



LION ONE METALS LIMITED
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE PERIOD ENDED SEPTEMBER 30, 2017

**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)

AS AT

	September 30, 2017	June 30, 2017
ASSETS		
Current		
Cash	\$ 25,834,094	\$ 28,285,323
Receivables	328,652	229,251
Prepaid expenses	54,265	15,748
	<u>26,217,011</u>	<u>28,530,322</u>
Restricted cash (Note 4)	29,349	29,904
Exploration advances and deposits (Note 5)	1,881,084	1,940,843
Exploration and evaluation assets (Note 5)	45,600,897	44,959,283
Property and equipment (Note 6)	784,172	767,607
	<u>\$ 74,512,513</u>	<u>\$ 76,227,959</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 7)	\$ 557,838	\$ 713,366
Accounts payable, due to related parties (Notes 7, 9)	78,862	56,847
	<u>636,700</u>	<u>770,213</u>
Long-term provisions (Note 7)	37,280	37,128
	<u>673,980</u>	<u>807,341</u>
Shareholders' equity		
Share capital (Note 8)	96,264,504	96,224,196
Reserves (Note 8)	20,750,227	20,591,326
Accumulated other comprehensive income	2,949,106	4,151,667
Deficit	(46,125,304)	(45,546,571)
	<u>73,838,533</u>	<u>75,420,618</u>
	<u>\$ 74,512,513</u>	<u>\$ 76,227,959</u>

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

Approved and authorized by the Board on November 10, 2017:

“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)

FOR THE THREE MONTHS ENDED SEPTEMBER 30

	2017	2016
EXPENSES		
Consulting fees	\$ 21,500	\$ 15,000
Depreciation (Note 6)	-	598
Directors' fees (Note 9)	5,750	4,000
Foreign exchange loss (gain)	158,522	(7,414)
Licenses, dues and insurance	13,620	8,357
Investor relations	42,681	38,713
Management fees	64,644	19,278
Office and administrative	104,802	95,688
Professional fees (Note 9)	48,454	33,105
Property costs	-	-
Rent (Note 9)	45,000	47,260
Shareholder communications and filings	51,332	39,675
Share-based payments (Note 8)	100,156	397,533
Travel	8,710	53,526
Operating loss	(665,171)	(745,319)
OTHER INCOME (EXPENSES)		
Interest income	86,438	26,641
Net loss for the period	(578,733)	(718,678)
OTHER COMPREHENSIVE INCOME		
Foreign exchange translation adjustment	(1,202,561)	494,194
Comprehensive loss for the period	\$ (1,781,294)	\$ (224,484)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding	101,729,870	66,497,566

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

LION ONE METALS LIMITED**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE THREE MONTHS ENDED SEPTEMBER 30

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (578,733)	\$ (718,678)
Non-cash items:		
Depreciation	-	598
Foreign exchange loss (gain)	158,522	(7,414)
Share-based payments	100,156	397,533
Changes in non-cash working capital items:		
Receivables	(106,448)	(24,354)
Prepaid expenses	(38,563)	(5,226)
Accounts payable and accrued liabilities	3,608	24,006
Accounts payable, due to related parties	22,015	(882,609)
	<u>(439,443)</u>	<u>(1,216,144)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(64,431)	(59,938)
Restricted cash	-	-
Exploration expenditures	(1,765,610)	(358,774)
Exploration advances and deposits	(91)	2,832
	<u>(1,830,132)</u>	<u>(415,880)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from sale of shares – private placement	-	38,213,521
Share issue costs on private placement	-	(2,005,553)
Cash proceeds on exercise of stock options	21,000	7,000
	<u>21,000</u>	<u>36,214,968</u>
Effect of exchange rate changes on cash	(202,654)	(15,003)
Change in cash during the period	(2,451,229)	34,567,941
Cash, beginning of period	<u>28,285,323</u>	<u>62,154</u>
Cash, end of period	<u>\$ 25,834,094</u>	<u>\$ 34,630,095</u>
Supplementary cash flow information:		
Non-cash transactions:		
Depreciation expense capitalized to exploration and evaluation assets	\$ 30,108	\$ 31,777
Share-based payments expense capitalized to exploration and evaluation assets	78,053	420,161
Stock options exercised – fair value	19,308	4,554
Accounts payable and accrued liabilities in exploration and evaluation assets	387,180	74,237

