

DIAMOND LAKE MINERALS, INC.

Financial Statement

For the Third Quarter and Year to Date Ended

September 30, 2018

Consolidated

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DIAMOND LAKE MINERALS, INC.  
11700 Mukilteo Speedway Suite 201-1030  
Mukilteo, Washington 98275  
Consolidated

September 30, 2018

To the Board of Directors  
Diamond Lake Minerals, Inc.  
Mukilteo, Washington

Management is responsible for the accompanying financial statements of Diamond Lake Minerals, Inc. (a corporation), which comprise the balance sheet as of September 30, 2018 and the related statements of operations and cash flows for the three (3) months then ended and the nine (9) months then ended along with the the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. The statements have not been audited or reviewed. Accordingly no opinion has been expressed, nor provide any form of assurance on these financial statements.

We are not independent with respect to Diamond Lake Minerals, Inc.

DIAMOND LAKE MINERALS, INC.  
11700 Mukilteo Speedway Suite 201-1030  
Mukilteo, Washington 98275  
Consolidated  
Unaudited compilation only  
Balance Sheet  
Assets

	Nine Months <u>9/30/2018</u>	Last Year <u>12/31/2017</u>
Cash	\$ 10,557	\$ 53,552
Accounts Receivable	\$ 330,456	\$ 196,456
Loan Receivable	\$ 329,949	\$ -
Total Current Assets	<u>\$ 670,962</u>	<u>\$ 250,008</u>
Fixed Assets	\$ 11,813,229	\$ 9,051,857
Other Assets	\$ (116,023)	\$ 140,699
Total Assets	<u>\$ 12,368,168</u>	<u>\$ 9,442,564</u>

Liabilities & Stockholders' Equity

Current Liabilities:		
Accounts Payable	\$ 54,041	\$ 45,816
Accrued Expenses	\$ 10,013	\$ -
Taxes Due	\$ -	\$ 205
Operating Lines	\$ 69,828	\$ 49,716
Debentures	\$ 402,990	\$ -
Total Current Liabilities	<u>\$ 536,872</u>	<u>\$ 95,737</u>
Consolidation Liability for KML, Inc.	(see note 6)	\$ 5,888,581
Total Liabilities	\$ 7,232,861	\$ 4,546,479
Stockholder Equity:		
Retained Earnings	\$ (163,859)	\$ 190,221
Debenture Exchanged for Stock	\$ 20,673	
Capital	\$ 9,776,750	\$ 9,688,752
Capital Adjustment KML, Inc.	(see note 6)	\$ (5,888,581)
Contributions/Withdrawals	\$ 2,141,502	\$ (157,773)
Net Income (Loss)	\$ (751,179)	\$ (374,373)
Stockholder Equity (Deficit)	<u>\$ 5,135,307</u>	<u>\$ 4,800,348</u>
Total Liabilities and Stockholders' Equity (Deficit)	\$ 12,368,168	\$ 9,442,564

DIAMOND LAKE MINERALS, INC.  
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Statement of Operations

	3rd Quarter Only	For the Period Ended	
		9/30/2018	12/31/2017
Income	\$ (2,965)	\$ (7,287)	\$ 111,149
Operating Expenses	\$ 218,154	\$ 511,565	\$ 483,453
Other Expenses			
Total Expenses for the Period	\$ 218,154	\$ 511,565	\$ 483,453
Net Operating Income	\$ (221,119)	\$ (518,851)	\$ (372,304)
Interest Earned	\$ -	\$ -	\$ 1
Depreciation	\$ -	\$ (1,170)	\$ (2,069)
Miscellaneous	\$ (84,053)	\$ (231,157)	\$ -
Total Other Income and Expenses	\$ (84,053)	\$ (232,327)	\$ (2,068)
Net Operating Income (Loss)	\$ (305,172)	\$ (751,179)	\$ (374,373)
KML, Inc. allocation 49.9% (see note 6)	\$ (132,206)	\$ (349,224)	\$ (289,455)
DLMI, Inc. allocation 50.1% (see note 6)	\$ (172,966)	\$ (401,954)	\$ (84,917)

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Stockholders' Equity (Deficit)

	Common Stock		Acquisition	Capital
	Authorized	Issued		
December 31, 2017	100,000,000	1,616,019	\$ 5,240,510	\$ 4,800,348
1*Debenture exchanged for Stock		45,926		\$ 20,673
2*Shares issued for acquisition of PC KML, Inc. (see note 6)		3,000,000		\$ (1,342,101)
Net Operating Income (Loss)				\$ (751,179)
Change in Contributions/Withdrawals				\$ 2,299,275
Adjustments Prior Period				\$ 108,291
September 30, 2018	100,000,000	4,661,945	5,240,510	\$ 5,135,307

