TANGO MINING LIMITED

Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the years ended August 31, 2015 and 2014

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Tango Mining Limited,

We have audited the accompanying consolidated financial statements of Tango Mining Limited, which comprise the consolidated statement of financial position as at August 31, 2015, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Tango Mining Limited as at August 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt Tango Mining Limited's ability to continue as a going concern.

Other Matter

The consolidated financial statements of Tango Mining Limited for the year ended August 31, 2014, were audited by another auditor who expressed an unmodified opinion on those statements on December 19, 2014.

/S/ DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
April 4, 2016

An independent firm associated with
Moore Stephens International Limited
MOORE STEPHENS

TANGO MINING LIMITED
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

		August 31, 2015		August 31, 2014
ASSETS				
Current Assets				
Cash	$	833,373	$	924,602
Receivables (*Note 7*)		1,270,436		61,878
Prepaid expenses (*Note 8*)		7,512		1,223
Inventories (*Note 9*)		1,029,470		-
		3,140,791		987,703
Non-current assets				
Reclamation deposits (*Note 8*)		209,336		-
Deposit (*Note 11*)		445,270		-
Intangible assets (*Note 6, 10)*		849,346		-
Exploration and evaluation assets (*Note 11)*		631,736		-
Equipment (*Note 12*)		124,803		20,759
TOTAL ASSETS	$	5,401,282	$	1,008,462
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables (*Note 13*)	$	2,363,217	$	200,084
Promissory notes payable (*Note 14*)		25,000		25,000
Convertible notes (*Note 15*)		1,150,067		-
Derivative liability (*Note 15*)		257,270		-
Vehicle lease		7,556		-
Due to related parties (*Note 17*)		204,337		23,448
		4,007,447		248,532
Long-term Liabilities				
Rehabilitation provision (*Note 16*)		233,054		-
Deferred tax liability (*Note 25*)		165,351		-
		4,405,852		248,532
Shareholders' Equity				
Share capital (*Note 19*)		12,447,942		10,986,212
Reserve for warrants		398,596		297,590
Reserve for share based payments		2,027,048		1,927,947
Reserve for foreign exchange		28,924		44,334
Accumulated deficit		(14,742,946)		(12,496,153)
		159,564		759,930
Non-controlling interest (*Note 26*)		835,866		-
		995,430		759,930
TOTAL LIABILITIES AND EQUITY	$	5,401,282	$	1,008,462

Subsequent events (*Note 27)*

Approved by the Board

Signed: Signed:

"*Terry Tucker*" "*Kevin Gallagher*"

Director Director

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

TANGO MINING LIMITED
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

Year ended August 31,	2015	2014
Revenues	$ 13,827,983	$ -
Operating Expenses		
Amortization (*Note 12*)	(66,341)	(17,680)
Amortization of service contracts (*Note 10*)	(218,863)	-
Employee benefits expense	(8,847,918)	-
Exploration and evaluation expenses *(Notes 11, 18)*	(1,277,092)	(94,116)
Foreign exchange loss	(106,667)	(28,480)
Management and consulting (*Note 17*)	(800,189)	(431,955)
Office and general	(617,215)	(265,403)
Professional fees	(138,817)	(84,263)
Project investigation costs (*Note 11*)	(228,562)	-
Raw material and engineering cost	(4,626,110)	-
Share based payments (*Note 17, 20*)	(99,101)	(222,197)
Shareholder information	(91,556)	(30,304)
Travel and promotion	(152,164)	(156,237)
	(17,270,595)	(1,330,635)
Acquisition costs (*Note 6, 17*)	(177,654)	-
Loss on change in fair value of derivative liability (*Note 15*)	(175,861)	-
Finance charges	(39,724)	(21,470)
Write-down of property, plant and equipment	-	(4,056)
Gain on acquisition (Note 6)	608,327	-
	215,088	(25,526)
Net loss before tax	(3,227,524)	(1,356,161)
Deferred tax recovery (*Note 25*)	10,764	-
Net loss for the year	(3,216,760)	(1,356,161)
Net loss attributable to:		
Shareholders of the Company	(2,246,793)	(1,356,161)
Non-controlling interests	(969,967)	-
	(3,216,760)	(1,356,161)
Other comprehensive loss		
Exchange differences on translating foreign operations	(41,626)	2,264
Total comprehensive loss for the year	(3,258,386)	(1,353,897)
Other comprehensive loss attributable to:		
Shareholders of the Company	(15,410)	-
Non-controlling interests	(26,216)	-
	(41,626)	-
Total comprehensive loss attributable to:		
Shareholders of the Company	(2,262,203)	(1,353,897)
Non-controlling interests	(996,183)	-
	$ (3,258,386)	$ (1,353,897)
Basic and fully diluted loss per common share	$ (0.02)	$ (0.01)
Weighted average number of shares outstanding	151,513,736	95,328,900

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

TANGO MINING LIMITED

Consolidated Statement of Changes in Equity
(Expressed in Canadian Dollars)