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

LION ONE METALS LIMITED

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(Expressed in Canadian Dollars)

(Unaudited)

	<u>Share Capital</u>		Reserves	Deficit	Accumulated Other Comprehensive Income	Total
	Number	Amount				
Balance, June 30, 2016	60,175,608	\$ 60,016,725	\$ 19,090,965	\$ (43,139,327)	\$ 4,031,592	\$ 39,999,955
Share-based payments	-	-	817,694	-	-	817,694
Exercise of stock options	10,000	11,554	(4,554)	-	-	7,000
Private placement	41,536,436	38,213,521	-	-	-	38,213,521
Share issuance costs	-	(2,005,553)	-	-	-	(2,005,553)
Comprehensive loss for the period	-	-	-	(718,678)	494,194	(224,484)
Balance, September 30, 2016	101,722,044	96,236,247	19,904,105	(43,858,005)	4,525,786	76,808,133
Share-based payments	-	-	687,221	-	-	687,221
Share issuance costs	-	(12,051)	-	-	-	(12,051)
Comprehensive loss for the period	-	-	-	(1,688,566)	(374,119)	(2,062,685)
Balance, June 30, 2017	101,722,044	96,224,196	20,591,326	(45,546,571)	4,151,667	75,420,618
Share-based payments	-	-	178,209	-	-	178,209
Exercise of stock options	60,000	40,308	(19,308)	-	-	21,000
Comprehensive income for the period	-	-	-	(578,733)	(1,202,561)	(1,781,294)
Balance, September 30, 2017	101,782,044	\$ 96,264,504	\$ 20,750,227	\$ (46,125,304)	\$ 2,949,106	\$ 73,838,533

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)

(Unaudited)

September 30, 2017

1. NATURE OF OPERATIONS AND GOING CONCERN

Lion One Metals Limited ("Lion One" or the "Company") was incorporated on November 12, 1996 under the laws of the Province of British Columbia, Canada.

The Company is in the business of mineral exploration and development and is currently focused on the acquisition, exploration and development of mineral resources in Fiji and Australia.

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

The Company's condensed consolidated interim financial statements and those of its wholly controlled subsidiaries are presented in Canadian dollars.

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

These 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 September 30, 2017, the Company had not advanced its properties to commercial production. The Company's continuation as a going concern is dependent upon the successful results from its exploration activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. During the year ended June 30, 2017, the Company completed a financing which is anticipated to provide funds to maintain the next twelve months of operations.

The 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, 2017.

Basis of Consolidation and Presentation

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

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

LION ONE METALS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited)

September 30, 2017

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

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.

Judgments

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

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

Estimates

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

New standards not yet adopted

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments ("IFRS 9") which will replace IAS 39, Financial Instruments ("IAS 39"). This standard is effective for annual periods beginning on or after January 1, 2018, and permits early adoption. IFRS 9 provides a revised model for recognition and measurement of financial instruments with two classification categories: amortized cost and fair value. As well, under the new standard a single impairment method is required, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes a substantially reformed approach to hedge accounting that aligns accounting more closely with risk management. The Company is assessing IFRS 9's impact on its financial statements and has not yet determined the impact.

LION ONE METALS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited)

September 30, 2017**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)****New standards not yet adopted (cont'd...)**

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16, Leases ("IFRS 16"). This standard is effective for annual periods beginning on or after January 1, 2019, and permits early adoption provided that IFRS 15 is also adopted. The objective of IFRS 16 is to bring all leases on-balance sheet for lessees. IFRS 16 requires lessees to recognize a "right of use" asset and liability calculated using a prescribed methodology. The Company is assessing IFRS 16's impact on its financial statements and has not yet determined the impact.

