



LION ONE METALS LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE PERIOD ENDED MARCH 31, 2020

**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)

	March 31 2020	June 30, 2019
ASSETS		
Current		
Cash and cash equivalents	\$ 12,246,156	\$ 8,907,418
Short term investments (Note 4)	3,000,000	-
Receivables	122,723	549,234
Prepaid expenses	76,677	62,790
	<u>15,445,556</u>	<u>9,519,442</u>
Restricted cash (Note 4)	26,028	27,531
Right-of-use asset (Note 3)	465,199	-
Deposits (Note 5, 6)	3,083,622	3,001,543
Other assets (Note 5)	480,430	-
Exploration and evaluation assets (Note 5)	59,641,197	56,352,590
Property and equipment (Note 6)	<u>3,164,195</u>	<u>2,977,200</u>
	<u>\$ 82,306,227</u>	<u>\$ 71,878,306</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 7, 9)	\$ 273,651	\$ 383,986
Lease liability (Note 3)	<u>134,315</u>	<u>-</u>
	407,966	383,986
Lease liability (Note 3)	344,362	-
Long-term provisions (Note 7)	<u>40,524</u>	<u>40,496</u>
	<u>792,852</u>	<u>424,482</u>
Shareholders' equity		
Share capital (Note 8)	108,152,729	97,214,173
Reserves (Note 8)	22,214,953	21,868,222
Accumulated other comprehensive income	2,900,352	2,388,953
Deficit	<u>(51,754,659)</u>	<u>(50,017,524)</u>
	<u>81,513,375</u>	<u>71,453,824</u>
	<u>\$ 82,306,227</u>	<u>\$ 71,878,306</u>

Nature of operations and going concern (Note 1)

Subsequent events (Note 13)

Approved and authorized by the Board on May 13, 2020:

“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 March 31, 2020	Three months ended March 31, 2019	Nine months ended March 31, 2020	Nine months ended March 31, 2019
EXPENSES				
Consulting fees (Note 9)	\$ 11,250	\$ 11,250	\$ 33,750	\$ 33,750
Depreciation	38,767	-	116,300	-
Directors fees (Note 9)	4,000	5,750	15,500	17,250
Foreign exchange (gain) loss	(14,436)	113,381	16,315	(41,999)
Licenses, dues and fees	13,033	11,730	44,501	41,742
Interest expense (Note 3)	10,040	-	32,178	-
Investor relations (Note 9)	204,998	100,598	469,095	370,196
Management fees (Note 9)	72,374	68,775	216,167	216,349
Office and administrative	102,913	88,651	329,901	299,529
Professional fees (Note 9)	82,284	86,256	260,736	314,211
Rent (Note 9)	-	45,000	-	135,000
Shareholder communications	51,639	35,077	171,466	153,060
Share-based payments (Note 8)	47,866	210,315	189,003	306,339
Travel	35,410	13,657	50,797	31,637
Operating loss	(660,138)	(790,440)	(1,945,709)	(1,877,064)
OTHER INCOME				
Interest income	97,804	74,158	208,574	262,931
Net loss for the period	(562,334)	(716,282)	(1,737,135)	(1,614,133)
OTHER COMPREHENSIVE INCOME				
Foreign exchange gain (loss)	1,019,562	(921,149)	511,399	388,125
Comprehensive income (loss) for the period	\$ 457,228	\$ (1,637,431)	\$ (1,225,736)	\$ (1,226,008)
Basic and diluted loss per common share				
	\$ (0.00)	\$ (0.01)	\$ (0.02)	\$ (0.02)
Weighted average number of common shares outstanding				
	118,017,422	102,522,044	109,316,308	102,522,044

