LION ONE METALS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE YEAR ENDED JUNE 30, 2020

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Lion One Metals Limited

Opinion

We have audited the accompanying consolidated financial statements of Lion One Metals Limited (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, cash flows, and shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor’s report is Catherine Tai.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada — Chartered Professional Accountants

September 25, 2020

LION ONE METALS LIMITED
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT JUNE 30, 2020

		2020		2019
ASSETS				
Current				
Cash and cash equivalents	$	10,256,600	$	8,907,418
Short term investments (Note 4)		3,000,000		-
Receivables		188,361		549,234
Prepaid expenses		151,426		62,790
		13,596,387		9,519,442
Restricted cash (Note 4)		28,146		27,531
Right-of-use asset (Note 3)		426,433		-
Deposits (Note 5, 6)		3,115,929		3,001,543
Other assets (Note 5)		480,430		-
Exploration and evaluation assets (Note 5)		61,637,617		56,352,590
Property and equipment (Note 6)		3,728,022		2,977,200
	$	83,012,964	$	71,878,306
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities (Note 7, 9)	$	447,258	$	383,986
Lease liability (Note 3)		137,019		-
		584,277		383,986
Lease liability (Note 3)		305,995		-
Long-term provisions (Note 7)		54,358		40,496
		944,630		424,482
Shareholders' equity				
Share capital (Note 8)		108,482,976		97,214,173
Reserves (Note 8)		22,846,589		21,868,222
Obligation to issue shares		46,875		-
Accumulated other comprehensive income		3,433,240		2,388,953
Deficit		(52,741,346)		(50,017,524)
		82,068,334		71,453,824
	$	83,012,964	$	71,878,306

Nature of operations and going concern (Note 1)
Subsequent events (Note 14)

Approved and authorized by the Board on September 25, 2020:

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

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

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

		2020		2019
EXPENSES				
Consulting fees	$	45,000	$	45,000
Depreciation (Note 3)		155,066		-
Directors' fees (Note 9)		20,083		23,000
Foreign exchange loss (gain)		(54,526)		43,631
Interest expense (Note 3)		41,515		-
Licenses, dues and insurance		65,075		60,115
Investor relations		580,493		443,789
Management fees		348,935		289,630
Office and administrative		446,530		395,930
Professional fees (Note 9)		400,706		437,087
Rent (Note 9)		-		180,000
Shareholder communications and filings		192,303		173,250
Share-based payments (Note 8)		690,072		402,948
Travel		58,396		45,627
Operating loss		(2,989,648)		(2,540,007)
OTHER INCOME				
Interest income		265,826		318,571
Loss for the year		(2,723,822)		(2,221,436)
OTHER COMPREHENSIVE LOSS				
Foreign exchange translation adjustment		1,044,287		(1,060,188)
Comprehensive loss for the year	$	(1,679,535)	$	(3,281,624)
Basic and diluted loss per common share	$	(0.02)	$	(0.02)
Weighted average number of common shares outstanding		111,516,144		102,571,393

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

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

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	$ (2,723,822)	$ (2,221,436)
Non-cash items:		
Foreign exchange loss (gain)	(54,526)	43,631
Depreciation	155,066	-
Interest expense	41,515	-
Share-based payments	690,072	402,948
Changes in non-cash working capital items:		
Receivables	363,176	(391,749)
Prepaid expenses	(88,560)	17,098
Accounts payable and accrued liabilities	23,836	30,825
	(1,593,243)	(2,118,683)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(996,349)	(1,626,639)
Exploration and evaluation asset expenditures	(4,085,809)	(5,876,603)
Short term investments	(3,000,000)	-
Deposits	(65,339)	(1,124,410)
	(8,147,497)	(8,627,652)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from sale of shares – private placement	11,500,000	-
Share issuance costs on private placement	(943,111)	-
Cash proceeds on exercise of stock options	714,835	204,022
Obligation to issue shares	46,875	-
Payment of lease liabilities	(180,000)	-
	11,138,599	204,022
Effect of exchange rate changes on cash	(48,677)	(124,796)
Change in cash during the year	1,349,182	(10,667,109)
Cash and cash equivalents, beginning of year	8,907,418	19,574,527
Cash and cash equivalents, end of year	$ 10,256,600	$ 8,907,418

Supplementary cash flow information:

