SAVILLE RESOURCES INC.

Financial Statements

April 30, 2016 and 2015

(Expressed in Canadian Dollars)

Management's Responsibility

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board of Directors is also responsible for recommending the appointment of the Company's external auditors.

MNP LLP is appointed by the shareholders to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

August 26, 2016

"Steven Chen"	"*Harold Burgess"*
Director	Director

MNP LLP

Independent Auditors' Report

To the Shareholders of Saville Resources Inc.:

We have audited the accompanying financial statements of Saville Resources Inc. (the "Company") which comprise the statements of financial position as at April 30, 2016 and 2015 and the statements of loss and comprehensive loss, changes in equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of 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 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Saville Resources Inc. as at April 30, 2016 and 2015 and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial statements which discloses matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

MNP LLP

Vancouver, British Columbia
August 26, 2016

Chartered Professional Accountants

Saville Resources Inc.
Statements of Financial Position
As at April 30, 2016 and 2015
(Expressed in Canadian Dollars)

		2016		2015
Assets				
Current				
Cash and cash equivalents	$	**397**	$	**46,570**
Taxes and other receivables (note 5)		**5,072**		**7,113**
Note receivable (note 6)		**-**		**289,781**
		5,469		**343,464**
Exploration and evaluation assets (note 7)		**316,890**		**316,890**
	$	**322,359**	$	**660,354**
Liabilities				
Current				
Accounts payable and accrued liabilities	$	**146,892**	$	**95,992**
Equity				
Share capital (note 8)		**7,082,744**		**7,082,744**
Contributed surplus		**140,803**		**140,803**
Deficit		**(7,048,080)**		**(6,659,185)**
		175,467		**564,362**
	$	**322,359**	$	**660,354**

The financial statements were approved by the Board of Directors on August 26, 2016 and were signed on its behalf by:

"Steven Chen"
Director

"Harold Burgess"
Director

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

Saville Resources Inc.
Statements of Loss and Comprehensive Loss
For the years ended April 30, 2016 and 2015
(Expressed in Canadian Dollars)

		2016		2015
Expenses				
Management and consulting fees (note 10)	$	**30,000**	$	**48,310**
Professional fees		**47,112**		**51,759**
Transfer agent and filing fees		**12,153**		**14,936**
Office and miscellaneous		**8,804**		**6,231**
Investor relations and travel		**2,303**		**9,223**
Property investigation		**-**		**7,500**
		(100,372)		**(137,959)**
Other income (expenses)				
Interest income		**23,873**		**9,781**
Write-down of note receivable (note 6)		**(312,396)**		
Exploration and evaluation assets written off (note 7)		**-**		**(31,534)**
Net (loss) and comprehensive (loss) for the year		**(388,895)**		**(159,712)**
Basic and diluted (loss) Per Share	$	**(0.02)**	$	**(0.01)**
Weighted average number of common shares outstanding – basic and diluted		**25,891,911**		**21,072,185**

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

Saville Resources Inc.
Statements of Changes in Equity
For the years ended April 30, 2016 and 2015
(Expressed in Canadian Dollars)

	Number of shares		Share capital		Contributed surplus		Deficit		Total
Balance, April 30, 2014	**15,141,911**	**$**	**6,493,532**	**$**	**189,803**	**$**	**(6,499,473)**	**$**	**183,862**
Private placement	10,000,000		500,000		-		-		500,000
Share issuance costs	-		(11,288)		-		-		(11,288)
Stock options exercised	700,000		98,000		(49,000)		-		49,000
Shares issued for exploration and evaluation assets	50,000		2,500		-		-		2,500
Net loss for the year	-		-		-		(159,712)		(159,712)
Balance, April 30, 2015	**25,891,911**		**7,082,744**		**140,803**		**(6,659,185)**		**564,362**
Net loss for the year	-		-		-		(388,895)		(388,895)
Balance, April 30, 2016	**25,891,911**	**$**	**7,082,744**	**$**	**140,803**	**$**	**(7,048,080)**	**$**	**175,467**