4. RESTRICTED CASH

The restricted cash balance is comprised of a guaranteed investment certificate and security deposit held as collateral for the Company's corporate credit cards.

5. EXPLORATION AND EVALUATION ASSETS

September 30, 2017	Fiji	Australia	Total
Acquisition costs			
Balance, June 30, 2017 and September 30, 2017	\$ 21,915,063	\$ 511,890	\$ 22,426,953
Exploration expenditures			
Balance, June 30, 2017	22,241,775	44,554	22,286,329
Additions for the period	1,730,560	145	1,730,705
Balance, September 30, 2017	23,972,335	44,699	24,017,034
Cumulative translation adjustment			
Balance, June 30, 2017	265,053	(19,052)	246,001
Additions for the period	(1,079,115)	(9,976)	(1,089,091)
Balance, September 30, 2017	(814,062)	(29,028)	(843,090)
Property total, September 30, 2017	\$ 45,073,336	\$ 527,561	\$ 45,600,897

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

LION ONE METALS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited)

September 30, 2017

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

Tuvatu Gold Project

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

In January 2015, the Mineral Resources Department ("MRD") of Fiji granted Special Mining Lease 62 ("SML 62") on the Tuvatu project to the Company. SML 62 is a designated area within the original boundaries of the Company's Special Prospecting Licenses ("SPL's") 1283 and 1296. SML 62 provides exclusive rights for the potential development, construction, and operation of mining, processing, and waste management infrastructure at Tuvatu. The terms of the mining lease provide for certain performance and reporting requirements. The SML has been granted for a term of ten years provided the Company complies with the terms of the lease. Extensions to the term can be applied subject to the terms of the lease and the Mining Act. A performance and environmental bond of FJD\$2,700,000 (CAD\$1,653,885) has been placed on deposit with the MRD. The SML is subject to annual lease payments of FJD\$73,697.

Surface Lease Agreement

The Company holds a 21-year Surface Lease agreement with the iTaueki Land Trust Board ("TLTB") which governs the native land ownership rights in Fiji. The TLTB manages the lease agreements between native land owners and tenants.

Under the terms of the Surface Lease, the Company must make a one-time payment of FJD\$1,000,000 of which FJD\$700,000 (CAD\$419,790) was paid upon acceptance of the Surface Lease agreement. The balance of FJD\$300,000 (CAD\$183,765) is due upon the first gold production from mining operations in Tuvatu. An additional lease payment of FJD\$30,000 (CAD\$18,377) is payable per annum to the local communities for education and community development over the 21-year term of the Surface Lease agreement.

Fiji Exploration Properties

The Company holds three (3) exploration licenses (SPL's) for the Tuvatu properties as granted by the MRD.

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

Special Prospecting License	Issued	Expiry Date	Bond (Fijian \$)	Bond (Canadian \$)	Expenditure Requirement (Fijian \$)	Expenditure Requirement (Canadian \$)
1283 / 1296	Feb 12, 2017	Feb 12, 2020	\$ 316,360	\$ 193,786	\$ 2,730,000	\$ 1,672,262
1465	Aug. 3, 2017	Aug. 2, 2020	50,000	30,628	3,050,000	1,868,278

Bonds

The SPL's require the posting of bonds as security against future reclamation obligations. As at September 30, 2017, the Company has bonds of \$1,878,299 (June 30, 2017 - \$1,938,062) held with the MRD included in exploration advances and deposits on the statement of financial position.