	Common Stock		Amount	Capital
	Authorized	Issued		
Balance 12/31/2016	100,000,000	1,616,019		\$ 15,374
Prior Period Adjustment				\$ 3,119
2*Acquisition of Production Consulting			\$ 9,786,989	\$ 9,786,989
Capital Adjustment KML, Inc. -Note 6			\$ (4,546,479)	\$ (4,546,479)
Net Operating Income (Loss)				\$ (374,373)
Contributions				\$ -
Withdrawals				\$ (84,282)
December 31, 2017	100,000,000	1,616,019	5,240,510	\$ 4,800,348

	Common Stock		Amount	Capital
	Authorized	Issued		
Balance 12/31/2015	100,000,000			\$ -
3*Reverse Stock Split		616,019		\$ -
4*Acquisition of Tioga Industries, LLC		1,000,000	\$ 2,616	\$ 2,616
Net Operating Income (Loss)				\$ 86,249
Contributions / Withdrawals Net				\$ (73,491)
Balance 12/31/2016	100,000,000	1,616,019	\$ -	\$ 15,374

1\*A convertible debenture that was issued on March 12, 2018 was converted to restricted common stock on 6-21-2018 and the stock was issued on 6-28-2018. The number of shares issued was 45,926.

2\*Production Consulting, LLC was acquired in the 4th quarter of 2017. The 50.1% owner, Jerry Morrell, was issued 3,000,000 shares of restricted common stock on 2-22-2018.

3\* 170-for-1 reverse split approved by FINRA on November 2, 2016. No shareholder was reduced below 100 shares. Stockholder Emil Sciarretta owed 57,962,465 shares before the split that were issued on 8-2-2016. The share ownership after the 170-for-1 split was 340,956 shares.

4\* Emil Sciarretta was issued 1,000,000 shares of restricted common stock for the acquisition of Tioga Industries, LLC. This stock was issued on 6-9-2017 which was after the 170-for-1 reverse stock split. After the acquisition, Emil Sciarretta owns 1,340,956 shares.

The company has previously authorized 50,000,000 shares of preferred stock. No preferred stock has been issued to date.

DIAMOND LAKE MINERALS, INC.  
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Statement of Cash Flows

	Three Months Ended 9/30/2018	Nine Months Ended 9/30/2018	Twelve Months Ended 12/31/2017
CASHFLOW			
Net Income (Loss)	\$ (305,172)	\$ (751,179)	\$ (374,373)
Adjustments:			
Net Contributions and withdrawals	\$ 539,251	\$ 2,299,275	\$ 9,610,489
Depreciation	\$ -	\$ 1,170	\$ 2,069
Debenture Conversion to Common Stock	\$ -	\$ 20,673	
Cash flow from operating accounts	\$ (33,493)	\$ (115,967)	\$ (170,260)
Cash flow from investing activities	\$ (1,424,130)	\$ (2,835,769)	\$ (9,116,060)
Cash flow from Financing Activities	\$ 1,102,388	\$ 1,230,510	\$ (7,460)
Capital Adjustment	\$ 735	\$ 108,292	\$ 94,338
Net increase (decrease) in cash	\$ (120,421)	\$ (42,995)	\$ 38,743
Cash at the beginning of the period	\$ 130,978	\$ 53,552	\$ 14,810
Cash at the end of the period	\$ 10,557	\$ 10,557	\$ 53,552

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Notes to the Financial Statement  
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Note 1 - History and Accounting Methods:

a. Organization

Diamond Lake Minerals, Inc. (the Company) was incorporated in the State of Utah on January 5, 1954 under the name of G & L Equipment Co., Inc. It later changed its name to G & L Energy, Inc. on August 10, 1982. The Company operated as a Yamaha motorcycle dealership and ceased doing business in 1983. All assets and liabilities were liquidated by 1985 and the Company became inactive.

On November 30, 1993, the Company acquired all of the issued and outstanding stock of Graphite Mountain, Inc. (an Ontario, Canada corporation) ("Graphite") in exchange for 16,812,000 of the Company's common stock. Graphite was formed on November 1, 1990 and changed its name to Diamond Lake Minerals, Inc. The acquisition of Graphite Mountain, Inc. was recorded as a recapitalization of Graphite Mountain, Inc. whereby the acquired company is treated as the surviving entity for accounting purposes.

In and around 2000, the Company ceased operations and began seeking out merger candidates. On May 2, 2013, Crystal Creek Capital, LLC ("Crystal") instituted legal proceedings, resulting in a change of control, after which time the Company began looking for a new business purpose or opportunity.