	Share Capital		Reserves							
	Number of shares	Amount	Share based payments	Warrants	Foreign Exchange	Subscriptions	Deficit	Equity Attributable to Shareholders	Equity Attibutable to Non-controlling Interest	Total
Balance, August 31, 2013	**79,452,188**	**$ 10,053,667**	**$ 1,705,750**	**$ 297,590**	**$ 42,070**	**$ 130,000**	**$ (11,139,992)**	**$ 1,089,085**	**$ -**	**$ 1,089,085**
Shares issued, net of cost (*Note 18*)	19,000,000	932,545	-	-	-	-	-	932,545	-	**932,545**
Share subscriptions	-	-	-	-	-	(130,000)	-	(130,000)	-	**(130,000)**
Share based payments	-	-	222,197	-	-	-	-	222,197	-	**222,197**
Currency translation adjustment	-	-	-	-	2,264	-	-	2,264	-	**2,264**
Net loss for the year	-	-	-	-	-	-	(1,356,161)	(1,356,161)	-	**(1,356,161)**
Balance, August 31, 2014	**98,452,188**	**10,986,212**	**1,927,947**	**297,590**	**44,334**	**-**	**(12,496,153)**	**759,930**	**-**	**759,930**
Issued on acquisition of Kwena Group (*Note 6*)	31,850,000	955,500	-	-	-	-	-	955,500	1,502,500	2,458,000
Issued on acquisition of ASM (*Note 6*)	17,150,000	343,000	-	-	-	-	-	343,000	329,549	672,549
Issued to finders on acquisition of ASM (*Note 6*)	1,474,522	44,236	-	-	-	-	-	44,236	-	44,236
Issued to a director on successful acquisition of ASM (*Note 6*)	500,000	20,000	-	-	-	-	-	20,000	-	20,000
Shares issued (*Note 6*)	4,000,000	200,000	-	-	-	-	-	200,000	-	200,000
Fair value of warrants *(Note 19)*	-	(101,006)	-	101,006		-		-	-	-
Share based payments	-	-	99,101	-	-	-	-	99,101	-	99,101
Currency translation adjustment	-	-	-	-	(15,410)	-	-	(15,410)	(26,216)	(41,626)
Net loss for the year	-	-	-	-	-	-	(2,246,793)	(2,246,793)	(969,967)	(3,216,760)
Balance, August 31, 2015	**153,426,710**	**$ 12,447,942**	**$ 2,027,048**	**$ 398,596**	**$ 28,924**	**$ -**	**$ (14,742,946)**	**$ 159,564**	**$ 835,866**	**$ 995,430**

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

TANGO MINING LIMITED
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

Years ended August 31,		2015		2014
Operating Activities				
Net loss for the year	$	(3,216,760)	$	(1,356,161)
Adjustments to reconcile net loss to cash flow from operating activities:				
Share based payments		99,101		222,197
Deferred tax recovery		(10,764)		-
Accrued finance charges		39,724		9,600
Write-down of equipment		-		4,056
Amortization		66,341		17,680
Amortization of service contracts		218,863		-
Shares issued for acquisition costs		64,236		-
Loss on change in fair value of derivative liability		175,861		-
Gain on acquisition		(608,327)		-
Unrealized foreign exchange loss		151,942		2,264
Net change in non-cash working capital items:				
Receivables		(330,571)		(19,772)
Inventories		143,040		-
Prepaid expenses		42,660		13,933
Trade and other payables		1,387,228		(117,269)
Due to related parties		185,218		23,448
Cash flow used in operating activities		(1,592,208)		(1,200,024)
Financing Activities				
Shares issued for cash		200,000		820,000
Shares issuance cost		-		(17,455)
Issuance of convertible notes		1,191,500		-
Promissory note repaid		-		(145,000)
Cash flow provided from financing activities		1,391,500		657,545
Investing Activities				
Purchase of equipment		(79,238)		-
Cash acquired on acquisition of African Star Minerals Group		633,987		-
Deposits paid		(445,270)		-
Cash flow provided from investing activities		109,479		-
Net decrease in cash		(91,229)		(542,479)
Cash, beginning of the year		924,602		1,467,081
Cash, end of the year	$	833,373	$	924,602
Cash paid for interest	$	-	$	-
Cash refunded for income taxes	$	188,061	$	-

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

1. CORPORATE INFORMATION AND NATURE OF OPERATIONS

Tango Mining Limited (the "Company") was incorporated under the British Columbia Business Corporations Act on April 10, 2007. The Company is engaged principally in the processing of coal and in the acquisition and exploration of exploration and evaluation assets. During the year ended August 31, 2015, the Company acquired or entered in to an agreement to acquire:

- 4 thermal coal, metallurgical and processing contracts in South Africa, from which it gets substantially all of its revenues (Note 6);
- a diamond project (Note 6);

The Company is listed on the TSX Venture Exchange ("TSX.V"), having the symbol TGV.

The address of the Company's corporate office and principal place of business is 5626 Larch Street, Suite 202, Vancouver, British Columbia, V6M 4E1, Canada.

2. GOING CONCERN

These consolidated financial statements have been prepared on a going concern basis, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of operations in the foreseeable future. Realization values may be substantially different from carrying values as shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

At August 31, 2015, the Company had not yet achieved profitable operations, has accumulated losses of $14,742,946 since inception and expects to incur further losses in the development of its business, all of which may cast significant doubt on the Company's ability to continue as a going concern. The Company will require additional financing in order to conduct its planned work programs on its mineral properties, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly these consolidated financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these consolidated financial statements.

3. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

3.1 Statement of compliance

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

These consolidated financial statements for the years ended August 31, 2015 and 2014 were reviewed and authorized for issue by the Board of Directors on April 4, 2016.

3. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE (continued)

3.2 Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis. The consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

3.3 Principles of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. The results of each subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Details of controlled entities are as follows:

		Percentage owned*	
	Country of incorporation	**August 31, 2015**	**August 31, 2014**
F.D.G Mining S.A.	Nicaragua	100%	100%
Incasur S.A.	Nicaragua	100%	100%
Corlasur S.A.	Nicaragua	100%	100%
Tango Gold S.A	Nicaragua	100%	100%
F.D.G Mining NV	USA	100%	100%
TGV Resources	South Africa	100%	-
African Star Minerals (Pty) Limited	South Africa	51%	-
Kwena Mining Projects CC.	South Africa	51%	-
Kwena Mining and Metallurgical Services CC.	South Africa	51%	-
Kwena Springlake Projects (Pty) Ltd	South Africa	51%	-
Bonte Koe	South Africa	51%	-

*Percentage of voting power is in proportion to ownership.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Exploration and Evaluation Expenditures

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying option.