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

Saville Resources Inc.
Statements of Cash Flows
For the years ended April 30, 2016 and 2015
(Expressed in Canadian Dollars)

		2016		2015
Operating activities				
Net loss for the year	**$**	**(388,895)**	$	**(159,712)**
Items not involving cash				
Exploration and evaluation assets written off		**-**		**31,534**
Write-down of note receivable		**312,396**		
Interest accrual		**(22,615)**		**(9,781)**
Changes in non-cash working capital				
Taxes and other receivables		**2,041**		**(4,403)**
Accounts payable and accrued liabilities		**50,900**		**(53,327)**
Cash flows (used in) operating activities		**(46,173)**		**(195,689)**
Investing activities				
Exploration and evaluation assets, net of mining tax credits		**-**		**(15,774)**
Cash flows (used in) investing activities		**-**		**(15,774)**
Financing activities				
Proceeds from issue of shares, net of share issuance costs		**-**		**537,712**
Issuance of promissory note		**-**		**(280,000)**
Cash flows provided by financing activities		**-**		**257,712**
Net change in cash and cash equivalents		**(46,173)**		**46,249**
Cash and cash equivalents, beginning of year		**46,570**		**321**
Cash and cash equivalents, end of year	**$**	**397**	$	**46,570**
Supplemental cash flows information:				
Shares issued for acquiring exploration and evaluation assets	**$**	**-**	$	**2,500**

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

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Saville Resources Inc. ("Saville" or "the Company") is a publicly listed company incorporated in British Columbia with limited liability under the legislation of the Province of British Columbia and its shares are listed on the Toronto Stock Exchange-Venture under the symbol "SRE". The Company is principally engaged in the acquisition, exploration, development and mining of mineral properties.

The head office, principal address and registered and records office of the Company are located at 1450, 789 West Pender Street, Vancouver, BC, Canada, V6C 1H2.

The Company is in the process of exploring its mineral property interests and has not yet determined whether its investment in the Bud Property or Manson Creek Property contains mineral reserves that are economically recoverable. The Company's continuing operations and the underlying value and recoverability of the amounts shown for the investment in the Bud Property or Manson Creek Property is entirely 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 the investment in the Bud Property or Manson Creek Property, obtaining the necessary permits to mine, and on future profitable production or proceeds from the disposition of the investment in the Bud Property or Manson Creek Property.

The Company's principle business is the identification and evaluation of assets or business. That focus will now change to the Munn Lake Diamond Property (Note 14).

2. GOING CONCERN

These financial statements were prepared on a going concern basis, under the historical cost convention. The Company's ability to continue as a going concern is dependent upon the Company's ability to satisfy its liabilities as they become due and to obtain the necessary financing to complete the exploration and development of its mineral property interests and the attainment of profitable mining operations. Management is actively engaged in the review and due diligence of opportunities of merit in the mining sector and is seeking to raise the necessary capital to meet its funding requirements. The conditions described above may cast significant doubt as to the appropriateness of the use of the going concern assumption.

Management of the Company does not expect that cash flows for the Company's operations will be sufficient to cover all of its operating requirements, financial commitments and business development priorities during the next twelve months. Accordingly, the Company expects that it will need to obtain further financing in the form of debt, equity or a combination thereof for the next twelve months. There can be no assurance that additional funding will be available to the Company, or, if available, that this funding will be on acceptable terms. If adequate funds are not available, the Company may be required to delay or reduce the scope of planned exploration and other programs. As at April 30, 2016 and 2015, the Company reported the following:

	April 30, 2016	April 30, 2015
Net loss for the year	$388,895	$159,712
Deficit	$7,048,080	$6,659,185
Working capital (deficit)	$(141,423)	$247,472

These factors raise substantial doubt about the Company's ability to continue as a going concern. These financial statements do not give effect to adjustments, which could be material, to the carrying values and classification of assets and liabilities, which may be required should the Company be unable to continue as a going concern

