GEM INTERNATIONAL RESOURCES INC.

Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Funds)

For the Six Months Ended March 31, 2019 and 2018

(Unaudited – Prepared by Management)

GEM INTERNATIONAL RESOURCES INC.

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GEM INTERNATIONAL RESOURCES INC.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of **Gem International Resources Inc.** 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 Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

GEM INTERNATIONAL RESOURCES INC.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	**March 31, 2019 (Unaudited)**	September 30, 2018 (audited)
ASSETS			
Current Assets			
Cash		**$ 1,604**	$ 1,795
Other receivables	3	**4,215**	3,821
		$ 5,819	$ 5,616
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	8	**$ 202,912**	$ 396,080
Disputed claims		**237,592**	-
Loans payable		**172,262**	141,067
		612,766	537,147
SHAREHOLDERS' EQUITY			
Share capital	6	**26,717,682**	26,717,682
Contributed surplus	8	**3,771,991**	3,771,991
Deficit		**(31,096,620)**	(31,021,204)
		(606,947)	(531,531)
		$ 5,819	$ 5,616
Nature of Operations and Going Concern	1		
Events after the reporting date	10		

On behalf of the Board of Directors:

"John W. Barr", Director
John W. Barr

"J. Campbell Smyth", *Director*
J. Campbell Smyth

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

GEM INTERNATIONAL RESOURCES INC.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (Unaudited)
For the Six Months Ended March 31, 2019 and 2018
(Expressed in Canadian Dollars)

	Note	For the Three Months Ended March 31, 2019	March 31, 2018	For the Six Months Ended March 31, 2019	March 31, 2018
General and Administrative Expenses					
Audit, accounting and legal	9	**$ 4,120**	$ 30,419	**$ 10,870**	$ 53,992
Bank charges interest and financing fees		**2,316**	83	**6,000**	165
Consulting fees	9	**15,689**	41,024	**38,869**	71,023
Office and miscellaneous		**380**	1,565	**380**	1,565
Regulatory and transfer agent fees		**6,378**	6,653	**9,140**	7,706
Rent	9	**-**	1,500	**-**	6,000
Shareholders information		**-**	-	**-**	1,320
Travelling and promotion		**-**	3,027	**10,151**	11,462
Loss from operations		**(28,882)**	(84,271)	**(75,409)**	(153,233)
Other Income:					
Foreign exchange gain		**(7)**	-	**(7)**	12
Interest income		**-**	-	**-**	2
Net and comprehensive loss for the period		**$ (28,889)**	$ (84,271)	**$ (75,416)**	$ (153,219)
Basic and diluted loss per share		**$ (0.00)**	$ (0.01)	**$ (0.00)**	$ (0.01)
Weighted average number of common shares outstanding		**58,265,639**	58,265,639	**58,265,639**	58,265,639

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

GEM INTERNATIONAL RESOURCES INC.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Unaudited)
For the Six Months Ended March 31, 2019 and 2018
(Expressed in Canadian Dollars)

	Number of Common Shares	Share Capital	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, September 30, 2017	**58,265,539**	**$26,717,682**	**$3,771,991**	**($30,687,961)**	**($198,288)**
Net loss for the period	-	-	-	(153,219)	(153,219)
Balance, March 31, 2018	**58,265,539**	**$26,717,682**	**$3,771,991**	**($30,841,180)**	**($351,507)**
Net loss for the period	-	-	-	(180,024)	(180,024)
Balance, September 30, 2018	**58,265,539**	**$26,717,682**	**$3,771,991**	**($31,021,204)**	**($531,531)**
Net loss for the period	-	-	-	(75,416)	(75,416)
Balance, March 31, 2019	**58,265,539**	**$26,717,682**	**$3,771,991**	**($31,096,620)**	**($606,947)**

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

GEM INTERNATIONAL RESOURCES INC.
Condensed Interim Consolidated Statements of Cash Flows (Unaudited)
For the Six Months Ended March 31, 2019 and 2018
(Expressed in Canadian Dollars)

	For the Three Months Ended		For the Six Months ended	
	March 31, 2019	March 31, 2018	**March 31, 2019**	March 31, 2018
Operating Activities				
Net loss for the period	**($28,889)**	($84,271)	**($75,416)**	($153,219)
Changes in non-cash working capital				
- other receivables	**(348)**	(899)	**(394)**	(995)
- accounts payable and accrued liabilities	**2,200**	48,994	**(157,892)**	117,080
- disputed claims	**-**	-	**202,316**	-
Net cash used in operating activities	**(27,037)**	(36,176)	**(31,386)**	(37,134)
Financing Activities				
Loan payable	**26,853**	36,092	**31,195**	36,092
Net cash provided by financing activities	**26,853**	36,092	**31,195**	36,092
Decrease in cash	**(184)**	(84)	**(191)**	(1,042)
Cash, beginning of period	**1,788**	1,908	**1,795**	2,866
Cash, end of period	**$ 1,604**	$ 1,824	**$ 1,604**	$ 1,824