Property option agreements are exercisable entirely at the option of the optionee. Therefore, option payments (or recoveries) are recorded when payment is made (or received) and are not accrued.

Exploration and evaluation asset acquisition costs are capitalized, and exploration and evaluation expenditures are expensed in the period in which they occur. The Company capitalizes costs to specific blocks of claims or areas of geological interest. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

After technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Company stops capitalizing expenditures for the applicable block of claims or geological area of interest and tests the asset for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset.

Although the Company has taken steps that it considers adequate to verify title to exploration and evaluation assets which it has an interest, these procedures do not guarantee the Company's title. Title to exploration and evaluation assets in foreign jurisdictions is subject to uncertainty and consequently, such properties may be subject to prior undetected agreements or transfers and title may be affected by such instances.

4.2 Foreign Currency Transactions

The functional currency of Tango Mining Limited, the parent, is the Canadian Dollar, the subsidiaries incorporated in South Africa are the South African Rand ("ZAR"), and the functional currency of the subsidiaries incorporated in Nicaragua are the Nicaraguan Cordoba Oro ("NIO"), and the functional currency of the subsidiary incorporated in the USA is the US dollar. The presentation currency of the consolidated financial statements is the Canadian Dollar.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Transactions and balances:

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Foreign operations:

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recognized in other comprehensive income and recorded in the Company's foreign currency translation reserve in equity. These differences are recognized in the profit or loss in the period in which the operation is disposed.

4.3 Equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of comprehensive loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Amortization

Amortization in profit or loss is provided on a straight-line basis over the estimated useful life of the assets as follows:

- Computer equipment and software 33%
- Office furniture 20%
- Vehicles 12.5%
- Equipment 33%

4.4 Income Taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

4.5 Loss per share

Basic profit or loss per share is computed by dividing the Company's profit or loss applicable to common shares by the weighted average number of common shares outstanding for the relevant period. Diluted profit or loss per share is computed by dividing the Company's profit or loss applicable to common shares, by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted at the beginning of the period. At August 31, 2015, the Company had stock options and share purchase warrants outstanding that could result in the issuance of additional common shares which were not included in the calculation of diluted loss per share as their affect would be anti-dilutive.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Share based payments

Where equity-settled share options are awarded to employees or non-employees, the fair value of the options at the date of grant is charged to the Company's profit or loss over the vesting period. The number of equity instruments expected to vest at each reporting date, are taken into account so that the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modifications, is charged to the Company's profit or loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in the Company's profit or loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the Company's profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for effects of non-transferability, exercise restrictions and behavioural considerations.

All equity-settled share based payments are reflected in equity reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in equity reserve is credited to share capital, adjusted for any consideration paid. Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and immediately recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent that the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

4.7 Financial Instruments

Financial instruments

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost. Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the group commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company has made the following designations of its financial instruments:

Cash	Loans and receivables
Trade receivables	Loans and receivables
Trade and other payables	Other financial liabilities
Promissory notes payable	Other financial liabilities
Convertible notes	Other financial liabilities
Derivative liability	Fair value through profit or loss
Vehicle lease	Other financial liabilities
Due to related parties	Other financial liabilities

4.8 Non-controlling interest

Non-controlling interest is measured at its proportionate share of the acquiree's identifiable net assets or liabilities. Net income or loss and comprehensive income or loss for the period are allocated between non-controlling interest and shareholders of the parent. Non-controlling interests in subsidiaries must be presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent.

Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

4.9 Impairment of assets

The carrying amount of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. Any reversal of impairment cannot increase the carrying value of the asset to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

4.10 Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related asset along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. These changes are recorded directly to the related asset with a corresponding entry to the provision.

The increase in the restoration provision due to the passage of time is recognized as interest expense. The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to the statement of comprehensive loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

4.11 Revenue recognition

The Company earns revenue from the processing of coal. Revenue from the processing of coal is recognized once the tonnage processed is invoiced, based on agreements, and it is probable that the economic benefits will flow to the Company, and the revenue can be reliability measured.

4.12 Fair value of Warrants

The Company measures the fair value of warrants issued from financings using a Black–Scholes pricing model. When warrants are issued, the fair value is recorded in the warrant reserve, with the corresponding entry to share capital. When warrants are exercised, their fair value is removed from the warrant reserve account and recorded as share capital.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Accounting standards issued but not yet effective

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for the classification and measurement of financial assets, additional changes relating to financial liabilities, a new general hedge accounting standard which will align hedge accounting more closely with risk management. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

Other accounting standards and amendments to existing accounting standards that have been issued and have future effective dates are not applicable or are not expected to have a significant impact on the Company's consolidation financial statements.

New standard IFRS 15 "Revenue from Contracts with Customers"

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

New standard IFRS 16 "Leases"

This new standard replaces IAS 17 "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include:

- the fair value measurements for financial instruments;
- the recoverability and measurement of deferred tax assets;
- the provisions for restoration and environmental obligations and contingent liabilities;
- the carrying value of inventory;

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

- the fair value of intangible assets;
- the amortization of intangible assets;
- the fair value of stock based transactions; and
- the fair value of derivative liability.
- the determination if acquisitions (Note 6) are business combinations or acquisitions of assets.

Significant judgments
The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the classification of financial instruments;
- the determination of the functional currency of the Company and its subsidiaries

6. ACQUISITIONS

On September 30, 2014, the Company entered into an agreement to acquire a 51% interest in 4 South African companies, African Star Minerals (Pty) Limited ("ASM"), Kwena Mining Projects CC. ("KMP"), Kwena Mining and Metallurgical Services CC. ("KMMS") and Kwena Springlake Projects (Pty) Ltd. ("Springlake").

KMP, KMMS, and Springlake (collectively, the "Kwena Group"), have 4 thermal coal, metallurgical and processing plant and engineering contracts (the "Service Contracts").

