tinto plc from 1996 to 1999.

#### *David K. Duval*

Mr. Duval is a mining and media consultant who has served as a director and/or officer of several exploration and production companies including Abaddon Resources, Rodera Diamond Corp., San Fernando Mining Company and Princeton Mining Corp. He has ten years of production and engineering experience in underground mining operations with Patino Mining Corp. and Texas Gulf Sulphur. Mr. Duval also served as a Technical Advisor to the United Nations and Royal Government of Thailand and as a Board member of Primary Corp., a TSX-listed investment bank.

George S. Young

Mr. Young started his career as a metallurgist at Kennecott in Utah and has thirty five years' experience in the mining industry, focused on debt and equity finance, and the legal and business management of natural resource companies. Previous positions include President of MAG Silver Corporation, General Counsel of Bond International Gold Corp., and CEO of Oro Belle Resources Corp. He received a J.D. from the University of Utah, College of Law, in 1979 and a B.S. in Metallurgical Engineering from the University of Utah in 1975. Mr. Young has practiced private law in Salt Lake City, UT, and is a former Chair of the Utah Section of the Society of Mining Engineers and a member (inactive) of the State Bar Associations of Colorado, Utah, and Texas.

### **Audit Committee Oversight**

Since the commencement of the Company's most recently completed financial year ended June 30, 2013, the Company's board of directors has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

### **Reliance on Certain Exemptions**

Since the commencement of the Company's most recently completed financial year ended June 30, 2013, the Company has not relied on the exemptions contained in Section 2.4 "De Minimis Non-Audit Services" or Section 8 "Exemptions" of NI 52-110. Section 2.4 provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulator authority for an exemption from the requirements of NI 52-110, in whole or in part.

The Company has not relied on and is not currently relying on any of the exemptions to the requirement to have all audit committee members be independent (as contained in sections 2.4, 3.2, 3.3(2), 3.4, 3.5 and 3.6 of NI 52- 110) or that all committee members be financially literate (as contained in section 3.8 of NI 52-110) or the exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

### **Pre-Approval Policies and Procedures**

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Company's board of directors, and where applicable the Audit Committee, on a case-by-case basis.

### **External Auditor Service Fees**

The fees paid by the Company to its auditor in each of the last two financial years, by category, are as follows:

<u>Financial Year Ending</u>	<u>Audit Fees</u>	<u>Audit Related Fees</u>	<u>Tax Fees</u>	<u>All Other Fees</u>
June 30, 2013	\$30,000 <sup>(1)</sup>	\$10,000	\$Nil	\$Nil
June 30, 2012	\$50,000	\$Nil	\$Nil	\$Nil

<sup>(1)</sup> Accrued in the 2013 Fiscal Year.

## ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Additional information, including the remuneration and indebtedness of the directors and officers of the Company, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, compliance with securities law and corporate governance assessment will be contained in the Company's management information circular for its upcoming annual meeting of shareholders of the Company. Additional financial information is provided in the Company's consolidated financial statements and management discussion and analysis for the 2013 Fiscal Year.

When the securities of the Company are in the course of a distribution pursuant to a short form prospectus, or a preliminary short form prospectus has been filed in respect of a distribution of its securities, copies of the following documents may be obtained via SEDAR ([www.sedar.com](http://www.sedar.com)) or upon request from the Corporate Secretary of the Company, Lion One Metals Limited, 311 West 1<sup>st</sup> Street, North Vancouver, British Columbia, V7M 1B5 Canada:

- (a) this Annual Information Form, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in this Annual Information Form;
- (b) Lion One's comparative financial statements for its most recently completed financial year for which financial statements have been filed, together with the Company's report of the auditor and a copy of the most recent interim financial statements of the Company that have been filed, if any, for any period after the end of its most recently completed financial year;
- (c) Lion One's information circular in respect of its most recent annual meeting of shareholders; and
- (d) any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus that is not required to be provided under paragraphs (a), (b) or (c).

At any other time, copies of any other documents referred to in paragraphs (a), (b) and (c) above may be obtained upon request from the Corporate Secretary of the Company. A person who is not a security holder of the Company may be required to pay a reasonable charge for such copies.

## GLOSSARY OF TECHNICAL TERMS

“**As**” means arsenic.

“**Au**” means gold.

“**Fe**” means iron.

