TANGO MINING LIMITED

Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the years ended August 31, 2018 and 2017

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 statements of financial position as at August 31, 2018 and August 31, 2017, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 in our audits 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, 2018 and August 31, 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

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

/s/ DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
December 20, 2018

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

		August 31, 2018		August 31, 2017
ASSETS				
Current Assets				
Cash	$	671,055	$	641,527
Receivables (*Note 7*)		1,204,399		1,275,750
Prepaid expenses		5,250		5,670
Inventories (*Note 8*)		890,337		852,751
		2,771,041		2,775,698
Non-current assets				
Rehabilitation deposit		161,332		146,827
Deposit		-		9,667
Deferred tax asset *(Note 24)*		26,940		29,361
Intangible assets (*Note 9)*		18,093		39,430
Exploration and evaluation assets (*Note 10)*		476,260		614,083
Equipment (*Note 11*)		316,733		102,239
TOTAL ASSETS	$	3,770,399	$	3,717,305
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Trade and other payables (*Note 12*)	$	1,677,507	$	2,189,695
Promissory notes *(Note 13)*		240,408		-
Convertible notes (*Note 14*)		621,657		751,598
Derivative liability (*Note 14*)		-		2,503
Vehicle lease		579		14,011
Income taxes payable		240,619		265,377
Deferred recovery *(Note 16)*		37,198		-
Due to related parties (*Note 17*)		663,380		1,220,259
		3,481,348		4,443,443
Long-term Liabilities				
Rehabilitation provision (*Note 15*)		250,033		146,827
Deferred recovery (*Note 16*)		120,894		-
		3,852,275		4,590,270
Shareholders' Equity				
Share capital (*Note 18*)		17,469,121		15,777,590
Shares to be issued		32,550		96,588
Equity portion of convertible notes		25,178		25,178
Reserve for warrants *(Note 20)*		969,485		860,679
Reserve for share-based payments *(Note 19)*		2,378,970		2,345,220
Reserve for foreign exchange		185,067		133,254
Accumulated deficit		(21,064,208)		(20,014,851)
		(3,837)		(776,342)
Non-controlling interest *(Note 25)*		(78,039)		(96,623)
		(81,876)		(872,965)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$	3,770,399	$	3,717,305

Subsequent events *(Notes 10 and 26)*

Approved by the Board

Signed: Signed:

"*Terry Tucker*" "*Samer Khalaf*"

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,	**2018**	**2017**
Revenues	$ 13,094,844	$ 13,251,668
Operating Expenses		
Amortization (*Note 11*)	(20,936)	(20,982)
Amortization of service contracts (*Note 9*)	(20,127)	(67,103)
Employee benefits expense	(8,459,303)	(8,373,289)
Exploration and evaluation expenses *(Note 10)*	-	(319,989)
Foreign exchange gain (loss)	(59,105)	70,862
Management and consulting (*Note 17*)	(1,016,993)	(863,412)
Office and general *(Note 17)*	(292,180)	(280,351)
Professional fees	(224,638)	(211,446)
Project investigation costs (*Note 10*)	(170,090)	(171,198)
Raw material and engineering cost *(Note 17)*	(3,634,816)	(4,243,789)
Share-based payments (*Notes 17 and 19*)	(33,750)	(285,384)
Shareholder information	(66,381)	(33,974)
Travel and promotion	(124,980)	(129,921)
	(14,123,299)	(14,929,976)
Change in fair value of derivative liability (*Note 14*)	2,503	325,064
Finance charges	(69,522)	(227,529)
Gain on settlement of debt *(Note 18)*	-	50,543
Impairment of service contracts *(Note 9)*	-	(228,352)
Equity loss in associate *(Note 6)*	-	(3,129)
	(67,019)	(83,403)
Net loss before tax	(1,095,474)	(1,761,711)
Income tax expense *(Note 24)*	(30,698)	(18,900)
Net loss for the year	(1,126,172)	(1,780,611)
Net loss attributable to:		
Shareholders of the Company	(1,114,751)	(1,643,789)
Non-controlling interests	18,579	(136,822)
	(1,126,172)	(1,780,611)
Other comprehensive income		
Exchange differences on translating foreign operations	51,818	107,782
Total comprehensive loss for the year	(1,074,354)	(1,672,829)
Other comprehensive income attributable to:		
Shareholders of the Company	51,813	73,980
Non-controlling interests	5	33,802
	51,818	107,782
Total comprehensive loss attributable to:		
Shareholders of the Company	(1,092,938)	(1,569,809)
Non-controlling interests	18,584	(103,020)
	$ (1,074,354)	$ (1,672,829)
Basic and fully diluted loss per common share	$ (0.00)	$ (0.01)
Weighted average number of shares outstanding	229,412,047	182,342,496

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					Equity Attributable to		
	Number of Shares	Amount	Shares to be issued	Share Based Payments	Warrants	Foreign Exchange	Convertible loan - Equity	Deficit	Shareholders	Non-controlling interests	Total
Balance, August 31, 2016	168,934,960	$ 14,139,987	$ 514,040	$ 2,059,836	$ 459,574	$ 59,274	$ 25,178	$(18,371,062)	$ (1,113,173)	$ 6,397	$ (1,106,776)
Settlement of debt	14,648,275	681,754	-	-	-	-	-	-	681,754	-	681,754
Conversion of debt	12,370,184	730,849	(514,040)	-	352,780	-	-	-	569,589	-	569,589
Shares issued for cash	4,500,000	225,000	-	-	-	-	-	-	225,000	-	225,000
Shares placed in escrow	3,425,160	-	-	-	-	-	-	-	-	-	-
Units to be issued	-	-	31,488	-	-	-	-	-	31,488	-	31,488
Management compensation	-	-	65,100	-	-	-	-	-	65,100	-	65,100
Share-based payments	-	-	-	285,384	-	-	-	-	285,384	-	285,384
Finders' fees	-	-	-	-	34,415	-	-	-	34,415	-	34,415
Warrant extension	-	-	-	-	13,910	-	-	-	13,910	-	13,910
Currency translation adjustment	-	-	-	-	-	73,980	-	-	73,980	33,802	107,782
Net loss for the year	-	-	-	-	-	-	-	(1,643,789)	(1,643,789)	(136,822)	(1,780,611)
Balance, August 31, 2017	203,878,579	$ 15,777,590	$ 96,588	$ 2,345,220	$ 860,679	$ 133,254	$ 25,178	$(20,014,851)	$ (776,342)	$ (96,623)	$ (872,965)
Shares issued for cash	3,754,840	187,745	(31,488)	-	-	-	-	-	156,257	-	156,257
Management fees	8,463,000	302,715	(32,550)	-	-	-	-	-	270,165	-	270,165
Settlement of debt	17,895,380	894,771	-	-	-	-	-	-	894,771	-	894,771
Equity component of convertible debt	-	-	-	-	-	-	510,500	-	510,500	-	510,500
Conversion of convertible notes	10,210,000	306,300	-	-	204,200	-	(510,500)	-	-	-	-
Share-based payments	-	-	-	33,750	-	-	-	-	33,750	-	33,750
Expiry of warrants	-	-	-	-	(95,394)	-	-	95,394	-	-	-
Currency translation adjustment	-	-	-	-	-	51,813	-	-	51,813	5	51,818
Net loss for the year	-	-	-	-	-	-	-	(1,144,751)	(1,144,751)	18,579	(1,126,172)
									-		
Balance, August 31, 2018	244,201,799	$ 17,469,121	$ 32,550	$ 2,378,970	$ 969,485	$ 185,067	$ 25,178	$(21,064,208)	$ (3,837)	$ (78,039)	$ (81,876)