ASM holds a 100% interest in the Oena Diamond Project (the "Oena Project") located in the Northern Cape Province, South Africa.

In connection with the acquisition of Kwena Group, the Company issued 1,474,522 common shares with a fair value of $44,236 and paid USD $100,000 ($113,418) in finder fees. The Company also issued 500,000 common shares with a fair value of $20,000 to a director of the Company. As a result, total acquisition costs of $177,654 were expensed in the statement of loss and comprehensive loss.

In consideration for the 51% interest in the above 4 companies, the Company issued 49,000,000 common shares.

Acquisition of the Kwena Group:
On October 16, 2014, the Company acquired a 51% in the Kwena Group by issuing 31,850,000 shares with a fair value of $955,500.

The Company determined that the Kwena Group constitutes a business as defined by IFRS 3, Business Combinations, and accounted for it as such on the date that control was acquired. The Company has recognized the identifiable assets and liabilities acquired at their estimated acquisition date fair values.

Non-controlling interest on acquisition was determined based on the non-controlling interest share of the identifiable assets and liabilities.

6. ACQUISITION (continued)

The fair value of the assets and liabilities acquired is as follows:

Assets acquired by the Company:		
Cash	$	633,130
Tax receivable		162,836
Accounts receivable		1,020,136
Inventories		1,204,184
Intangible assets – service contracts		1,083,663
Equipment		93,774
Liabilities assumed:		
Payables and accrued liabilities		(955,631)
Deferred tax on service contracts		(175,765)
Non-controlling interest		(1,502,500)
Gain on bargain purchase		(608,327)
Fair Value of common shares issued on acquisition	$	955,500

The significant accounts receivable are due from the Service Contracts. The tax receivable is made up of refunds due from the South African Revenue Agency based on its corporate tax returns. The inventories are consumables used for maintenance and replacement parts of the coal processing plants as required by the Company's Service Contracts.

The Company has recorded the Service Contracts acquired based on their estimated fair value, determined using a 5 year projected cash flow model which assumes an annual attribution rate of 20% using the following assumptions: an inflation rate of 5% and a discount rate of 20%.

Acquisition of ASM:

On June 18, 2015, the Company acquired a 51% in ASM by issuing 17,150,000 shares with a fair value of $343,000. ASM does not currently have the inputs and processes in place to generate outputs to constitute a business and therefore this acquisition has accounted for as an acquisition of an exploration and evaluation asset.

The fair value of the common shares issued were attributed to the assets and liabilities acquired is as follows:

Assets acquired by the Company:		
Cash	$	857
Accounts receivable		12,456
Reclamation bonds		225,573
Exploration and evaluation assets		633,375
Liabilities assumed:		
Rehabilitation provision		(199,712)
Non-controlling interest		(329,549)
Fair Value of common shares issued on acquisition	$	343,000

7. RECEIVABLES

		August 31, 2015		August 31, 2014
GST/HST receivables	$	5,836	$	52,955
Tax receivable		51,916		-
Trade receivables		1,212,684		8,923
Total other receivables	**$**	**1,270,436**	**$**	**61,878**

8. PREPAID EXPENSES

		August 31, 2015		August 31, 2014
Current:				
Prepaid expenses	$	7,512	$	1,223
		7,512		1,223
Non-current:				
Reclamation deposits		209,336		-
Total prepaid expenses and deposits	**$**	**216,848**	**$**	**1,223**

9. INVENTORIES

As at August 31, 2015, subsequent to the purchase of the Kwena Group, the Company held $1,029,470 in supplies inventory used for maintenance of the coal processing plants as required by its Service Contracts.

10. INTANGIBLE ASSETS

Service Contracts:

On October 16, 2014, the Company acquired a 51% interest in the Kwena Group which have 4 thermal coal, metallurgical and processing plant and engineering Service Contracts.

The Company acquired the Service Contracts with a fair value of $1,083,663 (Note 6). These are amortized over 5 years, the expected life of the Service Contracts.

Service Contracts		
October 16, 2014	$	1,083,663
Amortization for the period		(218,863)
Foreign exchange for the period		(15,454)
Balance, August 31, 2015	$	849,346

11. EXPLORATION AND EVALUATION ASSETS

The Company has the following exploration and evaluation assets:

South Africa:

On June 18, 2015, the Company acquired the Oena Project, a diamond property located in the Northern Cape Province, South Africa, with a fair value of $633,375 (Note 6). As at August 31, the property was recorded at $631,736 due to changes in foreign exchange. Refer to Note 18.

11. EXPLORATION AND EVALUATION ASSETS (continued)

Botswana:

BK11 Kimberlite Diamond Mine

In July 2015, the Company entered into a sale of shares and claims agreement (“Firestone Agreement”) with Firestone Diamonds Limited ("Firestone") whereby the Company agreed to acquire 100% of Firestone's right in the processing facility, and interest and title in the mineral rights comprising its Botswana diamond operations (the "BK11 Mine"), held directly or indirectly, through Firestone's 100% owned subsidiary, Firestone Diamonds Botswana (Pty) Limited ("Firestone Botswana"), and Firestone's 90% owned subsidiary, Monak Ventures (Pty) Limited ("Monak") for total consideration of US$1,000,000. The Company also entered into a sale of shares of claims agreement to acquire the remaining 10% interest in Monak from Tema Thuo (Pty) Ltd. ("Tema Thuo Agreement") for total consideration of US$800,000.

Pursuant to the Firestone Agreement the Company agreed to pay a purchase price of US$8,000,000, of which US$350,000 ($445,270) has been paid and recorded as a deposit. The Company agreed to pay an additional US$300,000 (the "Deposit") on or before September 30, 2015 and, in the period from the execution of the Firestone Agreement to closing, the Company agreed to pay the care and maintenance fees in respect of the BK11 Mine to a maximum of US$40,000 per month (the "Maintenance Fees").

