Financial Statements
(Expressed in Canadian dollars)

X-Tal Minerals Corp.

For The Three Months Ended November 30, 2010 and 2009

X-TAL MINERALS CORP.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim financial statements of X-Tal Minerals Corp. for the three months ended November 30, 2010 have be prepared by and are the responsiblity of the Company's management. The Company's independent auditor has not performed a review of these unaudited interim consolidated financial statements.

X-Tal Minerals Corp.

Interim Balance Sheet
(Unaudited - expressed in Canadian dollars)

	November 30, 2010		August 31, 2010 (Audited)	
Assets				
Current assets:				
Cash and cash equivalents	$	18,266	$	29,150
Short term investments		300,000		800,000
Prepaid expenses		3,303		11,291
Interest receivable		2,084		3,168
GST recoverable		28,548		9,149
		352,201		852,758
Due from related parties (note 6)		202,122		
	$	554,323	$	852,758
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable and accrued liabilities (note 6)	$	229,626	$	111,150
Shareholders' equity:				
Share capital (note 4)		1,883,887		1,883,887
Contributed surplus (note 4)		421,316		414,464
Deficit		(1,980,506)		(1,556,743)
		324,697		741,608
Nature of operations and going concern (note 1)				
Subsequent events (note 10)				
	$	554,323	$	852,758

See accompanying notes to financial statements.

On behalf of the Board:

Director

David K. Duval
Director

X-Tal Minerals Corp.

Interim Statements of Operations and Comprehensive Loss
(Unaudited - expressed in Canadian dollars)

	Three Months Ended November 30, 2010	2009
GENERAL AND ADMINISTRATIVE EXPENSES		
Office and miscellaneous	$ 30,071	$ 2,359
Professional fees	91,650	1,247
Project development costs (note1)	132,190	
Salaries and benefits	92,565	
Stock-based compensation expense (note 4)	6,852	17,454
Transfer and filing fees	12,813	1,976
Travel	59,352	
Operating loss	425,493	23,036
Other income		
Interest income	1,730	1,653
Net loss and other comprehensive loss for the year	$ 423,763	$ 21,383
Basic and diluted loss per share amounts	$ 0.07	$ 0.00
Weighted average common shares outstanding	6,300,001	6,300,001

X-Tal Minerals Corp.

Interim Statement of Shareholders' Equity
(Unaudited - expressed in Canadian dollars)

	Number of shares	Amount	Contributed surplus	Deficit	Total
Balances, August 31, 2007	6,300,001	$ 1,883,887	$ 275,298	$ (924,771)	$ 1,234,414
Stock based compensation	-	-	34,406	-	34,406
Net loss	-	-	-	(136,169)	(136,169)
Balances, August 31, 2008	6,300,001	$ 1,883,887	$ 309,704	$ (1,060,940)	$ 1,132,651
Stock based compensation	-	-	69,723	-	69,723
Net loss	-	-	-	(258,480)	(258,480)
Balances, August 31, 2009	6,300,001	1,883,887	379,427	(1,319,420)	$ 943,894
Stock based compensation	-	-	35,037	-	35,037
Net loss	-	-	-	(237,323)	(237,323)
Balances, August 31, 2010	6,300,001	$ 1,883,887	$ 414,464	$ (1,556,743)	$ 741,608
Stock based compensation			6,852		6,852
Net loss				(423,763)	(423,763)
Balances, November 30, 2010	6,300,001	$ 1,883,887	$ 421,316	$ (1,980,506)	$ 324,697

See accompanying notes to financial statements.

X-Tal Minerals Corp.
Inerim Statement of Cash Flows
(Unaudited - expressed in Canadian dollars)

	Three Months ended November 30, 2010	2009
Cash provided by (used in):		
Operations:		
Net loss	$ (423,763)	$ (21,383)
Items not involving cash:		
Stock-based compensation expense	6,852	17,454
Changes in non-cash operating working capital:		
Accounts receivable		(1,653)
Interest receivable	1,084	
Taxes receivable	(19,399)	(1,146)
Prepaid expenses	7,988	
Accounts payable and accrued liabilities	118,476	(18,806)
Cash (used in) operating activities	(308,762)	(25,534)
Investing:		
Redemption of guaranteed investment cetificate	500,000	-
Loan advanced to related party (note 6)	(202,122)	-
Cash provided by (used in) investing activities	297,878	-
Increase (decrease) in cash and cash equivalents	(10,884)	(25,534)
Cash and cash equivalents, beginning of period	29,150	155,109
Cash and cash equivalents, end of period	$ 18,266	$ 129,575

See accompanying notes to financial statements.

