PANGOLIN DIAMONDS CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED DECEMBER 31, 2018 AND 2017

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

PANGOLIN DIAMONDS CORP.

Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

As at		December 31, 2018		June 30, 2018
ASSETS				
Current assets				
Cash (note 8)	**$**	**294,010**	$	167,415
Receivables, prepaids and deposits (note 8)		**79,884**		66,224
Total current assets		**373,894**		233,639
Non-current assets				
Equipment (note 3)		**171,306**		133,035
Total assets	**$**	**545,200**	$	366,674
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Amounts payable and accrued liabilities (note 11)	**$**	**590,186**	$	503,010
Shareholders' loan (note 11)		**35,013**		34,411
Total current liabilities		**625,199**		537,421
Shareholders' (deficiency) equity				
Share capital (note 4)		**9,153,732**		9,009,542
Shares to be issued (note 4)		**124,353**		54,353
Contributed surplus		**2,005,896**		1,999,065
Cumulative translation adjustment		**18,242**		18,242
Deficit		**(11,332,222)**		(11,251,949)
Total shareholders' (deficiency) equity		**(29,999)**		(170,747)
Total liabilities and shareholders' (deficiency) equity	**$**	**595,200**	$	366,674

Nature of operations and going concern (note 1)
Commitments and contingencies (notes 7 and 10)
Subsequent event (note 12)

Approved on behalf of the Board:

(Signed) "Louis Peloquin", Director

(Signed) "Thomas A. Fenton", Director

PANGOLIN DIAMONDS CORP.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended December 31, 2018	Three Months Ended December 31, 2017	Six Months Ended December 31, 2018	Six Months Ended December 31, 2017
Expenses				
Consulting fees (note 11)	**$ 24,000**	$ 28,984	**$ 48,000**	$ 60,000
Exploration and evaluation expenditures (notes 7 and 11)	**82,662**	80,013	**163,975**	190,193
Administrative costs	**77,470**	83,365	**158,324**	147,928
Professional fees (note 11)	**11,711**	12,618	**20,539**	26,796
Share-based compensation (note 5)	**53,400**	-	**53,400**	86,130
Investor relations, promotion, travel	**10,818**	42,690	**15,200**	50,324
Foreign exchange (gain)/loss	**24,551**	(16,069)	**23,214**	(10,459)
Sale of royalty interest (note 7)	**(400,000)**	-	**(400,000)**	-
Net income (loss) and other comprehensive income (loss) for the period	**$ 115,388**	$ (231,601)	**$ (82,652)**	$ (550,912)
Basic and diluted net earnings (loss) per share (note 8)	**$ 0.00**	$ (0.00)	**$ (0.00)**	$ (0.00)
Weighted average number of common shares - outstanding - basic and diluted	**134,856,925**	125,825,418	**133,966,514**	125,825,418

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

PANGOLIN DIAMONDS CORP.

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

For the six months ended December 31,	2018	2017
Operating activities		
Net (loss) for the period	**$ (82,652)**	$ (550,912)
Adjustments for:		
Share-based payments	**53,400**	86,130
Changes in non-cash working capital items:		
Receivables, prepaids and deposits	**(13,660)**	110,881
Amounts payable and accrued liabilities	**87,176**	27,316
Net cash used in operating activities	**44,264**	(326,585)
Investing activities		
Equipment purchases	**(38,271)**	(705)
Net cash used in investing activities	**(38,271)**	(705)
Financing activities		
Proceeds from warrant exercise	**100,000**	-
Proceeds received for shares to be issued	**20,000**	-
Shareholders' loan	**602**	-
Net cash provided by financing activities	**120,602**	-
Net change in cash	**126,595**	(327,290)
Cash, beginning of period	**167,415**	615,238
Cash, end of period	**$ 294,010**	$ 287,948

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

PANGOLIN DIAMONDS CORP.