LION ONE METALS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited)

September 30, 2017

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

Olary Creek, South Australia

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

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

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

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

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

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

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

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

LION ONE METALS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited)

September 30, 2017**6. PROPERTY AND EQUIPMENT**

	Computers and Office Equipment	Motor Vehicles	Building and Equipment	Total
Cost				
Balance, June 30, 2016	\$ 219,582	\$ 186,132	\$ 798,470	\$ 1,204,184
Additions for the year	-	-	304,473	304,473
Cumulative translation adjustment	1,442	1,586	5,870	8,898
Balance, June 30, 2017	221,024	187,718	1,108,813	1,517,555
Additions for the period	57,600	-	6,831	64,431
Cumulative translation adjustment	(4,282)	(5,774)	(26,651)	(36,707)
Balance, September 30, 2017	\$ 274,342	\$ 181,944	\$ 1,088,993	\$ 1,545,279
Accumulated depreciation				
Balance, June 30, 2016	\$ 196,286	\$ 154,241	\$ 297,889	\$ 648,416
Additions for the year	11,956	24,202	61,267	97,425
Cumulative translation adjustment	1,231	1,125	1,751	4,107
Balance, June 30, 2017	209,473	179,568	360,907	749,948
Additions for the period	3,801	2,336	23,971	30,108
Cumulative translation adjustment	(3,933)	(5,538)	(9,478)	(18,949)
Balance, September 30, 2017	\$ 209,341	\$ 176,366	\$ 375,400	\$ 761,107
Net book value				
As at June 30, 2017	\$ 11,551	\$ 8,150	\$ 747,906	\$ 767,607
As at September 30, 2017	\$ 65,001	\$ 5,578	\$ 713,593	\$ 784,172

7. PROVISIONS AND PAYABLES

	September 30, 2017	June 30, 2017
Accounts payable and accrued liabilities		
Trade payables	\$ 44,102	\$ 44,444
Payables due to related parties (Note 9)	78,786	56,847
Exploration expenditures payable	387,180	543,809
Employee benefits	126,632	125,113
Balance, end of period	\$ 636,700	\$ 770,213

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

LION ONE METALS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited)

September 30, 2017

8. SHARE CAPITAL AND RESERVES

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

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

c) Trust agreement

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

d) Stock options

The TSX Venture Exchange accepted for filing the Company's Stock Option Plan which was approved by the Company's shareholders at the Annual General Meeting held December 15, 2016. A rolling stock option plan has been implemented whereby a maximum of 10% of the issued shares will be reserved for issuance under the plan. Options can be granted for a term not to exceed ten years. Shareholder approval must also be obtained yearly at the Company's Annual General Meeting and in addition, submitted for review and acceptance by the Exchange each year.

Stock option transactions are summarized as follows:

	Number of Stock Options	Weighted Average Exercise Price
Balance, June 30, 2016	6,000,000	\$ 0.53
Granted	2,200,000	1.11
Exercised	(10,000)	0.70
Forfeited and expired	<u>(915,000)</u>	1.08
Balance, June 30, 2017	7,275,000	0.86
Exercised	(60,000)	0.35
Forfeited and expired	<u>(66,667)</u>	1.00
Balance, September 30, 2017	7,148,333	\$ 0.86
Balance, September 30, 2017 exercisable	<u>4,164,998</u>	<u>\$ 0.76</u>

LION ONE METALS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited)

September 30, 2017**8. SHARE CAPITAL AND RESERVES (cont'd...)**

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

Stock options outstanding as at September 30, 2017:

	Number	Exercise price	Expiry date
Stock Options	450,000	\$ 0.70	October 11, 2017 ⁽¹⁾
	125,000	0.70	February 26, 2018
	1,000,000	1.25	September 29, 2018
	1,665,000	0.35	June 27, 2019
	2,708,333	1.00	June 30, 2021
	1,200,000	1.00	April 11, 2022
	<u>7,148,333</u>		

⁽¹⁾ Expired unexercised subsequent to period end.