1. Nature of Operations and Going Concern

As at November 30, 2010, the Company has not acquired any mineral properties. However, on August 24, 2010, the Company entered into a non-binding letter of intent with American Eagle Resources Inc. ("AME") to acquire all the outstanding shares of AME by issuing 21,108,543 shares of the Company to the shareholders of AME. AME and the Company are related by common directors. The proposed acquisition is conditional upon the execution of a definitive agreement, completion of satisfactory due diligence, receipt of shareholder and other corporate approvals, regulatory approval and, if required, court approval. The principal asset of AME is the Tuvatu Gold Deposit located on the Fijian Island of Viti Levu.

Pursuant to the letter of intent, the Company agreed to pay the costs associated with the preparation of a Technical Report on the Tuvatu Gold Deposit that is in compliance with the requirements of National Instrument 43-101. Additionally the Company agreed to pay costs associated with developing the Tuvatu Gold Property incurred on or after August 24, 2010 to a maximum of $40,000 per month. Because the Company does not currently own the Tuvatu Gold Deposit, the development costs and costs incurred to date to prepare the Technical Report have been expensed as project development costs.

On November 1, 2010 the Company has entered into a definitive merger agreement with AME. The parties agreed to an arrangement by which the Company will acquire all of the outstanding shares of AME. Pursuant to the terms of the Agreement, all of the common shares of AME shall become exchangeable for common shares of the Company on a basis of one (1) common share of AME for one (1) common share of the Company. AME and X-Tal currently have 21,108,543 and 6,300,001 common shares outstanding, respectively. The Company will also complete a name change to Lion One Metals Limited. In conjunction with the transaction the Company has raised $11,500,000 in the financial markets to fund further development of the Tuvatu Gold Property (Note 10). The transaction is conditional upon the receipt of shareholder approval (received December 22, 2010) and other corporate approvals, regulatory approval and court approval in accordance with the provisions of the Business Corporation Act (British Columbia). Upon successful completion of the transaction the Company has contracted to pay a bonus of $80,000 to a director of the Company.

In addition to the proposed transaction with AME, the Company continues to evaluate other mineral property projects and opportunities. The Company has no meaningful sources of generating cash in the short term other than accessing the capital markets for the placement of its equity securities. The Company is dependent on the capital markets to provide funding for future activities and outlays, and these markets can be highly variable and volatile over a multi-year cycle. A deterioration of those capital markets could have a material adverse effect on the Company's prospects for success or even for survival.

These financial statements have been prepared by management on a going concern basis in accordance with Canadian generally accepted accounting principles. The going concern basis of presentation assumes the Company will continue in operation for the foreseeable future and be able

1. Nature of Operations and Going Concern (Continued)

to realize its assets and discharge its obligations in the normal course of business. As at November 30, 2010, X-Tal possessed working capital of $122,575 (August 31, 2010: $741,608). While the Company is currently able to meet its obligations as they become due it will require additional funding to explore and, if determined to be economic, develop the Tuvatu Gold Deposit. Additional funding will also be required to investigate, acquire and explore any new projects. If the going concern assumption is not appropriate for these financial statements, adjustments might be necessary to the carrying values of assets and liabilities, and the balance sheet classification used.

Since inception, the Company has financed its operations primarily through the sale of common shares. For the foreseeable future, it will need to rely on the sale of such securities for sufficient working capital and to finance further acquisitions and exploration and development of its mineral properties. As the Company does not generate any revenues from operations, its long term profitability will be directly related to the success of our mineral properties.

2. Significant Accounting Policies

a. Basis of Presentation

These unaudited interim financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles ("GAAP"). The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited annual financial statements. These unaudited interim financial statements do not include in all respects the annual disclosure requirements of GAAP and should be read in conjunction with the most recent audited annual statements.

b. Measurement Uncertainty

The preparation of consolidated financial statements requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the recognition of revenue and expenses during the reporting periods. Actual amounts may differ from these estimates. With respect to these consolidated financial statements, significant areas requiring the use of management estimates relate to the measurement of future cash flows and their impact on the assessment of going concern, the underlying value of deferred expenditures, stock-based compensation, accounts payable and accrued liabilities, asset retirement obligations and contingent liabilities.