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

1. Nature of Operations

Gem International Resources Inc. (the "Company") was incorporated on September 25, 1985 under the laws of British Columbia, Canada and is a junior natural resource company listed on the TSX Venture Exchange, having the symbol GI.V. As at the date of this report, the shares are currently suspended from trading. The Company is primarily engaged in the acquisition, exploration and development of mineral properties with its principal focus on diamond, gold and other precious metals. All of the Company's activities to date have been of an exploratory nature.

The address of the Company's registered office and principal place of business is the 25th Floor, 700 West Georgia Street, Vancouver, British Columbia, Canada V7Y 1B3.

Going Concern

The Company has not yet determined whether any of its properties contain mineral deposits that are economically recoverable. The recoverability of any amounts shown as deferred mineral interest costs is dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of its properties.

While the Company's consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due, certain conditions and events indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. For the six months ended March 31, 2019, the Company reported a loss of $75,416 (2018: $153,219) and as at that date had an accumulated deficit of $31,096,620 (September 30, 2018: $31,021,204). As of March 31, 2019, the Company had net working capital deficit of ($606,947) (September 30, 2018: working capital deficit of ($531,531). The Company does not have sufficient funds available to bring its mineral properties to production, if possible, which would allow it to be self-sustaining. The Company will need additional financing to continue exploring, and if successful develop its properties to bring it to the production stage. While in the past the Company has been successful in obtaining funding from equity financings, option agreements, loans or through other arrangements, there is no assurance that these initiatives will be successful in the future.

These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material. The directors of the Company have approved these condensed interim consolidated financial statements.

2. Significant Accounting Policies

b) Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual audited financial statements for the year ended September 30, 2018, which have been prepared in accordance with IFRS as issued by the IASB.

The policies applied in these financial statements are based on IFRS issued and outstanding as of May 30, 2019, the date the Board of Directors approved these condensed interim consolidated financial statements.

Basis of Presentation

These condensed interim consolidated financial statements were prepared on an accrual basis and are based on historical costs, except for financial instruments measured at fair value.

The condensed consolidated interim financial statements have been prepared using accounting policies consistent with those used in the Company's 2018 annual financial statements. The condensed interim financial statements are presented in Canadian dollars, which is also the Company's functional currency, unless otherwise indicated.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on May 30, 2019.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2 c).

c) Critical Accounting Estimates and Judgements

RepliCel Life Sciences Inc. makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the amounts reported in these financial statements are discussed below:

2. Significant Accounting Policies – continued

c) Critical Accounting Estimates and Judgements – *continued*

Share Based Payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating the fair value for share-based payment transactions are disclosed in Note 7(d).

Revenue Recognition

The Company applies the five-step model to contracts when it is probable that the Company will collect the consideration that it is entitled to in exchange for the goods and services transferred to the customer. For collaborative arrangements that fall within the scope of IFRS 15, the Company applies the revenue recognition model to part or all of the arrangement, when deemed appropriate. At contract inception, the Company assesses the goods or services promised within each contract that falls under the scope of IFRS 15, to identify distinct performance obligations. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when or as the performance obligation is satisfied. Significant judgement is involved in determining whether the transaction price allocated to the license fee should be recognized over the collaboration period or at the inception of the contract and the time period over which revenue is to be recognized.

RepliCel Life Sciences Inc. makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Unaudited - (Expressed in Canadian Dollars)

3. Critical Accounting Estimates and Judgements - *continued*

d) Subsidiaries

In addition to the Company, the consolidated financial statements include all subsidiaries. Subsidiaries are all corporations over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. They are de-consolidated from the date that control by the Company ceases.

The subsidiaries of the Company are as follows:

			Portion of Ownership Interest and Voting Power Held	
Name of Subsidiary	Principal Activity	Place of Incorporation and Operation	**March 31, 2019**	December 31 2018
Sierra Exploration and Mining Ltd.	Inactive	Tanzania	**100%**	100%
Gold Land Group Ltd.	Inactive	British Virgin Island	**100%**	100%
Ease Land Holdings Ltd.	Inactive	British Virgin Island	**100%**	100%

The subsidiaries have been inactive since May 1, 2014.

e) Consolidation Principles

Assets, liabilities, revenues and expenses of the subsidiaries are recognized in accordance with the Company's accounting policies. Intercompany transactions are eliminated at consolidation.

f) Business Combinations

Acquisitions of subsidiaries and businesses (other than entities which were under the control of the parent) are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair value (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree, plus any acquisition-related costs incurred to effect a business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *'Business Combinations'* are recognized at their fair value at the acquisition date except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *'Noncurrent Assets Held for Sale and Discontinued Operations,'* which are recognized and measured at fair value less cost to sell.

g) Functional and Presentation Currency

The Company's functional currency is the Canadian Dollar ("CAN"). The consolidated financial statements are presented in CAN which is the Company's presentation currency, unless otherwise noted.

