LION ONE METALS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE YEAR ENDED JUNE 30, 2017

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Lion One Metals Limited

We have audited the accompanying consolidated financial statements of Lion One Metals Limited, which comprise the consolidated statements of financial position as at June 30, 2017 and 2016 and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Lion One Metals Limited as at June 30, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Professional Accountants

September 12, 2017

LION ONE METALS LIMITED
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT JUNE 30

	2017	2016
ASSETS		
Current		
Cash	$ 28,285,323	$ 62,154
Receivables	229,251	27,877
Prepaid expenses	15,748	10,502
	28,530,322	100,533
Restricted cash (Note 4)	29,904	28,905
Exploration advances and deposits (Note 5)	1,940,843	1,928,230
Exploration and evaluation assets (Note 5)	44,959,283	38,622,183
Property and equipment (Note 6)	767,607	555,768
	$ 76,227,959	$ 41,235,619
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 7)	$ 713,366	$ 257,714
Accounts payable, due to related parties (Notes 7, 9)	56,847	945,377
	770,213	1,203,091
Long-term provisions (Note 7)	37,128	32,573
	807,341	1,235,664
Shareholders' equity		
Share capital (Note 8)	96,224,196	60,016,725
Reserves (Note 8)	20,591,326	19,090,965
Accumulated other comprehensive income	4,151,667	4,031,592
Deficit	(45,546,571)	(43,139,327)
	75,420,618	39,999,955
	$ 76,227,959	$ 41,235,619

Nature of operations and going concern (Note 1)
Commitment (Note 9)

Approved and authorized by the Board on September 12, 2017:

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

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

LION ONE METALS LIMITED
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED JUNE 30

	2017	2016
EXPENSES		
Consulting fees	$ 72,750	$ 110,125
Depreciation (Note 6)	598	1,024
Directors' fees (Note 9)	17,750	20,000
Foreign exchange loss	110,088	2,220
Licenses, dues and insurance	37,330	37,870
Investor relations	175,376	208,583
Management fees	215,869	109,088
Office and administrative	391,170	347,296
Professional fees (Note 9)	185,476	228,065
Property costs	-	2,020
Rent (Note 9)	188,379	189,145
Shareholder communications and filings	163,539	138,838
Share-based payments (Note 8)	1,036,191	220,413
Travel	92,295	46,817
Operating loss	(2,686,811)	(1,661,504)
OTHER INCOME (EXPENSES)		
Interest income	279,567	72,798
Write-off of exploration and evaluation assets (Note 5)	-	(771,648)
	279,567	(698,850)
Net loss for the year	(2,407,244)	(2,360,354)
OTHER COMPREHENSIVE INCOME		
Foreign exchange translation adjustment	120,075	1,347,155
Comprehensive loss for the year	$ (2,287,169)	$ (1,013,199)
Basic and diluted loss per common share	$ (0.03)	$ (0.04)
Weighted average number of common shares outstanding	92,843,545	60,175,608

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

LION ONE METALS LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED JUNE 30

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	$ (2,407,244)	$ (2,360,354)
Non-cash items:		
Depreciation	598	1,024
Foreign exchange loss	110,088	2,220
Share-based payments	1,036,191	220,413
Write-off of exploration and evaluation assets	-	771,648
Changes in non-cash working capital items:		
Receivables	(203,141)	7,694
Prepaid expenses	(5,136)	2,120
Accounts payable and accrued liabilities	14,264	890,457
Accounts payable, due to related parties	(888,530)	8,160
	(2,342,910)	(456,618)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(304,473)	-
Restricted cash	-	75,000
Exploration expenditures	(5,108,249)	(1,851,042)
Exploration advances and deposits	2,004	(1,868,654)
	(5,410,718)	(3,644,696)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from sale of shares – private placement	38,213,521	-
Share issue costs on private placement	(2,017,604)	-
Cash proceeds on exercise of stock options	7,000	-
	36,202,917	-
Effect of exchange rate changes on cash	(226,120)	18,897
Change in cash during the year	28,223,169	(4,082,417)
Cash, beginning of year	62,154	4,144,571
Cash, end of year	$ 28,285,323	$ 62,154