	2020	2019
Cash and cash equivalents consist of:		
Cash	$ 4,256,600	$ 8,907,418
Redeemable short-term deposit certificates	6,000,000	-
Non-cash transactions:		
Depreciation expense capitalized to exploration and evaluation assets	$ 310,925	$ 192,984
Right-of-use asset recognized upon accounting policy change (Note 3)	581,499	-
Share-based payments expense capitalized to exploration and evaluation assets	285,374	545,895
Share-based payments expense – share issue costs	330,728	-
Stock options exercised – fair value	327,807	128,840
Accounts payable and accrued liabilities in exploration and evaluation assets	179,837	132,972

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

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

	Share Capital						
	Number	Amount	Obligation to Issue Shares	Reserves	Deficit	Accumulated Other Comprehensive Income	Total
Balance, June 30, 2018	102,522,044	$ 96,726,311	-	$ 21,203,219	$ (47,796,088)	$ 3,449,141	$ 73,582,583
Share-based payments – stock options	-	-	-	793,843	-	-	793,843
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 year	-	-	-	-	(2,221,436)	(1,060,188)	(3,281,624)
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	-	-	-	975,446	-	-	975,446
Exercise of stock options	553,460	736,423	46,875	(228,588)	-	-	554,710
Private placement	14,375,000	11,500,000	-	-	-	-	11,500,000
Share issuance costs	-	(1,273,839)	-	330,728	-	-	(943,111)
Exercise of compensation options (Note 8 (f))	258,750	306,219	-	(99,219)	-	-	207,000
Comprehensive loss for the year	-	-	-	-	(2,723,822)	1,044,287	(1,679,535)
Balance, June 30, 2020	118,292,172	$ 108,482,976	$46,875	$ 22,846,589	$ (52,741,346)	$ 3,433,240	$ 82,068,334

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Lion One Metals Limited ("Lion One" or the "Company") was incorporated on November 12, 1996 under the laws of the Province of British Columbia, Canada. The Company is in the business of mineral exploration and evaluation and is currently focused on the acquisition, exploration and evaluation of mineral resources in Fiji. The Company is listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol LIO and on the Australian Securities Exchange ("ASX") under the symbol LLO. 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 consolidated 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has incurred losses from inception and does not currently have the financial resources to advance its projects to completion. As at June 30, 2020, the Company had not advanced its properties to commercial production. Subsequent to year end, the Company completed a private placement with total proceeds of approximately $40 million. The Company estimates that it 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.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn.The Company continues to monitor the situation in Fiji, and whilst the health and safety of its employees remains the highest priority, work activities have continued with little disruption. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

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

2. BASIS OF PREPARATION

Statement of Compliance

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

Basis of Consolidation and Presentation

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

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

2. BASIS OF PREPARATION (cont'd…)

Use of Estimates

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

Judgments

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

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

Estimates

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

The carrying value and recoverability of exploration and evaluation assets 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

The application of IFRS 16 requires the Company to make judgments that affect the valuation of the right-of-use assets and the valuation of lease liabilities. These include: determining agreements in scope of IFRS 16, determining the contract term and determining the interest rate used for discounting of future cash flows.

The lease term determined by the Company is comprised of the non-cancellable period of lease agreements, periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.

The present value of the lease payment is determined using a discount rate representing the Company's incremental borrowing rate.

3. SIGNIFICANT ACCOUNTING POLICIES

Foreign exchange

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

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

Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI"), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

The Company classifies its cash, short term investments, and restricted cash as FVTPL and receivables, deposits, accounts payable and long-term provisions are at amortized cost.

Measurement

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of comprehensive loss in the period in which they arise.

Impairment of financial assets at amortized cost

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd.)

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of comprehensive loss.

Property and equipment

Property and equipment is carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized when the asset is available for its intended use, using the straight-line method at the following annual rates:

Computers and office equipment	12% - 100%
Motor vehicles	18%
Buildings and equipment	2.5% - 20%

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

Mineral properties – exploration and evaluation assets

Pre-exploration costs are expensed as incurred.

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

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

Impairment of tangible and intangible assets

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Provision for environmental rehabilitation

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

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

Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and options are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each equity financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are assigned value based on the residual value method and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for agency fees or other transactions costs are accounted for as share-based payments.

Share-based payments

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

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

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

Earnings (loss) per share

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

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income

for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered the deferred tax asset is not recognized.

New standards adopted during the year

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.

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 estimated incremental borrowing rate at 8.0%. During the year ended June 30, 2020, the Company recognized a non cash interest expense of $41,515 for the office space lease and a non cash depreciation expense for the ROU asset of $155,066.