All amounts in these consolidated financial statements are rounded to the nearest dollar.

2. Significant Accounting Policies - *continued*

h) Exploration and Evaluation Assets

Exploration and evaluation expenditures are capitalized once the legal right to explore a property has been acquired. Exploration and evaluation assets are recorded at cost less accumulated impairment losses. Direct costs related to the acquisition, exploration and evaluation of mineral properties are capitalized until the commercial viability of the asset is established, at which time the capitalized costs are reclassified to mineral properties under development. To the extent that the expenditures are spent to establish ore reserves within the rights to explore, the Company will consider those costs as intangible assets in nature.

The depreciation of a capital asset in connection with exploring or evaluating a property of this nature will be included in the cost of the intangible asset.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of the project are deemed to be impaired. As a result, those exploration and expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

Management reviews the facts and circumstances suggesting if the carrying amount of the exploration and evaluation assets exceeds their recoverable amount on a regular basis. If the facts and circumstances suggest the carrying value exceeds the recoverable amount, the Company will perform an impairment test on the property in accordance with the provisions of IAS 36.

Exploration stage assets and development stage assets are considered separate CGUs for impairment testing purposes.

The amount shown for mineral properties does not necessarily represent present or future values. Recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

i) Foreign currency translation

In preparing the consolidated financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in the consolidated income statement.

j) Cash and Cash Equivalents

The Company considers cash and cash equivalents to include amounts held in banks and highly liquid investments with remaining maturities at point of purchase of 90 days or less.

2. Significant Accounting Policies - *continued*

k) Income Taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the income statement. Current tax expense is the expected tax payable on the 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 assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized 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 reduced.

The following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities, not arising in a business combination, that does not affect accounting or taxable profit
- investments in subsidiaries, associates and jointly controlled entities where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and when the Company intends to settle its current tax assets and liabilities on a net basis.

l) Equipment

Equipment is recorded at cost less accumulated impairment losses.

Where an item of plant and equipment comprises significant components with different useful lives, the components are accounted for as separate items of plant and equipment.

Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. Directly attributable expenses incurred for major capital projects and site preparation are capitalized until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent these are recognized as a provision.

The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate portion of normal overheads.

2. Significant Accounting Policies – *continued*

l) Equipment – *continued*

The costs of day-to-day servicing are recognized in profit or loss as incurred. These costs are more commonly referred to as "maintenance and repairs."

Financing costs directly associated with the construction or acquisition of qualifying assets are capitalized at interest rates relating to loans specifically raised for that purpose, or at the weighted average borrowing rate where the general pool of group borrowings is utilized. Capitalization of borrowing costs ceases when the asset is substantially complete.

The Company depreciates its assets as follows:

Category	Methods	Rate/Useful life
Computer equipment and software	Declining balance	30 – 100%
Office equipment and furniture	Declining balance	20%
Field equipment	Straight-line	5 years
Vehicles	Straight-line	5 years

The depreciation method, rates, useful life and residual values are assessed annually.

Subsequent Costs

The cost of replacing part of an item within property, plant and equipment is recognized when the cost is incurred if it is probable that the future economic benefits will flow to the group and the cost of the item can be measured reliably. The carrying amount of the part that has been replaced is expensed. All other costs are recognized as an expense as incurred.

Impairment

The Company's tangible and intangible assets are reviewed for indications of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash generating unit ("CGU"), exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

2. Significant Accounting Policies – *continued*

l) Equipment – *continued*

Reversal of Impairment

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

m) Decommissioning and restoration provisions

The Company records a liability based on the best estimates of costs for site closure and reclamation activities that the Company is legally or constructively required to remediate. Future obligations to retire an asset, including dismantling, remediation and ongoing treatment and monitoring of the site related to normal operations are initially recognized and recorded as a liability based on estimated future cash flows required to discharge the liability discounted at a risk-free rate. The restoration provision is adjusted at each reporting period for changes to factors including the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the risk-free discount rate.