Supplementary cash flow information:

	2017	2016
Non-cash transactions:		
Depreciation expense capitalized to exploration and evaluation assets	$ 96,827	$ 141,718
Share-based payments expense capitalized to exploration and evaluation assets	468,724	36,412
Stock options exercised – fair value	4,554	-
Accounts payable and accrued liabilities in exploration and evaluation assets	543,809	106,337

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

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

	Share Capital					
	Number	**Amount**	**Reserves**	**Deficit**	**Accumulated Other Comprehensive Income**	**Total**
Balance, June 30, 2015	60,175,608	$ 60,016,725	$ 18,834,140	$ (40,778,973)	$ 2,684,437	$ 40,756,329
Share-based payments	-	-	256,825	-	-	256,825
Comprehensive loss for the year	-	-	-	(2,360,354)	1,347,155	(1,013,199)
Balance, June 30, 2016	60,175,608	60,016,725	19,090,965	(43,139,327)	4,031,592	39,999,955
Share-based payments	-	-	1,504,915	-	-	1,504,915
Exercise of stock options	10,000	11,554	(4,554)	-	-	7,000
Private placement	41,536,436	38,213,521	-	-	-	38,213,521
Share issuance costs	-	(2,017,604)	-	-	-	(2,017,604)
Comprehensive loss for the year	-	-	-	(2,407,244)	120,075	(2,287,169)
Balance, June 30, 2017	101,722,044	$ 96,224,196	$ 20,591,326	$ (45,546,571)	$ 4,151,667	$ 75,420,618

The accompanying notes are an integral part of these consolidated 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 development and is currently focused on the acquisition, exploration and development of mineral resources in Fiji, and Australia.

The Company's head office and principal address is 311 West 1st Street, North Vancouver, BC, Canada, V7M 1B5. The address of the Company's registered and records office is Suite 1700 – 1055 West Hastings Street, Vancouver, BC, V6E 2E9.

The Company's consolidated financial statements and those of its wholly controlled subsidiaries 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has incurred losses from inception and does not currently have the financial resources to advance its projects to completion. As at June 30, 2017, the Company had not advanced its properties to commercial production. 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. During the year ended June 30, 2017, the Company completed a financing which is anticipated to provide funds to maintain the next twelve months of operations.

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

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with IFRS using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of Consolidation and Presentation

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

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

2. BASIS OF PREPARATION (cont'd…)

Use of Estimates

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

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 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

Foreign exchange

Transactions in currencies other than an entity's functional currency are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in comprehensive loss.

On translation of the entities whose functional currency is other than the Canadian dollar, revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Assets and liabilities are translated at the rate of exchange at the reporting date. Exchange gains and losses, including results of re-translation, are recorded in comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method less any provision for impairment. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized in profit or loss.

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

The Company has classified its cash and restricted cash as fair value through profit or loss and receivables and deposits as loans and receivables.

Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities - This category consists of liabilities carried at amortized cost using the effective interest method.

The Company classified its accounts payable and accrued liabilities and long-term provisions as other financial liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

Financial instrument disclosures

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the statement of financial position, and how the entity manages these risks.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Property and equipment

Property and equipment is carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized using the straight-line method at the following annual rates:

Computers and office equipment	12% - 100%
Motor vehicles	18%
Buildings and equipment	4% - 20%

Depreciation of property and equipment related to exploration and evaluation activities is capitalized in exploration and evaluation costs. Depreciation related to general administration is expensed in office costs in the statements of loss and comprehensive loss.

Mineral properties – exploration and evaluation assets

Pre-exploration costs are expensed as incurred.

Costs directly related to the exploration and evaluation of mineral properties are capitalized once the legal rights to explore the mineral properties are acquired or obtained. When the technical and commercial viability of a mineral resource have been demonstrated and a development decision has been made, the capitalized costs of the related property are transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

The carrying values of capitalized amounts are reviewed annually or when indicators of impairment are present. In the case of undeveloped properties these may be only inferred resources to allow management to form a basis for the impairment review. The review is based on the intentions for the development of such a property. If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Impairment of tangible and intangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provision for environmental rehabilitation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The Company does not have any significant rehabilitation obligations.

