Lithoquest Diamonds Inc.
Consolidated Financial Statements

Years ended March 31, 2018 and 2017

(Expressed in Canadian Dollars)

MANNING ELLIOTT
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Lithoquest Diamonds Inc.

We have audited the accompanying consolidated financial statements of Lithoquest Diamonds Inc. which comprise the consolidated statements of financial position as at March 31, 2018 and 2017, and the consolidated statements of changes in equity, comprehensive loss and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, 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.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained based on our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Lithoquest Diamonds Inc. as at March 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Lithoquest Diamonds Inc. to continue as a going concern.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
July 26, 2018

Lithoquest Diamonds Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at		**March 31, 2018**		March 31, 2017
ASSETS				
Current Assets				
Cash	**$**	**4,394,892**	$	206,240
Sales taxes recoverable		**45,176**		9,300
Prepaid expenses		**218,133**		-
Total current assets		**4,658,201**		215,540
Exploration and evaluation asset *(note 7)*		**747,837**		171,964
Total assets	**$**	**5,406,038**	$	387,504
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable and accrued liabilities *(note 9)*	**$**	**362,238**	$	117,397
Equity				
Share capital *(note 8)*		**7,957,019**		692,882
Subscriptions receivable		**-**		(132,882)
Contributed surplus		**872,840**		15,000
Deficit		**(3,786,059)**		(304,893)
Total equity		**5,043,800**		270,107
Total liabilities and equity	**$**	**5,406,038**	$	387,504

Nature of the Company and continuance of operations *(note 1)*
Commitments *(note 7)*
Subsequent events *(note 14)*

On behalf of the Board of Directors:

"Bruce Counts" — Director

"Lon Shaver" — Director

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

Lithoquest Diamonds Inc.

Consolidated Statements of Changes in Equity
For the years ended March 31, 2018 and 2017
(Expressed in Canadian Dollars)

	Share Capital					
	Number of Common Shares	**Amount**	**Subscriptions Receivable**	**Contributed Surplus**	**Deficit**	**Total Equity**
Balance, March 31, 2016	**2**	**$ -**	**$ -**	**$ -**	**$ (3,592)**	**$ (3,592)**
Shares issued for cash	8,000,000	192,882	(132,882)	-	-	60,000
Shares issued for cash	6,666,666	500,000	-	-	-	500,000
Shares to be issued	-	-	-	15,000	-	15,000
Comprehensive loss	-	-	-	-	(301,301)	(301,301)
Balance, March 31, 2017	**14,666,668**	**692,882**	**(132,882)**	**15,000**	**(304,893)**	**270,107**
Shares issued for service	2,000,000	15,000	-	(15,000)	-	-
Share subscriptions received	-	-	132,882	-	-	132,882
Units issued for cash, net of issuance costs	4,725,000	913,200	-	2,400	-	915,600
Cancellation of Holdings' shares	(21,391,668)	-	-	-	-	-
Issuance of shares in exchange for Holdings' shares	21,391,668	-	-	-	-	-
RTO transaction shares issued	5,543,023	1,496,616	-	-	-	1,496,616
Concurrent private placement, net of issuance costs	18,977,272	4,839,321	-	74,250	-	4,913,571
Share-based payments	-	-	-	796,190	-	796,190
Comprehensive loss	-	-	-	-	(3,481,166)	(3,481,166)
Balance, March 31, 2018	**45,911,963**	**$ 7,957,019**	**$ -**	**$ 872,840**	**$ (3,786,059)**	**$ 5,043,800**

On November 23, 2017, Holdings completed a 2 for 1 share split, all current and comparative references to the number of shares, stock options, warrants and weighted average number of common shares and loss per share have been restated to give effect to the 2 for 1 share split.