The restoration provision is also accreted to full value over time through periodic charges to profit or loss. The amount of the restoration provision initially recognized is capitalized as part of the related asset's carrying value and amortized to profit or loss. The method of amortization follows that of the underlying asset. The costs related to a restoration provision are only capitalized to the extent that the amount meets the definition of an asset and can bring about future economic benefit. A revision in estimates or a new disturbance will result in an adjustment to the liability with an offsetting adjustment to the related asset.

n) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event, and it is probably that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

o) Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) attributable to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings 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. Diluted loss per share is not separately presented, as the effect of securities exercisable into common shares would reduce the amount presented as loss per share.

2. Significant Accounting Policies – *continued*

p) Financial Instruments

On January 1, 2018, the Company, adopted on a modified retrospective basis, for the first time, IFRS 9 - Financial Instruments. The nature and effect of these changes are disclosed below.

IFRS 9 - Financial Instruments replaces IAS 39 - Financial Instruments Recognition and Measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities.

[i] Financial Assets

IFRS 9 includes a revised model for classifying financial assets, which results in classification according to a financial instrument's contractual cash flow characteristics and the business models under which they are held. At initial recognition, financial assets are measured at fair value. Under the IFRS 9 model for classification of financial assets the Company has classified and measured its financial assets as described below:

- Cash and cash equivalents are classified as financial assets measured at amortized cost. Previously under IAS 39 these amounts were classified as Loans and Receivables.
- Short-term investments are classified as financial assets measured at amortized cost. Previously under IAS 39 these amounts were classified as Loans and Receivables.
- Trade and other receivables are classified as financial assets at amortized cost. Previously under IAS 39, Trade and other receivables were classified as Loans and Receivables measured at amortized cost.

The adoption of IFRS 9 did not result in a material change in the carrying values of any of the Company's financial assets on the transition date.

[ii] Financial Liabilities

Financial liabilities are recognized initially at fair value and in the case of financial liabilities not subsequently measured at fair value, net of directly attributable transaction costs. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled, or expired. For financial liabilities, IFRS 9 retains most of the IAS 39 requirements. Therefore, the adoption of IFRS 9 did not impact the Company's accounting policies for financial liabilities. Trade and other payables are classified as financial liabilities to be subsequently measured at amortized cost. Put options (see Note 8) are classified as financial liabilities that are measured at their fair value through profit or loss.

2. Significant Accounting Policies - *continued*

q) Share Capital

(i) 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 share purchase warrants are classified as equity instruments.

(ii) Incremental costs directly attributable to the issue of new shares or warrants are shown in equity as a deduction, net of tax, from the proceeds.

(iii) The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing price on the measurement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded in contributed surplus.

r) Flow-Through Shares

The Company may, from time to time, issue flow-through common shares to finance its resource exploration activities. Canadian income tax law permits the Company to renounce to the flow-through shareholders the income tax attributes of resource exploration costs financed by such shares. Flow-through common shares are recognized in equity based on the quoted price of the existing shares on the date of the issue. The difference between the amounts recognized in common shares and the amount the investor pays for the shares is recognized as another liability which is reversed into earnings as eligible expenditures are incurred. The deferred tax impact is recorded prospectively upon renunciation of the related tax benefits, provided it is expected the Company will incur the required eligible expenditures.

When flow-through expenditures are renounced, a portion of the future income tax assets that were not previously recognized, are recognized as a recovery of deferred income taxes in net income.

s) Share-based Payments

The share option plan allows the Company's employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as share-based payments with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payments. Otherwise, share-based payments are measured at the fair value of the goods or services received.

2. Significant Accounting Policies - *continued*

s) Share-based Payments - *continued*

Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate exploration and evaluation assets. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of common shares and a certain number of warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the transaction.

The Company uses the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the share issuance date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

From time to time in connection with private placements, the Company issues compensatory warrants to agents ("Agent Warrants") as commission for services. Awards of Agent Warrants are accounted for in accordance with the fair value method of accounting and result in share issue costs and a credit to reserves when Agent Warrants are issued. Any consideration received upon exercise of Agent Warrants is credited to share capital. The application of the fair value based method requires the use of certain assumptions regarding the risk-free market interest rate, expected volatility in the price of the underlying stock, and expected life of the Agent Warrants.

t) Accounting Standards, Amendments and Interpretations

New Standards, Amendments and Interpretations Effective for the first time

IFRS 9 – Financial Instruments

IFRS 9 reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous version of IFRS 9. IFRS is effective for annual periods beginning on or after January 1, 2018. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. This standard simplifies the current measurement model for financial instruments under IFRS and establishes two measurement categories for financial assets: amortized cost and fair value.

