

## Lion One Metals Limited has been awarded the Navilawa Special Prospecting License (SPL 1412), more than doubling the exploration potential of Tuvatu Gold Project. We maintain our Buy rating.



### Tuvatu gold project profile:

Lion One Metals Limited's (TSX VENTURE: LIO, ASX: LLO, OTCQX: LOMLF, "Lion One") 100% owned permitted Tuvatu Gold Project is located only 17 km from the Nadi International Airport, on the main island of Viti Levu, in Fiji. The project is in a caldera setting, on trend with the caldera-situated Vatukoula gold mine, which has produced 7 million oz of gold in the last 82 years. The Tuvatu Gold Project has an Indicated resource of 1.1 Mt, grading 8.46 g/t, for 299,500 oz of gold; and an Inferred gold resource of 1.5 Mt, grading 9.7 g/t, for 468,000 oz of gold, at a 3 g/t Au cutoff grade. The PEA assumed modest capital costs and efficient mining of high-grade gold resources, resulting in significant cash flow, which may rapidly repay capital and fund mine development and additional exploration of prospective gold targets.

### Summary of the Navilawa Special Prospecting License (SPL 1412):

- The exploration license covers 102 km<sup>2</sup> securing the balance of the area contained within the Navilawa caldera.
- The exploration license increases the Tuvatu Gold Project to over 200 km<sup>2</sup> confirming Lion One's district-scale exploration opportunity.
- The exploration license adds an additional 11 previously identified gold and copper/gold (porphyry) prospects to the Tuvatu Gold Project.

Our investment thesis was based on our belief that a number of attributes of the Tuvatu Gold Project were superior to the Vatukoula gold mine in Fiji that produced over 7 million oz of gold over 82 years. These aspects include high-grades of gold lodes that on average appear to be over the planned mining width of 1.2 meters thereby reducing mine dilution, a steeper angle of gold lodes amenable to more efficient shrinkage stoping at Tuvatu compared to breast stoping at Vatukoula, and higher recoveries compared to that from refractory ore at Vatukoula. We believed that if Vatukoula could operate with these challenges that Tuvatu would potentially do even better. While we anticipated the potential for Lion One to double the mine life with the existing mining lease (SML 62), we considered the granting of the exploration license to explore the balance of the Navilawa caldera provided the potential for the Tuvatu Gold Project to rival the longevity of the Vatukoula gold mine. We maintain our Buy rating and price target of C\$1.40 per share.

### Lion One Metals Limited

TSX – V:  
OTCQX:

LIO  
LOMLF

November 21, 2017

<b>Rating:</b>	Buy
<b>Price Target:</b>	C\$1.40
Price (11/20/17):	C\$0.58
52-Week Range:	C\$0.45-0.96
Ave. volume (3 mos.):	59,450
Cash <sup>(1)</sup> :	C\$25.8M
Debt <sup>(1)</sup> :	C\$0.0M
Market Cap:	C\$57.0M
Enterprise Value <sup>(est.)</sup> :	C\$31.2M
Shares Outstanding:	101.8M
Shares Diluted:	150.5M
1Q18 Rev <sup>(1)</sup> :	C\$0.0M
FY17 Rev <sup>(1)</sup> :	C\$0.0M
Insider Owners	21.0%
Institutional Owners	32.9%