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

Lithoquest Diamonds Inc.
Consolidated Statements of Comprehensive Loss
For the years ended March 31, 2018 and 2017
(Expressed in Canadian Dollars)

		2018		2017
Expenses				
Exploration and evaluation costs	**$**	**-**	$	70,084
Foreign exchange loss		**2,167**		-
Management and consulting fees *(note 9)*		**372,263**		184,250
Marketing and investor relations		**98,678**		4,848
Office and general		**35,970**		3,677
Professional fees		**106,225**		26,636
Regulatory and shareholder services		**21,514**		-
Share-based payments *(note 8)*		**796,190**		-
Travel		**56,617**		11,806
Loss before other items		**(1,489,624)**		(301,301)
Other items				
Interest income		**6,647**		-
Listing expense *(note 6)*		**(1,998,189)**		-
		(1,991,542)		-
Net loss and comprehensive loss	**$**	**(3,481,166)**	$	(301,301)
Loss per share - basic and diluted	**$**	**(0.12)**	$	(0.03)
Weighted average number of common shares outstanding		**28,025,690**		10,104,112

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

Lithoquest Diamonds Inc.

Consolidated Statements of Cash Flows
For the years ended March 31, 2018 and 2017
(Expressed in Canadian Dollars)

		2018		2017
Cash flow used in operating activities				
Net loss for the year	**$**	**(3,481,166)**	$	(301,301)
Items not affecting cash:				
Share-based payments *(note 8)*		**796,190**		-
Non-cash portion of listing expense *(note 6)*		**1,531,916**		-
		(1,153,060)		(301,301)
Non-cash working capital items *(note 11)*		**(87,398)**		104,505
		(1,240,458)		(196,796)
Cash flow used in investing activity				
Exploration and evaluation asset *(note 7)*		**(575,873)**		(156,964)
Cash flow from financing activities				
Cash acquired from reverse takeover transaction		**42,930**		-
Proceeds from the issuance of units		**6,068,863**		-
Share issue costs		**(239,692)**		-
Proceeds from the issuance of shares		**-**		560,000
Subscriptions received		**132,882**		-
		6,004,983		560,000
Increase in cash		**4,188,652**		206,240
Cash, beginning of year		**206,240**		-
Cash, end of year	**$**	**4,394,892**	$	206,240

Non-cash investing and financing activities				
Issuance of common shares in connection with reverse takeover transaction	**$**	**1,496,616**	$	-
Exploration and evaluation asset	**$**	**-**	$	15,000

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

1. Nature of the Company and Continuance of Operations

Lithoquest Diamonds Inc. ("Lithoquest" or the "Company") (previously Consolidated Westview Resource Corp.) was incorporated on February 25, 1986 in Alberta, Canada. In April 2014 it was continued from the jurisdiction of Alberta to British Columbia, Canada.

On November 23, 2017, the Company changed its name to Lithoquest Diamonds Inc. from Consolidated Westview Resource Corp. ("Westview") upon completing a transaction (the "Acquisition" or "RTO") with a private company Lithoquest Diamonds Inc., which changed its name to Lithoquest Holdings Inc. ("Holdings"). Pursuant to the terms and conditions of the Acquisition, the Company issued 21,391,668 of the common shares to acquire all of Holdings' issued and outstanding common shares. As the shareholders of Holdings owned the majority of the common shares of the Company, the Acquisition is considered to be outside the scope of IFRS 3 Business Combinations ("IFRS 3") since the Company, prior to the Acquisition, did not constitute a business. The transaction was accounted for in accordance with IFRS 2 Share-based Payment whereby Holdings was deemed to have issued common shares and warrants in exchange for the net assets of the Company together with its listing status (see Note 6). The common shares of the Company are traded at the TSX Venture Exchange ("TSX-V") under the symbol "LDI". The historical operations, assets and liabilities of Holdings are included as the comparative figures as at and for the year ended March 31, 2017, which is deemed to be the continuing entity for financial reporting purposes.

The Company is engaged in the acquisition and exploration of mineral properties. The Company's head office is at Suite 2000, 1066 West Hastings St., Vancouver BC V6E 3X2.