The adoption of IFRS 9 has not had an effect on the Company's accounting policies related to financial liabilities on the transition date. In accordance with IFRS 9, all financial liabilities are categorized as amortized cost and all financial liabilities of the Company were previously recorded at amortized cost under IAS 39. Put options (see Note 8) are classified as financial liabilities that are measured at their fair value through profit or loss.

t) Accounting Standards, Amendments and Interpretations - *continued*

New Standards, Amendments and Interpretations Effective for the first time - *continued*

IFRS 15 – Revenue from Contractors with Customers

This standard replaces IAS 18 Revenue and IAS 11 Construction contracts, and contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgemental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018.

The adoption of IFRS 15 has not had an effect on the Company's accounting policies related to revenue recognition on the transition date since the Company has not previously earned revenue from customers.

Standards, Amendments and Interpretations Not Yet Effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are not mandatory until accounting periods beginning on or after January 1, 2019. They have not been early adopted in these consolidated financial statements, and are expected to affect the Company in the period of initial application. The Company intends to apply these standards from application date as indicated below:

IFRS 16 Leases

The new standard will replace IAS 17 Leases and eliminates the classification of leases as either operating or finance leases by the lessee. The treatment of leases by the lessee will require capitalization of all leases resulting accounting treatment similar to finance leases under IAS 17 Leases. Exemptions for leases of very low value or short-term leases will be applicable. The new standard will result in an increase in lease assets and liabilities for the lessee. Under the new standard the treatment of all lease expense is aligned in the statement of earnings with depreciation, and an interest component recognized for each lease, in line with finance lease accounting under IAS 17 Leases. IFRS 16 will be applied prospectively for annual periods beginning on January 1, 2019. The Company is currently evaluating the impact this standard is expected to have on its consolidated financial statements.

t) Accounting Standards, Amendments and Interpretations - *continued*

New Standards, Amendments and Interpretations Effective for the first time - *continued*

IFRIC 23 Uncertainly Over Income Tax Treatments

The new standard, to be effective for annual report periods beginning on or after January 1, 2019, clarifies how to apply the recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments, addressing four specific issues:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity should make about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit or loss, taxes bases, unused tax losses, unused tax credits and tax rates; and
- How an entity considers changes in facts and circumstances.

The Company is currently evaluating the impact this standard is expected to have on its consolidated financial statements.

There are no other IFRS or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Company.

3. Other Receivables

	March 31, 2019	September 30, 2018
GST receivable	**$ 4,215**	$ 3,821

4. Deposit on Options

The Dala Option

On September 23, 2015, the Company entered into a binding letter agreement with Global Gems International Limited ("Global Gems") for an option to acquire 50% of the issued and outstanding shares of Global Gems (the "Option") and thereby attain 50% of a 45% interest in the Dala project, which 50% interest shall be held by Global Gems on behalf of the Company. The Dala project is located south of Saurimo, the capital of the Lunda Sul Province in Angola. In exchange for the Option, the Company has agreed to, over a two-year period, raise an aggregate cash of US$800,000, issue an aggregate 2,750,000 common shares of the Company to the vendors and contribute an aggregate US$5,000,000 towards the exploration expenditures.

On March 29, 2016, the Company's letter agreement with Global Gems International Ltd. ("Global Gems") for an option to acquire 50 per cent of the issued and outstanding shares of Global Gems has been terminated. Concurrently, the company has entered into a new agreement with Global Gems for an option to acquire 91.5 per cent of the issued and outstanding shares of Global Gems and thereby attain 91.5 per cent of a 45-per-cent interest in the Dala project. The terms of the agreement were amended to the following terms:

- Make total cash option payment of $800,000 (USD) due as follows:

  - USD $300,000 to be paid no later than August 31, 2016 ($300,000 USD [$390,100 CAD] payment made prior to August 31, 2016 during year ended September 30, 2016).

  - US $250,000 to be paid upon the Company receiving approval from the TSX Venture Exchange and which payment shall signify that the Company exercises the Option and that the Agreement has become final (the Company has not yet obtained approval from the TSX Venture Exchange);

  - US $250,000 to be paid on or before the 2nd anniversary of the execution of the letter of intent.

- Issue an aggregate of 5,000,000 common shares of the Company to the vendors upon receiving approval from the TSX Venture Exchange;

- Contribute an aggregate US$4,700,000 towards the exploration expenses.

Subject to regulatory approval, on January 23, 2017, the Company entered into an agreement (the "Amendment Agreement") with Global Gems International Limited ("Global Gems") to amend its existing arrangement for the earn-in of an interest in the Dala diamond exploration Project in the Lunda Sul Province in Angola.