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

LION ONE METALS LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)
FOR THE NINE MONTHS ENDED MARCH 31

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (1,737,135)	\$ (1,614,133)
Non-cash items:		
Foreign exchange loss (gain)	16,315	(41,999)
Depreciation (Note 3)	116,300	-
Interest expense (Note 3)	32,178	-
Share-based payments	189,003	306,339
Changes in non-cash working capital items:		
Receivables	423,381	(394,652)
Prepaid expenses	(14,090)	71,688
Accounts payable and accrued liabilities	(19,793)	2,729
	<u>(993,841)</u>	<u>(1,670,028)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(368,934)	(1,188,101)
Exploration and evaluation asset expenditures	(3,051,259)	(5,108,489)
Short term investments (Note 4)	(3,000,000)	-
Deposits	(55,819)	(1,090,571)
	<u>(6,476,012)</u>	<u>(7,387,161)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from sale of shares – private placement	11,500,000	-
Share issuance costs on private placement	(943,110)	-
Cash proceeds on exercise of stock options	491,835	-
Payment of lease liabilities (Note 3)	(135,000)	-
	<u>10,913,725</u>	<u>-</u>
Effect of exchange rate changes on cash	(105,134)	(13,501)
Change in cash during the period	3,338,738	(9,070,690)
Cash and cash equivalents, beginning of period	<u>8,907,418</u>	<u>19,574,527</u>
Cash and cash equivalents, end of period	<u>\$ 12,246,156</u>	<u>\$ 10,503,837</u>
Supplementary cash flow information:		
Cash and cash equivalents consists of:		
Cash	\$ 11,246,156	\$ 10,503,837
Redeemable short term deposit certificates	1,000,000	-
Non-cash transactions:		
Depreciation expense capitalized to exploration and evaluation assets	\$ 205,219	\$ 135,733
Right-of-use asset recognized upon accounting policy change (Note 3)	581,499	-
Share-based payments expense capitalized to exploration and evaluation assets	47,559	313,168
Share-based payments expense – share issue costs	330,728	-
Stock options exercised – fair value	220,559	-
Accounts payable and accrued liabilities in exploration and evaluation assets	50,903	193,587

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)

	<u>Share Capital</u>		Reserves	Deficit	Accumulated Other Comprehensive Income	Total
	Number	Amount				
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	-	-	619,507	-	-	619,507
Exercise of stock options	-	-	-	-	-	-
Comprehensive loss for the period	-	-	-	(1,614,133)	388,125	(1,226,008)
Balance, March 31, 2019	102,522,044	96,726,311	21,822,726	(49,410,221)	3,837,266	72,976,082
Share-based payments – stock options	-	-	174,336	-	-	174,336
Share-based payments – trust shares	-	155,000	-	-	-	155,000
Exercise of stock options	582,918	332,862	(128,840)	-	-	204,022
Comprehensive loss for the period	-	-	-	(607,303)	(1,448,313)	(2,055,616)
Balance, June 30, 2019	103,104,962	97,214,173	21,868,222	(50,017,524)	2,388,953	71,453,824
Share-based payments – stock options	-	-	236,562	-	-	236,562
Exercise of stock options	537,460	712,394	(220,559)	-	-	491,835
Private placement	14,375,000	11,500,000	-	-	-	11,500,000
Share issuance costs	-	(1,273,838)	330,728	-	-	(943,110)
Comprehensive loss for the period	-	-	-	(1,737,135)	511,399	(1,225,736)
Balance, March 31, 2020	118,017,422	\$ 108,152,729	\$ 22,214,953	\$ (51,754,659)	\$ 2,900,352	\$ 81,513,375

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

LION ONE METALS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

March 31, 2020

1. NATURE OF OPERATIONS AND GOING CONCERN

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

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

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

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has incurred losses from inception and does not currently have the financial resources to advance its projects to completion. As at March 31, 2020, the Company had not advanced its properties to commercial production. The Company has adequate financial resources for the next twelve months. The Company's continuation as a going concern is dependent upon the successful results from its exploration activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations.

