LION ONE METALS LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE PERIOD ENDED DECEMBER 31, 2018

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)

		December 31, 2018		June 30, 2018
ASSETS				
Current				
Cash	$	12,761,026	$	19,574,527
Receivables		545,785		169,336
Prepaid expenses		1,097,231		80,068
		14,404,042		19,823,931
Restricted cash (Note 4)		28,848		29,199
Exploration advances and deposits (Note 5)		1,997,159		1,918,289
Exploration and evaluation assets (Note 5)		55,820,584		50,649,007
Property and equipment (Note 6)		2,638,310		1,576,200
	$	74,888,943	$	73,996,626
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities (Note 7, 9)	$	644,865	$	374,442
Long-term provisions (Note 7)		40,779		39,601
		685,644		414,043
Shareholders' equity				
Share capital (Note 8)		96,726,311		96,726,311
Reserves (Note 8)		21,412,512		21,203,219
Accumulated other comprehensive income		4,758,415		3,449,141
Deficit		(48,693,939)		(47,796,088)
		74,203,299		73,582,583
	$	74,888,943	$	73,996,626

Nature of operations and going concern (Note 1)

Approved and authorized by the Board on February 14, 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)

	Three months ended December 31, 2018	Three months ended December 31, 2017	Six months ended December 31, 2018	Six months ended December 31, 2017
EXPENSES				
Consulting fees	$ 11,250	$ 11,250	$ 22,500	$ 32,750
Directors fees (Note 9)	5,750	5,750	11,500	11,500
Foreign exchange (gain) loss	(227,389)	(21,118)	(155,380)	137,404
Licenses, dues and fees	10,745	8,008	30,012	21,628
Investor relations	158,754	63,737	269,598	106,418
Management fees	75,771	78,584	147,574	143,228
Office and administrative	118,731	76,524	210,878	181,326
Professional fees (Note 9)	103,796	98,242	227,955	146,696
Rent (Note 9)	45,000	45,000	90,000	90,000
Shareholder communications	72,020	78,547	117,983	129,879
Share-based payments (Note 8)	27,012	116,190	96,024	216,346
Travel	13,677	47,184	17,980	55,894
Operating loss	(415,117)	(607,898)	(1,086,624)	(1,273,069)
OTHER INCOME				
Interest income	90,165	93,551	188,773	179,989
Net loss for the period	(324,952)	(514,347)	(897,851)	(1,093,080)
OTHER COMPREHENSIVE INCOME				
Foreign exchange gain (loss)	2,330,322	(209,139)	1,309,274	(1,411,700)
Comprehensive income (loss) for the period	$ 2,005,370	$ (723,486)	$ 411,423	$ (2,504,780)
Basic and diluted loss per common share	$ (0.00)	$ (0.01)	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding	102,522,044	101,782,044	102,522,044	101,755,957

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 SIX MONTHS ENDED DECEMBER 31

		2018		2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss for the period	$	(897,851)	$	(1,093,080)
Non-cash items:				
Foreign exchange (gain) loss		(155,380)		137,404
Share-based payments		96,024		216,346
Changes in non-cash working capital items:				
Receivables		(360,336)		(142,967)
Prepaid expenses		(1,017,214)		(30,620)
Accounts payable and accrued liabilities		75,944		3,220
		(2,258,813)		(909,697)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment		(1,096,163)		(171,380)
Exploration and evaluation asset expenditures		(3,565,799)		(3,008,314)
Exploration advances and deposits		(19,200)		(9,000)
		(4,681,162)		(3,188,694)
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash proceeds on exercise of stock options		-		21,000
		-		21,000
Effect of exchange rate changes on cash		126,474		(191,694)
Change in cash during the period		(6,813,501)		(4,269,085)
Cash, beginning of period		19,574,527		28,285,323
Cash, end of period	$	12,761,026	$	24,016,238
Supplementary cash flow information:				
Non-cash transactions:				
Depreciation expense capitalized to exploration and evaluation assets	$	71,900	$	59,922
Share-based payments expense capitalized to exploration and evaluation assets		113,269		156,109
Stock options exercised – fair value		-		19,308
Accounts payable and accrued liabilities in exploration and evaluation assets		341,803		410,444

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)
(Unaudited)

	Share Capital				Accumulated Other Comprehensive Income	
	Number	**Amount**	**Reserves**	**Deficit**	**Income**	**Total**
Balance, June 30, 2017	101,722,044	$ 96,224,196	$ 20,591,326	$ (45,546,571)	$ 4,151,667	$ 75,420,618
Share-based payments	-	-	372,455	-	-	372,455
Exercise of stock options	60,000	40,308	(19,308)	-	-	21,000
Comprehensive loss for the period	-	-	-	(1,093,080)	(1,411,700)	(2,504,780)
Balance, December 31, 2017	101,782,044	96,264,504	20,944,473	(46,639,651)	2,739,967	73,309,293
Share-based payments	-	-	461,553	-	-	461,553
Exercise of stock options	740,000	461,807	(202,807)	-	-	259,000
Comprehensive loss for the period	-	-	-	(1,156,437)	709,174	(447,263)
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	-	-	209,293	-	-	209,293
Comprehensive loss for the period	-	-	-	(897,851)	1,309,274	411,423
Balance, December 31, 2018	102,522,044	$ 96,726,311	$ 21,412,512	$ (48,693,939)	$ 4,758,415	$ 74,203,299

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 and Australia. 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 December 31, 2018, 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 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, 2018.