During the period ended September 30, 2017, the Company granted Nil (2016 – 1,000,000) stock options to a director. The weighted average fair value of options granted during the period was \$Nil per option (2016 - \$0.51). Total share-based payments recognized in the statement of shareholders' equity for the period ended September 30, 2017 was \$178,209 (2016 - \$817,694) for incentive options granted and vested. Share-based payments expense of \$100,156 (2016 - \$397,533) was recognized in the statement of loss and comprehensive loss with the balance an expense of \$78,053 (2016 - \$420,161) capitalized to exploration and evaluation assets, which relates to employees working on the Tuvatu property.

e) Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, June 30, 2016 and 2017	-	\$ -
Issued	<u>41,536,436</u>	1.35
Balance outstanding and exercisable, September 30, 2017	41,536,436	\$ 1.35

Warrants outstanding as at September 30, 2017:

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

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

LION ONE METALS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited)

September 30, 2017**9. RELATED PARTY TRANSACTIONS****Management Compensation**

Key management personnel comprise of the Chief Executive Officer, Managing Director, Chief Financial Officer, Chief Development Officer, Vice President Administration, and Vice President and Corporate Secretary of the Company. The remuneration of the key management personnel is as follows for the periods ended September 30:

	2017	2016
Payments to key management personnel:		
Cash compensation	\$ 231,146	\$ 106,538
Share-based payments	156,328	657,670

During the period ended September 30, 2017, the Company paid \$45,000 (2016 - \$45,000) in rent to Cabrera Capital Corp. ("Cabrera"), a company controlled by a director of the Company. As at September 30, 2017, the Company had a payable of \$63,235 due (June 30, 2017 - \$35,316) to Cabrera.

During the period ended September 30, 2017, the Company paid professional services fees of \$8,901 (2016 - \$8,908) to a management services company owned by a director of the Company's subsidiary.

During the period ended September 30, 2017, the Company paid directors' fees of \$5,750 (2016 - \$4,000) to non-executive board members.

As at September 30, 2017, the Company has a payable of \$9,542 (June 30, 2017 - \$6,100) due to Red Lion Management Ltd., a company controlled by a director of the Company, for expenses incurred on behalf of the Company. Accounts payable due to related parties are unsecured, non-interest bearing, and are due on demand.

Commitment

The Company has a management and corporate services agreement with Cabrera pursuant to which Cabrera provides a fully furnished and equipped business premises as well as management and administration services to the Company. With the exception of rent expense, Cabrera charges the Company on a cost-recovery basis. The Company can terminate the agreement at any time by paying Cabrera a year's worth of fees based on the average monthly fee paid to Cabrera since January 31, 2011.

10. SEGMENTED INFORMATION

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

September 30, 2017	Fiji	Australia	Total
Exploration and evaluation assets	\$ 45,073,336	\$ 527,561	\$ 45,600,897
Property and equipment	<u>784,172</u>	<u>-</u>	<u>784,172</u>
	\$ 45,857,508	\$ 527,561	\$ 46,385,069

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

LION ONE METALS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited)

September 30, 2017

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

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

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

Financial risk factors

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

Receivables mainly consist of government sales tax ("GST") receivable from the Government of Canada, GST receivable from the Government of Australia and value added tax receivable from the Government of Fiji. The Company believes that the credit risk concentration with respect to receivables is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company will raise funds for future use from equity financings and other methods as contemplated by management to satisfy its capital requirements and will continue to depend heavily upon these financing activities. The Company is exposed to risk that it will encounter difficulty in satisfying this obligation on maturity. All of the Company's current financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. As at September 30, 2017, the Company had working capital of \$25,580,311.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

a) Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management believes the interest rate risk is low given the current low global interest rate environment.

b) Foreign currency risk

The Company's property exploration work occurs in Fiji and Australia and is conducted in Canadian dollars, Australian dollars and Fijian dollars. As such, the Company is exposed to foreign currency risk in fluctuations among these currencies. Fluctuations in the exchange rate among the Canadian dollar, Australian dollar and Fijian dollar may have a material adverse effect on the Company's business and financial condition.

LION ONE METALS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited)

September 30, 2017

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

Financial risk factors (cont'd...)

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. The Company closely monitors commodity prices to determine the appropriate strategic action to be taken by the Company.

12. CAPITAL MANAGEMENT

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

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. The Company's capital structure includes shareholders' equity of \$73,838,533 (June 30, 2017 - \$75,420,618). 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 September 30, 2017.