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

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Right-of-use asset

	June 30, 2020	June 30, 2019
Opening balance	$ -	-
Adoption of IFRS 16	581, 499	-
Depreciation	(155,066)	-
	$ 426,433	$ -

Lease liability

	June 30, 2020	June 30, 2019
Opening balance	$ -	-
Adoption of IFRS 16	(581,499)	-
Payments	180,000	-
Accreted interest	(41,515)	-
	$ (443,014)	$ -
Lease liability (current)	(137,019)	-
Lease liability (non-current)	(305,995)	-
	$ (443,014)	$ -

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.

5. EXPLORATION AND EVALUATION ASSETS

June 30, 2020	**Fiji**	**Australia**	**Total**
Acquisition costs			
Balance, June 30, 2019	$ 21,915,063	$ 511,890	$ 22,426,953
Disposals for the year	-	(511,890)	(511,890)
Balance, June 30, 2020	21,915,063	-	21,915,063
Exploration expenditures			
Balance, June 30, 2019	35,115,036	55,671	35,170,707
Additions for the year	4,712,013	2,729	4,714,742
Disposals for the year	-	(58,400)	(58,400)
Balance, June 30, 2020	39,827,049	-	39,827,049
Cumulative translation adjustment			
Balance, June 30, 2019	(1,182,889)	(62,181)	(1,245,070)
Adjustments for the year	1,078,394	(27,679)	1,050,715
Disposals for the year	-	89,860	89,860
Balance, June 30, 2020	(104,495)	-	(104,495)
Property total, June 30, 2020	$ 61,637,617	$ -	$ 61,637,617

(Expressed in Canadian Dollars)

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

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

Tuvatu Gold Project

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

In January 2015, the Mineral Resources Department ("MRD") of Fiji granted Special Mining Lease 62 ("SML 62") on the Tuvatu project to the Company. SML 62 is a designated area within the original boundaries of the Company's Special Prospecting Licenses ("SPL's") 1283 and 1296. SML 62 provides exclusive rights for the potential development, construction, and operation of mining, processing, and waste management infrastructure at Tuvatu. The terms of the mining lease provide for certain performance and reporting requirements. The SML has been granted for a term of ten years provided the Company complies with the terms of the lease. Extensions to the term can be applied subject to the terms of the lease and the Mining Act. A performance and environmental bond of FJD$2,700,000 (2020 - $1,682,300, 2019 - $1,642,113) has been placed on deposit with the MRD. The SML is subject to annual lease payments of FJD$73,697 ($45,919).

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. In March 2019 the Company paid FJD$249,497 ($155,455) to the TLTB with FJD$50,503 ($31,467) remaining is due upon the first gold production from mining operations in Tuvatu. An additional lease payment of FJD$30,000 ($18,692) is payable per annum to the local communities for education and community development over the 21-year term of the Surface Lease agreement.

(Expressed in Canadian Dollars)

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

Fiji Exploration Properties

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

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

SPL	Issued	Expiry Date	Bond (Fijian $)	Bond (Canadian $)	Expenditure Requirement (Fijian $)	Expenditure Requirement (Canadian $)
1283 / 1296	Feb. 12, 2017	Feb. 12, 2020	$ 316,360	$ 197,116	$ 2,730,000	$ 1,700,992
1465	Aug. 3, 2017	Aug. 2, 2020	185,000	115,269	3,050,000	1,900,376
1512	May 14, 2019	May 13, 2024	40,003	24,924	15,333,305	9,553,784

Bonds

The SPL's require the posting of bonds as security against future reclamation obligations. As at June 30, 2020, the Company has bonds of $2,019,610 (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 applications for SPL 1283/1296 to the MRD. In September 2020, the Company was notified that the renewal for SPL 1283/1296 was approved and the expiration date is August 23, 2025. The expenditure requirement for the 5 year period ending on August 23, 2025 for SPL 1283 and SPL1296 is FJD$1,400,000 and FJD$1,600,000 respectively. No additional bonds will be required for SPL 1283/1296 over the 5 year period.

In August 2020, the Company submitted the renewal application for SPL 1465 and the renewal is still in process. The MRD has confirmed that SPL 1465 remains 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.