On July 1, 2016, the Company effected a change of control and new officers and directors were appointed on August 16, 2016. In November 2016, the Company acquired 100% of the membership interests in Tioga Industries, LLC, a Washington State entity whose business operations consists of contract sales of aggregates and scoria, and custom crushing of the same for the oil and gas industry and general construction projects, primarily in the states of North Dakota, Montana and Washington.

On December 2017, DLMI acquired Production Consulting, LLC as a wholly owned subsidiary. Production Consulting is the land development business. On February 1, 2018, Production Consulting purchased certain assets of Golden Developing through the company J26 Advisors, LLC, which is wholly owned by Production Consulting LLC.

b. Accounting Method

The Company's financial statements are prepared using the accrual method of accounting. The company has adopted a calendar year end.



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Notes to financial statement continued:

c. Cash Equivalents

The company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

d. Principles of Consolidation

The operations of Diamond Lake Minerals, Inc. consists of consolidating DLMI with its subsidiaries - Tioga Industries, LLC and Production Consulting, LLC, including J26 Advisors, LLC, which is wholly owned by Production Consulting, LLC.

Note 2 - Operations

There were no operations in 2016 outside those of Tioga Industries LLC. In December 2017, Production Consulting, LLC was acquired and its operations are now consolidated with Tioga Industries. On February 1, 2018, Production Consulting, LLC acquired J26 Advisors, LLC, a glass installation company located in Phoenix, Arizona.

Note 3 - Subsequent Events

a. The Company has evaluated subsequent events through 11-15-2018, the date which the financial statements were available to be issued, and noted the following material change.

On July 28, 2018, Jerry Morrell, board member, Chief Executive Officer (CEO) and Vice President, transferred 1,320,000 of restricted common stock to William Michael Reynolds, Board Chairman and Chief Operating Officer (CCO).

The director and management stock ownership after this transfer is as follows:

	<u>Board</u>	<u>Executive Title</u>	<u>Shares Owned</u>
Jerry Morrell	Director	CEO / VP	1,680,000
Emil Sciarretta	Director	President	1,340,956
William Michael Reynolds	Chairman	COO	1,320,000

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Notes to financial statement continued:

Note 4 - Initial Purchase and Change in the Majority Stockholder and new President and Director.

In July 2016, the former majority shareholder sold all owned shares to Emil Sciarretta. The number of shares purchased was 57,962,465. Emil Sciarretta remains as the Company's President and Director. A 170-for-1 reverse stock split occurred after this purchase.

During the last quarter of 2016, the Company effected a reduction of all issued and outstanding shares of its common stock in the Company at a ratio of 1 new share for 170 shares of old common stock. No Shareholder received less than 100 shares of new common stock regardless of the number of old shares actually owned by such shareholder.

Note 5 - Acquisition of Tioga Industries LLC

An acquisition was completed in the 4th quarter of 2016 of Tioga Industries LLC, which was owned by Emil Sciarretta, the Company's majority shareholder, President & Director. This company was involved in the oil, mining and related industries. The business is now a consulting business to the mining and construction industries. The company is headquartered in Mukilteo, Washington.

The acquisition of Tioga Industries, LLC was completed on November 18, 2016. The Tioga Members assigned 100% of their issued and outstanding membership interests of Tioga in exchange for 1,000,000 (One Million) restricted shares of Diamond Lake's common stock, par value \$.001 per share, post split following the 170-for-1 reverse split approved by FINRA on November 2, 2016.

Emil Sciarretta is the President and a member of the Board of Directors of Diamond Lake Minerals, Inc.

Note 6 - Acquisition of Production Consulting, LLC

An acquisition was completed on December 9, 2017 of Production Consulting, LLC. The Production Consulting Members assigned 50.1% of their issued and outstanding membership interests of Production Consulting in exchange for 3,000,000 (Three Million) restricted shares of Diamond Lake's common stock, par value \$.001 per share.

Jerry Morrell became the new Chief Executive Officer of Diamond Lake Minerals Inc. on December 7, 2017 and continues as Vice President and a member of the Board of Directors of the Company.

