LION ONE METALS LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE PERIOD ENDED SEPTEMBER 30, 2019

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

LION ONE METALS LIMITED

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited)

		September 30 2019		June 30, 2019
ASSETS				
Current				
Cash	$	7,731,632	$	8,907,418
Receivables		115,814		549,234
Prepaid expenses		23,482		62,790
		7,870,928		9,519,442
Restricted cash (Note 4)		26,823		27,531
Right-of-use asset (Note 3)		542,732		-
Deposits (Note 5, 6)		3,048,444		3,001,543
Exploration and evaluation assets (Note 5)		56,786,168		56,352,590
Property and equipment (Note 6)		3,078,900		2,977,200
	$	71,353,995	$	71,878,306
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities (Note 7, 9)	$	427,046	$	383,986
Lease liability (Note3)		129,065		-
		556,111		383,986
Lease liability (Note 3)		418,841		-
Long-term provisions (Note 7)		40,224		40,496
		1,015,176		424,482
Shareholders' equity				
Share capital (Note 8)		97,214,173		97,214,173
Reserves (Note 8)		22,023,292		21,868,222
Accumulated other comprehensive income		1,777,410		2,388,953
Deficit		(50,676,056)		(50,017,524)
		70,338,819		71,453,824
	$	71,353,995	$	71,878,306

Nature of operations and going concern (Note 1)

Approved and authorized by the Board on November 11, 2019:

"Walter H. Berukoff" Director *"Stephen Mann"* Director

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

LION ONE METALS LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Unaudited)
FOR THE THREE MONTHS ENDED SEPTEMBER 30

		2019		2018
EXPENSES				
Consulting fees	$	11,250	$	11,250
Depreciation (Note 3)		38,767		-
Directors' fees (Note 9)		5,750		5,750
Foreign exchange loss		49,777		72,009
Licenses, dues and insurance		19,042		19,267
Interest expense (Note 3)		11,407		-
Investor relations		159,748		110,844
Management fees		85,436		71,803
Office and administrative		105,067		92,147
Professional fees (Note 9)		84,307		124,159
Rent (Note 3, 9)		-		45,000
Shareholder communications and filings		46,552		45,963
Share-based payments (Note 8)		76,657		69,012
Travel		12,752		4,303
Operating loss		(706,512)		(671,507)
OTHER INCOME (EXPENSES)				
Interest income		47,980		98,608
Loss for the period		(658,532)		(572,899)
OTHER COMPREHENSIVE (LOSS) INCOME				
Foreign exchange translation adjustment		(611,543)		(1,021,048)
Comprehensive loss for the period	$	(1,270,075)	$	(1,593,947)
Basic and diluted loss per common share	$	(0.01)	$	(0.01)
Weighted average number of common shares outstanding		103,104,962		102,522,044

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

LION ONE METALS LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)
FOR THE THREE MONTHS ENDED SEPTEMBER 30

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	$ (658,532)	$ (572,899)
Non-cash items:		
Foreign exchange loss	49,777	72,009
Depreciation (Note 3)	38,767	-
Interest expense (Note 3)	11,407	-
Share-based payments	76,657	69,012
Changes in non-cash working capital items:		
Receivables	429,239	(133,678)
Prepaid expenses	39,220	(30,643)
Accounts payable and accrued liabilities	22,159	455
	8,694	(595,744)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(176,618)	-
Exploration and evaluation asset expenditures	(824,049)	(1,849,075)
Deposits	(72,567)	(1,083,652)
	(1,073,234)	(2,932,727)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liabilities (Note 3)	(45,000)	-
	(45,000)	-
Effect of exchange rate changes on cash	(66,246)	(95,193)
Change in cash during the period	(1,175,786)	(3,623,664)
Cash, beginning of period	8,907,418	19,574,527
Cash, end of period	$ 7,731,632	$ 15,950,863

Supplementary cash flow information:

	2019	2018
Non-cash transactions:		
Depreciation expense capitalized to exploration and evaluation assets	$ 54,689	$ 35,906
Right-of-use asset recognized upon accounting policy change (Note 3)	581,499	-
Share-based payments expense capitalized to exploration and evaluation assets	78,413	56,635
Accounts payable and accrued liabilities in exploration and evaluation assets	157,706	103,126