(Expressed in Canadian Dollars)

6. PROPERTY AND EQUIPMENT

	Computers and Office Equipment	Motor Vehicles	Building and Equipment	Total
Cost				
Balance, June 30, 2018	$ 276,102	$ 219,890	$ 1,955,252	$ 2,451,244
Additions for the year	-	192,214	1,434,425	1,626,639
Cumulative translation adjustment	(3,296)	(8,952)	(37,372)	(49,620)
Balance, June 30, 2019	272,806	403,152	3,352,305	4,028,263
Additions for the year	1,059	-	995,290	996,349
Cumulative translation adjustment	3,367	9,864	76,127	89,358
Balance, June 30, 2020	$ 277,232	$ 413,016	$ 4,423,722	$ 5,113,970
Accumulated depreciation				
Balance, June 30, 2018	$ 236,284	$ 188,323	$ 450,437	$ 875,044
Additions for the year	33,589	27,686	131,709	192,984
Cumulative translation adjustment	(3,268)	(4,650)	(9,047)	(16,965)
Balance, June 30, 2019	266,605	211,359	573,099	1,051,063
Additions for the year	6,031	39,986	264,908	310,925
Cumulative translation adjustment	3,340	6,339	14,281	23,960
Balance, June 30, 2020	$ 275,976	$ 257,684	$ 852,288	$ 1,385,948
Net book value				
As at June 30, 2019	$ 6,201	$ 191,793	$ 2,779,206	$ 2,977,200
As at June 30, 2020	$ 1,256	$ 155,332	$ 3,571,434	$ 3,728,022

Other Deposits

In July 2018, the Company paid an 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	2020	2019
Trade payables	$ 69,164	$ 106,738
Exploration expenditures payable	179,837	132,972
Employee benefits	198,257	144,276
Balance, end of the year	$ 447,258	$ 383,986

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

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES

a) Authorized share capital

Unlimited number of common shares without par value.

b) Trust agreement

Pursuant to a Trust Agreement dated April 1, 2010, the Company has issued and allotted 1,000,000 common shares from treasury to a designated trustee. The Trust Agreement stipulates the release of the shares to the beneficiaries upon vesting dates. As at June 30, 2019 and 2020, there were no shares remaining in trust. Share based payments expense of $155,000 was recognized and then capitalized to exploration and evaluation assets for year ended June 30, 2019 for the last remaining 100,000 trust shares vested and released.

c) 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 $943,111 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.

d) 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	(1,702,082)	1.00
Balance, June 30, 2019	7,800,000	$ 0.90
Exercised	(553,460)	0.92
Granted	2,500,000	1.53
Forfeited and expired	(1,335,000)	0.95
Balance, June 30, 2020	8,411,540	$ 1.08
Balance, June 30, 2020 exercisable	4,930,290	$ 1.00

(Expressed in Canadian Dollars)

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

d) Stock options (cont'd…)

The following stock options are outstanding and exercisable as at June 30, 2020:

	Number of Options Outstanding	Exercise price	Number of Options Exercisable	Expiry date
Stock Options	2,269,040	$ 1.00	2,269,040	June 30, 2021
	300,000	1.75	75,000	February 1, 2022
	860,000	1.00	645,000	January 26, 2023
	2,707,500	0.75	1,353,750	March 1, 2024
	75,000	1.00	37,500	March 1, 2024
	2,200,000	1.50	550,000	June 3, 2025
	8,411,540		4,930,290	

During the year ended June 30, 2020, the Company granted 2,500,000 (2019 – 3,385,000) stock options. The weighted average fair value of options granted during the period was $0.87 per share (2019 - $0.49). Total share-based payments recognized for the year ended June 30, 2020 was $975,446 (2019 - $793,843) for incentive options granted and vested. Share-based payments expense of $690,072 (2019 - $402,948) was recognized in the statement of loss and comprehensive loss with the balance an expense of $285,374 (2019 – $390,895) capitalized to exploration and evaluation assets, which relates to employees and consultants working on the Tuvatu property.

The fair value of newly granted options are calculated using the Black-Scholes options pricing model. For all grants, the assumed dividend yield and forfeiture rate were nil and nil, respectively. Other conditions and assumptions for options granted in the year ended June 30, 2020 and June 30, 2019 as follows:

Issue Date	Expected life of Options in Years	Exercise Price	Risk-free Interest Rate	Volatility	Weighted Average Black-Scholes Fair Value
March 1, 2019	5	$ 0.75	1.82%	90 %	$ 0.31
March 1, 2019	5	1.00	1.82%	90 %	0.29
February1, 2020	2	1.75	1.69%	68 %	0.67
June 3, 2020	5	1.50	3.80%	80 %	0.90

e) Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weigted Average Exercise Price	Expiry Date
Balance, June 30, 2018 and 2019	-	$ -	
Issued December 2019	14,375,000	1.20	June 6, 2021
Issued from exercise of Compensation Options ((Note 8(f))	258,750	1.20	June 6, 2021
Balance outstanding and exercisable, June 30, 2020	14,633,750	$ 1.20	

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.