Share-based payments

The Company accounts for stock options granted to directors, officers, employees and non-employees at fair value. Accordingly, the fair value of the options at the date of the grant is determined using the Black-Scholes option pricing model and share-based compensation is accrued and charged to operations or exploration and evaluation assets, with an offsetting credit to share-based payment reserve, over the vesting periods. The fair value of stock options granted to non-employees is re-measured at the earlier of each financial reporting or vesting date, and any adjustment is charged or credited to operations or exploration and evaluation assets upon re-measurement. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

If and when the stock options are exercised, the applicable amounts of equity reserves are transferred to share capital.

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered the deferred tax asset is not set up.

New standards not yet adopted

IFRS 9 *Financial Instruments (Revised)*

IFRS 9 was issued by the IASB in October 2010. It incorporates revised requirements for the classification and measurement of financial liabilities and carrying over the existing derecognition requirements from IAS 39 *Financial instruments: recognition and measurement*. The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The impact of IFRS 9 on the Company's financial instruments has not yet been determined.

IFRS 16 *Leases*

IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The impact of IFRS 16 on the Company's leases has not yet been determined.

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.

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS

June 30, 2017		**Fiji**		**Australia**		**Total**
Acquisition costs						
Balance, June 30, 2016 and 2017	$	21,915,063	$	511,890	$	22,426,953
Exploration expenditures						
Balance, June 30, 2016		16,129,892		41,247		16,171,139
Additions for the year		6,111,883		3,307		6,115,190
Balance, June 30, 2017		22,241,775		44,554		22,286,329
Cumulative translation adjustment						
Balance, June 30, 2016		60,973		(36,882)		24,091
Additions for the year		204,080		17,830		221,910
Balance, June 30, 2017		265,053		(19,052)		246,001
Property total, June 30, 2017	$	44,421,891	$	537,392	$	44,959,283

June 30, 2016		**Fiji**		**Australia**		**Total**
Acquisition costs						
Balance, June 30, 2015 and 2016	$	21,915,063	$	511,890	$	22,426,953
Exploration expenditures						
Balance, June 30, 2015		14,902,358		21,365		14,923,723
Additions for the year		1,999,182		19,882		2,019,064
Balance, June 30, 2016		16,901,540		41,247		16,942,787
Cumulative translation adjustment						
Balance, June 30, 2015		(1,244,487)		(36,736)		(1,281,223)
Additions for the year		1,305,460		(146)		1,305,314
Balance, June 30, 2016		60,973		(36,882)		24,091
Write-off of exploration assets		(771,648)		-		(771,648)
Property total, June 30, 2016	$	38,105,928	$	516,255	$	38,622,183

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 (CAD$1,706,508) has been placed on deposit with the MRD. The SML is subject to annual lease payments of FJD$73,697.

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.

(Expressed in Canadian Dollars)

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

Tuvatu Gold Project (cont'd…)

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 (CAD$419,790) was paid upon acceptance of the Surface Lease agreement. The balance of FJD$300,000 (CAD$189,612) is due upon the first gold production from mining operations in Tuvatu. An additional lease payment of FJD$30,000 (CAD$18,961) is payable per annum to the local communities for education and community development over the 21-year term of the Surface Lease agreement.

Fiji Exploration Properties

The Company holds three (3) 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	$ 199,952	$ 2,730,000	$ 1,725,469
1465	Aug. 3, 2017	Aug. 2, 2020	50,000	31,602	3,050,000	1,927,722

The Company did not renew SPL's 1467 and 1468 on the island of Vanua Levu and has recognized an impairment against the exploration assets of $771,648 in the year ended June 30, 2016.

Bonds

The SPL's require the posting of bonds as security against future reclamation obligations. As at June 30, 2017, the Company has bonds of $1,938,062 (2016 - $1,921,148) held with the MRD included in exploration advances and deposits on the statement of financial position.