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

LION ONE METALS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Share Capital				Accumulated Other Comprehensive	
	Number	Amount	Reserves	Deficit	Income	Total
Balance, June 30, 2018	102,522,044	$ 96,726,311	$ 21,203,219	$ (47,796,088)	$ 3,449,141	$ 73,582,583
Share-based payments	-	-	125,647	-	-	125,647
Exercise of stock options	-	-	-	-	-	-
Comprehensive loss for the period	-	-	-	(572,899)	(1,021,048)	(1,593,947)
Balance, September 30, 2018	102,522,044	96,726,311	21,328,866	(48,368,987)	2,428,093	72,114,283
Share-based payments – stock options	-	-	668,196	-	-	668,196
Share-based payments – trust shares	-	155,000	-	-	-	155,000
Exercise of stock options	582,918	332,862	(128,840)	-	-	204,022
Comprehensive loss for the period	-	-	-	(1,648,537)	(39,140)	(1,687,677)
Balance, June 30, 2019	103,104,962	97,214,173	21,868,222	(50,017,524)	2,388,953	71,453,824
Share-based payments – stock options	-	-	155,070	-	-	155,070
Comprehensive loss for the period	-	-	-	(658,532)	(611,543)	(1,270,075)
Balance, September 30, 2019	103,104,962	$ 97,214,173	$ 22,023,292	$ (50,676,056)	$ 1,777,410	$ 70,338,819

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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

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

The Company is in the process of exploring and evaluating its resource properties and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has incurred losses from inception and does not currently have the financial resources to advance its projects to completion. As at September 30, 2019, the Company had not advanced its properties to commercial production. The Company has adequate financial resources for the next twelve months. The Company's continuation as a going concern is dependent upon the successful results from its exploration activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations.

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

2. BASIS OF PREPARATION

Statement of Compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies and methods of computation applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company's annual financial statements for the year ended June 30, 2019.

Basis of Consolidation and Presentation

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. Certain prior year balances have been reclassified to conform with the current year presentation. All dollar amounts presented are in Canadian dollars unless otherwise specified.

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

Use of Estimates

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (cont'd…)

Judgments

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

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

Estimates

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

New standards adopted during the period

IFRS 16 Leases

Effective July 1, 2019, the Company adopted IFRS 16, Leases ("IFRS 16") using the modified retrospective application method, where the prior period comparatives are not restated and the cumulative effect of initially applying IFRS 16 has been recorded on July 1, 2019 for any differences identified. The Company has determined that the adoption of IFRS 16 resulted in no adjustments to the opening balance of accumulated deficit.

The objective of IFRS 16 is to bring all leases on-balance sheet for lessees. IFRS 16 requires lessees to recognize a Right-of-Use "ROU" asset and liability calculated using a prescribed methodology. The Company policy is to assess whether a contract is or contains a lease, at the inception of a contract. The Company recognizes a ROU asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the following exceptions: (i) the Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months, or (ii) for leases of low value. The payments for such leases are recognized in the consolidated statement of comprehensive loss on a straight-line basis over the lease term.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

As at July 1, 2019, the Company recognized $581,499 for a ROU asset for the office space lease and $581,499 for the lease liability equal to the present value of office space lease payments over a 45 month period ending March 31, 2023, discounted by using the Company's incremental borrowing rate at 8.0%. During the period ended September 30, 2019, the Company recognized a non cash interest expense of $11,407 for the office space lease and a non cash depreciation expense for the ROU asset of $38,767.

The cumulative effect of the changes made to the consolidated statement of financial position as at July 1, 2019, for the adoption of IFRS 16 is as follows:

	As previously reported	Effect of change in accounting policy	As reported under new accounting policy
Right-of-use asset	$ -	$ 581,499	$ 581,499
Lease liability (current)	-	(126,518)	(126,518)
Lease liability (non-current)	-	(454,981)	(454,981)
	$ -	$ -	$ -

The operating lease obligations as at June 30, 2019 are reconciled as follows to the recognized lease liabilities as at July 1, 2019:

Operating lease obligations as at June 30, 2019	$ 675,000
Effect from discounting at the incremental borrowing rate as at July 1, 2019	(93,501)
	$ 581,499

4. RESTRICTED CASH

The restricted cash balance is comprised of a guaranteed investment certificate and security deposit held as collateral for the Company's corporate credit cards.