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,		2018		2017
Operating Activities				
Net loss for the year	$	(1,126,172)	$	(1,780,611)
Adjustments to reconcile net loss to cash flow from operating activities:				
Share-based payments		33,750		285,384
Deferred tax recovery		2,421		(2,239)
Non-cash finance expense		-		196,486
Amortization		20,936		20,982
Amortization of service contracts		20,127		67,103
Change in fair value of derivative liability		(2,503)		(325,064)
Impairment of service contracts		-		228,352
Interest on convertible notes		66,759		-
Management fees		302,715		-
Exploration and evaluation expenditures		98,704		-
Net change in non-cash working capital items:				
Receivables		71,351		(146,072)
Inventories		(27,919)		90,092
Prepaid expenses		420		(2,135)
Trade and other payables		397,751		397,217
Vehicle lease		(13,432)		(9,686)
Income taxes payable		(22,260)		8,379
Due to related parties		(579,667)		413,422
Cash flow used in operating activities		(757,019)		(559,393)
Investing Activities				
Rehabilitation provision withholdings		15,107		-
Purchase of equipment		(247,712)		(15,223)
Recoveries on exploration and evaluation assets		87,195		-
Deferred recoveries		159,357		-
Cash flow provided by (used in) investing activities		13,947		(15,223)
Financing Activities				
Shares issued for cash		156,257		225,000
Subscriptions received		-		31,488
Proceeds from issuance of convertible note		510,500		-
Proceeds from issuance of promissory note		240,408		(25,000)
Repayments on convertible notes		(196,957)		-
Cash flow provided by financing activities		710,208		231,488
Effect of foreign exchange translation		62,392		14,607
Net change in cash		29,528		(328,521)
Cash, beginning of the year		641,527		970,048
Cash, end of the year	$	671,055	$	641,527
Cash paid for interest	$	-	$	-
Cash paid for income taxes	$	19,469	$	-

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 has 3 thermal coal, metallurgical and processing plant and engineering service contracts and is in the business of acquiring and exploring mineral properties. The Company also holds an interest in the Oena Diamond Mine, an alluvial diamond property, located in the Northern Cape Province, South Africa that consists of one New Order Mining Lease.

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, 2018, the Company had not yet achieved profitable operations, has had losses since inception and expects to incur further losses in the development of its business. The Company will require additional financing in order to further develop its business, 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. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability 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") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements for the years ended August 31, 2018 and 2017 were reviewed and authorized for issue by the Board of Directors on December 20, 2018.

Certain comparative figures have been reclassified to conform to the current period's presentation. These reclassification did not impact previously report financial performance.

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.

The preparation of these 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, 2018	August 31, 2017
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%	100%
African Star Minerals (Pty) Limited ("ASM")	South Africa	43%	51%
Kwena Mining Projects (Pty) Ltd.	South Africa	74%	74%
Kwena Mining and Metallurgical Services (Pty) Ltd.	South Africa	74%	74%
Kwena Springlake Projects (Pty) Ltd	South Africa	74%	74%

*Percentage of voting power is in proportion to ownership, except for African Star Minerals (Pty) Ltd.

** Trading in these entities ceased and the Company does not control the board of directors. Effective from the 2018 financial year these entities are no longer consolidated into the group accounts.

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

These financial statements include an equity interest in TML Equipment Solutions Ltd. ("TML Equipment"), a private company, incorporated in South Africa. The Company's ownership interest in TML Eqiupment was 25% as at August 31, 2018. The Company's ownership interest is accounted for using the equity method.

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 activities. 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.

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 exists 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 in 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 the Company, the parent, is the Canadian Dollar. The functional currency of the subsidiaries incorporated in South Africa is the South African Rand ("ZAR"). The presentation currency of the consolidated financial statements is the Canadian Dollar.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Foreign currency transactions (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 profit or 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 profit or 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 net loss.

(Expressed in Canadian Dollars)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Equipment (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. For the years ended August 31, 2018 and 2017, 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 effect 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 profit or loss over the vesting period. The number of equity instruments expected to vest at each reporting date is 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 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 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

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)

4.7 Financial instruments (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
Receivables	Loans and receivables
Reclamation deposits	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
Deferred recovery	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 interest 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 non-financial 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 profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Impairment of non-financial assets (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 and the sale of diamonds. Revenue from the processing of coal is recognized once the tonnage is processed and revenue is determinable, based on agreements, and it is probable that the economic benefits will flow to the Company, and the revenue can be reliability measured. Revenue from the sale of diamonds is recognized once the diamonds have been delivered to the customer and revenue is determinable, and it is probable that the economic benefits will flow to the Company, and the revenue can be reliability measured.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Revenue recognition (continued)

As the technical and economic feasibility of the Company's diamond project (Note 10) has not been established and the Company continues evaluation of this property, the revenue earned on diamond sales in excess of costs incurred has been reflected as a reduction to the carrying value of the exploration and evaluation assets.

4.12 Fair value of warrants

The Company measures the fair value of warrants issued from financings using the Black–Scholes Option 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.