Under the Amendment Agreement the Company may acquire 88% of Global Gems's 45% interest in the restructured Dala Project by paying to Global Gems the amounts of US$300,000 on or before each of the 3rd and 4th anniversaries of TSX Venture approval and US$400,000 on or before the 5th anniversary of such approval. The Company has paid a total sum of $800,000 to the end of the nine months ended June 30, 2017. The Company would also be required to incur US$13,000,000 in exploration and development expenditures over 5 years (US$3,000,000 for each of year 1 (which must be raised and paid by May 31, 2017) and year 2, US$2,000,000 for year 3, and US$2,500,000 for each of years 4 and 5). The US$300,000 already provided to Global Gems as start-up capital would be credited against year 1 expenditures. The Company shall be entitled to a share of any revenues generated from saleable products, if any, from the property prorated to the proportion of expenditures spent to the total expenditures to be spent under the Amendment Agreement.

4. Deposit on Options

The Company will also be required issue to the principals of Global Gems 30,000,000 shares (10,000,000 shares on each of the 3rd, 4th and 5th anniversaries of TSX Venture approval). After completing the private placement of not less than CDN$500,000, the Company paid to Global Gems the amount of US$150,000 ($202,305 CAD) which also will be credited against year 1 expenditures.

On July 13, 2017, the Company announced the Dala Option agreement was terminated due to a lack of funding. The Company has decided to write-off the Option agreement in the amount of $753,830 to operations.

The Ruby Option – Nangimali

Subject to regulatory approval, on February 23, 2017, the Company has entered into an option agreement with Pak-Kashmir Mineral Resources (private) Limited whereby the Company acquired a 35% equity interest in all of the issued and outstanding shares of Newco representing an indirect 35% interest in the Nangimali Ruby Deposit, for the consideration of $225,000 USD ($298,350 CAD). The Option Agreement stipulates a requirement by the company for a work program expenditure of $2,000,000 as follows: USD $1,000,000 on or before the first anniversary of the signing of purchase agreement; and a further USD $1,000,000 on or before the second anniversary.

There is no record of this transaction having been approved by the Board of Directors during the year. Because the Company has not received approval by the regulatory authorities, the USD $225,000 deposit on the Option agreement has been written-off to operations.

5. Loans Payable

MOSMAN OIL AND GAS LIMITED

Pursuant to a Loan Agreement dated March 28, 2018 between the Company ("the Borrower") and Mosman Oil and Gas Limited ("the Lender"), a related company will provide an advance up to $100,000 in Australian dollars ("AUD") to the Borrower which bears interest at 5% per annum, payable on the last day of each month with a repayment date of December 31, 2018. An establishment fee of $10,000 in Australian dollars will be charged and repaid on December 31, 2018. As at March 31, 2019, the advance under the loan was $100,000CAD (AUD: $102,215) (see Note 9 - Related Party Transactions).

CLARIDEN CAPITAL PTY LTD.

Pursuant to a Loan Agreement dated April 24, 2018, the Company (the "Borrower") and Clariden Capital Pty Ltd. (the "Lender"), a related company founded by the new director, will provide an advance of up to $50,000 in Australian dollars ("AUD" to the Borrower which bears interest at 5% per annum payable on the last day of each month with a repayment date of December 31, 2018. An establishment fee of $10,000 in Australian dollars will be charged and repaid on December 31, 2018. As at March 31, 2019, the advance under the loan was $50,000 CAD (AUD: $50,764) (see Note 9 – Related Party Transactions).

LOANS - OTHERS

A group of individuals (the "Lenders") intends to execute loan agreements dated January 11, 2019 with the Company for an aggregate of $50,000 AUD. As at the date of this report an amount of $25,000 has been received. The loan agreements have identical terms and are repayable in full on December 31, 2019. Of the $50,000 advanced, $25,000 are from related parties to the Company. Interest is payable by the Company to the Lender on the Principal Sum at 5% per annum. As at March 31, 2019, the advance under the loan was $22,262 CAD (AUD: $23,514) (see Note 9 – Related Party Transactions).

Unaudited - (Expressed in Canadian Dollars)

6. Share Capital

a) Authorized:

Unlimited number of common shares without par value

b) Issued:

There were no share activities during the period ended March 31, 2019 and 2018.

On May 29, 2018, at a special meeting of the shareholders a 10 to 1 rollback of the Company's shares was approved but has not yet been implemented.

c) Share purchase warrants

Share purchase warrants activities for the period ended March 31, 2019 and 2018 were as follows:

	Number of Warrants		Weighted Average Exercise Price	Weighted Average Life Remaining in Years
Balance, September 30, 2017	**42,120,000**	**$**	**0.15**	**0.96**
Expired	-		-	-
Balance, March 31, 2018	**42,120,000**	**$**	**0.15**	**0.75**
Expired	(24,120,000)	$	0.15	-
Balance, September 30, 2018	**18,000,000**	**$**	**0.15**	**0.31**
Expired	(18,000,000)	$	0.15	-
Balance, March 31, 2019	**-**	**$**	**-**	**-**

As at March 31, 2019, there were no share purchase warrants (2018: 42,120,000) outstanding and exercisable.