(Expressed in Canadian Dollars)

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

e) Warrants (cont'd…)

On August 25, 2020 the Company announced that it has elected to accelerate the expiry date of the outstanding common share purchase warrants originally issued by the Company as part of its private placement which closed on December 6, 2019. Pursuant to the terms of the Warrants, the Company can accelerate the expiry date 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. As of the close of market on August 24, 2020, the Company's common shares have closed at a price higher than $1.65 for 20 consecutive trading days. As a result, the Company has exercised the acceleration right relating to the Warrants. The expiry date of the outstanding Warrants is being accelerated to October 7, 2020. Any Warrants remaining unexercised after this date will be cancelled and will thereafter be of no force or effect.

Subsequent to year ended June 30, 2020, the Company issued 6,760,805 Tranche 1 Units at a price per Warrant Share of C$2.35 with expiry date of August 20, 2021 and 4,075,786 Tranche 2 Units at a price per Warrant Share of C$2.75 with expiry date of August 20, 2021 as part of the August 2020 equity offering (Note 14(b)).

f) Compensation Options

Compensation Options are summarized as follows:

	Number of Warrants	Weigted Average Exercise Price	Expiry Date
Balance, June 30, 2018 and 2019	-	-	
Issued (Note 8b)	862,500	$ 0.80	June 6, 2021
Exercised	(258,750)	0.80	June 6, 2021
Balance outstanding and exercisable, June 30, 2020	603,750	$ 0.80	

Subsequent to year ended June 30, 2020, the Company issued 1,303,009 Compensation Units equal to 6.0% of the aggregate number of Tranche 1 Units and Tranche 2 Units sold under the August 2020 equity offering (Note 14(b)).

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 years ended June 30:

		2020		2019
Payments to key management personnel:				
Cash compensation expensed to management fees, professional fees, investor relations and consulting fees	$	613,935	$	551,838
Cash compensation capitalized to exploration and evaluation assets		290,596		413,190
Share-based payments		289,576		419,084

During the year ended June 30, 2020, the Company paid $180,000 (2019 - $180,000) 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 June 30, 2020, the Company had a payable of $32,413 (2019 – $33,952) due to Cabrera aa lease liability of $443,014 (2019 – nil) due to Cabrera equal to the present value of office space lease payments over the term of the lease.

(Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS (cont'd…)

Management Compensation (cont'd…)

During the year ended June 30, 2020, the Company paid professional services fees of $32,411 (2019 - $34,086) to a management services company owned by a director of the Company's subsidiary. During the year ended June 30, 2020, the Company paid directors' fees of $20,083 (2019 - $23,000) to non-executive board members.

As at June 30, 2020, the Company has a credit note of $5,106 (2019 - $Nil) due from 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.

June 30, 2020	Fiji	Australia	Total
Exploration and evaluation assets	$ 61,637,617	$ -	$ 61,637,617
Other assets	-	480,430	480,430
Property and equipment	3,728,022	-	3,728,022
	$ 65,365,639	$ 480,430	$ 65,846,069

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

(Expressed in Canadian Dollars)

11. INCOME TAXES

A reconciliation between expense (recovery) and the product of accounting loss multiplied by the Company's domestic tax rate for the years ended June 30, 2020 and 2019 is as follows:

		2020		2019
Net loss before income tax	$	2,723,822	$	2,221,436
Income tax rate		27.00%		27.00%
Expected tax recovery at statutory income tax rate		(735,000)		(600,000)
Increase (decrease) due to:				
Permanent differences		192,000		112,000
Effect of change in tax and foreign exchange rate		(72,000)		220,000
Share issuance costs		(255,000)		-
True up and other adjustments		(38,000)		(52,000)
Tax effect of tax losses and temporary differences not recognized		908,000		320,000
	$	-	$	-

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

		2020		2019
Non-capital losses	$	28,830,000	$	26,019,000
Share issue costs		1,158,000		807,000
Exploration and evaluation assets (no expiry date)		3,692,000		3,597,000
Property and equipment (no expiry date)		397,000		315,000

As at June 30, 2020, the Company has non-capital losses, for Canadian income tax purposes, of approximately $20,156,000 to reduce future taxable income in Canada. These losses, if unused, will expire between 2027 and 2040.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

Cash and cash equivalents, short term investments and restricted cash, are measured at fair value using a level 1 fair value measurement. Receivables, deposits, accounts payable and accrued liabilities and lease obligations 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.