4.13 Prepaid expenses and deposits

Prepaid expenses are cash paid amounts that represent costs incurred from which a service or benefit is expected to be derived in the future. The future write-off period of the incurred cost will normally be determined by the period of benefit covered by the prepayment. Prepaid expense specific to a particular period will be expensed when the period arrives and the costs will be treated as a period cost for that period. Prepaid costs for an extended period of time are normally written off equally during the period in which the benefit will be derived.

Prepaid expenses are generally classified as current assets unless a portion of the prepayment covers a period longer than twelve months or the prepayment relates to a noncurrent asset to be received in the future. When payments may be accounted for as prepaid expenses but the payment will be amortized within the current period and is not considered material to the presentation of financial position, such payments may be expensed in the month the payment is made.

4.14 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The Company's executive management team has been identified as the chief operating decision-makers, and are responsible for allocating resources and assessing performance of the operating segments.

4.15 Investment in associate

Investments in entities over which the Company has a significant influence, but not control, are accounted for by the equity method, whereby the original cost of the investment is adjusted for the Company's proportionate share of the investee's income or loss. When the Company's equity investee issues its own shares to outside interests, a dilution gain or loss arises as a result of the difference between the Company's proportionate share of the proceeds and the carrying value of the underlying equity. When net accumulated losses from an equity accounted investment exceed its carrying amount, the investment balance is reduced to zero and additional losses are not provided for unless the Company is committed to provide financial support to the investee.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 Investment in associate (continued)

The Company resumes accounting for the investment under the equity method when the entity subsequently reports net income and the Company's share of that net income exceeds the share of net losses not recognized during the period the equity method was suspended. Profit or loss resulting from transactions between the Company and its associates is eliminated to the extent of the interest in the associate. The Company determines at each reporting date whether there is any objective evidence that the investments in associates are impaired. The financial statements of associates are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies of its associates into line with those of the Company.

4.16 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. Overall, the Company does not expect the implementation of IFRS 9 to have a significant impact on its financial assets and liabilities.

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. Overall, the Company does not expect the implementation of IFRS 15 to have a significant impact on its revenue.

Amendments to IFRS 2 – 'Share-based payments'.
This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. The Company is in the process of determining the impact of the adoption of this standard on the consolidated financial statements, if any. Effective for annual periods beginning on or after January 1, 2018. Overall, the Company does not expect the implementation of the amendments to IFRS 2 to have any material impact on its share-based payment expenses.

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. Overall, the Company does not expect the implementation of IFRS 16 to have any material impact on its consolidated statement of financial position.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Accounting standards issued but not yet effective (continued)

IFRIC 22, 'Foreign currency transactions and advance consideration.
This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The Company has considered the change and assessed that it will have no material impact on adoption. Effective for annual periods beginning on or after January 1, 2018.

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.

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:

- fair value of financial instruments;
- recoverability and measurement of deferred tax assets;
- provisions for restoration and environmental obligations and contingent liabilities;
- carrying value of inventories;
- amortization of intangible assets;
- recoverable amount of its evaluation and exploration assets;
- fair value of stock-based transactions; and
- fair value of derivative liability.

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:

- 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;
- classification of the Oena Project as an exploration and evaluation asset (Note 10);
- determination of control over ASM (Note 10); and
- determination of the functional currency of the Company and its subsidiaries.

(Expressed in Canadian Dollars)

6. INVESTMENT IN TML EQUIPMENT

In July 2017, the Company entered into a transaction with two unrelated parties and executed a share purchase agreement to acquire 25% of interest in TML Equipment for a nominal value. The Company, through its shareholding in TML Equipment, exercises significant influence over that company, but not control. As a result, the investment in TML Equipment is accounted for using the equity method.

		August 31, 2018		August 31, 2017
Common shares (25%)	$	3,129	$	3,129
Cumulative share of equity loss		(3,129)		(3,129)
	$	**-**	**$**	**-**

During the year ended August 31, 2018, the Company's share of TML Equipment's equity loss was $20,980 (2017 - $3,600). However, the loss exceeded the carrying amount of the initial investment in the associate entity of $3,129. The Company recognized no further losses beyond these carrying amounts. If subsequently, TML Equipment subsequently reports profits, the Company will resume recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

The following is the financial summary of the equity investment:

		August 31, 2018		August 31, 2017
Non-current assets	$	174,736	$	-
Current assets		6,799		224,677
Current liabilities		265,453		226,090
Loss and comprehensive loss	$	83,918	$	14,400

7. RECEIVABLES

		August 31, 2018		August 31, 2017
GST/HST receivables	$	2,541	$	78,704
Trade receivables		1,201,858		1,197,046
Total other receivables	**$**	**1,204,399**	**$**	**1,275,750**

8. INVENTORIES

As at August 31, 2018, the Kwena Group, held $890,337 (2017 - $852,751) in supplies inventory used for maintenance of the coal processing plants as required by its service contracts.

(Expressed in Canadian Dollars)

9. INTANGIBLE ASSETS

Service Contracts

The Company has 3 thermal coal, metallurgical and processing plant and engineering service contracts which were acquired in the year ended August 31, 2015. The contracts are amortized over 5 years.

Annually management performed an impairment test on the service contracts based on their estimated fair values determined using a discounted cash flow analysis. During the year ended August 31, 2018, an impairment of $nil (2017 - $288,352) was recorded.

		August 31, 2018		August 31, 2017
Balance, beginning of year	$	39,430	$	305,064
Impairment		-		(228,352)
Amortization		(20,127)		(67,103)
Foreign exchange		(1,210)		29,821
Balance, end of the year	**$**	**18,093**	**$**	**39,430**

10. EXPLORATION AND EVALUATION ASSETS

South Africa

The Company's 43% owned subsidiary ASM has a 100% interest in the Oena Project, a diamond property located in the Northern Cape Province, South Africa.