6. Share Capital – *continued*

d) Stock Options

On May 29, 2018, at a special meeting of the shareholders a new incentive Stock Option Plan was adopted under which it is authorized to grant options to executive officers, directors, employees and consultants. The Company has implemented a rolling plan to reserve 10% of issued shares for issuance. Under the plan, the exercise price of each option is set on the date of grant at no less than the Discount Market Price of the Company's stock as determined per the TSX Venture Exchange policy. Options granted under the plan have a term not to exceed ten years and are subject to vesting provisions as determined by the board of directors.

An Annual & Special Meeting of Shareholders was held on February 9, 2018 wherein the shareholders voted not to re-approve the Company's 10% rolling stock option plan and cancelled the outstanding incentive stock options granted of 2,320,000 on February 24, 2017 and 2,100,000 on July 27, 2016.

On February 24, 2017, the Company granted 2,320,000 incentive stock options to certain former directors, officers and consultants. These options are exercisable for up to three years at a price of $0.10 per share. The Company recognized a stock-based compensation of $92,473 (2016 - $nil) for the stock options vested.

On July 27, 2016, the Company granted a total of 2,100,000 stock options to certain former director and consultants. These options are exercisable for up to three years at a price of $0.15 per share. The company recognized a stock-based compensation of $96,313 (2015 - $138,244) for the stock options vested.

As at March 31, 2019 and 2018, there were no options outstanding.

7. Financial Instruments and Risk Management

As at March 31, 2019, the Company's financial instruments are comprised of cash and cash equivalent, accounts payable and accrued liabilities. The fair values of cash and cash equivalents, accounts payable and accrued liabilities approximate their carrying value due to their short-term maturity.

The Company is exposed through its operations to the following financial risks:

- Currency risk;
- Credit risk;
- Liquidity risk; and
- Interest rate risk.

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has mineral property interests in Tanzania and is exposed to foreign currency risk to the extent it will incur mineral exploration expenditures and certain operating costs in US dollars. The Company does not presently manage currency risks through hedging or other currency management tools.

Unaudited - (Expressed in Canadian Dollars)

7. Financial Instruments and Risk Management – *continued*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and cash equivalent. The Company limits exposure to credit risk by maintaining its cash and cash equivalent with large financial institutions. The Company's maximum exposure to credit risk is the carrying value of its financial assets.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure, more specifically, the issuance of new common shares, to ensure there is sufficient capital in order to meet short term business requirements, after taking into account the Company's holdings of cash and potential equity financing opportunities. The Company believes that these sources will be sufficient to cover the known short and long-term requirements at this time. There is no assurance that potential equity financing opportunities will be available to meet these obligations.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities as March 31, 2019:

Year of expiry	Accounts payable and accrued liabilities	Total
Within 1 year	$ 612,766	$ 612,766

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company's cash and cash equivalent is currently held in an interest bearing bank account, management considers the interest rate risk to be limited.

The Company has no financial instruments carried at fair value subject to level 2 or 3 fair value measurements.

8. Related Party Transactions

The following is a summary of related party transactions that occurred during the six months ended March 31, 2019.

Disputed claims of $237,392 are unapproved expenditures committed by the prior directors and related companies which the Company will not pay unless they are directed to do so by a Court Order, and even then, there may well exist counterclaims which would mitigate any eventual payments.

a) Office rent of $Nil (2018 - $6,000) and accounting fees of $Nil (2018 - $12,000) were incurred by the Company and as at March 31, 2019, $37,800 (2018 - $33,075) remained payable to a company related to a former director of the Company;

b) Incurred consulting fees of $Nil (2018 - $20,000) and as at March 31, 2019, $86,216 (2018 - $75,000) remained payable to a company owned by a former director of the Company;

c) Incurred consulting fees of $Nil (2018 - $20,000); and as at March 31, 2019, $34,600 (2018 - $29,600) remained payable to a company owned by a former director & CEO of the Company;

d) Incurred consulting fees of $Nil (2018 - $Nil) and as at March 31, 2019, $3,500 (2018 - $3,500) remained payable to a former director of the Company;

8. Related Party Transactions – *continued*

e) Incurred consulting fees of $Nil (2018 - $Nil) and as at March 31, 2019, $6,000 (2018- $6,000) remained payable to a former director of the Company;

f) Accrued accounting fees of $8,500 (2018 - $6,750) for accounting services provided by an officer of the Company and as at March 31, 2019, $4,250 (2018- $5,250) remained payable.

g) Incurred consulting fees of $15,989 (2018 – Nil) and as at March 31, 2019, $34,415 (2018 – Nil) remained payable to a company owned by the interim CEO of the Company;

h) Incurred consulting fees of $22,879 (2018 – Nil) and as at March 31, 2019, $49,479 (2018 – Nil) remained payable to a company owned by a director of the company.

i) Of the 2,320,000 incentive stock options granted on February 24, 2017; 1,200,000 (2016 -1,250,000) stock options, exercisable at $0.10 per share were granted to the former directors. See Note 6 for cancellation of stock options.