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

2. BASIS OF PREPARATION

Statement of Compliance

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

Basis of Consolidation and Presentation

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

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

Use of Estimates

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

LION ONE METALS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

March 31, 2020

2. BASIS OF PREPARATION (cont'd...)

Judgments

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

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

Estimates

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

New standards adopted during the period

IFRS 16 Leases

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

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

LION ONE METALS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

March 31, 2020**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

As at July 1, 2019, the Company recognized \$581,499 for a ROU asset for the office space lease and \$581,499 for the lease liability equal to the present value of office space lease payments over a 45 month period ending March 31, 2023, discounted by using the Company's incremental borrowing rate at 8.0%. During the period ended March 31, 2020, the Company recognized a non cash interest expense of \$32,178 for the office space lease and a non cash depreciation expense for the ROU asset of \$116,300.

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

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

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

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

Right-of-use asset

	March 31, 2020	June 30, 2019
Opening balance	\$ 581,499	\$ -
Additions	-	-
Depreciation	(116,300)	-
	\$ 465,199	\$ -

Lease liability

	March 31, 2020	June 30, 2019
Opening balance	\$ (581,499)	\$ -
Additions	-	-
Payments	135,000	-
Accreted interest	(32,178)	-
	\$ (478,677)	\$ -
Lease liability (current)	(134,315)	-
Lease liability (non-current)	(344,362)	-
	\$ (478,677)	\$ -

The annual commitment over the term of the lease is as follows:

April 2020 to March 2021	\$180,000
April 2021 to March 2022	\$180,000
April 2022 to March 2023	\$180,000

4. SHORT TERM INVESTMENTS AND RESTRICTED CASH

The short term investments is comprised of guaranteed investment certificates issued by the Company's banking institutions. The restricted cash balance is comprised of a guaranteed investment certificate and security deposit held as collateral for the Company's corporate credit cards.

LION ONE METALS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

March 31, 2020
5. EXPLORATION AND EVALUATION ASSETS

March 31, 2020	Fiji	Australia	Total
Acquisition costs			
Balance, June 30, 2019	\$ 21,915,063	\$ 511,890	\$ 22,426,953
Disposals for the period	-	(511,890)	(511,890)
Balance, March 31, 2020	21,915,063	-	21,915,063
Exploration expenditures			
Balance, June 30, 2019	35,115,036	55,671	35,170,707
Additions for the period	3,219,573	2,729	3,222,302
Disposals for the period	-	(58,400)	(58,400)
Balance, March 31, 2020	38,334,609	-	38,334,609
Cumulative translation adjustment			
Balance, June 30, 2019	(1,182,889)	(62,181)	(1,245,070)
Adjustments for the period	574,414	(27,679)	546,735
Disposals for the period	-	89,860	89,860
Balance, March 31, 2020	(608,475)	-	(608,475)
Property total, March 31, 2020	\$ 59,641,197	\$ -	\$ 59,641,197

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

Tuvatu Gold Project

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

In January 2015, the Mineral Resources Department ("MRD") of Fiji granted Special Mining Lease 62 ("SML 62") on the Tuvatu project to the Company. SML 62 is a designated area within the original boundaries of the Company's Special Prospecting Licenses ("SPL's") 1283 and 1296. SML 62 provides exclusive rights for the potential development, construction, and operation of mining, processing, and waste management infrastructure at Tuvatu. The terms of the mining lease provide for certain performance and reporting requirements. The SML has been granted for a term of ten years provided the Company complies with the terms of the lease. Extensions to the term can be applied subject to the terms of the lease and the Mining Act. A performance and environmental bond of FJD\$2,700,000 (March 31, 2020 - \$1,663,389, June 30, 2019 - \$1,642,113) has been placed on deposit with the MRD. The SML is subject to annual lease payments of FJD\$73,697 (\$45,403).