		August 31, 2018		August 31, 2017
Balance, beginning of year	$	614,083	$	567,261
Recoveries		(87,195)		-
Effect of foreign exchange		(50,628)		46,822
Balance, end of the year	**$**	**476,260**	**$**	**614,083**

The evaluation and exploration expenses for the Oena Project are as follows:

		August 31, 2018		August 31, 2017
Project staff salaries, benefits and consulting	$	112,306	$	41,306
Settlement of the offtake agreement		-		309,265
Royalty payment		-		186,434
Habilitation expense		98,704		-
Travel expenses		43,596		36,093
Supplies expense		1,432,170		1,579,171
Recoveries		(1,773,971)		(1,832,280)
Exploration and evaluation expenditures (recoveries)		(87,195)		319,989
Net recovery credited to carrying value of Oena Property		87,195		-
Balance, end of the year	$	-	$	319,989

(Expressed in Canadian Dollars)

10. EXPLORATION AND EVALUATION ASSETS (continued)

During the year ended August 31, 2017, the Company entered into an agreement to sell an 8% interest in its subsidiary, ASM. Pursuant to this agreement, the Company received an advance of $46,674 (US$ 35,000) and issued 930,755 common shares, (which shares were held in escrow). The buyer's acquired interest will exclude the liabilities of ASM at the time the agreement was entered into. The buyer also acquired an additional 23% interest in ASM from an existing shareholder. The Company issued and placed in escrow an additional 2,314,405 common shares (the "Escrow Shares") as security for the buyer's other 23% interest in ASM, to be held while the mining license was being renewed. The agreement stipulated that upon renewal of the mining license, the 3,245,160 Escrow Shares were to be cancelled and returned to treasury.

During the year ended August 31, 2018, the Company received the approval from the Department of Minerals and Resources of the renewal of the mining license for nine years expiring on March 15, 2027. Subsequent to August 31, 2018, the Escrow Shares were returned to treasury and cancelled.

As part of the application for renewal, and in line with the proposed mining charter, the Company and the minority shareholders will undertake to restructure the shareholding in ASM on a pro-rata basis subsequent to August 31, 2018 as follows:

	ASM Shareholding		
	Pre-permit renewal	**Post permit renewal**	**Post Restructure**
Tango Mining Limited	51%	43%	41%
BEE Ownership			
Partner	26%	26%	14%
Employees trust	-	-	8%
Community trust	-	-	8%
Other minorities	23%	31%	29%
	100%	100%	100%

Subsequent to the disposition of 8% interest in ASM, the Company holds 43% interest in the entity, but continues to have the highest percentage shareholding. The Company has assessed it still maintains control over the entity based on the following factors:

- any shareholder can appoint one director of ASM for every 21% shareholding and may remove or replace any appointee;
- the Chairman of the board of ASM is appointed from a director that represents the shareholder with the highest percentage shareholding and the Chairman is granted a second or casting vote to give the Company control of the board; and
- the board is be responsible for the overall direction, supervision and management of ASM

(Expressed in Canadian Dollars)

10. EXPLORATION AND EVALUATION ASSETS (continued)

During the year ended August 31, 2017, the Company terminated its offtake agreement linked to the Oena Property. Per the agreement, the remaining value of the contract was determined to be $309,625 (US $237,896) and has been recorded as a settlement expense. The remaining value was settled through the issuance of common shares (Note 18).

Other projects:

The Company continues to investigate new projects and opportunities and incurred $170,090 (2017 – $171,198) in the year ended August 31, 2018.

11. EQUIPMENT

	Computer Equipment & Software	Office Furniture	Vehicles	Equipment	Plant	Total
Cost						
As at August 31, 2016	$ 37,627	$ 26,745	$ 118,357	$ 57,774	$ -	$ 240,503
Additions	15,223	-	-	-	-	15,223
As at August 31, 2017	52,850	26,745	118,357	57,774	-	255,726
Additions	7,208	-	19,023	-	221,481	247,712
As at August 31, 2018	**$ 60,058**	**$ 26,745**	**$ 137,380**	**$ 57,774**	**$ 221,481**	**$ 503,438**
Accumulated Amortization						
As at August 31, 2016	$ 24,921	$ 19,495	$ 50,251	$ 23,306	$ -	$ 117,973
Charge for the year	5,307	1,739	7,942	5,994	-	20,982
As at August 31, 2017	30,228	21,234	58,193	29,300	-	138,955
Charge for the year	5,685	1,781	9,151	4,319	-	20,936
As at August 31, 2018	**$ 35,913**	**$ 23,015**	**$ 67,344**	**$ 33,619**	**$ -**	**$ 159,891**
Foreign Exchange						
As at August 31, 2017	**$** (5,707)	**$** 2,821	**$** 2,808	**$** (14,454)	**$** -	**$** (14,532)
As at August 31, 2018	**$** (10,311)	**$** 2,332	**$** (3,053)	**$** (15,782)	**$** -	**$** (26,814)
Net Book Value						
As at August 31, 2017	**$ 16,915**	**$ 8,332**	**$ 62,972**	**$ 14,020**	**$ -**	**$ 102,239**
As at August 31, 2018	**$ 13,834**	**$ 6,062**	**$ 66,983**	**$ 8,373**	**$ 221,481**	**$ 316,733**

(Expressed in Canadian Dollars)

12. TRADE AND OTHER PAYABLES

		August 31, 2018		August 31, 2017
Trade payables	$	923,205	$	1,132,258
Accrued liabilities		120,535		87,462
Deposit liability (Note 10)		-		46,674
Payroll and VAT provisions		633,767		923,301
Total trade and other payables	**$**	**1,677,507**	**$**	**2,189,695**

13. PROMISSORY NOTE

During the year ended August 31, 2018, the Company issued a non-interest bearing and unsecured promissory note of $240,408 (US$185,000) with no fixed term of repayment.

14. CONVERTIBLE NOTES

On June 19, 2015, the Company issued $525,000 of secured convertible notes bearing interest at 12% and due on June 19, 2016. At any time after issuance, the holder was entitled to 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 share. The notes were secured against the Company's 51% interest in ASM. During the year ended August 31, 2016, the Company allocated $35,000 of the proceeds received to the conversion option and recorded in equity.

During the year ended August 31, 2016, 275,000 of these convertible notes were converted to 5,500,000 common shares.

During the year ended August 31, 2017, additional principal of $100,000 plus accrued interest of $97,980 were converted to 3,959,600 common shares. In June 2018, a payment plan was executed whereby the note holders agreed to receive repayments totaling $182,145 in installments, with the last payment occurring on June 2019. During the year ended August 31, 2018, $17,384 of principal was repaid in cash.