Olary Creek, South Australia

The Company has a 51% interest in the Olary Creek tenement located near Broken Hill, South Australia. The project is focused on iron ore.

In 2010, Lion One Australia entered into a joint venture agreement ("JV Agreement") with HJH Nominees ("HJH"), a private Chinese company, over the iron (Fe) and manganese (Mn) rights on the tenement. Under the terms of the JV Agreement, HJH was required, among other superseded terms, to:

a) Spend $2,000,000 on exploration within two years of signing the JV Agreement, at which time HJH would have earned a 49% interest in the Fe and Mn rights on the project; and
b) Spend $5,000,000 within 4 years to earn a 75% interest in the Fe and Mn rights on the project.

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

Olary Creek, South Australia (cont'd…)

In fiscal 2012, HJH and its third party partner, Henan Yukuang Resources Development Limited Co ("Henan"), completed the required expenditures to obtain a 75% interest under the JV Agreement. The Company, in accordance with the terms of the JV Agreement, maintains a 25% free carried interest to the completion of a bankable feasibility study and decision to mine the Fe and Mn rights and retains 100% of the rights for all other commodities on the tenement.

In fiscal 2013, the Company received notice that HJH intended to sell a 22% participating interest in the JV Agreement. The Company elected to exercise its pre-emptive right over the interest. During the year ended June 30, 2014, the Company, Henan and HJH formalized the termination of HJH from the JV Agreement. A formal Olary Creek Farm-In and Joint Venture Agreement ("Olary Creek JV") was executed confirming the respective interests of the parties and ownership of the tenement. Under the Olary Creek JV, ownership of the tenement is 51% by the Company and 49% by Henan with participation in the Fe and Mn rights of 47% by the Company and 53% by Henan.

On April 4th 2017, Lion One received a letter from the regulators in South Australia, dated 28th March 2017, that the tenement had been renewed under a new licence number (EL 5928) for a further period of two years expiring February 2018. As the tenement has been in the renewal process for the last year, no further work has been completed and the relative equity of the Joint Venture partners has remained the same.

Under the Olary Creek JV, the Company's 47% interest consists of the 25% free carried interest and a 22% contributing interest. Henan, as operator, must submit budgets and programs quarterly as and when exploration advances. The Company will then have the option to contribute according to its 22% interest or dilute. HJH retains a 0.5% free on board ("FOB") royalty on iron ore product from the tenement in relation to the 22% participating interest held by the Company and a further royalty with Henan.

The Company's 25% free carried interest can be converted to either a 2% free on board ("FOB") royalty on iron ore product from the tenement or a 1% FOB royalty plus a reserve tonne royalty of $0.50 per tonne of iron ore produced from the tenement.

Bonds

As at June 30, 2017, the Company held $Nil (June 30, 2016 - $4,324) in performance bonds with various Australian authorities on its Australian tenements included in exploration advances and deposits on the statement of financial position.

(Expressed in Canadian Dollars)

6. PROPERTY AND EQUIPMENT

	Computers and Office Equipment	Motor Vehicles	Building and Equipment	Total
Cost				
Balance, June 30, 2015	$ 213,896	$ 178,133	$ 766,299	$ 1,158,328
Cumulative translation adjustment	5,686	7,999	32,171	45,856
Balance, June 30, 2016	219,582	186,132	798,470	1,204,184
Additions for the year	-	-	304,473	304,473
Cumulative translation adjustment	1,442	1,586	5,870	8,898
Balance, June 30, 2017	$ 221,024	$ 187,718	$ 1,108,813	$ 1,517,555
Accumulated depreciation				
Balance, June 30, 2015	$ 145,868	$ 116,066	$ 225,489	$ 487,423
Additions for the year	45,728	32,995	64,019	142,742
Cumulative translation adjustment	4,690	5,180	8,381	18,251
Balance, June 30, 2016	196,286	154,241	297,889	648,416
Additions for the year	11,956	24,202	61,267	97,425
Cumulative translation adjustment	1,231	1,125	1,751	4,107
Balance, June 30, 2017	$ 209,473	$ 179,568	$ 360,907	$ 749,948
Net book value				
As at June 30, 2016	$ 23,296	$ 31,891	$ 500,581	$ 555,768
As at June 30, 2017	$ 11,551	$ 8,150	$ 747,906	$ 767,607