Condensed Consolidated Interim Statements of Changes in Equity (Deficiency)
(Expressed in Canadian Dollars)
(Unaudited)

	Share Capital Number	Share Capital Amount	Shares to be Issued	Contributed Surplus	Cumulative Translation Adjustment	Deficit	Total
Balance, June 30, 2017	128,825,418	$ 8,707,402	$ -	$ 2,270,618	$ 18,242	$ (10,424,385)	$ 571,877
Share-based payments	-	-	-	86,130	-	-	86,130
Net loss for the period	-	-	-	-	-	(550,912)	(550,912)
Balance, December 31, 2017	**128,825,418**	**$ 8,707,402**	**$ -**	**$ 2,356,748**	**$ 18,242**	**$ (10,975,297)**	**$ 107,095**
Balance, June 30, 2018	132,925,418	9,009,542	54,353	1,999,065	18,242	(11,251,949)	(170,747)
Shares to be issued	-	-	70,000	-	-	-	-
Exercise of warrants	2,000,000	144,190	-	(44,190)	-	-	100,000
Expiry of warrants	-	-	-	(2,379)	-	2,379	-
Share-based payments	-	-	-	53,400	-	-	53,400
Net loss for the period	-	-	-	-	-	(82,652)	(82,652)
Balance, December 31, 2018	**134,925,418**	**$ 9,153,732**	**$ 124,353**	**$ 2,005,896**	**$ 18,242**	**$ (11,332,222)**	**$ (99,999)**

1. NATURE OF OPERATIONS AND GOING CONCERN

Pangolin Diamonds Corp. (the “Company” or "Pangolin") was incorporated under the Ontario Business Corporations Act on November 9, 2011. The Company is currently engaged in the acquisition, exploration and development of mineral properties in Botswana. The head office and principal address of the Company is 25 Adelaide Street East, Suite 1614, Toronto, Ontario M5C 3A1.

The Company is in the process of exploring its exploration properties for diamond resources and has not determined whether the properties contain economically recoverable reserves. The business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of amounts expended on exploration properties and the Company’s continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company’s ability to dispose of its interests on an advantageous basis. All of the Company’s exploration property interests are located outside of Canada and are subject to the risk of foreign investment, including increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and political uncertainty.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements and noncompliance with regulatory requirements.

These condensed interim consolidated financial statements have been prepared using accounting policies applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of operations. The Company has incurred a comprehensive loss during the six months ended December 31, 2018 of $82,652 (six months ended December 31, 2017 - $550,912) and has working capital deficiency of $251,305 (June 30, 2018 - a working capital deficiency of $303,782) and has a deficit of $11,332,222 (June 30, 2018 - $11,251,949) as at December 31, 2018. Further financing will be required for working capital and exploration expenditures. The Company is uncertain whether it can obtain, in the current environment, financing to complete its current work programs. These condensed interim consolidated financial statements do not reflect any adjustments to amounts that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

The Company currently does not have sufficient cash on hand to meet all exploration and operational expenses for the next twelve months. Accordingly, there is a material uncertainty that results in significant doubt regarding the applicability of the Company's going concern assumption. The Company plans to raise additional capital to further develop and explore its projects, however the Company may increase or decrease expenditures as necessary to adjust to a changing capital market environment.

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

Statement of Compliance

The Corporation applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC"). These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these condensed interim consolidated financial statements are based on IFRS issued and outstanding as of February 28, 2019, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended June 30, 2018. Any subsequent changes to IFRS that are given effect in the Corporation's annual financial statements for the year ending June 30, 2019 could result in restatement of these condensed interim consolidated financial statements.

Basis of Consolidation

The condensed interim consolidated financial statements of the Company consolidate the accounts of Pangolin Diamonds Corp., and its subsidiaries. All intercompany transactions and balances are eliminated on consolidation.

Subsidiaries are entities over which the Company has control, where control is defined to exist when the Company is exposed to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date control is transferred to the Company, and are de-consolidated from the date control ceases.

Name of Subsidiary	Principal Activity	Location	Proportion Ownership Interest and Voting Power Held
Pangolin Diamonds Limited ("PDL")	holding company	Seychelles	100%
Pangolin Diamonds (Pty) Limited	diamond exploration	Botswana	100%
Geocontracts Botswana (Pty) Limited	exploration consulting, and diamond exploration	Botswana	100%

New Accounting Policies Adopted

In July 2014, the IASB issued IFRS 9 to replace IAS 39. IFRS 9, which is to be applied retrospectively, will be effective for annual periods beginning on or after January 1, 2018.