LION ONE METALS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

March 31, 2020

5. EXPLORATION AND EVALUATION ASSETS (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 iTaukei 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 (\$184,821) is due upon the first gold production from mining operations in Tuvatu. An additional lease payment of FJD\$30,000 (\$18,482) 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 four exploration licenses (SPL's) for the Tuvatu properties as granted by the MRD.

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

SPL	Issued	Expiry Date	Bond (Fijian \$)	Bond (Canadian \$)	Expenditure Requirement (Fijian \$)	Expenditure Requirement (Canadian \$)
1283 / 1296	Feb. 12, 2017	Feb. 12, 2020	\$ 316,360	\$ 194,900	\$ 2,730,000	\$ 1,681,871
1465	Aug. 3, 2017	Aug. 2, 2020	185,000	113,973	3,050,000	1,879,014
1512	May 14, 2019	May 13, 2024	40,003	24,645	15,333,305	9,446,389

Bonds

The SPL's require the posting of bonds as security against future reclamation obligations. As at March 31, 2020, the Company has bonds of \$1,996,907 (June 30, 2019 - \$1,904,463) held with the MRD pursuant to SML62 and the SPL's and these are recorded as deposits on the statement of financial position. In February 2020, the Company submitted the renewal application for SPL 1283 /1296 to the MRD. Due to the COVID-19 pandemic, the renewal is still in process and the MRD has confirmed that SPL 1283 / 1296 remain in good standing.

Olary Creek, South Australia

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

- 1% FOB royalty on Iron Ore or manganese concentrates sold from Olary plus AUD\$0.75 per tonne of Iron Ore or manganese concentrates or 2% FOB royalty on Iron Ore or manganese concentrates sold from Olary.
- Lodestone shall advance against the FOB royalty payable noted above:
 - a. 10% of all funds raised by Lodestone until funding specifically designated as funding for a Bankable Feasibility Study has been raised;
 - b. AUD\$1,000,000 upon funding being raised by Lodestone specifically designated as funding for a Bankable Feasibility Study;
 - c. AUD\$3,000,000 upon a Decision to Mine being made; and
 - d. AUD\$3,000,000 upon 18 months after a Decision to Mine being made.

On October 15, 2019, the Company received formal approval from the South Australian Minister of Energy and Mining for the Olary transfer to Lodestone. The Company has assigned the carrying value of the Olary Creek property at \$480,430 to the value of the royalty interest, which has been disclosed in other assets.

LION ONE METALS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

March 31, 2020
6. PROPERTY AND EQUIPMENT

	Computers and Office Equipment	Motor Vehicles	Building and Equipment	Total
Cost				
Balance, June 30, 2018	\$ 276,102	\$ 219,890	\$ 1,955,252	\$ 2,451,244
Additions for the year	-	192,214	1,434,425	1,626,639
Cumulative translation adjustment	<u>(3,296)</u>	<u>(8,952)</u>	<u>(37,372)</u>	<u>(49,620)</u>
Balance, June 30, 2019	272,806	403,152	3,352,305	4,028,263
Additions for the period	-	-	368,934	368,934
Cumulative translation adjustment	<u>1,139</u>	<u>5,152</u>	<u>28,296</u>	<u>34,587</u>
Balance, March 31, 2020	\$ 273,945	\$ 408,304	\$ 3,749,535	\$ 4,431,784
Accumulated depreciation				
Balance, June 30, 2018	\$ 236,284	\$ 188,323	\$ 450,437	\$ 875,044
Additions for the year	33,589	27,686	131,709	192,984
Cumulative translation adjustment	<u>(3,268)</u>	<u>(4,650)</u>	<u>(9,047)</u>	<u>(16,965)</u>
Balance, June 30, 2019	266,605	211,359	573,099	1,051,063
Additions for the period	5,992	29,877	169,350	205,219
Cumulative translation adjustment	<u>1,146</u>	<u>3,364</u>	<u>6,797</u>	<u>11,307</u>
Balance, March 31, 2020	\$ 273,743	\$ 244,600	\$ 749,246	\$ 1,267,589
Net book value				
As at June 30, 2019	\$ 6,201	\$ 191,793	\$ 2,779,206	\$ 2,977,200
As at March 31, 2020	\$ 202	\$ 163,704	\$ 3,000,289	\$ 3,164,195