(1) As of September 30, 2017

### Stock Performance



Source: Worden

### Company Description

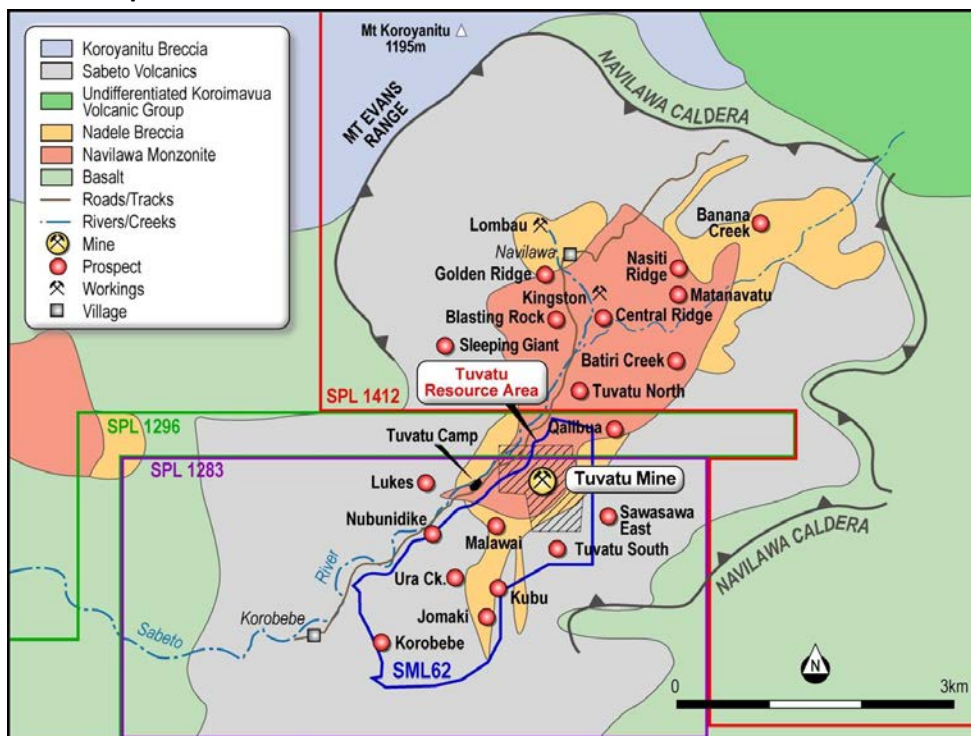
Lion One Metals Limited is headquartered in Vancouver, B.C., and its Tuvatu Gold Project is located on the main island of Viti Levu in Fiji.

See Page 5 for analyst certification and important disclosures.

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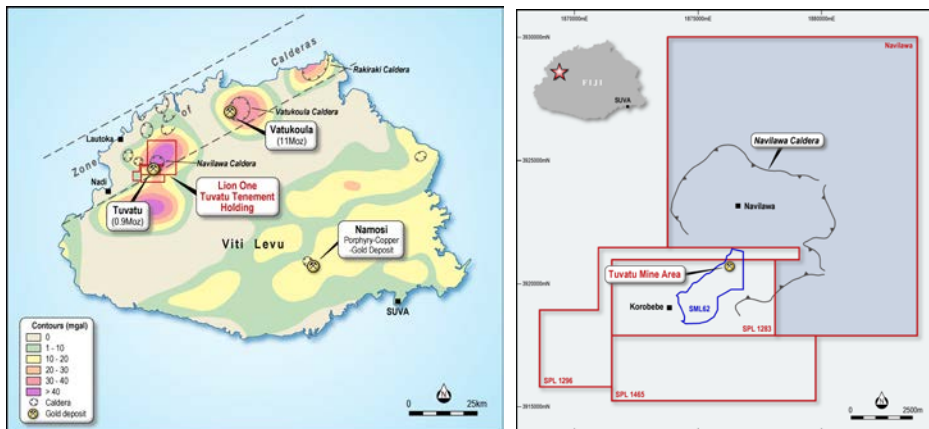
In our opinion, the award of the Navilawa Special Prospecting License to Lion One by the Republic of Fiji was the appropriate decision. Upon visiting the Tuvatu Gold Project it was apparent that Lion One had respect for the geology, the local residents and the government. The topography and limited access into the caldera appears best suited to a single operator which has the likelihood of being good neighbors with the local residents. The addition of SPL 1412 to Lion One’s already impressive land position in Fiji provides Lion One a district-scale opportunity for gold exploration. Calderas provide both the natural heat source and plumbing system for mineralizing fluids to form deposits in and around the collapsed volcano. Lion One has been successful incorporating conventional exploration methods to identify and develop prospects. While many of these prospects are still early in their identification and development, the detection of gold near surface suggests to us the potential for decades of exploration.

**Prospects within the Navilawa Caldera with the Inclusion of SPL 1412**



**Viti Levu, Fiji**

(Note that Tuvatu is located along trend with the Vatukoula gold mine.)