3. BASIS OF PREPARATION

a) Statement of compliance

These statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

3. BASIS OF PREPARATION – Continued

b) Basis of measurement

These financial statements have been prepared under the historical cost basis, except for financial instruments classified as available-for-sale ("AFS"), and fair value through profit or loss ("FVTPL"). These financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

c) Approval of the financial statements

The financial statements of the Company for the year ended April 30, 2016 were authorized for issue in accordance with a resolution of the directors on August 26, 2016.

d) Significant accounting judgment, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

<u>Estimates and assumptions</u>

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

In particular, information about significant areas of estimation uncertainty considered by management in preparing the financial statements includes:

- The Company's assessment as to whether any impairment exists in the valuation of its assets,
- The Company's recognition of deferred tax assets, and
- The inputs used in accounting for share purchase options in the statements of comprehensive loss.

<u>Judgments</u>

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies from those involving estimations that have the most significant effect on the amounts recognized in the Company's financial statements are as follows:

- Economic recoverability and probability of future economic benefits of exploration, evaluation and development costs

  Management has determined that exploratory drilling, evaluation, development and related costs incurred which have been capitalized are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic information, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

- Going concern

  Significant judgments used in the preparation of these financial statements include, but are not limited to those relating to the assessment of the Company's ability to continue as a going concern.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. The Company did not adopt any new accounting standard changes or amendments effective May 1, 2015 that had a material impact on these consolidated financial statements.

a. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits in banks and highly liquid investments with an original maturity of three months or less. As at April 30, 2016 and 2015, the cash and cash equivalents consisted of cash only.

b. Short-term investments

Short-term investments are investments which are transitional or current in nature, with an original maturity greater than three months and less than one year. The Company does not have any short-term investments as at April 30, 2016 and 2015.

c. Exploration and evaluation costs

Exploration and evaluation activities involve the search for minerals, the determination of technical feasibility, and the assessment of commercial viability of an identified resource.

Exploration and evaluation costs incurred prior to obtaining licenses are expensed in the period in which they are incurred. Once the legal right to explore has been acquired, exploration and evaluation costs incurred are capitalized. All capitalized exploration and evaluation costs are recorded at acquisition cost and are monitored for indications of impairment. Where there are indications of a potential impairment, an assessment is performed for recoverability. Capitalized costs are charged to the statement of comprehensive loss to the extent that they are not expected to be recovered.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets are tested for impairment and transferred to “Mines under construction’. No amortization during the exploration and evaluation phase.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

d. Impairment

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability, and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. The recoverable amount of a cash generating unit is the greater of its value in use and its fair value less costs to sell.

Value in use is generally the present value of the future cash flows expected to be generated from production of proved and probable reserves determined by reference to the reserve report. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Fair value less cost to sell is determined as the amount that would be obtained from the sale of a cash generating unit in an arm’s length transaction between knowledgeable and willing parties. When indicators of impairment are present, the Company will measure any resulting impairment loss on an asset by asset basis. Exploration and evaluation assets must also be tested for impairment once technical feasibility and commercial viability can be demonstrated before reclassification to property and equipment.

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

e. Assets retirement obligations

The Company recognizes the fair value of an asset retirement obligation ("ARO") in the period in which it is incurred when a reasonable estimate of the fair value can be made. Numerous assumptions and judgments are required in the fair value calculation of the Company's ARO including the ultimate settlement amounts, inflation factors, risk-free rates, timing of settlement, and changes in the legal, regulatory, environmental and political environments. On a periodic basis, management will review these estimates and changes, if any, and the estimates will be applied on a prospective basis, and will result in an increase or decrease to ARO. Any difference between the actual costs incurred and the recorded liability is recorded as a gain or loss in the statements of comprehensive loss in the period in which the settlement occurs.

f. Flow-through shares

Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for tax purposes by the investors who purchased the shares. The Company adopted a policy whereby the premium paid for flow through shares in excess of the market value of the shares without the flow through features at the time of issue is credited to other liabilities and included in income at the time the qualifying expenditures are made.

A deferred tax liability is recognized in respect of the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset in the statement of financial position and its tax basis. A portion of the deferred tax assets that were not previously recognized are recognized as a recovery of deferred income taxes in the statements of comprehensive loss up to the amount of the deferred tax liability upon renunciation.

g. Financial instruments

i. Financial assets

The Company classifies its financial assets in the following categories: fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of assets at recognition.