7. PROVISIONS AND PAYABLES

Accounts payable and accrued liabilities	2017	2016
Trade payables	$ 44,444	$ 40,007
Payables due to related parties (Note 9)	56,847	945,377
Exploration expenditures payable	543,809	106,336
Employee benefits	125,113	111,371
Balance, end of year	$ 770,213	$ 1,203,091

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) Issued share capital

During the year ended June 30, 2017, the Company completed a non-brokered private placement of 41,536,436 units ("Unit") at a price of $0.92 per Unit for gross proceeds of $38,213,521. Each Unit consists of one common share and one common share purchase warrant ("Warrant"). Each Warrant is exercisable at a price of $1.35 per share until March 16, 2018, subject to an accelerated expiry option whereby the Company can trigger an accelerated 30-day expiry of the Warrants if the closing price of the Company's common shares listed on the TSX Venture Exchange remain higher than $1.75 for 20 consecutive trading days. The Company paid finders' fees of $1,898,402, filing fees of $54,250 and legal costs of $64,952 in respect of the placement.

The Company did not complete any private placements during the year ended June 30, 2016.

c) Trust agreement

Pursuant to a Trust Agreement dated April 1, 2010, the Company has issued and allotted 1,000,000 common shares from treasury to a designated trustee. The Trust Agreement stipulates the release of the shares to the beneficiaries upon vesting dates. As at June 30, 2017, 100,000 (2016 – 100,000) shares remained in trust.

d) 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 15, 2016. 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, 2015	3,535,000	$	0.69
Granted	3,425,000		1.00
Forfeited and expired	(960,000)		1.14
Balance, June 30, 2016	6,000,000		0.53
Granted	2,200,000		1.11
Exercised	(10,000)		0.70
Forfeited and expired	(915,000)		1.08
Balance, June 30, 2017	7,275,000	$	0.86
Balance, June 30, 2017 exercisable	4,224,998	$	0.75

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES (cont'd…)

d) Stock options (cont'd…)

Stock options outstanding as at June 30, 2017:

	Number	Exercise price	Expiry date
Stock Options	450,000	$ 0.70	October 11, 2017
	125,000	0.70	February 26, 2018
	1,000,000	1.25	September 29, 2018
	1,725,000	0.35	June 27, 2019
	2,775,000	1.00	June 30, 2021
	1,200,000	1.00	April 11, 2022
	7,275,000		

During the year ended June 30, 2017, the Company granted 2,200,000 (2016 – 3,425,000) stock options to directors and officers. The weighted average fair value of options granted during the year was $0.51 per option (2016 - $0.59). Total share-based payments recognized in the statement of shareholders' equity for the year ended June 30, 2017 was $1,504,915 (2016 - $256,825) for incentive options granted and vested. Share-based payments expense of $1,036,191 (2016 - $220,413) was recognized in the statement of loss and comprehensive loss with the balance an expense of $468,724 (2016 - $36,412) capitalized to exploration and evaluation assets, which relates to employees working on the Tuvatu property.

The following weighted average assumptions were used for the valuation of stock options:

	2017	2016
Risk-free interest rate	0.79%	0.72%
Expected life of options	3.6 years	5 years
Annualized volatility	100%	94%
Dividend rate	-	-

e) Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, June 30, 2015 and 2016	-	$ -
Issued	41,536,436	1.35
Balance outstanding and exercisable, June 30, 2017	41,536,436	$ 1.35

Warrants outstanding as at June 30, 2017:

	Number	Exercise price	Expiry date
Warrants	41,536,436	$ 1.35	March 16, 2018

These warrants are subject to an accelerated expiry option whereby the Company can trigger an accelerated 30-day expiry of the Warrants if the closing price of the Company's common shares listed on the TSX-V remain higher than $1.75 per share for 20 consecutive trading days.