On June 17, 2015, the Company issued an unsecured convertible note in the amount of $666,500 (US$500,000) bearing interest at 10% and maturing on June 22, 2016, which was extended to August 22, 2016. On July 7, 2017, the maturity date of the loan was further extended to December 31, 2017. The note was convertible at the discretion of the holder into common shares at a price of $0.05 per share and the interest was convertible into common shares at the closing price of the Company's shares on the date the interest becomes payable. As the note was issued in a currency different from the Company's functional currency, the conversion feature was treated as a derivative liability and recorded at fair value. During the year ended August 31, 2016, the holder elected to convert $325,413 (US$250,000) of the convertible note into 6,508,250 common shares. During the year August 31, 2017, the holder elected to convert $98,663 (US$76,416) of accrued interest and $64,883 (US$50,000) of principal into 3,270,924 common shares. On February 5, 2018, US$100,000 and interest was repaid.

In June 2018, a payment plan was executed whereby the note holder agreed to receive repayments totaling $131,067 (US$102,626) in installments, with the last payment occurring on June 2019. During the year ended August 31, 2018, $156,415 of principal was repaid in cash.

14. CONVERTIBLE NOTES (continued)

On July 18, 2016, the Company issued $304,171 of unsecured convertible notes bearing interest at 12%, due within one year. $92,171 of these convertible notes were due on October 31, 2016, $145,000 was due on December 31, 2016 and $67,000 was due on February 28, 2017. At any time after issuance, the holder was entitled to 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. On issuance, the Company allocated $8,511 of the proceeds received to the conversion option and the remainder was recorded in equity. During the year ended August 31, 2017, some of the holders elected to convert $37,881 of accrued interest to 757,620 common shares. In June 2018, a payment plan was executed whereby the note holders, who are not insiders, agreed to receive repayments totaling $352,750 in installments, with the last payment occurring on June 2019. During the year ended August 31, 2018, $23,158 of principal was repaid in cash.

During the year ended August 31, 2016, the Company issued convertible notes totaling $266,189 (US$205,000) bearing interest at 12%. US$100,000 of these convertible notes were due on October 30, 2016 and US$105,000 were due on December 31, 2016. The notes were convertible at the discretion of the holder into units of the Company (the "Units") at a price of $0.05 per unit. Accrued interest was convertible into common shares at the last closing price of the Company's shares before the interest becomes payable. Each Unit consisted of one common share and one warrant. Each warrant entitled the holder to purchase one common share at a price of $0.10 per share before on July 18, 2018. As the note was issued in a currency different from the Company's functional currency, the conversion feature was treated as a derivative liability and recorded at fair value. On August 22, 2016, the holder of $129,840 (US$100,000) of the convertible notes maturing on December 31, 2016 elected to convert the note into 2,596,800 units. These Units were recorded as units to be issued as at August 31, 2016 with a value of $514,040. During the year ended August 31, 2017, the Units were issued.

During the year ended August 31, 2017, an aggregate of $89,262 (US$69,176) of principal and accrued interest were converted to 1,785,240 Units. In April 2017, US$45,000 of the remaining balance was settled in cash. In June 2018, a payment plan was executed whereby the note holder agreed to receive repayments totaling $8,798 (US$6,889) in installments, with the last payment occurring on June 2019.

On November 8, 2017, the Company issued an unsecured convertible note totaling $510,500 (US$400,000) bearing interest at 3% per annum and maturing on November 7, 2019. The note was convertible at the option of the Company into units at a price of $0.05 per share. Accrued interest was convertible into common shares at the closing price of the Company's shares on the date the interest was payable. Each units consists of one common share and one warrant, with each warrant entitling the holder to purchase one common share at a price of $0.10 per share. The note was issued as convertible at the option of the Company and therefore was recorded in equity. In March 2018, the note was fully converted into 10,210,000 common shares and 10,210,000 warrants. Each warrant entitles the holder to purchase one common share at a price of $0.10 per share on or before March 22, 2020. Out of $501,500, $306,300 was allocated to share capital with the remaining assigned to warrants and allocated to reserve (Note 18). Accrued interest of $5,239 (US$4,093) was recorded to trade and other payables.

14. CONVERTIBLE NOTES (continued)

A continuity schedule of the convertible notes is as follows:

		August 31, 2018		August 31, 2017
Balance, beginning of the year	$	751,598	$	1,151,189
Proceeds on issuance of convertible notes		510,500		-
Accrued interest		66,759		87,090
Accretion interest		-		40,563
Amount allocated to equity on issuance		(510,500)		-
Converted to common shares		-		(474,487)
Repayments in cash		(196,957)		(58,499)
Effect of foreign exchange		257		5,742
Balance, end of the year	**$**	**621,657**	**$**	**751,598**

The conversion option on the convertible notes denominated in US dollars has been accounted for as a derivative liability as the number of shares or units issuable on conversion will vary as a result of changes in foreign exchange rates. A continuity schedule of the derivative liability is as follows:

		August 31, 2018		August 31, 2017
Balance, beginning of the year	$	2,503	$	422,669
Net change in fair value in derivative liability		(2,503)		(325,064)
Liability reversed on conversion of the notes		-		(95,102)
Balance, end of the year	**$**	**-**	**$**	**2,503**

The fair value of the derivative liability was estimated using the Black-Scholes Option Pricing model using the following assumptions:

	August 31, 2017
Expected life	Up to 0.88 years
Volatility	204%
Risk free interest rate	Less than 1%
Dividend yield rate	Nil

(Expressed in Canadian Dollars)

15. REHABILITATION PROVISION

A continuity of the Company's reclamation provision is as follows:

		August 31, 2018		**August 31, 2017**
Balance at beginning of period	$	146,827	$	135,631
Addition		128,316		-
Effect of foreign exchange		(25,110)		11,196
Balance at the end of the period	**$**	**250,033**	**$**	**146,827**

As at August 31, 2018, the rehabilitation provision relates to the Oena Project (Note 10). For the year ended August 31, 2017 the provision is based on surveys completed by the Department of Mineral Resources of the Republic of South Africa.

For the year ended August 31, 2018, the Company contracted the services of Site Plan Consulting, and an independent consultant specializing in geological surveying. The provision is an estimate of total amount of future cash flows required to complete the restoration on the following:

- stock piles and tailings;
- existing facilities; and
- roads and other infrastructure.