On November 23, 2017, Holdings completed a 2 for 1 share split, all current and comparative references to the number of shares, stock options, warrants and weighted average number of common shares and loss per share have been restated to give effect to the 2 for 1 share split.

The Company is currently in the process of acquiring, exploring and evaluating potential properties in the Kimberly region of the Australian state of Western Australia. The Company has not generated significant revenues or cash flows from operations and has not yet determined whether its mineral property asset contains ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

As at March 31, 2018, the Company has a working capital of $4,295,963, representing funds available to cover on-going operating costs. The Company has incurred negative cash flows from operations, recorded a loss of $3,481,166 for the year ended March 31, 2018, and has an accumulated deficit of $3,786,059 as at March 31, 2018.

2. Significant Accounting Policies

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were authorized for issue in accordance with a resolution from the Board of Directors on July 26, 2018.

b) Basis of presentation

These consolidated financial statements are expressed in Canadian dollars and have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting on a going concern basis. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements as if the policies have always been in effect.

c) Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Holdings and Lithoquest Diamonds (Australia) Pty Ltd. (formerly Primeform Investments Pty Ltd.) which was incorporated in Australia. All intercompany balances and transactions have been eliminated upon consolidation.

d) Foreign currency

The functional and presentation currency of the Company is the Canadian dollar. The functional currency of the Company's subsidiary is the Canadian dollar which is determined to be the currency of the primary economic environment in which the subsidiary operate.

e) Foreign currency transactions

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

f) Cash and cash equivalents

Cash in the statements of financial position is comprised of cash in banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

2. Significant Accounting Policies - continued

g) Exploration and evaluation assets

Once the legal rights to a property have been acquired, all costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units-of-production method over estimated recoverable reserves.

Management annually assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written-down to the estimated recoverable amount.

The recoverability of mineral properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

h) Share-based payments

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

2. Significant Accounting Policies - continued

i) Decommissioning, restoration and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the units-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is immaterial.

j) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

k) Share issuance costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are expensed.

2. Significant Accounting Policies - continued

l) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting period end date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting period end date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

m) Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash is classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. At March 31, 2018, the Company has not classified any financial assets as loans and receivables.

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. At March 31, 2018, the Company has not classified any financial assets as available for sale.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

2. Significant Accounting Policies - continued

n) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. At March 31, 2018, the Company has not classified any financial liabilities as FVTPL.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

3. Significant Accounting Estimates and Judgements

The preparation of these 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 reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, 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, relate to, but are not limited to, the following:

3. Significant Accounting Estimates and Judgements - continued

Significant accounting estimates

i. the measurement of deferred income tax assets and liabilities; and

ii. the inputs used in accounting for share-based payments.

Significant accounting judgments

i. the assessment of indications of impairment of the mineral property and related determination of the net realizable value and write-down of the mineral property where applicable

ii. the determination of categories of financial assets and financial liabilities; and

iii. the evaluation of the Company's ability to continue as a going concern.

4. Adoption of New or Amended Accounting Standards

There were no new or amended accounting standards adopted in the year that would have material impact on the Company's consolidated financial statements.

5. New Accounting Standards Issued but Not Yet Effective

Standards issued, but not yet effective, up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

<u>Effective for annual periods beginning on January 1, 2018</u>

IFRS 2 Share-based Payment
The amendments clarify the classification and measurement of share-based payment transactions.

IFRS 9 Financial Instruments – Classification and Measurement
IFRS 9 is the first step in the process to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities and carries over from the requirements of IAS 39.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 is a new standard which supersedes *IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers*, and *SIC 31 – Revenue – Barter Transactions Involving Advertising Services*. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

5. New Accounting Standards Issued but Not Yet Effective - continued

Effective for annual periods beginning on January 1, 2019

New standard IFRS 16 Leases
IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties of a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model.

The Company does not expect the adoption of these standards and interpretations to have significant impact to the financial statements.