Source: Lion One Metals

<b>Lion One Metals Limited</b>								
<b>Balance Sheet</b>								
September 30, 2017								
(in Canadian dollars)								
	<u>2011FYE</u>	<u>2012FYE</u>	<u>2013FYE</u>	<u>2014FYE</u>	<u>2015FYE</u>	<u>2016FYE</u>	<u>2017FYE</u>	<u>1Q18</u>
	<u>6/30/11</u>	<u>6/30/12</u>	<u>6/30/13</u>	<u>6/30/14</u>	<u>6/30/15</u>	<u>6/30/15</u>	<u>6/30/17</u>	<u>9/30/17</u>
<b>ASSETS</b>								
<b>Current</b>								
Cash	\$ 20,829,922	\$ 15,971,997	\$ 13,576,266	\$ 8,040,357	\$ 4,144,571	\$ 62,154	\$ 28,285,323	\$ 25,834,094
HST and VAT recoverable	349,362	429,418	-	-	-	-	-	-
Due from related parties	112,528	-	-	-	-	-	-	-
Receivables	97,626	29,410	283,864	130,793	34,767	27,877	229,251	328,652
Prepaid expenses	13,612	16,256	32,610	35,894	12,615	10,502	15,748	54,265
Deposits	58,426	31,093	-	-	-	-	-	-
<b>Current Assets</b>	<b><u>21,461,476</u></b>	<b><u>16,478,174</u></b>	<b><u>13,892,740</u></b>	<b><u>8,206,544</u></b>	<b><u>4,191,953</u></b>	<b><u>100,533</u></b>	<b><u>28,530,322</u></b>	<b><u>26,217,011</u></b>
Restricted cash	75,000	75,000	103,908	105,189	103,911	28,905	29,904	29,349
Exploration advances and deposits	23,193	-	111,250	91,193	62,854	1,928,230	1,940,843	1,881,084
Exploration and evaluation assets	135,528	681,237	31,686,823	33,142,838	36,069,453	38,622,183	44,959,283	45,600,897
Property and equipment	21,667,700	24,861,722	728,104	718,972	670,905	555,768	767,607	784,172
<b>Total Assets</b>	<b><u>\$ 43,362,897</u></b>	<b><u>\$ 42,096,133</u></b>	<b><u>\$ 46,522,825</u></b>	<b><u>\$ 42,264,736</u></b>	<b><u>\$ 41,099,076</u></b>	<b><u>\$ 41,235,619</u></b>	<b><u>\$ 76,227,959</u></b>	<b><u>\$ 74,512,513</u></b>
<b>LIABILITIES</b>								
<b>Current</b>								
Accounts payable and accrued liabilities	\$ 209,646	\$ 129,324	\$ 803,383	\$ 373,657	\$ 258,569	\$ 257,714	\$ 713,366	\$ 557,838
Accounts payable, due to related parties	-	14,358	-	-	54,920	945,377	56,847	78,862
<b>Current Liabilities</b>	<b><u>209,646</u></b>	<b><u>143,682</u></b>	<b><u>803,383</u></b>	<b><u>373,657</u></b>	<b><u>313,489</u></b>	<b><u>1,203,091</u></b>	<b><u>770,213</u></b>	<b><u>636,700</u></b>
Long-term provisions	-	-	33,748	41,234	29,259	32,573	37,128	37,280
Shareholder equity	209,646	143,682	837,131	414,891	342,747	1,235,664	807,341	673,980
Shareholder equity	43,153,251	41,952,451	45,685,694	41,849,845	40,756,329	39,999,955	75,420,618	73,838,533
<b>Total Liabilities and Equity</b>	<b><u>\$ 43,362,897</u></b>	<b><u>\$ 42,096,133</u></b>	<b><u>\$ 46,522,825</u></b>	<b><u>\$ 42,264,736</u></b>	<b><u>\$ 41,099,076</u></b>	<b><u>\$ 41,235,619</u></b>	<b><u>\$ 76,227,959</u></b>	<b><u>\$ 74,512,513</u></b>
Source: Lion One Metals Limited								