Other Deposits

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

7. PROVISIONS AND PAYABLES

Accounts payable and accrued liabilities	March 31, 2020	June 30, 2019
Trade payables	\$ 113,113	\$ 106,738
Exploration expenditures payable	13,806	132,972
Employee benefits	<u>146,732</u>	<u>144,276</u>
Balance, end of period	\$ 273,651	\$ 383,986

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

LION ONE METALS LIMITED

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March 31, 2020**8. SHARE CAPITAL AND RESERVES**

a) Authorized share capital

Unlimited number of common shares without par value.

b) Private placement

On December 6, 2019, the Company completed a brokered private placement of 14,375,000 units ("Unit") at a price of \$0.80 per Unit for gross proceeds of \$11,500,000. Each Unit consists of one common share and one common share purchase warrant ("Warrant"). Each Warrant is exercisable at a price of \$1.20 per share until June 6, 2021, 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 \$1.65 for 20 consecutive trading days. The Company incurred broker, filing and legal fees of \$943,110 in respect of the placement and recognized \$330,728 for share issuance costs related to the issuance of 862,500 non-transferable Compensation Options ("CO"), each CO consists of an option to purchase one unit at a price of \$0.80 per unit with each unit consisting of one common share at \$0.80 and one common share purchase warrant, which is exercisable at a price of \$1.20 per share until June 6, 2021. The fair value of the CO's of \$330,728 was determined using the Black-Scholes option pricing model using the following assumptions: risk free interest rate 1.62%, expected life of 1.5 years, annualized volatility 65% and dividend rate at nil.

c) Stock options

The TSX Venture Exchange accepted the Company's Stock Option Plan, which was approved by the Company's shareholders at the Annual General Meeting held on December 18, 2019. A rolling stock option plan has been implemented whereby a maximum of 10% of the issued shares will be reserved for issuance under the plan. Options can be granted for a term not to exceed ten years. Shareholder approval must also be obtained yearly at the Company's Annual General Meeting and in addition, submitted for review and acceptance by the Exchange each year.

Stock option transactions are summarized as follows:

	Number of Stock Options	Weighted Average Exercise Price
Balance, June 30, 2018	6,700,000	0.95
Exercised	(582,918)	0.35
Granted	3,385,000	0.76
Forfeited and expired	<u>(1,702,082)</u>	1.00
Balance, June 30, 2019	7,800,000	\$ 0.90
Exercised	(537,460)	0.92
Granted	300,000	1.75
Forfeited and expired	<u>(1,335,000)</u>	0.95
Balance, March 31, 2020	6,227,540	\$ 0.93
Balance, March 31, 2020 exercisable	<u>4,230,040</u>	\$ 0.92

Stock options outstanding as at March 31, 2020:

	Number	Exercise price	Expiry date
Stock Options	2,289,040	\$ 1.00	June 30, 2021
	300,000	1.75	February 1, 2022
	16,000	1.00	April 11, 2022
	935,000	1.00	January 26, 2023
	<u>2,687,500</u>	0.75	March 1, 2024
	<u>6,227,540</u>		

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March 31, 2020**8. SHARE CAPITAL AND RESERVES (cont'd...)**

c) Stock options (cont'd...)