Pursuant to a Loan Agreement dated March 28, 2018 between the Company ("the Borrower") and Mosman Oil and Gas Limited ("the Lender"), a related company founded by the new director and interim CEO, will provide an advance up to $100,000 in Canadian Dollars to the Borrower which bears interest at 5% per annum, payable on the last day of each month with a repayment date of December 31, 2018. An establishment fee of $10,000 in Canadian dollars will be charged and was to be repaid on December 31, 2018. As at December 31, 2018, the advance under the loan was $100,000 CAD.

Pursuant to a Loan Agreement dated April 24, 2018, the Company (the "Borrower") and Clariden Capital Pty Ltd. (the "Lender"), a related company founded by a new director, will provide an advance of up to $50,000 in Canadian dollars to the Borrower which bears interest at 5% per annum payable on the last day of each month with a repayment date of December 31, 2018. An establishment fee of $10,000 in Canadian dollars will be charged and was to be repaid on December 31, 2018. As at December 31, 2018, the advance under the loan was $41,067 CAD.

Pursuant to a Loan Agreement dated March 28, 2018 between the Company ("the Borrower") and Mosman Oil and Gas Limited ("the Lender"), a related company will provide an advance up to $100,000 in Australian dollars ("AUD") to the Borrower which bears interest at 5% per annum, payable on the last day of each month with a repayment date of December 31, 2018. An establishment fee of $10,000 in Australian dollars will be charged and repaid on December 31, 2018. As at March 31, 2019, the advance under the loan was $100,000CAD (AUD: $102,215).

Pursuant to a Loan Agreement dated April 24, 2018, the Company (the "Borrower") and Clariden Capital Pty Ltd. (the "Lender"), a related company founded by the new director, will provide an advance of up to $50,000 in Australian dollars ("AUD" to the Borrower which bears interest at 5% per annum payable on the last day of each month with a repayment date of December 31, 2018. An establishment fee of $10,000 in Australian dollars will be charged and repaid on December 31, 2018. As at March 31, 2019, the advance under the loan was $50,000 CAD (AUD: $50,764).

A group of individuals (the "Lenders") intends to execute loan agreements dated January 11, 2019 with the Company for an aggregate of $50,000 AUD. As at the date of this report an amount of $25,000 has been received. The loan agreements have identical terms and are repayable in full on December 31, 2019. Of the $50,000 advanced, $25,000 are from related parties to the Company. Interest is payable by the Company to the Lender on the Principal Sum at 5% per annum. As at March 31, 2019, the advance under the loan was $22,262 CAD (AUD: $23,514).

Unaudited - (Expressed in Canadian Dollars)

8. Related Party Transactions – *continued*

The above transactions with related parties, occurring in the normal course of operations, were measured at the fair value; notwithstanding, the disputed payables.

Amounts due to related parties are unsecured with no specific terms for repayment and do not bear interest.

At an Annual & Special Meeting of Shareholders held on February 9, 2018, the shareholders approved a new Board of Directors and Officer appointments**,**

Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive and non-executive directors. Key management personnel compensation disclosed above comprised the follow:

	March 31, 2018	March 31, 2018
Key management personnel:		
Interim CEO	**$ 15,989**	$ 26,024
Former CEO	**-**	20,000
CFO	**8,500**	6,750
Directors	**22,879**	-
Former directors	**-**	20,000
	$ 47,368	$ 72,774

9. Capital Disclosures

The Company's objectives when managing capital are to raise the necessary equity financing to fund its exploration projects and to manage the equity funds raised which best optimizes its exploration programs and the interests of its equity shareholders at an acceptable risk.

In the management of capital, the Company includes the components of shareholders' equity.

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. In order to maintain or adjust the capital structure, the Company may raise additional equity funds and acquire new exploration properties as circumstances dictate.

There were no changes in the Company's approach to capital management during the period ended March 31, 2019. The Company is not subject to externally imposed capital requirements.

10. Events after the Reporting Date

Both the Mosman and Clariden loans that were to be repaid by December 31, 2018 has not been repaid and can be extended by agreement between the parties.