IFRS 9 – Financial instruments ("IFRS 9") addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009, October 2010, November 2013 and finalized in July 2014. It replaces the parts of IAS 39 Financial Instruments: Recognition and Measurement that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value through profit or loss and those measured at amortized cost, with the determination made at initial recognition. The classification depends on an entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that in cases where the fair value option is selected for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statements of operations, unless this creates an accounting mismatch. IFRS 9 has also been updated to amend the requirements around hedge accounting. However, there is no impact to the Company from these amendments as it does not apply hedge accounting. On January 1, 2018, the Company adopted these amendments.

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

New Accounting Policies Adopted (Continued)

The new hedge accounting guidance had no impact on the Company's unaudited condensed interim financial statements. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit and loss (FVTPL).

Below is a summary showing the classification and measurement bases of the financial instruments as at January 1, 2018 as a result of adopting IFRS 9 (along with comparison to IAS 39).

Classification	IAS 39	IFRS 9
Cash and cash equivalents	FVTPL	FVTPL
Accounts payable and accrued liabilities	Amortized cost	Amortized cost

There was no impact on the Company's unaudited condensed interim financial statements as result of adopting IFRS 9.

Future Accounting Changes

In January 2016, the IASB issued IFRS 16, Leases ("IFRS 16"). IFRS 16 is effective for periods beginning on or after January 1, 2019, with early adoption permitted. IFRS 16 eliminates the current dual model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting.

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

3. EQUIPMENT

Cost		Field Equipment		Vehicle		Computer Equipment		Total
Balance, June 30, 2017	$	201,153	$	21,705	$	8,343	$	231,201
Additions		2,303		-		-		2,303
Balance, June 30, 2018	$	203,456	$	21,705	$	8,343	$	233,504
Additions		-		38,271		-		38,271
Balance, December 31, 2018	**$**	**203,456**	**$**	**59,976**	**$**	**8,343**	**$**	**271,775**
Accumulated Depreciation								
Balance, June 30, 2017	$	35,847	$	33,738	$	4,680	$	74,265
Depreciation		24,809		377		1,018		26,204
Balance, June 30, 2018	$	60,656	$	34,115	$	5,698	$	100,469
Depreciation		-		-		-		-
Balance, December 31, 2018	**$**	**60,656**	**$**	**34,115**	**$**	**5,698**	**$**	**100,469**
Carrying Value								
At June 30, 2018	$	142,800	$	(12,410)	$	2,645	$	133,035
At December 31, 2018	**$**	**142,800**	**$**	**25,861**	**$**	**2,645**	**$**	**171,306**

(Expressed in Canadian Dollars)

4. SHARE CAPITAL

Common shares

a) Authorized capital

Unlimited number of common shares without par value.

b) Issued and outstanding

	Number		Amount
Balance, June 30, 2017 and December 31, 2017	**115,661,135**	**$**	**8,120,928**
Balance, June 30, 2018	**132,925,418**		**9,009,542**
Exercise of warrants - cash	2,000,000		100,000
Exercise of warrants - valuation	-		44,190
Balance, December 31, 2018	**134,925,418**	**$**	**9,153,732**

5. STOCK OPTIONS

In June 2012, the directors of the Company approved the adoption of a stock option plan (the "Plan"). Under the Plan, the Board of Directors of the Company, may from time to time at its discretion, grant to directors, officers, employees and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the common shares outstanding at that time. Such options may be exercisable for a period of up to 10 years from the date of grant. The exercise price of the options is not to be less than the Company's closing market price on the day prior to the grant of the options.