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee (“IFRIC”) that are mandatory for accounting periods beginning on or after July 1, 2016, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list above.

6. Acquisition

On November 23, 2017, the Company closed a transaction with Holdings whereby the Company acquired all of the issued and outstanding common shares of Holdings and Holdings became a wholly-owned subsidiary of the Company. Under the terms of the RTO, the Company acquired 100% of the issued and outstanding shares of Holdings by issuing to the former shareholders of Holdings 21,391,668 common shares of the Company together with 5,347,920 share purchase warrants. Each share purchase warrant entitles the holder to purchase an additional common share of the Company at a price of $0.30 for a period of 24 months from the closing of the RTO (the “Acquisition Warrants”).

Concurrent with the RTO, the Company completed a financing for gross proceeds of $5,123,863 for 18,977,272 units at a price of $0.27 per unit. Each unit consists of one common share of the Company and one half of one warrant, each full warrant entitling the holder to acquire one common share in the Company at $0.40 for a period of two years. The Company issued 384,914 finder’s warrants which are exercisable at $0.27 per share for a period of two years. The Company also granted 2,500,000 stock options to the directors, officers and consultants of the Company. The stock options are exercisable at $0.27 per share for a period of five years.

In accordance with IFRS 3, Business Combinations, the substance of the Acquisition was a reverse acquisition of a non-operating company. The transaction does not constitute a business combination since Westview does not meet the definition of a business under the standard. As a result, under IFRS, the Transaction is accounted for as a capital transaction with Holdings being identified as the acquirer and the transaction being measured at the fair value of the equity consideration issued to Westview.

(Expressed in Canadian Dollars)

6. Acquisition - continued

IFRS 2, Share-based Payments, applies to transactions where an entity grants equity instruments and cannot identify specifically some or all of the goods or services received in return. Since Holdings shareholders have been issued shares with a fair value in excess of the net assets received, IFRS 2 dictates that the difference is recognized in comprehensive loss as a reverse transaction cost.

The fair value of the consideration in the Acquisition is determined by reference to the completed private placement at $0.27 per share. Accordingly, the value of the share capital (5,543,023 shares) owned by the former shareholders of Westview at the time of the Transaction was $1,496,616.

The allocation of the purchase price of the RTO cost is as follows:

Purchase price		
Number of shares held by former shareholders of Westview		5,543,023
Share price	$	0.27
Total consideration	$	1,496,616
Fair value of net assets of Westview prior to the Acquisition		
Cash	$	42,930
Accounts payable		(78,230)
Net liability assumed		(35,300)
		1,531,916
Transaction costs		466,273
Listing expense	$	1,998,189

7. Exploration and Evaluation Asset

North Kimberly Diamond Project

Balance, March 31, 2016	**$**	**-**
Acquisition costs		20,130
Exploration and evaluation expenditures		151,834
Balance, March 31, 2017	**$**	**171,964**
Land administration		92,662
Exploration and evaluation expenditures		483,211
Balance, March 31, 2018	**$**	**747,837**

(Expressed in Canadian Dollars)

7. Exploration and Evaluation Asset - continued

On January 18, 2017, the Company, through its the wholly-owned Australian subsidiary, was granted exploration licenses on mineral properties ("Tenement") located in the King George River region of Western Australia. The licenses expire on January 17, 2022. Pursuant to the terms and conditions of the licenses issued by the Department of Mines and Petroleum, Western Australia, the Company is required to incur minimum annual expenditures for each of the licenses as follows:

	License E80/5029	**Licence E80/5030**
	AUS$	**AUS$**
Commitment 1 to 3 years	198,000	108,000
Commitment 4 to 5 years	297,000	162,000

In addition to the minimum yearly exploration expenditures above, the Company is required to report the exploration work done by June 30 of each year and to participate in the annual Mining Rehabilitation Fund ("MRF") based on the amounts of disturbances on the properties. Furthermore, the Company is also required to comply with the local Environmental Protection Act and Protection Regulations, which also requires the Company to comply with the Provisions of the Aboriginal Heritage Act 1972 and applicable regulations.