- Financial assets at fair value through profit or loss (“FVTPL”)

  Financial assets at FVTPL are initially recognized at fair value with changes in fair value recorded through income. Cash and cash equivalents are included in this category of financial assets.

- Loans and receivables

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost, less any impairment.

- Available-for-sale financial assets

  Available-for-sale (AFS) financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets are recognized as other comprehensive income and classified as a component of equity. AFS assets include investments in equities of other entities.

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

g. Financial instruments - continued

Management assesses the carrying value of AFS financial assets at least annually and any impairment charges are also recognized in profit or loss. When financial assets classified as available-for-sale are sold, the accumulated fair value adjustments recognized in other comprehensive income are included in profit and loss.

ii. Financial liabilities

The Company classifies its financial liabilities in the following categories: borrowings and other financial liabilities and derivative financial liabilities.

- Borrowings and other financial liabilities

  Borrowings and other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the statement of comprehensive loss over the period of maturity using the effective interest method.

  Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities.

- Derivative Financial liabilities

  Derivative financial liabilities are initially recognized at their fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at each reporting period with changes in the fair value recognized in profit and loss. Derivative financial liabilities include warrants issued by the Company denominated in a currency other than the Company's functional currency.

h. Share-based payment transactions

The Company grants stock options to buy common shares of the Company to directors, officers and employees. The board of directors grants such options for periods of up to five years, which vest immediately and priced at the previous day's closing price.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period of the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

Where the terms of a stock option is modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the stock-based compensation arrangement, or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period.

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.

i. Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

i. Income taxes - continued

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, nor differences relating to investments in subsidiaries, and associates to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

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 the Company intends to settle its current tax assets and liabilities on a net basis.

j. Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the agreement to issue shares was conducted.

k. Earnings (loss) per share

The Company presents basic and diluted earnings/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. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. Under this method the dilutive effect on earnings per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

l. 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. Parties are also considered to be related if they are subject to common control, 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.

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

m. Recent accounting pronouncements and adopted policies

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the financial statements to be material.

- IFRS 9 – Financial Instruments
  IFRS 9 was issued in November 2009 and subsequently amended as part of an ongoing project to replace IAS 39 Financial instruments: Recognition and measurement. The standard requires the classification of financial assets into two measurement categories based on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The two categories are those measured at fair value and those measured at amortized cost. The classification and measurement of financial liabilities is primarily unchanged from IAS 39. However, for financial liabilities measured at fair value, changes in the fair value attributable to changes in an entity's "own credit risk" is now recognized in other comprehensive income instead of in profit or loss. This new standard will also impact disclosures provided under IFRS 7 Financial instruments: disclosures.

  In November 2013, the IASB amended IFRS 9 for the significant changes to hedge accounting. In addition, an entity can now apply the "own credit requirement" in isolation without the need to change any other accounting for financial instruments. The standard was initially effective for annual periods beginning on or after January 1, 2013, but the complete version of IFRS 9, issued in July 2014, moved the mandatory effective date to January 1, 2018.

- IFRS 16 – Leases
  On January 13, 2016, the International Accounting Standards Board published a new standard, IFRS 16, Leases, eliminating the current dual accounting model for lessees, which distinguishes between on balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Company intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning January 1, 2019. The extent of the impact of adoption of IFRS 16 has not yet been determined.

5. TAXES AND OTHER RECEIVABLES

	2016	**2015**
GST	$ 5,072	$ 2,495
Mining tax credit	-	4,618
Total	$ 5,072	$ 7,113

6. NOTE RECEIVABLE

On January 12, 2014, the Company issued a promissory note of $280,000 to Roundtable Resources Ltd., a third party at an annual interest rate of 8.5%. The principal amount and interest are due on October 31, 2016. The promissory note is secured by mining and processing equipment. For the year ended April 30, 2016, $22,615 (2015 - $9,781) of interest income was recorded. As at April 30, 2016, the Company considered the likelihood of collecting the note receivable has significantly diminished, even though the Company has the collateral for the note receivable, however the Company could not determine the fair value of the collateral at this point in time. As a result the Company has made a provision to write-down the note receivable principal and interest.