16. DEFERRED RECOVERY

In November, 2017, the Company entered into a Tailing Investment and Revenue Participation agreement with TML Equipment, whereby TML Equipment agreed to provide funding of $191,042 to ensure ongoing operations of the Oena Property. In return, TML Equipment receives a royalty of 10.6% from the total diamond sales. In the event that no diamond sales are generated, the Company is not obligated to make any royalty payments. The Company recognized the funding as a deferred recovery of the Oena Property and amortized the balance over a 5 year term. During the year ended August 31, 2018, the Company recorded amortization of $32,950 on the deferred recovery.

(Expressed in Canadian Dollars)

17. RELATED PARTY TRANSACTIONS

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

		August 31, 2018		August 31, 2017
Management fees (included in management and consulting and employee benefits expense)	$	1,101,428	$	811,862
Consulting fees (included in Management and consulting)		36,000		36,000
Office and general		43,250		62,271
Raw materials and engineering costs		696,297		798,318
Share-based payments		33,750		285,384
Total	$	**1,910,725**	**$**	**1,993,835**

As at August 31, 2018, $663,380 (August 31, 2017 - $1,220,259) is owed to the CEO, CFO and certain directors and officers of the Company. Amounts owing are non-interest bearing, unsecured and due on demand.

18. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued

Year Ended August 31, 2018

On September 8, 2018, the Company closed a private placement and issued 3,754,840 common shares at a price of $0.05 per share for gross proceeds of $187,745. Out of $187,745, $31,488 was reallocated from shares to be issued to share capital.

During the year ended August 31, 2018, the Company issued 8,463,000 common shares with a value of $302,715 as consideration of management fees. Out of $302,715, $32,550 was reallocated from shares to be issued to share capital.

On December 14, 2017, the Company issued 17,895,380 common shares with a fair value of $894,771 to settle an equivalent amount of debt.

On March 22, 2018, the Company elected to fully convert a convertible note of $510,500 and issued 10,210,000 units. Each unit consists of one share and one warrant. Each warrant entitles the holder to purchase one common share at a price of $0.10 per share expiring on March 22, 2020. Out of $510,500, $204,200 was allocated to the warrants.

(Expressed in Canadian Dollars)

18. SHARE CAPITAL (continued)

The warrants issued were valued using Black-Scholes option pricing model and the following input assumptions:

Weighted average fair value of warrants issued on March 22, 2020	$	0.02
Risk-free interest rate		1.82%
Estimated life		2 years
Estimated volatility		215.68%
Expected dividend yield		0%
Forfeiture rate		0%

Year ended August 31, 2017

On September 15, 2016, 2,596,800 common shares were issued in connection with the conversion of a convertible note for $242,213 (US$100,000) in August 2016.

On April 11, 2017, the Company issued and placed in escrow a total of 3,245,160 common shares as security for the buyer's interest in ASM, to be held while the mining licence is being renewed. Upon renewal the Escrowed Shares were to be cancelled and returned to treasury (Note 26). In the event if the mining licence is not renewed, the escrowed shares were released to the buyer (Note 10).

On April 11, 2017, the Company issued 4,500,000 common shares by way of a private placement at a price of $0.05 per share for proceeds of $225,000. In connection with the private placement, the Company issued 316,228 warrants as finders' fees (Note 19).

During the year ended August 31, 2017, the Company entered into agreements with management to issue common shares as compensation for management and consulting fees in the period. As at August 31, 2017, 65,100 common shares were included as equity to be issued.

During the year ended August 31, 2017, certain convertible notes were converted into 9,773,384 common shares (Note 14). The carrying value of the related convertible notes, derivative liability and equity components on conversion was $488,636.

During the year ended August 31, 2017, the Company settled accounts payable in the amount of $732,297 through the issuance of 14,648,275 common shares valued at $681,754, resulting in a gain on settlement of debt of $50,543. Included in the settlement were 6,185,300 common shares issued for the offtake agreement linked to the Oena property valued at $309,265 (Note 10).

(Expressed in Canadian Dollars)

19. SHARE BASED PAYMENTS

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, 2018			August 31, 2017		
		Weighted Average Exercise Price	Number of Options		Weighted Average Exercise Price	Number of Options
Outstanding at beginning of year	$	0.07	12,850,000	$	0.08	7,900,000
Forfeited		0.13	2,800,000		-	-
Granted		-	-		0.05	4,950,000
Outstanding at end of the year	**$**	**0.05**	**10,050,000**	**$**	**0.07**	**12,850,000**
Exercisable at end of the year	**$**	**0.05**	**10,050,000**	**$**	**0.07**	**10,375,000**

The following table provides additional information about outstanding stock options at August 31, 2018:

Exercise Price	Number of Options Outstanding and Exercisable	Weighted Average Remaining Life (Years)	Expiry date
$ 0.05	3,150,000	0.48	February 21, 2019
$ 0.05	1,050,000	1.16	October 27, 2019
$ 0.05	900,000	2.87	July 15, 2021
$ 0.05	4,500,000	3.45	February 10, 2022
$ 0.05	450,000	3.59	April 3, 2022
$ 0.05	**10,050,000**		

(Expressed in Canadian Dollars)

19. SHARE BASED PAYMENTS (continued)

The following table summarizes the weighted average assumptions used with the Black-Scholes Option Pricing model for the determination of the fair value of stock options granted during the years ended August 31, 2018 and 2017:

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
July 15, 2016	July 15, 2021	$0.070	$0.05	0.68%	5	212%	Nil
February 10, 2017	February 10, 2022	$0.060	$0.05	1.09%	5	224%	Nil
April 3, 2017	April 3, 2022	$0.060	$0.05	1.08%	5	225%	Nil

Total expenses arising from share-based payments recognized during the year ended August 31, 2018 were $33,750 (2017 - $285,384).

20. WARRANTS

The continuity of the Company's outstanding warrants is as follows:

	August 31, 2018			August 31, 2017		
		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price	Number of Warrants
Outstanding, beginning of year	$	0.09	9,709,444	$	0.09	5,068,000
Issued		0.10	10,210,000		0.10	4,641,444
Expired		0.06	(1,697,644)		-	-
Outstanding, end of the year	**$**	**0.10**	**18,221,800**	**$**	**0.09**	**9,709,444**

During the year ended August 31, 2018, 10,210,000 warrants were issued, entitling the holder to purchase 10,210,000 common shares at a price of $0.10 per share on or before March 22, 2020 with respect to the conversion of a convertible note for US$400,000 (C$510,000) (Notes 14 and 18).