“**ha**” means hectares.

“**Indicated Mineral Resource**” means that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

“**Inferred Mineral Resource**” means that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

“**kg**” means kilogram.

“**km**” means kilometre.

“**m**” means metre.

“**Measured Mineral Resource**” means that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

“**Mineral Reserve**” means the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.

“**Mineral Resource**” means a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals in or on the Earth’s crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.

“**MT**” means magneto-tellurics.

“**NSR**” means net smelter return.

“**ppm**” means parts per million.

“**RC**” means reverse circulation.

## APPENDIX A

### AUDIT COMMITTEE CHARTER

National Instrument 52-110 (the “**Instrument**”) relating to the composition and function of audit committees applies to every TSX Venture Exchange listed company, including the Company. The Instrument requires all affected issuers to have a written audit committee charter (the “**Charter**”) which must be disclosed, as stipulated by Form 52-110F2, in the management information circular of the Company wherein management solicits proxies from the security holders of the Company for the purpose of electing directors to the Board.

This Charter has been adopted by the Board in order to comply with the Instrument and to more properly define the role of the Audit Committee in the oversight of the financial reporting process of the Company. Nothing in this Charter is intended to restrict the ability of the Board or Audit Committee to alter or vary procedures in order to comply more fully with the Instrument, as amended from time to time.

#### **1.0 PURPOSE**

The purpose of the Audit Committee (the “**Committee**”) is to: a) assist the Board in fulfilling its oversight responsibilities with respect to financial reporting and disclosure requirements; b) ensure that an effective risk management and financial control framework has been implemented by management of the Company; and c) be responsible for external and internal processes.

#### **2.0 COMPOSITION AND MEMBERSHIP**

The Board will appoint the members (“**Members**”) of the Committee after the annual general meeting of shareholders of the Company. The Members will be appointed to hold office until the next annual general meeting of shareholders of the Company or until their successors are appointed. The Board may remove a Member at any time and may fill any vacancy occurring on the Committee. A Member may resign at any time and a Member will cease to be a Member upon ceasing to be a director. The Committee will consist of three directors that meet the criteria for independence and financial literacy established by applicable laws and the rules of the stock exchange upon which the Company’s securities are listed, including Multilateral Instrument 52-110 –Audit Committees. In addition, each director will be free of any relationship which could, in the view of the Board, reasonably interfere with the exercise of a member’s independent judgment. The Board will appoint one of the Members to act as the Chairman of the Committee. The secretary of the Company (the “**Secretary**”) will be the secretary of all meetings and will maintain minutes of all meetings and deliberations of the Committee. In the absence of the Secretary at any meeting, the Committee will appoint another person who may, but need not, be a Member to be the secretary of that meeting.

#### **3.0 MEETINGS**

Meetings of the Committee will be held at such times and places as the Chairman may determine. Twenty-four (24) hours advance notice of each meeting will be given to each Member orally, by telephone, by facsimile or email, unless all Members are present and waive notice, or if those absent waive notice before or after a meeting. Members may attend all meetings either in person or by conference call. At the request of the external auditors of the Company, the Chief Executive Officer or the Chief Financial Officer of the Company, or any member of the Committee, the Chairman will convene a meeting of the Committee. Any such request will set out in reasonable detail the business proposed to be conducted at the meeting so requested. The Chairman, if present, will act as the Chairman of meetings of the Committee. If the Chairman is not present at a meeting of the Committee, then the Members present may select the acting Chairman of the meeting. A majority of Members will constitute a quorum for a meeting of the Committee. Each Member will have one vote and decisions of the Committee will be made by an affirmative vote of the majority. The Chairman will not have a deciding or casting vote in the case of

an equality of votes. Powers of the Committee may also be exercised by written resolution signed by all Members. The Committee may invite from time to time such persons as it sees fit to attend its meetings and to take part in the discussion and consideration of the affairs of the Committee. In advance of every regular meeting of the Committee, the Chairman, with the assistance of the Secretary, will prepare and distribute to the Members and others as deemed appropriate by the Chairman, an agenda of matters to be addressed at the meeting together with appropriate briefing materials. The Committee may require officers and employees of the Company to produce such information and reports as the Committee may deem appropriate in order to fulfill its duties.