(Expressed in Canadian Dollars)

6. NOTE RECEIVABLE- Continued

	2016	2015
Note receivable	$ 312,396	$ 289,781
Allowance account	(312,396)	-
Total	$ -	$ 289,781

7. EXPLORATION AND EVALUATION ASSETS

The following is a description of the Company's most significant property interests and related spending commitments:

	Bud Property	Manson Creek Property	Total
Balance, April 30, 2014	$ 298,616	$ 31,534	$ 330,150
Property acquisition costs			
Property extension costs	7,500	-	7,500
Property exploration costs			
Assays	2,041	-	2,041
Sampling	13,351	-	13,351
Provincial mining tax credits	(4,618)	-	(4,618)
Total costs for the year	18,274	-	18,274
Less: exploration and evaluation assets written off	-	(31,534)	(31,534)
Balance, April 30, 2015 and 2016	316,890	-	316,890

Bud Property

The Company holds a 100% interest (the "Option") in the Bud mineral claims in the Greenwood Mining Division of British Columbia (the "Bud Property") subject to a 2.5% net smelter return ("NSR") royalty to a maximum of $2,500,000. Should the Bud Property achieve commercial production, defined as the point after which 10,000 tonnes of material have been processed and for which NSR payments have been made, the Company will pay a further $75,000 and issue 100,000 common shares.

In April 2012, the Company extended the payment date of the final option payment for two years to on or before April 4, 2014. In consideration for the extension, the Company paid $5,000 and issued 50,000 common shares as of April 30, 2012, and paid a further $5,000 and 50,000 common shares as of April 30, 2013.

In April 2014, the Company extended the payment date of the final option payment for a further two years to on or before April 4, 2016. In consideration for the extension, the Company paid $5,000 and issued 50,000 common shares as of April 30, 2014. During the year ended April 30, 2015, the Company paid a further $5,000 and issued 50,000 common shares. Subsequent to April 30, 2016, the Company has negotiated a one year extension for $10,000 to be paid upon completion of the proposed private placement financing.

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS- Continued

Manson Creek Property

The Company holds a 100% interest in 5 contiguous mineral claims known as the Wolf 1 to 5 claims comprising approximately 2,280 hectares located at Manson Creek, British Columbia in the Omenica Mining District and collectively known as the Manson Creek Property. Consideration for the acquisition of Wolf claims 1 to 4 was 300,000 common shares payable to the property vendors, Rolland Menard and Midland Recording Service Ltd. The common shares were issued at a fair market value of $0.05 per share ($15,000) on November 5, 2012. The purchase agreement provides for a reservation of a 2.5% Net Smelter Return in favour of the vendors of which 60% or 1.5% may be repurchased by the Company for the sum of $500,000 and the remaining 40% (1%) may be repurchased by the Company for the sum of $1,000,000. Wolf claim 5 was acquired by staking. During the year ended April 30, 2015, the Company decided to abandon the property and the entire balance of $31,534 was written off.

8. SHARE CAPITAL

(a) Authorized - Unlimited number without par value

(b) Issued

On October 3, 2014 the Company closed a non-brokered private placement of 10 million units at a price of $0.05 per unit for gross proceeds of $500,000. Each unit consisted of one common share, one/half non-transferable Series A share purchase warrant and one/half non-transferable Series B share purchase warrant. Each whole Series A warrant is exercisable into one further common share at a price of $0.25 per share for a period of five years, expiring October 3, 2019. Each whole Series B warrant is exercisable into one further common share at a price of $0.50 per share for a period of five years, expiring October 3, 2019. The Series A warrants contain an acceleration clause which provides that if, at any time after February 4, 2015, the shares of the Company trade on the TSX Venture Exchange at a price of $0.35 or greater for period of 14 consecutive trading days, the Company may give notice to the Series A warrant holders of the acceleration of the exercise date to a period which is 30 days from the giving of such notice. The Series B warrants contain an acceleration clause which provides that if, at any time after October 3, 2015, the shares of the Company trade on the TSX Venture Exchange at a price of $0.65 or greater for period of 14 consecutive trading days, the Company may give notice to the Series B warrant holders of the acceleration of the exercise date to a period which is 30 days from the giving of such notice. The Company adopted residual approach and allocated the total proceeds to the common shares and nil to warrants. Share issuance costs for legal and filing fees amounted to $11,288. Proceeds of the placement will be applied to work on the Company’s properties, to pay legal and filing expenses associated with the Offering and for general working capital.