Firestone and the Company agreed to amend certain terms of the Firestone Agreement, via an amendment letter, such that completion of the BK11 purchase is subject to satisfaction of the following conditions within nine months of the date of the Firestone Agreement, being April 8, 2016 (the “Firestone Closing”):

- the Company raising the balance of the consideration, being US$7,650,000;
- the Company raising the aggregate ongoing cumulative Maintenance Fees payable from the August 1, 2015 to the Firestone Closing (subject up to a maximum of US$40,000 per month);
- obtaining Botswana ministerial approval for the transfer of the controlling interest in Monak; and
- the Company receiving the requisite approvals by the TSX.V in respect of the purchase.

The Company received a conditional approval from the TSX.V for the Firestone Agreement and the Tema Thuo Agreement. The Firestone Closing and the Tema Thuo Closing are subject to final acceptance of the TSX.V and receipt by the parties of the regulatory approvals, as well as certain other conditions standard for a transaction of this type.

To date, the Company has incurred expenditures of $228,562 in connection with this agreement which consists primarily of preparing a feasibility study. These amounts have been expensed as project investigation costs.

Nicaragua:

The Company has received notification from the Nicaraguan Ministry of Energy and Mines that the El Santo mining concession will be revoked as the property has been inactive.

12. EQUIPMENT

	Computer Equipment and Software	Office Furniture	Vehicles	Construction in process	Equipment	Total
Cost						
As at August 31, 2013	**$ 4,299**	**$ 35,567**	**$ 22,979**	**$ 4,056**	**$ -**	**$ 66,901**
Disposals	-	-	-	(4,056)	-	(4,056)
As at August 31, 2014	**4,299**	**35,567**	**22,979**	**-**	**-**	**62,845**
Additions	34,882	6,157	74,199	-	57,774	173,012
Disposal	-	(9,386)		-	-	(9,386)
As at August 31, 2015	**$ 39,181**	**$ 32,338**	**$ 97,178**	**$ -**	**$ 57,774**	**$ 226,471**
Accumulated Amortization						
As at August 31, 2013	**$ 4,299**	**$ 13,166**	**$ 6,941**	**$ -**	**$ -**	**$ 24,406**
Charge for the year	-	13,940	3,740	-	-	17,680
As at August 31, 2014	**4,299**	**27,106**	**10,681**	**-**	**-**	**42,086**
Charge for the year	19,810	1,269	31,809	-	13,453	66,341
Removed on disposal	-	(9,386)	-	-	-	(9,386)
As at August 31, 2015	**$ 24,109**	**$ 18,989**	**$ 42,490**	**$ -**	**$ 13,453**	**$ 99,041**
Foreign Exchange as at August 31, 2015	(8,228)	5,858	(659)	-	402	(2,627)
Net Book Value						
As at August 31, 2014	**$ -**	**$ 8,461**	**$ 12,298**	**$ -**	**$ -**	**$ 20,759**
As at August 31, 2015	**$ 6,844**	**$ 19,207**	**$ 54,029**	**$ -**	**$ 44,723**	**$ 124,803**

13. TRADE AND OTHER PAYABLES

	August 31, 2015	August 31, 2014
Trade payables	$ 1,375,443	$ 200,084
Accrued liabilities	122,130	-
Payroll and VAT provisions	865,644	-
Total trade and other payables	**$ 2,363,217**	**$ 200,084**

14. PROMISORRY NOTES

In October 31, 2012, the Company completed a non-brokered private placement of 531 units ("Units") at a price of $1,000 per Unit for gross proceeds of $531,000. Promissory notes in the aggregate principal amount of $531,000 (the "Notes") were issued in connection with the private placement. The Notes were for a term of one year and matured October 31, 2013, with interest of 12% per annum. The Notes were collateralized by a general security agreement over all present and after-acquired personal property of the Company, and were settled in part in the amount of $361,000 on August 8, 2013 through share for debt agreements. $25,000 (August 31, 2014 - $25,000) in promissory notes remain owing at August 31, 2015.

15. CONVERTIBLE NOTES

On June 19, 2015, the Company issued $525,000 of secured convertible notes bearing an interest rate of 12% per annum, with a one year term. At any time after issuance, the holder may elect, at their sole discretion, to be repaid all or a portion of the principal amount in common shares of the Company at a value of $0.05 per common share. The notes are secured against the Company's 51% interest in ASM. During the year ended August 31, 2015, $12,694 of interest has been accrued. The portion of the convertible attributable to equity was determined to be nominal and not recorded.

On June 17, 2015, the Company issued an unsecured convertible note in the amount of USD $500,000 ($666,500) due in 1 year and an interest rate of 10% per annum. The note is convertible at the discretion of the holder. The principal is convertible at a price of $0.05 per share and the interest is convertible at the last closing price of the Company's shares before the interest becomes payable. As the note is issued in a currency different from the Company's functional currency, the conversion feature is treated as a derivative liability and recorded at fair value. The value of the derivative liability at August 31, 2015 was $257,270 (June 17, 2015 - $81,409) resulting in a loss due to change in fair value of $175,861 and foreign exchange of $26,471. The Company has recorded the note at $602,033 (which includes accretion of $16,690) and accrued interest of $10,340 as at August 31, 2015.

16. REHABILITATION PROVISION

At August 31, 2015, the Company had $233,054 in rehabilitation provisions.

17. RELATED PARTY TRANSACTIONS

Related party transactions are as follows:

The Company incurred the following expenditures charged by companies controlled by current and former directors and officers of the Company:

		August 31, 2015		August 31, 2014
Management fees (included in Management and consulting and Employee benefits expense)	$	1,046,350	$	-
Consulting fees (included in Management and consulting)		137,546		295,578
Directors' fees (included in Management and consulting)		5,000		-
Rent (included in Office and general)		-		12,020
Share based payments		99,101		213,780
Acquisition costs (500,000 shares issued)		20,000		-
Total	**$**	**1,307,997**	**$**	**521,378**

During the year ended August 31, 2015, the Company issued 500,000 common shares with a fair value of $20,000 to a director of the Company in connection with the acquisition of ASM.