#### **4.0 DUTIES AND RESPONSIBILITIES**

The duties and responsibilities of the Committee are as follows:

##### *4.1 Financial Reporting and Disclosure*

- a) Review and recommend to the Board for approval, the quarterly financial statements, management discussion and analysis, financial reports and any public release of financial information through press release or otherwise.
- b) Review and recommend to the Board for approval, the audited annual financial statements, including the auditors' report thereon, management discussion and analysis and financial reports.
- c) Review and recommend to the Board for approval, where appropriate, financial information contained in any prospectuses, annual information forms, material change disclosures of a financial nature and similar disclosure documents.
- d) Review with management of the Company and with external auditors significant accounting principles and disclosure issues and alternative treatments under Canadian generally accepted accounting principles ("GAAP") all with a view to gaining reasonable assurance that financial statements are accurate, complete and present fairly the Company's financial position and the results of its operations in accordance with Canadian GAAP.

##### *4.2 Internal Controls and Audit*

- a) Review and assess the adequacy and effectiveness of the Company's system of internal control and management information systems through discussions with management and the external auditors.
- b) Satisfy itself that adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements.
- c) Periodically assess the adequacy of such systems and procedures to ensure compliance with regulatory requirements and recommendations.
- d) Review and discuss the Company's major financial risk exposures and the steps taken to monitor and control such exposures, including the use of any financial derivatives and hedging activities.
- e) Review annually insurance programs relating to the Company and its investments.

##### *4.3 External Audit*

- a) Review the performance of the external auditors who are accountable to the Committee and the Board as representatives of the shareholders and recommend to the Board the external auditors to be nominated for the purpose of preparing or issuing an audit report.

- b) Oversee the work of the external auditors appointed by the shareholders of the Company with respect to preparing and issuing an audit report.
- c) Review the results of the external audit and the report thereon including, without limitation, a discussion with the external auditors as to the quality of accounting principles used, any alternative treatments of financial information that have been discussed with management of the Company, the ramifications of their use as well as any other material changes.
- d) Review the reasons for any proposed change in the external auditors which is not initiated by the Committee or Board and any other significant issues related to the change, including the response of the incumbent auditors, and enquire as to the qualifications of the proposed auditors before making its recommendations to the Board.
- e) Review the independence of the external auditors, including a written report from the external auditors respecting their independence and consideration of applicable auditor independence standards.

#### *4.4 Associated Responsibilities*

Establish, monitor and periodically review a whistleblower policy and associated procedures for the receipt, retention and treatment of: a) complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and b) the confidential, anonymous submission by directors, officers and employees of the Company of concerns regarding questionable accounting or auditing matters.

#### *4.5 Non-Audit Services*

Pre-approve all non-audit services to be provided to the Company or any subsidiary entities by its external auditors. The Committee may delegate to one or more of its members the authority to pre-approve non-audit services but pre-approval by such member or members so delegated shall be presented to the full audit committee at its first scheduled meeting following such pre-approval.

#### *4.6 Oversight Function*

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate or are in accordance with GAAP and applicable rules and regulations. These are the responsibilities of Management and the external auditors. The Committee, the Chairman and any Members identified as having accounting or related financial expertise are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of the Company, and are specifically not accountable or responsible for the day-to-day operation or performance of such activities. Although the designation of a Member as having accounting or related financial expertise for disclosure purposes is based on that individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and Board in the absence of such designation. Rather, the role of a Member who is identified as having accounting or related financial expertise, like the role of all Members, is to oversee the process, not to certify or guarantee the internal or external audit of the Company's financial information or public disclosure.

### **5.0 REPORTING**

The Chairman will report to the Board at each Board meeting on the Committee's activities since the last Board meeting. The Secretary will circulate the minutes of each meeting of the Committee to the members of the Board.

## **6.0 ACCESS TO INFORMATION AND AUTHORITY**

The Committee will be granted unrestricted access to all information regarding the Company and all directors, officers and employees will be directed to cooperate as requested by members of the Committee. The Committee has the authority to retain, at the Company's expense, independent legal, financial and other advisors, consultants and experts, to assist the Committee in fulfilling its duties and responsibilities. The Committee also has the authority to communicate directly with internal and external auditors.

## **7.0 REVIEW OF CHARTER**

The Committee will review and assess, on an annual basis, the adequacy of this Charter and recommend any proposed changes to the Board for approval.