On January 14, 2015, 700,000 options were exercised at $0.07 for proceeds of $49,000.

During the year ended April 30, 2015, pursuant to an extension of the Bud property option agreement, 50,000 common shares were issued at a fair value of $0.05 per share.

(c) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	2016		2015	
	Number of Warrants	Exercise Price	Number of Warrants	Exercise Price
Outstanding, beginning of year	10,000,000	$0.38	2,010,000	$0.30
Expired	-	-	(2,010,000)	$0.30
Issued	-	-	5,000,000	$0.25
Issued	-	-	5,000,000	$0.50
Outstanding, end of year	10,000,000	$0.38	10,000,000	$0.38

(Expressed in Canadian Dollars)

8. SHARE CAPITAL- Continued

The following warrants were outstanding and exercisable:

Expiry Date	Exercise Price	Number of Warrants 2016	Number of Warrants 2015
October 3, 2019	$0.25	5,000,000	5,000,000
October 3, 2019	$0.50	5,000,000	5,000,000
		10,000,000	10,000,000
Weighted average outstanding life of warrants		3.43 years	4.43 years

9. SHARE-BASED PAYMENTS

The Company has a stock option plan in place under which it is authorized to grant options of up to 10% of its outstanding shares of the Company, being 2,589,191, to officers, directors, employees and consultants. The exercise price of each option is to be determined by the Board of Directors but shall not be less than the discounted market price as defined by the TSX Venture Exchange. The expiry date for each option should be for a maximum term of five years. Options granted to consultants not engaged in investor relations activities are granted for past services and vest immediately. Options granted to investor relations consultants vest according to TSX Venture Exchange policy.

During the years ended April 30, 2016 and 2015, the Company granted nil stock options to directors and consultants.

The following is a summary of option transactions under the Company's stock option plan for the years ended April 30, 2016 and 2015:

	2016		2015	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	600,000	$ 0.12	1,350,000	$ 0.09
Exercised	-	-	(700,000)	$0.07
Cancelled	-	-	(50,000)	$0.12
Outstanding and exercisable, end of year	600,000	$ 0.12	600,000	$ 0.12

The following table summarizes information about stock options outstanding and exercisable:

Expiry Date	Exercise Price	Number of Options 2016	Number of Options 2015
March 21, 2017	$ 0.12	600,000	600,000
Weighted average outstanding life of options		0.9 years	1.9 years

The Company applies the fair value method in accounting for its stock options. During the year ended April 30, 2016 the Company recognized stock based compensation expense of $nil (2015 - $nil).

10. RELATED PARTY TRANSACTIONS

The Company incurred the following fees and expenses in the normal course of operations.

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS- Continued

Key Management Compensation	2016	2015
Management fees	$ 30,000	$ 30,000

Included in accounts payable is $36,250 (2015 - $7,500) payable to directors of the Company. The transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

11. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to meet its daily operating expenses. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years ended April 30, 2016 and 2015. The Company is not subject to externally imposed capital requirements.

12. FINANCIAL INSTRUMENTS AND RISK

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

At April 30, 2016, the Company's financial instruments consist of cash and cash equivalents, note receivable and accounts payable and accrued liabilities. The fair values of cash and cash equivalents, note receivable and accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term maturity of these instruments. The Company classifies its cash and cash equivalents as FVTPL, note receivable as loans and receivables, accounts payable and accrued liabilities as other liabilities. The fair value of cash and cash equivalents is based on level 1 inputs of the fair value hierarchy.