(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, Vice President Administration, and Vice President and Corporate Secretary of the Company. The remuneration of the key management personnel is as follows for the years ended June 30:

		2017		2016
Payments to key management personnel:				
Cash compensation	$	630,048	$	476,345
Share-based payments		1,151,174		109,836

During the year ended June 30, 2017, the Company paid $180,000 (2016 - $180,000) in rent to Cabrera Capital Corp. ("Cabrera"), a company controlled by a director of the Company. As at June 30, 2017, the Company had a payable of $35,316 due (2016 – $240,530) to Cabrera.

During the year ended June 30, 2017, the Company paid professional services fees of $39,028 (2016 - $31,862) to a management services company owned by a director of the Company's subsidiary.

During the year ended June 30, 2017, the Company paid directors' fees of $17,750 (2016 - $20,000) to non-executive board members.

As at June 30, 2017, the Company has a payable of $6,100 (2016 - $689,101) 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.

Commitment

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 January 31, 2011.

10. SEGMENTED INFORMATION

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

June 30, 2017		Fiji		Australia		Total
Exploration and evaluation assets	$	44,421,891	$	537,392	$	44,959,283
Property and equipment		767,607		-		767,607
	$	45,189,498	$	537,392	$	45,726,890

June 30, 2016		Canada		Fiji		Australia		Total
Exploration and evaluation assets	$	-	$	38,105,928	$	516,255	$	38,622,183
Property and equipment		5,994		549,192		582		555,768
	$	5,994	$	38,655,120	$	516,837	$	39,177,951

(Expressed in Canadian Dollars)

11. INCOME TAXES

A reconciliation between expense (recovery) and the product of accounting loss multiplied by the Company's domestic tax rate for the years ended June 30, 2017 and 2016 is as follows:

	2017	2016
Net loss before income tax	$ 2,407,244	$ 2,360,354
Income tax rate	26.00%	26.00%
Expected tax recovery at statutory income tax rate	(626,000)	(614,000)
Increase (decrease) due to:		
Permanent differences	273,000	215,000
Effect of tax rate changes	(7,000)	(1,000)
True up and other adjustments	(10,000)	78,000
Expiry of non-capital loss	-	13,000
Tax effect of tax losses and temporary differences not recognized	370,000	309,000
	$ -	$ -

No deferred tax assets have been recognized on the consolidated statements of financial position as the Company has concluded that it is not probable that the benefits of deferred income tax assets will be realized prior to their expiry. As such, the Company has the following unrecognized deductible temporary differences:

	2017	2016
Non-capital losses	$ 22,626,000	$ 20,450,000
Share issue costs	1,614,000	-
Exploration and evaluation assets (no expiry date)	3,806,000	4,295,000
Property and equipment (no expiry date)	154,000	250,000

As at June 30, 2017, the Company has non-capital losses, for Canadian income tax purposes, of approximately $13,694,000 to reduce future taxable income in Canada. These losses, if unused, will expire between 2027 and 2036.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

Cash and restricted cash are carried in the statement of financial position 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 government sales 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.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

Financial risk factors (cont'd…)

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. The Company is exposed to risk that it will encounter difficulty in satisfying this obligation on maturity. 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 June 30, 2017, the Company had working capital of $27,760,109.

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.

As at June 30, 2017, the Company's net foreign denominated financial assets are as follows:

		Foreign currency		Canadian dollar equivalent
Australian Dollar	$	(86,161)	$	(85,885)
Fijian Dollar		3,413,771		2,157,640

The sensitivity of the Company's comprehensive loss due to changes in the carrying values of monetary assets and liabilities denominated in foreign currencies is as follows.

Increase / decrease in foreign exchange rate		2017		2016
+ 5%	$	103,588	$	90,530
- 5%		(103,588)		(90,530)

b) 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.

13. 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 $75,420,618 (2016 - $39,999,955). In order to maintain or adjust the capital structure, the Company may from time to time issue shares, seek additional 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 year ended June 30, 2017.