Other judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements, is:

2. Significant Accounting Policies (Continued)

b. Measurement Uncertainty (Continued)

I. Future Income Tax Valuation Allowance

The Company has certain future income tax assets arising as a result of non-capital income tax losses carried forward. The Company records a valuation allowance against future income taxes Because the criteria for their recognition have not been met. This requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the estimated likelihood and timing of reversal of temporary differences, and the likelihood of reaching commercial production in the future.

c. *Financial instruments*

Financial instruments are classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are initially measured in the balance sheet at fair value at the date of acquisition. Subsequent measurement and accounting for changes in fair value will depend on the initial classification, as follows:

(i) held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income;
(ii) available-for-sale financial instruments are measured at fair value with changes in fair value recorded I other comprehensive income until the investment is no longer recognized or impaired, at which time the amounts would be recorded in net income (loss); and,
(iii) loans and receivables, held-to-maturity investments and other financial liabilities, are measured at amortized cost using the effective interest rate method.

The Company has classified cash and cash equivalents as held for trading, short-term investments and accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other liabilities.

Transaction costs directly attributable to the acquisition or issuance of financial instruments are recognized in the Statement of Operations in the year incurred.

The classification of fair value measurements is based upon a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The level within which the fair value measurement is categorized is based upon the lowest level of input that is significant to the measurement. Level inputs are as follows:

Level 1 – quoted prices in active markets for identical securities;
Level 2 – significant observable inputs other than quoted prices included in Level 1; and
Level 3 – significant unobservable inputs.

The Company's financial instruments classified as held-for-trading are in Level 1 of the fair value hierarchy.

3. Future Accounting Changes

a. Business combinations

In December 2008, the CICA issued Section 1582, "Business Combinations", which will replace Section 1581, "Business Combinations". This section establishes revised standards for the accounting for a business combination which are aligned with International Financial Reporting Standards ("IFRS") on business combinations. Section 1582 applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

b. International Financial Reporting Standards

In February 2008, the CICA Accounting Standards Board (AcSB) confirmed the changeover to International Financial Reporting Standards (IFRS) from Canadian Generally Accepted Principles (GAAP) will be required for publicly accountable enterprises for interim and annual financial statements effective for fiscal years beginning on or after January 1, 2011. The transition date of September 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended August 31, 2011. While the Company has begun assessing the adoption of IFRS for August 31, 2012, the financial reporting impact of the transition to IFRS cannot be definitively estimated at this time. IFRS conversion represents a significant change in accounting standards and the transition from current Canadian GAAP to IFRS is a significant undertaking. In response, the Company completed its high-level IFRS changeover plan during 2009 and has established a preliminary timeline for the execution and completion of the conversion project.

The Company has engaged IFRS specialists to assist in the conversion process including an assessment of the significant differences between current Canadian GAAP and IFRS, an assessment of the various elections available and the establishment of an opening IFRS balance sheet. The changeover plan also includes an assessment of the potential effects of IFRS to accounting and reporting processes, information systems, business processes and external disclosures.

The Company will also continue to monitor standards development as issued by the IASB and the AcSB as well as regulatory developments as issued by the Canadian Securities Administrators, which may affect the timing, nature or disclosure of its adoption of IFRS.

(Expressed in Canadian dollars – unaudited)

4. Share Capital

a. Authorized

100,000,000 common shares without par value.

b. Issued and fully paid

	Number of Shares	Share Capital	Contributed Surplus
Balance at August 31, 2009	**6,300,001**	**$1,883,887**	**$379,427**
Stock based compensation			35,037
Balance at August 31, 2010	**6,300,001**	**1,883,887**	**414,464**
Stock based compensation			6,852
Balance at November 30, 2010	**6,300,001**	**$1,883,887**	**$421,316**

c. Stock options

At November 30, 2010, the Company had a stock-based compensation plan in effect. This plan allows for the grant of stock options to eligible personnel to purchase a maximum of 1,044,000 common shares. Options granted under the plan vest over a period of two years from the date of grant. A summary of the status of the plan as at November 30, 2010 is as follows:

	Number of Options	Weighted Average Exercise Price
Options outstanding at August 31, 2009	**680,000**	**$0.43**
Options forfeited	(85,000)	0.35
Balance at August 31 and September 30, 2010	595,000	**$0.41**

4. Share Capital (Continued)

c. Stock options (Continued)

As at November 30, 2010, the Company has the following options outstanding:

	Outstanding options		Exercisable options	
Number of common shares	Weighted average remaining contractual life	Weighted average exercise price in Canadian dollars	Number of common shares	Weighted average exercise price in Canadian dollars
595,000	34 months	$0.41	501,250	$0.42

The grant date fair value of stock option grants in 2009 was $0.12 and was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: expected volatility of 42.97%; risk-free interest rate of 2.00%; expected life of 4 years; and an expected dividend yield of 0%.