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Note 6 - Acquisition of Production Consulting, LLC - Continued

The fixed assets acquired in the Production Consulting LLC acquisition on December 9, 2017 as well as the current asset values for the period:

Fixed Assets	<u>9/30/2018</u>	<u>12/31/2017</u>
1115 Plateau Rd	\$ 29,662	
1132 Plateau	\$ 254,324	\$ 28,684
1213 Big Cedar Way	\$ 320,902	\$ 162,037
1229 Plateau	\$ 147,473	\$ -
1316 Muckle Trail	\$ 330,508	\$ 228,369
1438 Plateau	\$ 316,099	\$ 307,500
3901 Bar 11 Dr	\$ 228,209	\$ 228,209
3950 Bitterroot	\$ 7,578	\$ 7,578
Bar 11 Subdivision Construction		
Annexation	\$ 687,161	\$ 687,161
Easement	\$ 24,186	\$ 20,000
Engineering	\$ 666,168	\$ 490,617
Environmental Quality	\$ 37,140	\$ 37,140
Equipment GPS-Software	\$ 26,768	\$ 26,768
Road Construction-Water Lines	\$ 1,027,440	\$ 586,374
Roads	\$ 125,000	\$ 125,000
Water Lines-Fire Hydrants	\$ 617,608	\$ 570,078
Bar 11 Subdivision Construction	\$ 2,603,430	\$ 1,374,445
Total Bar 11 Subdivision Construction	\$ 5,814,901	\$ 3,917,584
Easements, Bar 11	\$ 10,000	\$ 10,000
Engineering	\$ 191,107	\$ -
Furniture and Equipment	\$ 4,565	\$ 3,090
Land	\$ 1,271,010	\$ 1,271,010
PCS Office 1412 Plateau	\$ 56,080	\$ 55,814
PCS Shop 1412 Sagebrush	\$ 30,027	\$ 30,027
Phase I and II Adjustment	\$ 2,800,000	\$ 2,800,000
Total Fixed Assets	\$ 11,812,445	\$ 9,049,903

The assets are valued at cost except for the Phase I and II Adjustment, which is valued based on an appraisal of the underlying land. The appraisal was completed during the summer of 2017.

A recent appraisal was completed in June of 2017 which supports the value of the assets.

The assets are held for resale and are not currently being depreciated.

KML, Inc. retained ownership of 49.9% of Production Consulting, LLC with Diamond Lake Minerals, Inc. owning the controlling 50.1% of Production Consulting, LLC. KML, Inc. will withdraw its capital contributions as the developed lots and finished homes sell. The agreed upon arrangement between Production Consulting, LLC and KML, Inc. is to split the profits and losses from the Montana development 50.1% to Production Consulting, LLC and 49.9% to KML, Inc.



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Note 6 - Acquisition of Production Consulting, LLC - Continued

A consolidation offset liability has been added to the balance sheet to account for this agreed upon financial arrangement between Production Consulting, LLC and KML, Inc.

The profit (loss) have also been allocated with separate line items on the income statement.

Note 7: J26 Advisors, LLC

Production Consulting LLC purchased certain assets owned by Golden Developing in as a wholly owned company, J26 Advisors, LLC dba J26 Glass Services on February 1, 2018 for \$150,000. J26 Advisors is managed and operating by Jerry Morrell. The business is located in Phoenix, Arizona. This is a subcontractor glass installation business. During the first 5 months of operations the business lost (\$142,831). The funding for the company was provided by members of the ownership and management group of DLMI.

Note 8: Officers and Directors that are common stockholders.

William Michael Reynolds

William Michael Reynolds is Board Chairman and the Chief Operating Officer of the company. His duties and responsibilities are forward-thinking strategic planning to increase revenue while tuck-in acquisitions will be designed to create shareholder equity value which will ultimately drive stock performance.

Jerry Morrell

Jerry Morrell is the Chief Executive Office, Vice President and Board of Director member of DLMI. Jerry is responsible for the direct operations of the Production Consulting, which is development company located in Billings, Montana. This is a 250 acres housing development which includes building lots and lots with homes already built for resale. The development includes all utilities and road improvements.

Jerry is also responsible for the operations of J26 Advisors, LLC located in Phoenix, Arizona. He oversees all aspects of this glass installation business.

Emil Sciarretta

Emil Sciarretta is a board member and President of the Company. His duties are to oversee all operations, including mergers and acquisitions, funding, new business opportunities, and to assure that the company continues to be strong and viable for it's stockholders.

Emil Sciarretta founded Tioga Industries in 2011, as a sand and gravel business to supply material for the Bakken Oil play in North Dakota. The company enjoyed a successful five years, supplying gravel products to contractors and oil companies to contractors and oil companies to build well site. The company had multiple gravel operations throughout the Bakken providing road base and other custom crushed products.

Once the boom was over in 2016, Emil moved back to the Seattle area where he works as a consultant in the industry.