During the year ended August 31, 2015, the Company completed two private placements with directors of the Company for a total of 4,000,000 common shares issued and proceeds of $200,000 (Note 19).

As at August 31, 2015, $204,337 (August 31, 2014 - $23,448) is owed to the CFO, CEO and certain directors of the Company. Amounts owing are non-interest bearing, unsecured and due on demand.

18. EXPLORATION AND EVALUATION EXPENDITURES

During the year ended August 31, 2015:

The evaluation and exploration expenses for the Company are broken down as follows:

		Oena Project		**Nicaragua**		**Total**
Exploration expenditures:						
Project staff salaries, benefits and consulting	$	807,892	$	-	$	807,892
Travel expenses		5,459		-		5,459
Supplies Expense		608,649		4,799		613,448
Recoveries		(149,707)		-		(149,707)
Exploration and evaluation expenditures	$	1,272,293	$	4,799	$	1,277,092

18. EXPLORATION AND EVALUATION EXPENDITURES (continued)

During the year ended August 31, 2014:

The evaluation and exploration expenses for the Company are broken down as follows:

		Nicaragua
Nicaragua:		
Exploration expenditures:		
Project staff salaries, benefits and consulting	$	67,763
Project management		12,049
Travel expenses		1,917
Laboratory Analysis Costs -Minerals Sampling		213
Supplies Expense – Fuel		847
Authorizations, permits, licenses		11,327
Exploration and evaluation expenditures	$	94,116

19. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued

Year ended August 31, 2015

On March 3, 2015, the Company completed a non-brokered $75,000 private placement with the CEO of the Company consisting of 1,500,000 units at a price of $0.05 per unit. Each unit consists of one share and one warrant to purchase one additional share at a price of $0.10 until March 2, 2017.

On February 26, 2015, the Company received a share subscription from a director of the Company for issuance of 2,500,000 units at a price of $0.05 per unit for gross proceeds of $125,000 in connection with non-brokered private placement. Each unit consisted of one common share and one transferable share purchase warrant to purchase an additional common share of the Company at a price of $0.10 for a period of 24 months, expiring on March 2, 2017.

On June 18, 2015 the Company issued 17,150,000 common shares with a fair value of $343,000 to certain shareholders of ASM in connection with the acquisition of 51% interests in ASM (Note 6).

On January 23, 2015, the Company issued 500,000 common shares with a fair value of $20,000 to a member of the management team in recognition of his efforts to successfully complete the Company's acquisition of ASM (Note 17).

On October 16, 2014, the Company issued 31,850,000 common shares with a fair value of $955,500 to certain shareholders of the Kwena Group in connection with the acquisition of 51% interests in the Kwena Group (Note 6).

19. SHARE CAPITAL (continued)

On October 16, 2014, the Company also issued 1,474,522 common shares to the finder with a fair value of $44,236 as consideration for consulting services rendered in relation to the acquisition of ASM.

Year ended August 31, 2014

On October 30, 2013, the Company issued 19,000,000 common shares at $0.05 for gross proceeds of $950,000.

20. STOCK OPTIONS

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of the grant. Options may be granted for a maximum term of ten years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as a director or officer of the Company and, in the case of death, expire within one year thereafter. Upon death, the options may be exercised by legal representation or designated beneficiaries of the holder of the option. Stock options vest 50% on grant date and 50% within 365 days from the grant date, except for certain investor relations consultants.

A summary of stock options issued and outstanding is as follows:

		August 31, 2015			August 31, 2014	
		Weighted Average Exercise Price	**Number of Options**		**Weighted Average Exercise Price**	**Number of Options**
Outstanding at beginning of period	$	0.08	8,100,000	$	0.13	7,325,000
Cancelled/forfeited		-	-		0.14	(3,575,000)
Granted		0.05	2,050,000		0.05	4,350,000
Outstanding at end of the year	**$**	**0.08**	**10,150,000**	**$**	**0.08**	**8,100,000**
Exercisable at end of the year	**$**	**0.10**	**9,125,000**	**$**	**0.10**	**5,925,000**

20. STOCK OPTIONS (continued)

The following table provides additional information about outstanding stock options at August 31, 2015:

Exercise Price	No. of Options Outstanding	Weighted Average Remaining Life (Years)	No. of Options Currently Exercisable	Expiry Date
$ 0.10	350,000	1.89	350,000	July 19, 2017
$ 0.10	350,000	2.19	350,000	November 6, 2017
$ 0.13	3,050,000	2.59	3,050,000	April 3, 2018
$ 0.05	4,350,000	3.48	4,350,000	February 21, 2019
$ 0.05	2,050,000	4.16	1,025,000	October 27, 2019
$ 0.05 - 0.13	**10,150,000**	**3.25**	**9,125,000**	

Share based payments

The following table summarizes the weighted average assumptions used with the Black-Scholes valuation model for the determination of the share based payments for the stock options granted during the years ended August 31, 2015 and 2014:

Grant Date	Expiry Date	Share Price at Grant Date	Exercise Price	Risk-Free Interest Rate	Expected Life (Years)	Volatility Factor	Dividend Yield
February 21, 2014	February 21, 2019	$0.035	$0.05	1.69%	5	156%	Nil
October 27, 2014	October 27, 2019	$0.035	$0.05	1.50%	5	157%	Nil

On October 27, 2014, the Company granted 2,050,000 stock options to directors, officers and employees to purchase 2,050,000 common shares of the Company for a period of five years at an exercise price of $0.05 per share. The options vest 50% on the date of grant and 50% within 365 days from the grant date. A weighted average fair value of $0.032 per share on the stock options granted was estimated using the Black-Scholes option pricing model with the assumptions listed in the table above.