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

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company will raise funds for future use from equity financings and other methods as contemplated by management to satisfy its capital requirements and will continue to depend heavily upon these financing activities. All of the Company's current financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. As at June 30, 2020, the Company had working capital of $13,012,110.

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.

among these currencies. Management believes the foreign currency risk is low given the low value of monetary assets (liabilities) denominated in foreign currencies.

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

As at June 30, 2020, the Company's net foreign denominated financial assets (liabilities) are as follows:

		Foreign currency		Canadian dollar equivalent
Australian Dollar	$	1,469,762	$	1,378,929
Fijian Dollar		4,134,499		2,576,100

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

Increase / decrease in foreign exchange rate		2020		2019
+ 5%	$	197,751	$	235,273
- 5%		(197,751)		(235,273)

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.

13. CAPITAL MANAGEMENT

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

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. The Company's capital structure includes shareholders' equity of $82,068,334 (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 year ended June 30, 2020.

14. SUBSEQUENT EVENTS

Other than disclosed elsewhere, the following occurred subsequent to June 30, 2020:

a) The Company received proceeds of $6,035,550 from the exercise of 5,029,625 share purchase warrants at an exercise price of $1.20 ((Note 8(c)). In addition the Company received $435,000 from the exercise of 362,500 share purchase warrants for which the common shares not yet been issued.

b) The Company received proceeds of $401,500 from exercise of 501,875 share purchase compensation options at an exercise price of $0.80 (Note 8(f)).

c) On August 21, 2020, the Company completed a $39,697,458 "bought deal" brokered private placement and concurrent non-brokered private placement of an aggregate of (i) 13,521,610 units (the "Tranche 1 Units") of the Company at a price of C$1.70 per Tranche 1 Unit (the "Tranche 1 Price") for gross proceeds of C$22,986,737, including the exercise in full of the underwriters' option with respect to Tranche 1 Units, and (ii) 8,151,571 units (the "Tranche 2 Units" and together with the Tranche 1 Units, the "Units") of the Company at a price of C$2.05 per Tranche 2 Unit (the "Tranche 2 Price") for gross proceeds of C$16,710,721, including a partial exercise of the underwriters' option with respect to Tranche 2 Units (the "Offering").

   Each Tranche 1 Unit is comprised of one common share (a "Common Share") in the capital of the Company and one-half (1/2) of one common share purchase warrant (each whole common share purchase warrant attaching to a Tranche 1 Unit, a "Tranche 1 Warrant") of the Company. The Company issued 6,760,805 Tranche 1 share purchase warrants and each Tranche 1 Warrant shall be exercisable to acquire one Common Share (a "Warrant Share") at a price per Warrant Share of C$2.35 for a period of 12 months from the closing date of the Offering.

   Each Tranche 2 Unit will consist of one Common Share and one-half (1/2) of one common share purchase warrant (each whole common share purchase warrant attaching to a Tranche 2 Unit, a "Tranche 2 Warrant") of the Company. The Company issued 4,075,786 Tranche 2 share purchase warrants and each Tranche Each Tranche 2 Warrant shall be exercisable to acquire one Warrant Share at a price per Warrant Share of C$2.75 for a period of 12 months from the closing date of the Offering.

   In connection with the Offering, the Underwriters received a cash commission of 6.0% of the gross proceeds of the Offering and 1,303,009 of non-transferable compensation options (the "Compensation Options") as is equal to 6.0% of the aggregate number of Tranche 1 Units and Tranche 2 Units sold under the Offering. Each Compensation Option is exercisable into one Common Share of the Company at the Tranche 1 Price or the Tranche 2 Price, as applicable, for a period of 12 months from the closing date of the Offering.

   All securities issued under the Offering will be subject to a hold period expiring December 22, 2020 in accordance with applicable securities laws and policies of the TSX-V.

d) The Company issued 137,500 shares and received proceeds of $121,875 pursuant to the exercise of stock options of which $46,875 was recovered during the year.