Basis of Consolidation and Presentation

The condensed consolidated interim 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 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

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments ("IFRS 9") which will replace IAS 39, Financial Instruments ("IAS 39"). This standard is effective for annual periods beginning on or after January 1, 2018. IFRS 9 provides a revised model for recognition and measurement of financial instruments with two classification categories: amortized cost and fair value. As well, under the new standard a single impairment method is required, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes a substantially reformed approach to hedge accounting that aligns accounting more closely with risk management. The Company has assessed IFRS 9's impact and concluded that its adoption will have no material impact on its financial statements other than increased disclosure.

New standards not yet adopted

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16, Leases ("IFRS 16"). This standard is effective for annual periods beginning on or after January 1, 2019. 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" asset and liability calculated using a prescribed methodology. The Company is assessing IFRS 16's impact on its financial statements and has not yet determined the impact.

(Expressed in Canadian Dollars)

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

December 31, 2018	**Fiji**	**Australia**	**Total**
Acquisition costs			
Balance, June 30, 2018 and December 31, 2018	$ 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 period	3,933,392	3,530	3,936,922
Balance, December 31, 2018	32,450,161	51,971	32,502,132
Cumulative translation adjustment			
Balance, June 30, 2018	(311,392)	(31,764)	(343,156)
Adjustments for the period	1,240,974	(6,319)	1,234,655
Balance, December 31, 2018	929,582	(38,083)	891,499
Property total, December 31, 2018	$ 55,294,806	$ 525,778	$ 55,820,584

June 30, 2018	**Fiji**	**Australia**	**Total**
Acquisition costs			
Balance, June 30, 2017 and 2018	$ 21,915,063	$ 511,890	$ 22,426,953
Exploration expenditures			
Balance, June 30, 2017	22,241,775	44,554	22,286,329
Additions for the year	6,274,994	3,887	6,278,881
Balance, June 30, 2018	28,516,769	48,441	28,565,210
Cumulative translation adjustment			
Balance, June 30, 2017	265,053	(19,052)	246,001
Adjustments for the year	(576,445)	(12,712)	(589,157)
Balance, June 30, 2018	(311,392)	(31,764)	(343,156)
Property total, June 30, 2018	$ 50,120,440	$ 528,567	$ 50,649,007

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 (December 31, 2018 - $1,728,788, June 30, 2018 - $1,677,167) has been placed on deposit with the MRD. The SML is subject to annual lease payments of FJD$73,697.

(Expressed in Canadian Dollars)

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

Tuvatu Gold Project (cont'd…)

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 ($192,088) is due upon the first gold production from mining operations in Tuvatu. An additional lease payment of FJD$30,000 ($19,209) 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	$ 202,563	$ 2,730,000	$ 1,747,997
1465	Aug. 3, 2017	Aug. 2, 2020	75,000	48,022	3,050,000	1,952,891

Bonds

The SPL's require the posting of bonds as security against future reclamation obligations. As at December 31, 2018, the Company has bonds of $1,979,373 (June 30, 2018 - $1,904,740) 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 February 2018, Lion One Australia ("LOA") and Yukuang Australia (WA) Resources Pty Ltd. ("Yukuang") Exploration Licence (EL 5928) was extended for a period of two years ending on February 7, 2020. The original exploration joint venture on the Olary Creek Project was formed in 2010 between LOA and HJH Nominees ("HJH"). In 2011, HJH signed a farm-in agreement with Yukuang, the Australian subsidiary of Henan Yukuang, a state-owned mineral exploration and mining company based in Peoples Republic of China, whereby Yukuang could earn a combined 75% interest in the iron and manganese rights. In April 2012, the HJH/Yukuang partnership completed the expenditure requirement with LOA retaining a 25% free carried interest. In July 2013, LOA exercised its preemptive right over the 22% interest held by HJH and negotiated a new Farm-in, Joint Venture, and Split Commodity Agreements with Yukuang covering the iron and manganese rights in the tenement. LOA now retains a 47% interest in the iron ore and manganese rights on the Olary Creek Joint Venture, which includes a 25% interest free carried through the completion of a bankable feasibility study and the decision to mine, and an optional 22% participating interest. The Company holds an option to convert its 25% free carried interest, within 90 days of the decision to mine, to a 2% free on board ("FOB") royalty, or to a 1% FOB royalty with a $0.50 per tonne production royalty.