During the year ended August 31, 2014, on February 21, 2014 the Company granted 4,350,000 stock options to directors, officers and employees to purchase up to 4,350,000 common shares of the Company for a period of five years at an exercise price of $0.05 per share. The options vest 50% on the date of grant and 50% within 360 days from the grant date. A weighted average fair value of $0.037 per share on the stock options granted was estimated using the Black-Scholes option pricing model with the assumptions listed in the table above.

Total expenses arising from share-based payment transactions recognized during the year ended August 31, 2015 as part of stock-based compensation was $99,101 (2014 - $222,197).

21. WARRANTS

	August 31, 2015			August 31, 2014		
		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price	Number of Warrants
Outstanding at beginning of year	$	0.12	32,994,000	$	0.12	32,994,000
Expired during the year		0.12	(32,994,000)		-	-
Issued		0.10	4,000,000		-	-
Outstanding at end of the year	**$**	**0.10**	**4,000,000**	**$**	**0.12**	**32,994,000**

Exercise price	Issue date	Expiry date	Number of Warrants	Fair Value
$ 0.10	March 2, 2015	March 2, 2017	4,000,000	$101,006

The following table summarizes the weighted average assumptions used with the Black-Scholes valuation model for the determination of the fair market value of the warrants issued in units in private placements:

Issue Date	Expiry Date	Share Price at Issue Date	Exercise Price	Risk-Free Interest Rate	Expected Life (Years)	Volatility Factor	Dividend Yield
02-Mar-15	02-Mar-17	$0.04	$0.10	1.12%	2	160%	Nil

22. CAPITAL RISK MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. 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. The Company defines capital to include its shareholders' equity. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. 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 year ended August 31, 2015.

The Company considers its capital to be shareholders' equity, which is comprised of capital stock, reserves, deficit and non-controlling interest, which as at August 31, 2015 totaled $159,564. There are no external restrictions on the Company's capital.

The Company's objective when managing capital is to obtain adequate levels of funding to support its exploration activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the identification and development of precious metals deposits.

22. CAPITAL RISK MANAGEMENT (continued)

The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurance that the Company will be able to continue raising equity capital in this manner.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company invests all capital that is surplus to its immediate operational needs in short term, liquid and highly rated financial instruments, such as cash, and short term guarantee deposits, all held with major Canadian financial institutions.

23. FINANCIAL INSTRUMENTS

Fair Value

The carrying amount of cash, receivables, trade and other payables, promissory notes payable, convertible notes, vehicle lease, and due to related parties approximate fair value due to the relatively short term maturity of these financial instruments.

The fair value of the derivative liability is measured using level 3 inputs using the Black Scholes model with the following assumptions:

At June 17, 2015:

Share Price at Year-end	Exercise Price	Risk-Free Interest Rate	Expected Life (Years)	Volatility Factor	Dividend Yield
USD $0.02	USD $0.06	0.62%	1.00	148%	Nil

At August 31, 2015:

Share Price at Year-end	Exercise Price	Risk-Free Interest Rate	Expected Life (Years)	Volatility Factor	Dividend Yield
USD $0.05	USD $0.07	0.44%	0.81	162%	Nil

Credit Risk

Credit risk is the risk of loss associated with a counterparty’s inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, and trade receivables. The Company has no significant concentration of credit risk arising from operations. Cash are held with reputable Canadian and South African chartered banks which are closely monitored by management. Trade receivables are usually received within 30 days. Management believes that the credit risk concentration with respect to financial instruments included in cash and trade receivables is minimal.

23. FINANCIAL INSTRUMENTS (continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at August 31, 2015, the Company had current assets of $3,140,791 to settle current liabilities of $4,007,447 resulting in working capital deficit of $866,656. The Company intends to fund these through loans or private placements. All of the Company's financial liabilities have contractual maturities of less than 365 days and are subject to normal trade terms.

Interest Rate Risk

The Company has cash balances and no variable interest bearing debt. The Company has fixed rates on its debt, changes in interest rates could result in fair value risk on the Company's fixed rate debt.

Foreign Currency Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from their respective functional currency. The parent company and the subsidiaries do not have significant financial instruments that differ from their respective functional currencies. Therefore, the Company has minimal exposure to foreign currency risk.

24. SEGMENTED INFORMATION

Geographic Information

	South Africa	Nicaragua	Total
August 31, 2015			
Prepaid expenses	$ 209,336	$ -	$ 209,336
Deposits	$ 445,270	$ -	$ 445,270
Exploration and evaluation assets	$ 631,736	$ -	$ 631,736
Intangible assets	$ 869,836	$ -	$ 869,836
Equipment	$ 122,672	$ 2,131	$ 124,803
Revenue	$ 13,827,983	$ -	$ 13,827,983
August 31, 2014			
Equipment	$ -	$ 20,759	$ 20,759

24. SEGMENTED INFORMATION (continued)

Operating Segments

For the year ended August 31, 2015, the Company had two reportable segments:

- The operation of four thermal coal, metallurgical and processing plants under engineering contracts; and
- The acquisition, exploration and evaluation, and development of mineral properties.

For the year ended August 31, 2014, all of the Company's activities related to the acquisition, exploration and evaluation, and development of mineral properties.