5. EXPLORATION AND EVALUATION ASSETS

September 30, 2019	**Fiji**	**Australia**	**Total**
Acquisition costs			
Balance, June 30, 2018 and June 30, 2019	$ 21,915,063	$ 511,890	$ 22,426,953
Exploration expenditures			
Balance, June 30, 2019	35,115,036	55,671	35,170,707
Additions for the period	980,884	2,755	983,639
Balance, September 30, 2019	36,095,920	58,426	36,154,346
Cumulative translation adjustment			
Balance, June 30, 2019	(1,182,889)	(62,181)	(1,245,070)
Adjustments for the period	(537,030)	(13,031)	(550,061)
Balance, September 30, 2019	(1,719,919)	(75,212)	(1,795,131)
Property total, September 30, 2019	$ 56,291,064	$ 495,104	$ 56,786,168

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (cont'd…)

June 30, 2019		**Fiji**		**Australia**		**Total**
Acquisition costs						
Balance, June 30, 2018 and 2019	$	21,915,063	$	511,890	$	22,426,953
Exploration expenditures						
Balance, June 30, 2018		28,516,769		48,441		28,565,210
Additions for the year		6,598,267		7,230		6,605,497
Balance, June 30, 2019		35,115,036		55,671		35,170,707
Cumulative translation adjustment						
Balance, June 30, 2018		(311,392)		(31,764)		(343,156)
Adjustments for the year		(871,497)		(30,417)		(901,914)
Balance, June 30, 2019		(1,182,889)		(62,181)		(1,245,070)
Property total, June 30, 2019	$	55,847,210	$	505,380	$	56,352,590

Tuvatu Gold Project

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

In January 2015, the Mineral Resources Department ("MRD") of Fiji granted Special Mining Lease 62 ("SML 62") on the Tuvatu project to the Company. SML 62 is a designated area within the original boundaries of the Company's Special Prospecting Licenses ("SPL's") 1283 and 1296. SML 62 provides exclusive rights for the potential development, construction, and operation of mining, processing, and waste management infrastructure at Tuvatu. The terms of the mining lease provide for certain performance and reporting requirements. The SML has been granted for a term of ten years provided the Company complies with the terms of the lease. Extensions to the term can be applied subject to the terms of the lease and the Mining Act. A performance and environmental bond of FJD$2,700,000 (2019 - $1,620,640, June 30, 2019 - $1,642,113) has been placed on deposit with the MRD. The SML is subject to annual lease payments of FJD$73,697 ($44,236).

In addition to a 5% net smelter royalty ("NSR") with the government of Fiji, the Fiji properties are subject to a perpetual production royalty of 0.5% to 1.5% of net smelter returns. This NSR is payable to a company controlled by a common director.

Surface Lease Agreement

The Company holds a 21-year Surface Lease agreement with the iTaueki Land Trust Board ("TLTB") which governs the native land ownership rights in Fiji. The TLTB manages the lease agreements between native land owners and tenants.

Under the terms of the Surface Lease, the Company must make a one-time payment of FJD$1,000,000 of which FJD$700,000 ($419,790) was paid upon acceptance of the Surface Lease agreement. The balance of FJD$300,000 ($180,071) is due upon the first gold production from mining operations in Tuvatu. An additional lease payment of FJD$30,000 ($18,007) is payable per annum to the local communities for education and community development over the 21-year term of the Surface Lease agreement.

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Fiji Exploration Properties

The Company holds four exploration licenses (SPL's) for the Tuvatu properties as granted by the MRD.

Under the terms of the SPL's, the Company is required to spend a minimum threshold of expenditures on each of the licenses.

Special Prospecting License	Issued	Expiry Date	Bond (Fijian $)	Bond (Canadian $)	Expenditure Requirement (Fijian $)	Expenditure Requirement (Canadian $)
1283 / 1296	Feb. 12, 2017	Feb. 12, 2020	$ 316,360	$ 189,891	$ 2,730,000	$ 1,638,647
1465	Aug. 3, 2017	Aug. 2, 2020	75,000	45,018	3,050,000	1,830,723
1512	May 14, 2019	May 13, 2024	40,003	24,011	15,333,305	9,203,617

Bonds

The SPL's require the posting of bonds as security against future reclamation obligations. As at September 30, 2019, the Company has bonds of $1,879,560 (June 30, 2019 - $1,904,463) held with the MRD pursuant to SML62 and the SPL's and these are recorded as deposits on the statement of financial position.