The following table shows the continuity of stock options for the six months ended December 31, 2018 and 2017:

	Number of Options Outstanding	Weighted Average Exercise Price ($)
Balance, June 30, 2017	11,125,000	0.13
Granted	1,650,000	0.10
Balance, December 31, 2017	**12,775,000**	**0.12**
Balance, June 30, 2018	11,500,000	0.11
Granted	1,500,000	0.05
Balance, December 31, 2018	**13,000,000**	**0.10**

(Expressed in Canadian Dollars)

5. STOCK OPTIONS (Continued)

The following table summarizes information about stock options outstanding and exercisable as at December 31, 2018:

Number of Options Outstanding and Exercisable	Exercise Price ($)	Weighted Average Remaining Contractual Life (years)	Number of Options Vested (Exercisable)	Grant Date Black Scholes Value ($)
1,200,000	0.11	0.62	1,200,000	110,400
2,185,000	0.10	1.43	2,185,000	69,920
800,000	0.10	1.79	800,000	26,320
2,850,000	0.12	2.42	2,850,000	304,380
2,000,000	0.15	2.63	2,000,000	247,400
150,000	0.10	3.21	150,000	6,965
515,000	0.10	3.44	515,000	21,682
150,000	0.10	3.40	150,000	4,950
1,650,000	0.10	3.72	1,650,000	86,130
1,500,000	0.05	4.86	1,500,000	53,400
13,000,000	**0.10**	**2.30**	**13,000,000**	**931,547**

i) On November 9, 2018, the Company granted an aggregate of 1,500,000 stock options to directors, officers, employees, and consultants for a period of five years, at an exercise price of $0.05 per share, vesting immediately upon grant. The stock options were valued at the grant date at $53,400, using the Black-Scholes option pricing model, based on a risk-free rate of 2.43%, a share price of $0.05 an expected life of 5 years, an expected volatility of 146% and an expected dividend yield of 0%.

6. WARRANTS

The following table shows the continuity of warrants for the six months ended December, 2018 and 2017:

	Number of Warrants Outstanding	Warrants Weighted Average Exercise Price ($)
Balance, June 30, 2017 and December 31, 2017	**44,677,268**	**0.0\7**
Balance, June 30, 2018	39,827,268	0.07
Exercised	(2,000,000)	0.05
Expired	(35,000)	0.15
Balance, December 31, 2018	**37,792,268**	**0.07**

(Expressed in Canadian Dollars)

6. WARRANTS (Continued)

The following table summarizes information about warrants outstanding as at December 31, 2018:

Expiry Date	Number of Warrants Outstanding	Exercise Price ($)	Weighted Average Remaining Contractual Life (years)	Black Scholes Value ($)
December 6, 2021	4,628,666	0.07	2.94	126,847
December 6, 2021	125,673	0.07	2.94	5,479
March 27, 2020	6,573,500	0.06	1.24	174,237
September 3, 2020	7,322,425	0.05	1.68	164,536
April 19, 2021	12,869,060	0.05	2.31	279,518
April 19, 2021	665,000	0.05	2.31	15,295
August 15, 2021	5,607,944	0.15	2.63	308,437
	37,792,268	**0.07**	**2.12**	**1,074,349**

7. EXPLORATION AND EVALUATION EXPENDITURES

The Company holds prospecting diamond licences in Botswana through its wholly owned Botswana subsidiaries that expire over the period December 31, 2018 to March 31, 2020.

During the six months ended December 31, 2018 and 2017, the Company incurred the following exploration and evaluation expenditures:

	Three Months Ended December 31, 2018	Three Months Ended December 31, 2017	Six Months Ended December 31, 2018	Six Months Ended December 31, 2017
Exploration drilling	**$ 18,755**	$ (27,298)	**$ 33,145**	$ 7,885
Exploration sample analysis	**12,079**	10,701	**23,212**	20,425
Fuel and oil	**6,484**	8,965	**14,212**	15,288
Motor vehicle expenses and transport	**6,114**	28,333	**16,682**	39,623
Field consumables and equipment	**3,472**	9,911	**9,496**	16,717
Repairs and maintenance	**353**	7,587	**2,716**	8,425
Geological consulting and licenses	**35,405**	41,814	**64,512**	81,830
	$ 82,662	$ 80,013	**$ 163,975**	$ 190,193

The Botswana government retains a 10% net royalty on the market value of produced diamonds and can select to participate in development by contribution of its share of development costs. Nomathata Diamonds Inc., a corporation incorporated in the Republic of the Seychelles, which is controlled by a significant shareholder who is also a director and officer of the Company, holds a 1.2% net smelter royalty ("NSR") calculated on the same basis as the government's royalty.