The Company is exposed to a variety of financial instrument related risks. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk
Credit risk is the risk of loss associated with a 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 credit quality financial institution.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company ensures that there is sufficient working capital to fund its ongoing operating expenditures, after taking into account cash flows from operations and the Company's holdings of cash and short term investment. As at April 30, 2016, the Company had a working capital deficiency of $170,973 (2015: $247,472 surplus).

(Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS AND RISK- Continued

Interest rate risk
Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on the notes receivable and does not currently hold any financial instruments that mitigate this risk. The Company's note receivable bear a fixed interest rate; therefore is not exposed to significant interest risk.

13. INCOME TAXES

The following table reconciles the expected income taxes expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the statements of comprehensive loss for the years ended April 30, 2016 and 2015:

		2016		2015
Income (loss) before taxes	$	(388,895)	$	(159,712)
Statutory tax rate		26.0%		26.0%
Expected income tax (recovery)		(101,113)		(41,525)
Non-deductible items		40,777		878
Change in estimates		4,752		21,166
Expiry of losses carryforward		25,328		-
Share issuance costs		-		(2,935)
Change in deferred tax assets not recognized		30,256		22,416
Income tax expense (recovery)	$	-	$	-

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. Deferred tax assets (liabilities) at April 30, 2016 and 2015 are comprised of the following:

		2016		2015
Non-capital loss carryforwards	$	298,229	$	303,155
Cumulative eligible capital		276		276
Exploration and evaluation assets		1,041,318		1,046,069
Financing costs		1,852		2,530
Capital loss carryforwards		40,611		-
Deferred tax assets not recognized		(1,382,286)		(1,352,030)
	$	-	$	-

The Company has non-capital loss carryforwards of approximately $1,147,000 (2015: $1,120,000) which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

(Expressed in Canadian Dollars)

13. INCOME TAXES - Continued

Expiry		
2027		155,000
2028		150,000
2029		218,500
2030		89,500
2032		102,500
2033		120,500
2034		105,000
2035		127,500
2036		78,500
	$	1,147,000

The deferred tax assets have not been recognized because at this stage of the Company's development, it is not determinable that future taxable profit will be available against which the Company can utilize such deferred tax assets.

14. SUBSEQUENT EVENTS

On August 24, 2016 the Company has entered into a property option agreement (the "Agreement") dated August 24, 2016 to acquire the Munn Lake Diamond Property located in the Slave Province, Northwest Territories from DG Resource Management Ltd. ("DG Resource") and Zimtu Capital Corp. ("Zimtu") whereby Saville can acquire an undivided 100% interest in and to 19 mineral claims covering more than 14,000 ha (34,000 acres).

The Munn Lake Diamond Property is located approximately 35 km east of the Snap Lake Diamond Mine and 40 km northwest of the Gahcho Kué Mine scheduled to begin commercial diamond production in early 2017.

In consideration of the grant of the option, Saville has agreed to pay to DG Resource and Zimtu an aggregate of $200,000 cash and the issuance of 6,000,000 post consolidated common shares of Saville divided equally between the Vendors as follows:

- $100,000 upon closing of a financing for gross proceeds of at least $500,000;
- issue 3,000,000 common shares upon Exchange acceptance;
- an additional $50,000 within one year of Exchange acceptance, or upon the raising of $1,000,000;
- issue an additional 2,000,000 common shares one year after the Exchange acceptance; and
- an additional $50,000 within two years of Exchange acceptance; and
- an additional 1,000,000 common shares two years of Exchange acceptance.

DG Resource and Zimtu will retain a 2% Gross Overriding Royalty ("GORR") on all diamond production divided equally between the vendors. Saville shall be entitled at any time to purchase 1% GORR from Zimtu for $2,000,000 in respect of all minerals other than diamonds.

DG Resource and Zimtu will also retain a 2% Net Smelter Return ("NSR") on all other production divided equally between the vendors. Saville shall be entitled to at any time purchase 1% of the NSR for $2,000,000 payable 50% to each of the vendors.

The Agreement is subject to final acceptance of the Exchange.