<b>Lion One Metals Limited</b>								
<b>Income Statement</b>								
September 30, 2017								
(in Canadian dollars)								
	<b>2011FYE</b>	<b>2012FYE</b>	<b>2013FYE</b>	<b>2014FYE</b>	<b>2015FYE</b>	<b>2016FYE</b>	<b>2017FYE</b>	<b>1Q18</b>
	<b>6/30/11</b>	<b>6/30/12</b>	<b>6/30/13</b>	<b>6/30/14</b>	<b>6/30/15</b>	<b>6/30/16</b>	<b>6/30/17</b>	<b>9/30/17</b>
<b>EXPENSES</b>								
Consulting fees	\$ 187,462	\$ 234,800	\$ 188,861	\$ 129,375	\$ 135,103	\$ 110,125	\$ 72,750	\$ 21,500
Depreciation	-	-	350	10,516	4,618	1,024	598	-
Directors fees	-	-	-	14,125	24,000	20,000	17,750	5,750
Foreign exchange (gain) loss	(74,586)	38,649	(2,272)	5,377	(2,511)	2,220	110,088	158,522
Licenses, dues and fees	8,447	39,509	87,367	39,761	37,600	37,870	37,330	13,620
Investor relations	269,857	366,636	364,872	221,516	197,182	208,583	175,376	42,681
Management fees	455,622	993,177	244,186	246,258	155,284	109,088	215,869	64,644
Office and administrative	33,975	63,562	341,979	390,409	408,777	347,296	391,170	104,802
Professional fees	111,809	109,044	368,258	218,509	295,959	228,065	185,476	48,454
Property costs	-	-	-	23,173	60,695	2,020	-	-
Rent	72,829	180,063	180,000	250,595	286,606	189,145	188,379	45,000
Shareholder communication	35,645	59,883	213,452	178,206	148,767	138,838	163,539	51,332
Share-based payments	1,176,120	1,228,042	403,622	185,700	228,403	220,413	1,036,191	100,156
Travel	216,661	141,283	52,797	45,213	78,043	46,817	92,295	8,710
<b>Operating loss</b>	<b>(2,493,841)</b>	<b>(3,454,648)</b>	<b>(2,443,472)</b>	<b>(1,958,733)</b>	<b>(2,058,526)</b>	<b>(1,661,504)</b>	<b>(2,686,811)</b>	<b>(665,171)</b>
<b>OTHER INCOME</b>								
Listing fee	(6,104,347)	-	-	-	-	-	-	-
Interest income	90,702	233,956	182,074	153,401	72,041	72,798	279,567	86,438
Write down	-	-	-	(3,138,387)	-	(771,648)	-	-
Settlement	-	-	-	(283,394)	-	-	-	-
<b>Net loss for the period</b>	<b>(8,507,486)</b>	<b>(3,220,692)</b>	<b>(2,261,398)</b>	<b>(5,227,113)</b>	<b>(1,986,485)</b>	<b>(2,360,354)</b>	<b>(2,407,244)</b>	<b>(578,733)</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>								
Foreign exchange gain (loss)	616,214	316,044	(76,892)	1,220,167	608,904	1,347,155	120,075	(1,202,561)
<b>Comprehensive income (loss)</b>	<b>\$ (7,891,272)</b>	<b>\$ (2,904,648)</b>	<b>\$ (2,338,290)</b>	<b>\$ (4,006,946)</b>	<b>\$ (1,377,581)</b>	<b>\$ (1,013,199)</b>	<b>\$ (2,287,169)</b>	<b>\$ (1,781,294)</b>
Basic and diluted loss per common share	(0.28)	(0.07)	(0.05)	(0.09)	(0.03)	(0.04)	(0.03)	(0.01)
Weighted average number of common shares outstanding	30,331,755	48,663,656	49,307,202	60,173,408	60,175,608	60,175,608	92,843,545	101,729,870
Source: Lion One Metals Limited								



(source: stockwatch.com)

### Disclosure Appendix

#### AUTHOR CERTIFICATION

R. Michael Niehuser, the author primarily responsible for this report certifies, with respect to each security or issuer in this report, that: (1) all of the views expressed in this report accurately reflect his own personal views about the subject companies and their securities; (2) part of the author's compensation may be, directly or indirectly, related to a portion of the commissions generated by Scarsdale Equities LLC ["SE"] in transactions in this or other securities designated for the author's credit; (3) the author does not receive compensation based on investment banking or advisory services SE might provide to this or any other issuer.

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(as of 11/21/2017)	Count	Percent	Investment Banking Relationships	Count	Percent
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Neutral	0	0%	Neutral	0	0%
Sell	0	0%	Sell	0	0%

Buy: Expected to outperform broad market averages by at least 15%.  
 Neutral: Expected to perform in line with broad market averages.  
 Sell: Expected to underperform broad market averages by at least 15%.

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<sup>2</sup> The author does not have a financial interest in Lion One Metals Limited (LIO.V) covered in this report.

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<sup>3</sup> Part of the author's compensation may consist of a portion of the commissions generated by transactions in this issuer's securities placed at Scarsdale Equities LLC for the credit of the author.