On April 1, 2018 Company signed an option agreement (the "Agreement") with Makanwu Civil Blasting (PTY) Ltd. ("MCB"), a private company incorporated under the laws of the Republic of Botswana. Under the Agreement, MCB has granted Pangolin the sole and exclusive option to earn up to a 75% interest in respect of MCB's precious stone AK10 Diamond Project located in the Central District of Botswana, Africa. In connection with this Agreement, the Company signed a joint venture agreement on June 30, 2018.

7. EXPLORATION AND EVALUATION EXPENDITURES (Continued)

On November 27, 2018, the Company announced it had reached an agreement with Umgeni Holdings International Limited ("Umgeni") under which Umgeni has agreed to acquire a royalty interest in Pangolin's Licences located within the Central District of Botswana, as well as an area defined as the Adjacent Area of Interest for $600,000. Umgeni is a private company of which Dr. Christopher Jennings is a beneficiary of the sole shareholder that initially purchased a 1.3% GOR and a 1.3% NSR for $600,000 in May of 2017.

Under the terms of the agreement, Umgeni agreed to pay Pangolin an additional $600,000, (of which $400,000 was received during the six months ended December 31, 2018, for a total of $1,200,000 in funding to date. The remaining $200,000 was received February 7, 2019) to acquire the following royalty interests in Pangolin's Malatswae, Moenyenana and Motloutse diamond projects:

- a 2.6% gross overriding royalty on diamonds ("GOR") and a 2.6% net smelter returns royalty on base and precious metals ("NSR") over the Licences issued to Pangolin Diamonds (Pty) Limited and Geocontracts Botswana (Pty) Limited, located within the Central District of the Republic of Botswana and valid as at 01 April 2017, as well as a defined Adjacent Area of Interest. Pangolin Diamonds (Pty) Limited and Geocontracts Botswana (Pty) Limited are 100% owned subsidiaries of Pangolin Diamonds Corp.

The Company has minimum spending requirements of $255,000 over the next three years to maintain the Company's prospecting licences in good standing.

8. NET LOSS PER COMMON SHARE

The calculation of basic and diluted loss per share for the six months ended December 31, 2018 was based on the loss attributable to common shareholders of $82,652 (six months ended December 31, 2017 - $550,912), and the weighted average number of common shares outstanding of 133,966,514 (six months ended December 31, 2017 - 125,825,418). Diluted loss per share does not include the effect of stock options or warrants as they are anti-dilutive.

9. SEGMENTED INFORMATION

The Company conducts its business as a single operating segment, being diamond exploration and evaluation in Botswana. As at December 31, 2018, cash of $272,209 (June 30, 2018 - $146,366) is held in Canadian chartered banks, with a balance of $21,801 (June 30, 2018 - $21,049) being held in Botswana. All of the Company's equipment is held in Botswana.

10. COMMITMENTS AND CONTINGENCIES

Environmental contingencies

The Company's exploration activities are subject to various federal and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Pursuant to a share purchase agreement dated December 22, 2011, as amended November 8, 2012, and December 1, 2013, the Company has agreed to pay Leon Daniels, the former majority shareholder of PDL and a current director and officer of the Company, $1,200,000 in the event that the Company discovers at least ten kimberlites in connection with its properties, payable within 24 months of the discovery of such kimberlites, provided that each such kimberlite is "diamondiferous" as verified by a Qualified Person (as such term in defined in NI 43-101). In addition, the parties have agreed that for a kimberlite to be diamondiferous, it must be a kimberlite in which a "macro" diamond is contained – namely a diamond being greater than 0.5 mm in size. If a known diamondiferous kimberlite is acquired by the Company, it will not be counted as one of the 10 as described above. There have been no such kimberlites discovered by the Company to date.

(Expressed in Canadian Dollars)

10. COMMITMENTS AND CONTINGENCIES (Continued)

Corporate finance advisory agreement

On July 17, 2012, the Company entered into an agreement with Aberdeen Gould whereby Aberdeen Gould was engaged to perform corporate financial advisory services for a monthly fee of $6,000. This agreement was effective for a period of twenty-four months and will continue thereafter until such time as a three month termination notice is provided in writing. Effective January 1, 2018, the fee was reduced to $2,000 per month.