The grant date fair value of stock option grants in 2008 was $0.23 and was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: expected volatility of 50.50%; risk-free interest rate of 3.19%; expected life of 4 years; and an expected dividend yield of 0%.

5. Capital Management

The Company's capital management policy is to maintain 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. As at November 30, 2010, total shareholders' equity (managed capital) was $324,697 (August 31, 2010: 741,608). In order to maintain or adjust the capital structure, the Company may from time to time issue shares and adjust its capital spending.

The Company is not subject to externally imposed capital requirements. There were not changes to the Company's approach to capital management during the three month period ended November 30, 2010.

(Expressed in Canadian dollars – unaudited)

6. Related Party Transactions

The Company pays a management company with one director in common for shared office costs. During the three months ended November 30, 2010, $137,112 (2009: $1,790) in such costs were incurred. In addition, another company with a common director paid for $83,529 of the Company's travel costs. No profit or loss is realized on these shared costs and the transactions are recorded at the exchange amount, being the amount agreed to by the transacting parties. At November 30, 2010, accounts payable includes $121,712 (August 31, 2010: $54,479) related to these costs.

During the three months ended November 30, 2010, the Company advanced $202,122 to AME, a company controlled by common directors. This amount is non-interest bearing, unsecured and is payable on demand.

7. Financial Instruments

Financial instruments of the Company comprise cash and cash equivalents, short-term investments, accounts receivable, accounts payable and accrued liabilities. The carrying values of these financial instruments do not materially differ from their fair values due to their ability for prompt liquidation or their short term to maturity.

The Company's financial instruments are exposed to credit and liquidity risks. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company does not currently have in place any active hedging or derivative trading policies to manage these risks since the Company's management does not believe that the current size, scale and pattern of its operations would require such hedging activities.

a. *Credit Risk*

Credit risk is the risk that counterparty to a financial instrument will not discharge its obligations, resulting in a financial loss to the Company. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents and short-term investments. The Company limits its exposure to credit loss by placing the majority of its cash and cash equivalents and short-term investments with high credit quality financial institutions.

As at November 30, 2010, all of the Company's cash and cash equivalents and short term investments were held by a single high credit quality financial institution.

The Company's maximum exposure to credit risk at November 30, 2010 is as follows:

Cash and cash equivalents	$18,266
Short term investments	300,000
Interest receivable	2,084
	$320,350

7. Financial Instruments (Continued)

b. *Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations with respect to financial liabilities as they fall due. The Company's financial liabilities are comprised of accounts payable and accrued liabilities. The Company frequently assesses its liquidity position by reviewing the timing of amounts due and the Company's current cash flow position to meet its obligations. The Company manages its liquidity risk by maintaining sufficient cash and cash equivalents and short term investment balances to meet its anticipated operational needs.

The Company's financial liabilities, consisting of accounts payable and accrued liabilities, arose as a result of general office overhead expenses, professional and filing fees associated with the management of a public company and due diligence costs associated with the evaluation of mineral properties. Payment terms on these liabilities are typically one to thirty days from receipt of invoice and do not generally bear interest.

9. Segmented Information

The Company has one reportable operating segment, being the acquisition and exploration and development of mineral properties. As at November 30, 2010, the Company has not acquired any mineral properties. However, on November 1, 2010, the Company has entered into a definitive merger agreement with AME to acquire certain mineral properties in the Fijian Islands.

10. Subsequent Event

a. *Merger Agreement with AME*

On December 21, 2010 the Company's shareholders approved the merger with AME, as discussed in note 1, and on January 19, 2011 the Company received conditional regulatory approval.

b. *Financing*

On December 22, 2010, the Company closed its financing that was being done in conjunction with the merger with AME. The company issued 11,500,000 subscription receipts priced at $1.00 per subscription receipt for total proceeds of $11,500,000. Each subscription receipt will automatically be exercised into one unit of the Company, each unit consisting of one common share of the company and one half of one share purchase warrant, each whole warrant entitling the holder to purchase one common share of the Company at a price of $2.00 for 12 months following closure.

11. Comparative Amounts

Certain of the prior years' comparative amounts have been reclassified to conform to current year presentation.