(Expressed in Canadian Dollars)

20. WARRANTS (continued)

On April 11, 2017, 316,228 warrants were issued as finders' fees in connection with a private placement financing. The fair value of these warrants was estimated to be $13,848 determined using the Black-Scholes option pricing model with the following assumptions: expected life of 1.00 year, expected volatility of 265%, a risk-free interest rate of 0.73% and a dividend yield of nil.

During the year ended August 31, 2017, 4,382,040 warrants were issued in connection with the conversion of the convertible notes. On conversion, amounts previously included in the derivative liability were reclassified to share capital and warrant reserve based on their conversion date fair value.

During the year ended August 31, 2017, 313,416 warrants were issued as finders' fees in connection with the agreement for the sale of an 8% interest in ASM. The fair value of these warrants was estimated to be $20,567 determined using the Black-Scholes option pricing model with the following assumptions: expected life of 1.88 years, expected volatility of 282%, a risk-free interest rate of 0.57% and a dividend yield of Nil.

Warrants outstanding as at August 31, 2018 are as follows:

Exercise price		Issue date	Expiry date	Number of Warrants
$	0.10	March 2, 2015	March 2, 2020	4,000,000
$	0.10	September 1, 2016	September 15, 2018	2,596,800
$	0.10	March 2, 2017	March 2, 2019	1,415,000
$	0.10	March 22,2018	March 22, 2020	10,210,000

21. 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 and its engineering services. 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, 2018.

The Company considers its capital to be shareholders' equity, which is comprised of capital stock, reserves, deficit and non-controlling interest. 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.

21. 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.

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.

22. FINANCIAL INSTRUMENTS

Fair Value
The carrying amount of cash, receivables, trade and other payables, promissory notes, convertible notes, vehicle lease, and due to related parties approximate fair value due to the relatively short term maturity of these financial instruments. The derivative liability of convertible debentures that are past due are measured using the difference between the trading price and the exercise price at the year-end date. The fair value of the derivative liability is measured using level 3 inputs using the Black Scholes Option Pricing model.

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. As at August 31, 2018, approximately 90% of trade receivables are due from one customer. 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.

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, 2018 the Company had current assets of $2,771,041 (August 31, 2017 - $2,775,698) to settle current liabilities of $3,481,348 (August 31, 2017 - $4,443,443) resulting in working capital deficit of $710,307 (August 31, 2017 - $1,667,745). The Company intends to fund these through loans, private placements and profits generated form its operations. 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 coal operations' income and expenditure are incurred in South African Rands. Diamonds from the South African operations are tendered in United States Dollars and settled in South African Rands at the average rate on the day that the tender closes. The main debt instruments of the group is denominated in Canadian and United States Dollars. The group does not enter into forward cover. As a result, unrealized foreign exchange gains and losses will arise from financial instruments that are unsettled at reporting date and realized foreign exchange gains and losses will arise from the derecognition of financial instruments at the prevailing rate.

22. FINANCIAL INSTRUMENTS (continued)

The Company has net financial liabilities of approximately $370,000 that are denominated in US dollars and net

financial assets of approximately $333,302 that are denominated in South African Rands. A 10% strengthening of the US dollar would affect net income by approximately $37,000 and a 10% strengthening of the South African Rands would affect net loss by approximately $33,000.

23. SEGMENTED INFORMATION

Operating Segments

For the years ended August 31, 2018 and 2017, 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.

The following is summarized financial information of the Company's reportable segments for the year ended August 31, 2018:

		Coal Processing Service Contracts		Exploration and Evaluation		Corporate		Consolidated
Revenues	$	13,094,844	$	-	$	-	$	13,094,844
Amortization	$	14,912	$	-	$	6,024	$	20,936
Amortization of service contracts	$	-	$	-	$	-	$	-
Impairment of service contracts	$	-	$	-	$	-	$	-
Net profit / loss	$	120,258	$	(201,526)	$	(1,063,483)	$	(1,144,751)
Total assets	$	2,835,538	$	809,231	$	125,630	$	3,770,399
Total liabilities		(1,734,514)		(670,065)		(1,447,696)		(3,852,275)
Net assets (liabilities)	$	1,101,024	$	139,166	$	(1,322,066)	$	(81,876)

The following is summarized financial information of the Company's reportable segments for the year ended August 31, 2017:

		Coal Processing Service Contracts		Exploration and Evaluation		Corporate		Consolidated
Revenues	$	13,251,668	$	-	$	-	$	13,251,668
Amortization	$	14,987	$	-	$	5,995	$	20,982
Amortization of service contracts	$	67,103	$	-	$	-	$	67,103
Impairment of service contracts	$	228,352	$	-	$	-	$	228,352
Net loss	$	(421,779)	$	(721,783)	$	(637,049)	$	(1,780,611)
Total assets	$	2,842,912	$	778,253	$	96,140	$	3,717,305
Total liabilities		(2,263,276)		(539,859)		(1,787,135)		(4,590,270)
Net assets (liabilities)	$	579,636	$	238,394	$	(1,690,995)	$	(872,965)

Information about Major Customers

The Company's revenue for the Service Contracts for the year ended August 31, 2018 was from one customer.

(Expressed in Canadian Dollars)

24. INCOME TAXES

A reconciliation of income taxes calculated at the combined statutory tax rate to the income tax expense is as follows:

		August 31, 2018		**August 31, 2017**
Loss before income taxes	$	(1,095,474)	$	(1,761,711)
Expected income tax recovery		(285,000)		(463,000)
Difference between Canadian and foreign tax rates		(2,000)		(11,000)
Impact of future income tax rates versus current		(1,000)		(1,000)
Non-deductible expenses		94,000		334,000
Adjustment to prior year provision versus statutory tax returns		(18,000)		593,000
Effect of foreign exchange and other		(83,302)		32,900
Change in unrecognized deferred tax assets		326,000		(466,000)
Total income tax expense	$	30,698	$	18,900
Current income tax expense	$	30,698	$	21,139
Deferred tax expense (recovery)	$	-	$	(2,239)

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 12%. 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, 2018		**August 31, 2017**
Non-capital losses	$	2,924,000	$	2,752,000
Share issue costs		12,000		19,000
Exploration and evaluation assets		-		(68,000)
Equipment		8,000		(23,000)
Leave pay		68,000		58,000
Bonus pay		78,000		50,000
Service contracts		-		(11,000)
Intangible assets		-		(80,000)
Other		-		70,000
		3,090,000		2,767,000
Unrecognized deferred tax assets		(3,063,060)		(2,737,639)
Net deferred tax asset	$	26,940	$	29,361

(Expressed in Canadian Dollars)

24. INCOME TAXES (continued)

As at August 31, 2018, the Company has estimated non-capital losses totalling $9,134,000 (2017 - $7,914,000) in Canada that may be carried forward to reduce taxable income derived in future years, from 2018 to 2037 and non-capital losses totalling $ 2,083,000 (2017 - $2,425,000) in South Africa that can be used indefinitely.