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<sup>4</sup> Scarsdale Equities LLC expects to receive advisory or investment banking compensation from the issuer in the next ninety days.

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**PRICE TARGET METHODOLOGY AND RISKS**

We believe that the best approach to complete a valuation analysis of Lion One is to utilize the PEA and build upon it. The PEA was completed on an equity-only basis, which implies the potential to increase returns by increasing leverage by adding debt. This would increase financial risk by actually delaying the repayment of capital. The PEA was completed at a gold price of US\$1,200, and we suspect costs have not varied beyond the PEA's level of confidence of about 35%. We believe that the PEA's NPV is a good starting point for assigning value to Lion One, though investors would be right to assign a discount or premium to this based on their perspective of future gold prices and the relative risks of constructing and operating a mine in Fiji. We also believed that a premium was warranted for the potential of Lion One acquiring the Navilawa tenement to the north of the Tuvatu Gold Project, their interest in an iron ore project in Australia, and the quality of their employees in Fiji.

The Tuvatu Gold Project includes a narrow-vein, high-grade epithermal gold deposit. It is challenging and expensive to fully delineate gold resources in these types of deposits. They have a favorable reputation for additional discoveries, and long lives and may later be curtailed by lower gold prices relative to the cost of increasing development costs. Clearly, this is the reason for our referring to Vatukoula as an analog, due to its 83-year history, 7 million ounces of gold production and remaining resources. For many reasons, as discussed in this report, we believe that Tuvatu Gold Project has a more attractive gold deposit. As Vatukoula has not fully been explored in its host caldera, the Navilawa Caldera is early in its exploration, with at least three documented prospects at surface on SML62, with the potential on the balance of its special prospecting licenses, including the recent award of the Navilawa exploration license covering the balance of the area within Navilawa Caldera. As resource at the Tuvatu Gold Project is open laterally and at depth, with the recent award of the Navilawa exploration license, we believe looking to Vatukoula as an analog is valid.

The PEA's assessment of Tuvatu Gold Project is based on a modest size gold resource proposing a modest scale operation. The PEA notes the potential to operate and expand to higher levels of production and cites several opportunities to improve economics by reducing power, reducing costs, and improving metallurgical results with experience. We have accepted the PEA's assumptions, but speculated on a potential NPV at a discount rate of 5% if the mine life doubled, maintaining ongoing exploration, mine development and costs related to the tailings dam and closure. Based on our calculations, this would imply an NPV at a discount rate of 5% of about US\$304.2 million, or C\$381.2 million (adjusted for a Canadian/U.S. exchange rate of 1.253:1). This speculative assessment is useful to recognize the potential of the Tuvatu Gold Project should the mine life could be doubled.

We believe that Tuvatu could be reasonably valued, upon financing, at a premium of at least 1.5 times the PEA's after-tax NPV<sub>5%</sub> of US\$86.5 million, to be US\$130.0 million, or C\$163.0 million. Valuing the Tuvatu Gold Project at C\$163.0

with 101.8 million shares outstanding (compared to our earlier forecast of 128.0 million shares), this might suggest a target price of about C\$1.60 per share once financing is secured and construction commences. While the actual course of financing is not fully settled, we believe our methodology is reasonable, and the prospects for Lion One completing financing at the current level of development under present market conditions to be good.

[Note per the Tuvatu Gold Project Preliminary Economic Assessment, dated July 14, 2015, page 22.4, “A 10% increase in gold price to US\$1,320 per ounce would increase the project pre-tax IRR to 80%, the discounted pre-tax NPV to \$149 million and decrease the payback to 1.1 years. A 10% reduction in gold price to US\$1,080 per ounce would reduce the project pre-tax IRR to 53% and discounted pre-tax NPV to \$85 million and increase the payback to 1.6 years.”]

There are a large number of easily identifiable and unforeseen risks encountered with investing in resource companies. We have addressed many of the risks which might be identified in the text of the Introductory Report (dated June 22, 2016) and highlighted a number of risks specific to Lion One and the Tuvatu Gold Project in the “Risks and Mitigations” section of that report. The highlighted risks include political, operational, geological, economic, commodity price and financial risk.

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Additional information is available upon request. Write to Mike Niehuser at Scarsdale Equities LLC, 10 Rockefeller Plaza, Suite 720, New York, NY 10020 to obtain additional information or email him at [miken@scarsdale-equities.com](mailto:miken@scarsdale-equities.com)

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