During the period ended March 31, 2020, the Company granted Nil (2019 – 3,385,000) stock options. The weighted average fair value of options granted during the period was \$Nil per share (2019 - \$0.49). Total share-based payments recognized for the period ended March 31, 2020 was \$236,562 (2019 - \$619,507) for incentive options granted and vested. Share-based payments expense of \$189,003 (2019 - \$306,339) was recognized in the statement of loss and comprehensive loss with the balance an expense of \$47,559 (2019 – expense of \$313,168) capitalized to exploration and evaluation assets, which relates to employees and consultants working on the Tuvatu property.

d) Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, June 30, 2018 and 2019	-	\$ -
Issued	<u>14,375,000</u>	1.20
Balance outstanding and exercisable, March 31, 2020	14,375,000	\$ 1.20

Warrants outstanding as at March 31, 2020:

	Number	Exercise price	Expiry date
Warrants	14,375,000	\$ 1.20	June 6, 2021

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 \$1.65 per share for 20 consecutive trading days.

e) Compensation Options

Compensation Options are summarized as follows:

	Number of Compensation Options	Weighted Average Exercise Price
Balance, June 30, 2018 and 2019	-	\$ -
Issued (Note 8b)	<u>862,500</u>	0.80
Balance outstanding and exercisable, March 31, 2020	862,500	\$ 0.80

Compensation Options as at March 31, 2020:

	Number	Exercise price	Expiry date
Compensation Options	862,500	\$ 0.80	June 6, 2021

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March 31, 2020**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 March 31:

	2020	2019
Payments to key management personnel:		
Cash compensation expensed to management fees, professional fees, investor relations and consulting fees	\$ 414,917	\$ 412,580
Cash compensation capitalized to exploration and evaluation assets	242,262	311,929
Share-based payments	(2,572)	302,687

During the period ended March 31, 2020, the Company paid \$135,000 (2019 - \$135,000) in rent to Cabrera Capital Corp. ("Cabrera"), a company controlled by a director of the Company. Effective July 1, 2019, the Company adopted IFRS 16, Leases (Note 3) using the modified retrospective application method, with the office space lease rent payment applied to the lease liability. As at March 31, 2020, the Company had a payable of \$36,378 (June 30, 2019 - \$33,952) due to Cabrera and a lease liability of \$478,677 (June 30, 2019 - nil) due to Cabrera equal to the present value of office space lease payments over the term of the lease.

During the period ended March 31, 2020, the Company paid professional services fees of \$24,215 (2019 - \$25,659) to a management services company owned by a director of the Company's subsidiary.

During the period ended March 31, 2020, the Company paid directors' fees of \$15,500 (2019 - \$17,250) to non-executive board members.

As at March 31, 2020, the Company has a payable of \$789 (June 30, 2019 - \$Nil) due to Red Lion Management Ltd., a company controlled by a director of the Company, for expenses incurred on behalf of the Company. Accounts payable due to related parties are unsecured, non-interest bearing, and are due on demand.

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

10. SEGMENTED INFORMATION

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

March 31, 2020	Fiji	Australia	Total
Exploration and evaluation assets	\$ 59,641,197	\$ -	\$ 59,641,197
Other assets	-	480,430	480,430
Property and equipment	3,164,195	-	3,164,195
	\$ 62,805,392	\$ 480,430	\$ 63,285,822

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

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11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

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

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

Financial risk factors

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and cash equivalents, short term investments 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 March 31, 2020, the Company had working capital of \$15,037,590.

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 and cash equivalents and short term investments. 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. Management believes the foreign currency risk is low given the low value of monetary assets (liabilities) denominated in foreign currencies.

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.

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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 \$81,513,375 (June 30, 2019 - \$71,453,824). In order to maintain or adjust the capital structure, the Company may from time to time issue shares, seek debt financing and adjust its capital spending to manage current and working capital requirements. The Company is not subject to externally imposed capital requirements.

There were no changes to the Company's approach to capital management during the period ended March 31, 2020.

13. SUBSEQUENT EVENTS

Subsequent to March 31, 2020, the Company issued 16,000 shares and received proceeds of \$16,000 pursuant to the exercise of stock options and issued 129,375 and received proceeds of \$103,000 pursuant to the exercise of compensation units (Note 8b).