Diamond Lake Minerals, Inc.  
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Consolidation Supplement

	9/30/2018			
	Diamond Lake	Tioga Industries	Production Consulting	Consolidated
Cash	\$ 39	\$ 7,012	\$ 3,505	\$ 10,557
Accounts Receivable		\$ 179,621	\$ 150,835	\$ 330,456
Loan Receivable	\$ 329,949	\$ -	\$ -	\$ 329,949
				\$ -
Total Current Assets	\$ 329,989	\$ 186,633	\$ 154,341	\$ 670,962
Fixed Assets		\$ 784	\$ 11,812,445	\$ 11,813,229
				\$ -
Other Assets		\$ 50,000	\$ (166,023)	\$ (116,023)
				\$ -
Total Assets	\$ 329,989	\$ 237,417	\$ 11,800,763	\$ 12,368,168
Current Liabilities:				
Accounts Payable		\$ 40,698	\$ 13,343	\$ 54,041
Accrued Expenses		\$ -	\$ 10,013	\$ 10,013
Taxes Due		\$ -	\$ -	\$ -
Operating Lines		\$ 54,667	\$ 15,161	\$ 69,828
Debentures	\$ 402,990			\$ 402,990
Total Current Liabilities	\$ 402,990	\$ 95,364	\$ 38,517	\$ 536,872
Liability to KML, Inc.		\$ 0	\$ 5,888,581	\$ 5,888,581
Stockman Bank Loan			\$ 807,408	\$ 807,408
Total Liabilities	\$ 402,990	\$ 95,364	\$ 6,734,506	\$ 7,232,861
Stockholder Equity:				
Retained Earnings	\$ -	\$ 394,109	\$ (557,969)	\$ (163,859)
Acquisition Equity			\$ 9,776,750	\$ 9,776,750
KML, Inc.			\$ (5,888,581)	\$ (5,888,581)
Debenture Exchange for Stock	\$ 20,673			\$ 20,673
Contributions/Withdrawals	\$ (47,868)	\$ (246,534)	\$ 2,435,905	\$ 2,141,502
Net Income (Loss)	\$ (45,807)	\$ (5,523)	\$ (699,849)	\$ (751,179)
Total Liabilities and Stockholders' Equity (Deficit)	\$ 329,989	\$ 237,417	\$ 11,800,763	\$ 12,368,168

Diamond Lake Minerals, Inc.  
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Consolidation Supplement

For the Period ended  
9/30/2018

	<u>Diamond Lake</u>	<u>Tioga Industries</u>	<u>Production Consulting</u>	<u>Consolidated</u>
Income	\$ 5,531	\$ 13,485	\$ (26,302)	\$ (7,287)
Expenses	\$ 51,338	\$ 13,564	\$ 446,663	\$ 511,565
Operating Income	\$ (45,807)	\$ (79)	\$ (472,965)	\$ (518,851)
Interest Earned	\$ -	\$ -		\$ -
Depreciation	\$ -	\$ (1,170)		\$ (1,170)
Miscellaneous	\$ -	\$ (4,273)	\$ (226,884)	\$ (231,157)
Total Other Income and Expenses	\$ -	\$ (5,443)	\$ (226,884)	\$ (232,327)
Net Operating Income (Loss)	\$ (45,807)	\$ (5,523)	\$ (699,849)	\$ (751,179)

**Consolidated Statement Cash Flows:**

Net Income	\$ (45,807)	\$ (5,523)	\$ (699,849)	\$ (751,179)
Contributions	-47867.77	\$ -	\$ 2,435,905	\$ 2,388,037
Withdrawals		\$ (88,761)	\$ -	\$ (88,761)
Prior Period Adjustment to withdrawals	\$ -	\$ -	\$ 107,600	\$ 107,600
Debenture Conversion to Common Stock	\$ 20,673			\$ 20,673
Depreciation	\$ -	\$ 1,170	\$ -	\$ 1,170
Adjustments:				
(Increase) Decrease in Accounts Receivable		\$ (13,505)	\$ (120,495)	\$ (134,000)
(Increase) Decrease in other current assets		\$ -	\$ -	\$ -
Increase (Decrease) in Accounts Payable		\$ (705)	\$ 8,725	\$ 8,019
Increase (Decrease) in Accrued Expenses		\$ -	\$ 10,013	\$ 10,013
Cash flow from investing activities	\$ (329,949)	\$ 45,699	\$ (2,778,404)	\$ (3,062,653)
Cash flow from Financing Activities	\$ 402,990	\$ 29,865	\$ 797,655	\$ 1,230,510
Net Increase in Cash	\$ 39	\$ (31,760)	\$ (238,850)	\$ (270,570)
Cash at the beginning of the period	\$ -	\$ 38,081	\$ 15,471	\$ 53,552
Cash at the end of the period	\$ 39	\$ 7,012	\$ 3,505	\$ 10,557