Olary Creek, South Australia

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

- 1% FOB royalty on Iron Ore or manganese concentrates sold from Olary plus AUD$0.75 per tonne of Iron Ore or manganese concentrates or 2% FOB royalty on Iron Ore or manganese concentrates sold from Olary.

- Lodestone shall advance against the FOB royalty payable noted above:
  a. 10% of all funds raised by Lodestone until funding specifically designated as funding for a Bankable Feasibility Study has been raised;
  b. AUD$1,000,000 upon funding being raised by Lodestone specifically designated as funding for a Bankable Feasibility Study;
  c. AUD$3,000,000 upon a Decision to Mine being made; and
  d. AUD$3,000,000 upon 18 months after a Decision to Mine being made.

The Agreement is subject to receiving formal approval for the Olary transfer from the Company to Lodestone from the South Australian Minister of Energy and Mining, which was received on October 15, 2019.

(Expressed in Canadian Dollars)

6. PROPERTY AND EQUIPMENT

	Computers and Office Equipment	Motor Vehicles	Building and Equipment	Total
Cost				
Balance, June 30, 2018	$ 276,102	$ 219,890	$ 1,955,252	$ 2,451,244
Additions for the year	-	192,214	1,434,425	1,626,639
Cumulative translation adjustment	(3,296)	(8,952)	(37,372)	(49,620)
Balance, June 30, 2019	272,806	403,152	3,352,305	4,028,263
Additions for the period	-	-	176,618	176,618
Cumulative translation adjustment	(1,911)	(5,285)	(23,321)	(30,517)
Balance, September 30, 2019	$ 270,895	$ 397,867	$ 3,505,602	$ 4,174,364
Accumulated depreciation				
Balance, June 30, 2018	$ 236,284	$ 188,323	$ 450,437	$ 875,044
Additions for the year	33,589	27,686	131,709	192,984
Cumulative translation adjustment	(3,268)	(4,650)	(9,047)	(16,965)
Balance, June 30, 2018	266,605	211,359	573,099	1,051,063
Additions for the period	5,883	10,032	38,774	54,689
Cumulative translation adjustment	(1,899)	(2,843)	(5,546)	(10,288)
Balance, September 30, 2019	$ 270,589	$ 218,548	$ 606,327	$ 1,095,464
Net book value				
As at June 30, 2019	$ 6,201	$ 191,793	$ 2,779,206	$ 2,977,200
As at September 30, 2019	$ 306	$ 179,319	$ 2,899,275	$ 3,078,900

Other Deposits

In July 2018, the Company paid a AUD$1,097,280 ($1,075,334) deposit to an Australian mining contractor towards the refurbishment and purchase of certain mining equipment.

7. PROVISIONS AND PAYABLES

Accounts payable and accrued liabilities	September 30, 2019	June 30, 2019
Trade payables	$ 125,225	$ 106,738
Exploration expenditures payable	157,706	132,972
Employee benefits	144,115	144,276
Balance, end of year	$ 427,046	$ 383,986

Long-term provisions represent accrued long-term service benefits for employees in Australia in accordance with Australian labour standards.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES

a) Authorized share capital

Unlimited number of common shares without par value.

b) Stock options

The TSX Venture Exchange accepted for filing the Company's Stock Option Plan which was approved by the Company's shareholders at the Annual General Meeting held December 18, 2018. A rolling stock option plan has been implemented whereby a maximum of 10% of the issued shares will be reserved for issuance under the plan. Options can be granted for a term not to exceed ten years. Shareholder approval must also be obtained yearly at the Company's Annual General Meeting and in addition, submitted for review and acceptance by the Exchange each year.

Stock option transactions are summarized as follows:

	Number of Stock Options		Weighted Average Exercise Price
Balance, June 30, 2018	6,700,000		0.95
Exercised	(582,918)		0.35
Granted	3,385,000		0.76
Forfeited and expired	(1,702,082)		1.00
Balance, June 30 and September 30, 2019	7,800,000	$	0.90
Balance, September 30, 2019 exercisable	4,443,750	$	0.96

Stock options outstanding as at September 30, 2019:

	Number	Exercise price	Expiry date
Stock Options	2,325,000	$ 1.00	June 30, 2021
	1,200,000	1.00	April 11, 2022
	1,000,000	1.00	January 26, 2023
	100,000	1.00	March 1, 2024
	3,175,000	0.75	March 1, 2024
	7,800,000		

During the period ended September 30, 2019, the Company granted Nil (2018 – Nil) stock options. The weighted average fair value of options granted during the period was $Nil per share (2018 - $Nil). Total share-based payments recognized for the period ended September 30, 2019 was $155,070 (2018 - $125,647) for incentive options granted and vested. Share-based payments expense of $76,657 (2018 - $69,012) was recognized in the statement of loss and comprehensive loss with the balance an expense of $78,413 (2018 - $56,635) capitalized to exploration and evaluation assets, which relates to employees and consultants working on the Tuvatu property.

(Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS

Management Compensation

Key management personnel comprise of the Chief Executive Officer, Managing Director, Chief Financial Officer, Chief Development Officer, and Vice President and Corporate Secretary of the Company. The remuneration of the key management personnel is as follows for the periods ended September 30:

		2019		2018
Payments to key management personnel:				
Cash compensation	$	239,464	$	241,541
Share-based payments		76,518		89,252

During the period ended September 30, 2019, the Company paid $45,000 (2018 - $45,000) in rent to Cabrera Capital Corp. ("Cabrera"), a company controlled by a director of the Company. Effective July 1, 2019, the Company adopted IFRS 16, Leases (Note 3) using the modified retrospective application method, with the office space lease rent payment applied to the lease liability. As at September 30, 2019, the Company had a payable of $43,743 (June 30, 2019 – $33,952) due to Cabrera and a lease liability of $547,906 (June 30, 2019 – nil) due to Cabrera equal to the present value of office space lease payments over the term of the lease.

During the period ended September 30, 2019, the Company paid professional services fees of $8,148 (2018 - $8,600) to a management services company owned by a director of the Company's subsidiary.

During the period ended September 30, 2019, the Company paid directors' fees of $5,750 (2018 - $5,750) to non-executive board members.

As at September 30, 2019, the Company has a payable of $45,204 (June 30, 2019 - $Nil) due to Red Lion Management Ltd., a company controlled by a director of the Company, for expenses incurred on behalf of the Company. Accounts payable due to related parties are unsecured, non-interest bearing, and are due on demand.

The Company has a management and corporate services agreement with Cabrera pursuant to which Cabrera provides a fully furnished and equipped business premises as well as management and administration services to the Company. With the exception of rent expense, Cabrera charges the Company on a cost-recovery basis. The Company can terminate the agreement at any time by paying Cabrera a year's worth of fees based on the average monthly fee paid to Cabrera since April 1, 2018.

10. SEGMENTED INFORMATION

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

September 30, 2019		Fiji		Australia		Total
Exploration and evaluation assets	$	56,291,064	$	495,104	$	56,786,168
Property and equipment		3,078,900		-		3,078,900
	$	59,369,964	$	495,104	$	59,865,068

June 30, 2019		Fiji		Australia		Total
Exploration and evaluation assets	$	55,847,210	$	505,380	$	56,352,590
Property and equipment		2,977,200		-		2,977,200
	$	58,824,410	$	505,380	$	59,329,790

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

Cash and restricted cash are measured at fair value using a level 1 fair value measurement. Receivables, deposits, accounts payable and accrued liabilities are carried at amortized cost. The Company considers that the carrying amount of these financial assets and liabilities measured at amortized cost to approximate their fair value due to the short term nature of the financial instruments. Long-term provisions, representing long-term service benefits, are carried at amortized cost and reflect the fair value of the instrument as the carrying value reflects the payout of the instrument as at the reporting date.

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

Financial risk factors

Credit risk

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

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

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company will raise funds for future use from equity financings and other methods as contemplated by management to satisfy its capital requirements and will continue to depend heavily upon these financing activities. All of the Company's current financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. As at September 30, 2019, the Company had working capital of $7,314,817.

Market risk

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

a) Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management believes the interest rate risk is low given the current low global interest rate environment.

b) Foreign currency risk

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

c) Price risk

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

12. CAPITAL MANAGEMENT

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

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. The Company's capital structure includes shareholders' equity of $70,338,819 (June 30, 2019 - $71,453,824). In order to maintain or adjust the capital structure, the Company may from time to time issue shares, seek debt financing and adjust its capital spending to manage current and working capital requirements. The Company is not subject to externally imposed capital requirements.

There were no changes to the Company's approach to capital management during the period ended September 30, 2019.