On December 16, 2016 ("Grant Date"), according to the Heritage Protection and Mineral Exploration Agreement for the licenses noted above, the Company entered into an agreement with a local Aboriginal Corporation whereby the Company will comply with the laws and regulations and contribute within 60 days of each anniversary of the Grant Date until the Tenement expires or is surrendered, to the community the greater of:

- 3% of the annual on-ground exploration expenditure for the year ending on the anniversary of the Grant Date; and
- 3% of the minimum statutory annual expenditure.

The Company also agreed to take out indemnity insurance to the value of AUS$10,000,000 for the entire term of the agreement.

During the year ended March 31, 2017, the Company entered into a finder's fee agreement with a company whereby the Company agreed to issue 2,000,000 common shares with fair value of $15,000 in assisting the Company in obtaining the mineral exploration licenses. As a result, the Company had recorded $15,000 as exploration costs.

Prior to the Company obtaining legal title to the Tenement, the Company had expensed $70,084 as exploration and evaluation costs in the consolidated statements of comprehensive loss during the year ended March 31, 2017.

(Expressed in Canadian Dollars)

8. Share Capital

Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value.

Escrow shares

In connection with the RTO transaction with Holdings as described in note 6, the Company entered into an escrow agreement, whereby 8,867,916 common shares were held in escrow and are scheduled for release in accordance with the terms of the escrow agreement. As at March 31, 2018, there were 7,981,124 in escrow.

Issued shares

The issued and outstanding common shares consist of the following:

	Number of Common Shares		Amount
Balance, March 31, 2016	**2**	**$**	**-**
Shares issued for cash (e and f)	14,666,666		692,882
Balance, March 31, 2017	**14,666,668**		**692,882**
Shares issued for finder’s fee (a)	2,000,000		15,000
Shares issued in private placement (b)	4,725,000		913,200
Cancelation of Holdings’ shares (c)	(21,391,668)		-
RTO transaction and financing:			
Shares held by existing Company’s shareholders (note 6)	5,543,023		1,496,616
Shares issued in exchange for Holdings’ shares (c)	21,391,668		-
Shares issued in private placement financing (d)	18,977,272		5,123,863
Costs incurrent in connection with the financing	-		(284,542)
Balance, March 31, 2018	**45,911,963**	**$**	**7,957,019**

(a) On June 13, 2017, Holdings issued 2,000,000 common shares with a fair value of $15,000 as a finder’s fee in connection with the acquisition of mineral exploration licenses (see Note 7).

(b) On August 1 and August 15, 2017, Holdings completed a private placement of 4,725,000 units at $0.20 per unit, each unit consisting of one common share and one-half of one share purchase warrant, for gross proceeds of $945,000. Each whole share purchase warrant entitles the holder to purchase a common share for $0.30 per share for 24 months from the date when the Company's shares start trading on the TSX Venture Exchange. In connection with the placement, Holdings paid a finder's fee of $2,400 in cash and issued 12,000 finder’s warrants to purchase common shares, at a price of $0.20 per common share, exercisable for 24 months from the date when the Company's shares start trading on the TSX Venture Exchange and paid a corporate advisory fee of $27,000. The fair value of $2,400 for the 12,000 finder’s warrants, which was included in share issuance costs, was estimated using Black-Scholes Option Pricing model with the following assumptions: risk-free interest rate 1.10%, expected life of warrants 2 years, annualized volatility 150%, forfeiture rate 0% and dividend rate 0%.

(Expressed in Canadian Dollars)

8. Share Capital - continued

(c) In connection with the Acquisition (see note 6), the Company issued 21,391,668 common shares, 5,347,920 common share purchase warrants exercisable at $0.30 until November 23, 2019.