The following is summarized financial information of the Company's reportable segments for the year ended August 31, 2015:

	Coal Processing Service Contracts	Exploration and evaluation	Corporate	Consolidated
Revenue	$ 13,827,983	$ -	$ -	$13,827,983
Amortization	$ 63,981	$ -	$ 2,360	$ 66,341
Amortization of service contracts	$ 218,863	$ -	$ -	$ 218,863
Income tax recovery	$ (10,764)	$ -	$ -	$ (10,764)
Net loss	$ 707,232	$ 1,386,829	$ 1,122,699	$ 3,216,760
Total assets	$ 3,857,013	$ 1,326,680	$ 217,589	$ 5,401,282
Total liabilities	(1,786,940)	(454,858)	(2,164,054)	(4,405,852)
Net assets (liabilities)	$ 2,070,073	$ 871,822	$ (1,946,465)	$ 995,430

Information about Major Customers

The Company's revenue for the Service Contracts was from three customers who represented 47%, 25% and 21% of revenues.

25. INCOME TAXES

The difference between tax expense for the period and the expected income taxes based on the statutory rate are as follows:

		August 31, 2015		August 31, 2014
Loss before income taxes	$	(3,227,524)	$	(1,356,161)
Expected income tax recovery		(840,000)		(353,000)
Difference between Canadian and foreign tax rates		(47,000)		(12,000)
Share issuance costs		-		(5,000)
Non-deductible expenses		26,000		82,000
Adjustment to prior year provision versus statutory tax returns		684,000		-
Effect of foreign exchange and other		201,885		17,000
Change in unrecognized deferred tax assets		(35,649)		271,000
Deferred tax recovery	$	(10,764)	$	-

Taxation in the Group's operational jurisdiction is calculated at the rate prevailing in its respective jurisdiction. There is no deferred tax charge arising for the Group for the year.

The Canadian Federal corporate tax rate remained the same at 15%, and the British Columbia provincial tax rate remained at 11%. The Nicaraguan income tax rate is 30% (2014 - 30%). The South African income tax rate is 28%.

The significant components of the Company's deferred income tax assets and liabilities are as follows:

		August 31, 2015		August 31, 2014
Non-capital losses	$	2,281,000	$	1,625,000
Share issue costs		29,000		75,000
Exploration and evaluation assets		(177,000)		458,000
Equipment		(12,000)		-
Leave pay		60,000		-
Bonus pay		49,000		-
Service contracts		(263,000)		-
Other		-		10,000
		1,967,000		2,168,000
Unrecognized deferred tax assets		(2,132,351)		(2,168,000)
Net deferred tax liability	$	(165,351)	$	-

As at August 31, 2015, the Company has estimated non-capital losses totalling $6,367,000 in Canada that may be carried forward to reduce taxable income derived in future years, from 2016 to 2035, non-capital losses totalling $2,105,000 in South Africa that can be used indefinitely, and non-capital losses totalling $120,000 in Nicaragua which expire in 2018.

Tax attributes are subject to review, and potential adjustment, by tax authorities.

26. NON-CONTROLLING INTERESTS

The non-controlling interests as at August 31, 2015 consisted of the following:

Kwena Group (49%)	$ 1,110,463
ASM (49%)	(274,597)
	$ 835,866

The following is the summarized statement of financial position of Kwena Group and ASM as at August 31, 2015:

	Kwena Group	ASM
Current:		
Assets	$ 2,908,177	$ 15,767
Liabilities	(1,605,159)	(151,867)
Total current net assets	1,303,018	(136,100)
Non-current		
Assets	1,128,586	854,687
Liabilities	(165,351)	(1,278,989)
Total non-current net assets	963,235	(424,302)
Total net assets	$ 2,266,253	$ (560,402)

The following is the summarized comprehensive loss of Kwena Group and ASM for the period from acquisition to August 31, 2015:

	Kwena Group	ASM
Revenue	$ 13,827,983	$ -
Net loss	(707,232)	(1,272,293)
Other comprehensive loss	(94,418)	52,792
Comprehensive loss	$ (801,650)	$ (1,219,501)

27. SUBSEQUENT EVENTS

On September 17, 2015, Marco Moller tendered his resignation as president and CEO. In conjunction with such resignation, Mr. Moller surrendered 11,000,000 common shares of the Company issued in connection with the ASM acquisition to treasury for cancellation (Note 6).

Subsequent to year ended August 31, 2015, the Company announced that it has received an offer from Bothma Diamonte CC ("Bothma") to acquire the Company's 51% interest in African Star Minerals (Pty) Limited ("African Star") and its 100% owned Oena Mine located in Northern Cape, South Africa (the "Oena Project") for US$3,000,000.

The total USD $3,000,000 will be paid in 5 tranches:

- Tranche 1 – Signing of the agreement ("Stage 1")
- Tranche 2 – USD $1,000,000 to be paid 6 months from the closing of Stage 1, and signing of a second agreement ("Stage 2")

27. SUBSEQUENT EVENTS (continued)

- Tranche 3 – USD $1,000,000 on approval of Section 22 of the Mineral and Petroleum Resources Department Act No, 28 of 2002, Republic of South Africa ("Stage 3"), and USD $500,000 6 months after the date of closing of Stage 3.

- Tranche 4 – USD $250,000 12 months after the closing of Stage 3
- Tranche 5 – USD $250,000 18 months after the closing of Stage 3

The Company has agreed to enter into Stage 1 of the agreement whereby Bothma will operate the alluvial diamond bulk-sampling program at the Oena Project, and following that a Stage 2 agreement whereby Bothma's acquisition of the Oena Project by the purchase of Tango's 51% interest in African Star will be consummated.

Pursuant to the Stage 1 agreement, Bothma will provide all necessary equipment and machinery, as well as qualified labour, expertise and supervision and the Company will receive the proceeds of all diamond sales, less Bothma's costs as follows:

- ZAR 0 to ZAR 1,000,000 – 15%;
- ZAR 1,000,000.01 to ZAR 2,000,000 – 18%; and
- greater than ZAR 2,000,000.01 – 20%, for a term of the longer of 12 months and/or until the Section 11 Approval is obtained

In connection with the sale of the Oena Project, the Company has agreed to pay a finder's fee in the sum of $60,000.

The Company's sale of the Oena Project is subject to regulatory approval.