(Expressed in Canadian Dollars)

6. PROPERTY AND EQUIPMENT

	Computers and Office Equipment	Motor Vehicles	Building and Equipment	Total
Cost				
Balance, June 30, 2017	$ 221,024	$ 187,718	$ 1,108,813	$ 1,517,555
Additions for the year	57,600	35,329	861,380	954,309
Cumulative translation adjustment	(2,522)	(3,157)	(14,941)	(20,620)
Balance, June 30, 2018	276,102	219,890	1,955,252	2,451,244
Additions for the period	-	192,214	903,949	1,096,163
Cumulative translation adjustment	3,893	12,322	42,344	58,559
Balance, December 31, 2018	$ 279,995	$ 424,426	$ 2,901,545	$ 3,605,966
Accumulated depreciation				
Balance, June 30, 2017	$ 209,473	$ 179,568	$ 360,907	$ 749,948
Additions for the year	29,101	11,783	94,557	135,441
Cumulative translation adjustment	(2,290)	(3,028)	(5,027)	(10,345)
Balance, June 30, 2018	236,284	188,323	450,437	875,044
Additions for the period	16,938	3,207	51,755	71,900
Cumulative translation adjustment	3,779	5,852	11,081	20,712
Balance, December 31, 2018	$ 257,001	$ 197,382	$ 513,273	$ 967,656
Net book value				
As at June 30, 2018	$ 39,818	$ 31,567	$ 1,504,815	$ 1,576,200
As at December 31, 2018	$ 22,994	$ 227,044	$ 2,388,272	$ 2,638,310

7. PROVISIONS AND PAYABLES

Accounts payable and accrued liabilities	December 31, 2018	June 30, 2018
Trade payables	$ 159,519	$ 91,213
Exploration expenditures payable	341,803	145,654
Employee benefits	143,543	137,575
Balance, end of period	$ 644,865	$ 374,442

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) 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 December 31, 2018, 100,000 (June 30, 2018 – 100,000) shares remained in trust.

c) 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, 2017. 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, 2017	7,275,000	$	0.86
Exercised	(800,000)		0.36
Granted	1,000,000		1.00
Forfeited and expired	(775,000)		0.78
Balance, June 30, 2018	6,700,000		0.95
Forfeited and expired	(1,350,000)		1.14
Balance, December 31, 2018	5,350,000	$	0.90
Balance, December 31, 2018 exercisable	3,274,998	$	0.84

Stock options outstanding as at December 31, 2018:

	Number	Exercise price	Expiry date
Stock Options	825,000	$ 0.35	June 27, 2019
	2,325,000	1.00	June 30, 2021
	1,200,000	1.00	April 11, 2022
	1,000,000	1.00	January 26, 2023
	5,350,000		

During the period ended December 31, 2018, the Company granted Nil (2017 - Nil) stock options. Total share-based payments recognized for the period ended December 31, 2018 was $209,293 (2017 - $372,455) for incentive options granted and vested. Share-based payments expense of $96,024 (2017 - $216,346) was recognized in the statement of loss and comprehensive loss with the balance an expense of $113,269 (2017 - $156,109) capitalized to exploration and evaluation assets, which relates to employees 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 December 31:

		2018		2017
Payments to key management personnel:				
Cash compensation	$	205,112	$	107,669
Share-based payments		277,975		358,895

During the period ended December 31, 2018, the Company paid $90,000 (2017 - $90,000) in rent to Cabrera Capital Corp. (“Cabrera”), a company controlled by a director of the Company. As at December 31, 2018, the Company had a payable of $92,991 (June 30, 2018 – $18,612) due to Cabrera.

During the period ended December 31, 2018, the Company paid professional services fees of $17,137 (2017 - $17,693) to a management services company owned by a director of the Company’s subsidiary.

During the period ended December 31, 2018, the Company paid directors’ fees of $11,500 (2017 - $11,500) to non-executive board members.

As at December 31, 2018, the Company has a payable of $3,308 (June 30, 2018 - $6,100) 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.

December 31, 2018		Fiji		Australia		Total
Exploration and evaluation assets	$	55,294,806	$	525,778	$	55,820,584
Property and equipment		2,638,310		-		2,638,310
	$	57,933,116	$	525,778	$	58,458,894

June 30, 2018		Fiji		Australia		Total
Exploration and evaluation assets	$	50,120,440	$	528,567	$	50,649,007
Property and equipment		1,576,200		-		1,576,200
	$	51,696,640	$	528,567	$	52,225,207

11. 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 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 December 31, 2018, the Company had working capital of $13,759,177.

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 $74,203,299 (June 30, 2018 - $73,582,583). 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 December 31, 2018.