Consulting agreements

The Company entered into a consulting agreement with an individual to perform functions as the Chief Financial Officer of the Company for a monthly fee of $6,000. Such agreement was renewed on September 7, 2017 and will expire on December 31, 2020 unless terminated earlier in accordance with the agreement. The agreement stipulates a 90 day notice provision in the event of an early termination.

The Company has also entered into a consulting agreement, effective September 1, 2017, with an individual to perform functions as the Chief Executive Officer of the Company for a monthly fee of US $6,000 and will expire on December 31, 2020 unless terminated earlier in accordance with the agreement. The agreement stipulates a 90 day notice provision in the event of an early termination.

11. KEY MANAGEMENT PERSONNEL COMPENSATION AND RELATED PARTY TRANSACTIONS

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

Compensation of key management personnel of the Company:

The remuneration of directors and other members of key management personnel during the three and six months ended December 31, 2018 and 2017 were as follows:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2018	**2017**	**2018**	**2017**
Share-based payments	**$ 35,600**	$ -	**$ 35,600**	$ 86,130
Consulting fees	**18,000**	41,000	**36,000**	82,000
Consulting fees included in exploration expenses	**32,061**	23,000	**55,061**	46,000
	$ 85,661	$ 64,000	**$ 126,661**	$ 214,130

Related party transactions:

The Company had the following balances payable to related parties that are not subsidiaries of the Company:

	Dec. 31 2018	June 30 2018
Shareholders' loans	**$ 35,013**	$ 34,411

Shareholders' loans payable are unsecured, non-interest bearing and due on demand.

11. KEY MANAGEMENT PERSONNEL COMPENSATION AND RELATED PARTY TRANSACTIONS (Continued)

During the three and six months ended December 31, 2018, the Company incurred legal fees of $2,697 (three and six months ended December 31, 2017 - $3,100 and $7,612, respectively) charged by a law firm of which a director of the Company is a partner. Included in accounts payable as at December 31, 2018 was $7,000 (June 30, 2018 - $7,000) owing to this law firm. This amount is unsecured, non-interest bearing, with no fixed terms for repayment.

During the three and six months ended December 31, 2018, the Company incurred rent expense of $4,500 and $9,000, respectively (three and six months ended December 31, 2017 - $4,500 and $9,000, respectively) charged by a director of the Company for use of a facility in Botswana. As at December 31, 2018, $9,000 (June 30, 2018 - $nil) was included in accounts payable and accrued liabilities pertaining to rent incurred.

Included in accounts payable is $54,000 (June 30, 2018 - $41,850) owed to the Company's Chief Financial Officer and $115,000 (June 30, 2018 - $92,000) owed to the Company's Chief Executive Officer who is also a director of the Company for consulting fees and sundry expense reimbursements.

The above noted transactions are approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

12. SUBSEQUENT EVENTS

On January 16, 2019, the Company closed a non-brokered private placement financing (the “Offering”) of units (“Units”) for aggregate gross proceeds of $367,000. The Offering consisted of 7,340,000 Units at a price of $0.05 per Unit, with each Unit consisting of one common share in the capital of the Company (“Common Share”) and one Common Share purchase warrant (“Warrant”). Each Warrant entitles the holder thereof to acquire one Common Share at a price of $0.05 for a period of sixty (60) months from the date hereof.

Proceeds of the Offering are being used to continue the exploration program, inclusive of drilling, at the Company’s 100% owned diamond projects in Botswana.

Graham Warren, Chief Financial Officer of the Company, subscribed for 760,000 Units (having a value of $38,000). As a result, the issuance of Units to Mr. Warren is considered to be a “related party transaction” as defined under Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions (“MI 61-101”). The Company relied on exemptions from the formal valuation and minority shareholder approval requirements provided under MI 61-101 on the basis that participation in the private placement by such insider did not exceed 25% of the fair market value of the Company’s market capitalization. In consideration for the services of certain finders (the “Finders”), the Company issued options to acquire 238,000 Units to the Finders on the same terms as the Units issued pursuant to the Offering. In addition, cash commissions of $5,600 were paid to such Finders.