(d) On November 23, 2017, concurrent with the Acquisition, the Company completed a private placement of 18,977,272 units at a price of $0.27 per unit for gross proceeds of $5,123,863. Each unit consists of one common share and one half of one purchase warrant, each whole purchase warrant entitling the holder to purchase one common share at $0.40 for two years. In connection with the financing, the Company issued 384,914 finder's warrants, each warrant exercisable to purchase a common share at $0.27 for two years. The fair value of $74,250 for the finder's warrants was determined using the Black-Scholes pricing model. with the following assumptions: risk free interest rate – 1.10%, expected life – 2 years, annualized volatility – 150%, share price - $0.27, dividend rate – 0%.

(e) On June 3, 2016, the Company issued 4,873,278 common shares at a price of $0.0075 per share for gross proceeds of $36,546 and 3,126,722 common shares at a price of $0.05 per share for gross proceeds of $156,336 to the founders of the Company. As at March 31, 2017, the Company had subscription receivable of $132,882 related to the issuance and the amount was received during the year ended March 31, 2018.

(f) On September 20, 2016, the Company issued 6,666,666 common shares at a price of $0.075 per share for gross proceeds of $500,000.

Stock Options

The Company has established a "rolling" Share Option Plan (the "Plan") in compliance with the TSX Venture Exchange's policy for granting share options. Under the Plan, the maximum number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding common shares and, to any one optionee, may not exceed 5% of the issued shares on a yearly basis. The exercise price of each option shall not be less than the market price of the Company's stock at the date of grant. Options have expiry dates of no later than 10 years after the grant date. Vesting of options is determined by the Board of Directors at the time of grant.

The continuity of share purchase options is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, March 31, 2016 and 2017	**-**	**$ -**
Granted	3,000,000	0.29
Outstanding, March 31, 2018	**3,000,000**	**$ 0.29**

On November 23, 2017, the Company granted 2,500,000 options to Directors, Officers and Consultants of the Company. The options vested on the grant date with an exercise price of $0.27 per share for 5 years. The stock options were valued at $614,000 using the Black-Scholes option-pricing model with the following assumptions: expected life of 5 years, risk-free rate of 1.32%, expected dividend yield of 0%, and expected volatility of 150%. The share price at the time of the grant was $0.27.

(Expressed in Canadian Dollars)

8. Share Capital - continued

On January 2, 2018, the Company granted 500,000 stock options to consultants of the Company. Options vested on grant date and with an exercise price of $0.40 for 5 years. The stock options were valued at $182,190 using the Black-Scholes option-pricing model with the following assumptions: expected life of 5 years, risk-free rate of 1.92%, expected dividend yield of 0%, and expected volatility of 150%. The share price at the time of the grant was $0.40.

As at March 31, 2018, the following options were outstanding and exercisable:

Expiry Date	Remaining Contractual Life (in years)	Number of Options	Exercise Price
November 23, 2022	4.65	2,500,000	$ 0.27
January 2, 2023	4.76	500,000	$ 0.40

During the year the Company recognized $796,190 (2017 - $nil) as share-based payments. As of March 31, 2018, all options issued under the Plan were fully vested.

Warrants

The continuity of share purchase warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, March 31, 2016 and 2017	**-**	**$ -**
Acquisition Warrants issued	5,347,920	0.30
Warrants issued – private placement	2,362,500	0.30
Agent warrants issued	12,000	0.20
Warrants issued - private placement	9,488,636	0.40
Finder Warrants issued	384,914	0.27
Outstanding, March 31, 2018	**17,595,970**	**$ 0.35**

(Expressed in Canadian Dollars)

8. Share Capital - continued

As at March 31, 2018, the following warrants were outstanding and exercisable:

Expiry Date	**Number of Warrants**		**Exercise Price**
November 23, 2019	7,710,420	$	0.30
November 23, 2019	12,000		0.20
November 23, 2019	9,488,636		0.40
November 23, 2019	384,914		0.27
	17,595,970	**$**	**0 .35**

9. Related-Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management personnel receive compensation in the form of short-term employee benefits. Key management personnel include the directors and officers of the Company. The remuneration of key management during the years ended March 31, 2018 and 2017 is as follows:

		March 31, 2018		**March 31, 2017**
Management fees	$	306,000	$	184,250
Share-based payments		448,220		-
	$	754,220	$	184,250

At March 31, 2018, accounts payable include amounts due to related parties of $13,000 (2017 - $115,750). These amounts are due on demand, non-interest bearing and are unsecured.