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

25. NON-CONTROLLING INTERESTS

The non-controlling interests consisted of the following:

		August 31, 2018		August 31, 2017
Kwena Group (26%)	$	527,635	$	491,130
ASM (2018- 57%, 2017 – 49%)		(605,674)		(587,753)
	$	(78,039)	$	(96,623)

The following is the summarized statement of financial position of Kwena Group and ASM as at August 31, 2018:

		Kwena Group		ASM
Current:				
Assets	$	3,372,192	$	1,691
Liabilities		(1,766,222)		(1,633,049)
Total current net assets (liabilities)		1,605,970		(1,631,358)
Non-current				
Assets		140,534		807,540
Liabilities		(20,355)		(370,926)
Total non-current net assets		120,179		436,614
Total net assets (liabilities)	$	1,726,149	$	(1,194,744)

The following is the summarized comprehensive profit / loss of Kwena Group and ASM for the year ended August 31, 2018:

		Kwena Group		ASM
Revenue	$	13,094,844	$	-
Net income (loss)		36,500		(17,921)
Other comprehensive income (loss)		5		-
Total comprehensive loss	$	36,505	$	(17,921)

(Expressed in Canadian Dollars)

25. NON-CONTROLLING INTERESTS (continued)

The following is the summarized statement of financial position of Kwena Group and ASM as at August 31, 2017:

	Kwena Group	ASM
Current:		
Assets	$ 3,699,820	$ 7,678
Liabilities	(2,240,626)	(1,698,000)
Total current net assets (liabilities)	$ 1,459,194	$ (1,690,322)
Non-current		
Assets	$ 136,467	$ 770,576
Liabilities	(22,651)	(146,827)
Total non-current net assets	$ 113,816	$ 623,749
Total net assets (liabilities)	$ 1,573,010	$ (1,066,573)

The following is the summarized comprehensive profit / loss of Kwena Group and ASM for the year ended August 31, 2017:

	Kwena Group	ASM
Revenue	$ 13,251,668	$ -
Net income (loss)	(109,672)	(27,150)
Other comprehensive income (loss)	57,574	(23,772)
Total Comprehensive loss	$ (52,098)	$ (50,922)

26. SUBSEQUENT EVENTS

On September 4, 2018, the Company issued 651,000 shares as consideration of management fees.

On September 10, 2018, the Company announced that it had signed an acquisition agreement to acquire an 80% unencumbered interest in the Mano River Project from West Mining Ltd. The Mano River Project consists of one recently granted 104.3 square km diamond mineral exploration license located in the western part of Republic of Liberia. This area is well known for the wide spread occurrence of alluvial diamonds and the known presence of kimberlites.

On September 11, 2018, the Company announced that it had signed a Services Agreement for Mining and Marketing of Diamonds with Cooperativa Mineira Do Moquita, SCRL (“Moquita”) on a 147 square km portion of a concession located 50 km north of Lucapa within the Lauchimo River basin, Province of Lunda Norte, Republic of Angola.

Tango will be responsible for capital expenditures associated with alluvial diamond mine design and equipment acquisition as well as enhancing production. As remuneration, Tango will receive 60% of the proceeds from the sale of produced diamonds.

26. SUBSEQUENT EVENTS (continued)

On September 12, 2018, the Company announced that CC Mining Limited ("CCML") had provided to Tango two US dollar term loan facilities for an aggregate of US$500,000, (collectively the "Loans") to be solely used to fund both the capital and operating costs required for the mining of diamonds in Angola on the Moquita Project. Tango is responsible for alluvial mine design and equipment acquisition, as well as enhancement of production. As remuneration, Tango will receive 60% of the net proceeds from the sale of diamonds, after deduction of Tango's costs. The budget for "Phase 1" work is US$500,000.

Tango has entered into a Phase 1 Corporate Loan Agreement whereby CCML will provide a US dollar term loan facility for up to US$250,000 (the "Corporate Loan Agreement") bearing interest at the rate of 15% per annum, payable monthly. Tango has also entered into a Phase 1 Equity Loan Agreement whereby CCML will provide a US dollar term loan facility for up to US$250,000 (the "Equity Loan Agreement"), pursuant to which 50% of the proceeds received from the sale of diamonds recovered from the Moquita Project will be paid to CCML in lieu of interest. As security for the Loans, the Company agreed to a bank account charge over a project specific bank account and a security assignment over the Project, both in favor of CCML.

The Company also agreed to form a joint venture with CCML, in the event that CCML exercises its right to participate in the Phase 2 development plan of the Moquita Project, which would include an expansion and increase in production. If the joint venture is created, CCML will provide a loan facility to the joint venture to carry out the Phase 2 capital and development requirements.

On October 18, 2018, the Company announced that Metswedi Mining (Pty) Ltd. ("Metswedi") had received the first renewal for Prospecting License No. 101/2015 (430 km2) and No. 058/2015 (2.3 km2) which make up the Middlepits Project. The Middlepits Project was renewed for a period of two years commencing on 1 October 2018 and ending on 30 September 2020.

On April 11, 2017, the Company issued and placed in escrow a total of 3,245,160 common shares (the "Escrow Shares") as security for a buyer's interest in African Star, to be held while the Oena New Order Mining Lease was being renewed. During the year ended August 31, 2018, the Department of Minerals and Resources confirmed renewal of the Oena New Order Mining Lease for nine years up to March 15, 2027. Accordingly, the Escrow Shares have now been returned to treasury and the Escrow Agreement is null and void.

On October 26, 2018, 13,895,380 common shares issued to four parties, including a director, in settlement of debt were cancelled and returned to treasury, with all parties agreeing to forgive their respective debts totaling $694,769.