These transactions were in the normal course of business and were measured at the exchange amount. Amounts due to related parties are unsecured, non-interest-bearing, and have no formal terms of repayment.

(Expressed in Canadian Dollars)

10. Income Taxes

The Company has losses carried forward of $1,517,523 available to reduce income taxes in future years which expire between 2035 and 2038.

The Company has not recognized any deferred income tax assets. The Company recognizes deferred income tax assets based on the extent to which it is probable that sufficient taxable income will be realized during the carry forward periods to utilize all deferred tax assets.

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates for the years ended March 31, 2018 and 2017:

		2018		2017
Combined statutory income tax rate		26.7%		27%
Income tax recovery at statutory rate	$	928,690	$	81,351
Effect of income taxes of:				
Permanent difference and others		(537,457)		-
Non-deductible items		(3,049)		-
Change in tax rate		7,821		-
Change in deferred tax assets not recognized		(396,005)		(81,351)
Deferred income tax recovery	$	-	$	-

The temporary differences that give rise to significant portions of the deferred tax assets not recognized as at March 31, 2018 and 2017 are presented below:

		2018		2017
Non-capital loss carry forwards	$	409,996	$	82,321
Share issuance costs		68,330		-
Deferred tax assets not recognized		(478,326)		(82,321)
	$	-	$	-

11. Additional Cash Flow Information

The net change in non-cash working capital consists of the following:

		March 31, 2018		March 31, 2017
Sales taxes recoverable	$	(35,876)	$	(9,284)
Prepaid expenses		(218,133)		-
Accounts payable and accrued liabilities		166,611		113,789
	$	(87,398)	$	104,505

12. Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

13. Financial Instruments and Financial Risk

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair Value of Financial Instruments

The Company's financial assets include cash and are classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Assets measured at fair value on a recurring basis were presented on the Company's statement of financial position as at March 31, 2018 are as follows:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash	$ 4,394,892	$ -	$ -	$ 4,394,892

13. Financial Instruments and Financial Risk (continued)

Fair value

The fair value of the Company's financial instruments approximates their carrying value as at March 31, 2018 because of the demand nature or short-term maturity of these instruments.

Financial risk management objectives and policies

The Company's financial instruments include cash and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company is exposed to foreign currency risk on fluctuations related to cash and accounts payable that are denominated in the Australian dollars. Management does not hedge its exposure to foreign exchange risk and the Company's net exposure to foreign currency as at March 31, 2018 is at below:

	March 31, 2018
Cash	AUS$ 172,220
Accounts payable	(293,177)
Total in foreign currency	120,957
Net exposure	(1,186)
Canadian dollar equivalents	**$ 119,771**

Based on the net Canadian dollar denominated asset and liability exposures as at March 31, 2018, a 10% fluctuation in the Canadian/AUS exchange rates would impact the Company's earnings for the year ended March 31, 2018 by $11,977.

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

13. Financial Instruments and Financial Risk (continued)

(iii) *Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high quality financial institution.

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

14. Subsequent Events

(i) On April 5, 2018, the Company granted 200,000 stock options to a director of the wholly-owned subsidiary in Australia and a consultant of the Company. Options vested on grant date and are exercisable at $0.56 per share for 5 years.

(ii) On July 12, 2018, the Company granted 160,000 stock options to consultants of the Company. Options vested on grant date and are exercisable at $0.60 per share for 5 years.

(iii) Subsequent to March 31, 2018, the Company received an aggregate of $45,775 on the exercise of 156,587 share purchase warrants.