TANGO MINING LIMITED

Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars)

For the three months ended

November 30, 2017 and 2016

(Unaudited)

NOTICE TO READER

Responsibility for Financial Statements:
The accompanying unaudited condensed consolidated interim financial statements of Tango Mining Limited for the three months ended November 30, 2017 and 2016 have been prepared by management in accordance with International Financial Reporting Standards applicable to interim financial statements (see note 2 to the unaudited condensed consolidated interim financial statements). Recognizing that the Company is responsible for both the integrity and objectivity of the unaudited financial statements, management is satisfied that these unaudited condensed consolidated interim financial statements have been fairly presented.

Auditors Involvement:
The external auditors of Tango Mining Limited have not audited or performed a review of the unaudited condensed consolidated interim financial statements for the three-month periods ending November 30, 2017 and 2016.

TANGO MINING LIMITED
Condensed Consolidated Interim Statement of Financial Position (unaudited)
(Expressed in Canadian Dollars)

	November 30, 2017	August 31, 2017
ASSETS		
Current Assets		
Cash	$ 1,140,985	$ 641,527
Receivables (*Note 7*)	1,251,917	1,275,750
Prepaid expenses (*Note 8*)	3,240	5,670
Inventories (*Note 9*)	918,049	852,751
	3,314,190	2,775,698
Non-current assets		
Reclamation Deposits (*Note 8*)	143,179	146,827
Deposit	9,427	9,667
Deferred tax asset	28,631	29,361
Intangible assets (*Note 10)*	33,645	39,430
Exploration and evaluation assets (*Note 11)*	598,827	614,083
Equipment (*Note 12*)	116,424	102,239
TOTAL ASSETS	$ 4,244,323	$ 3,717,305
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (*Note 13*)	$ 2,199,257	$ 2,142,808
Convertible notes (*Note 14*)	778,176	751,598
Derivative liability (*Note 14*)	40,168	2,503
Vehicle lease	10,547	14,011
Income tax payable	303,295	312,264
Due to related parties (*Note 17*)	1,143,885	1,220,259
	4,475,328	4,443,443
Long-term Liabilities		
Rehabilitation provision (*Note 15*)	143,179	146,827
Financial Liability *(Note 16)*	197,667	-
	5,473,538	4,590,270
Shareholders' Equity		
Share capital (*Note 18*)	16,062,985	15,777,590
Equity to be issued *(Notes 19)*	63,855	96,588
Equity portion of convertible notes *(Note 14)*	535,678	25,178
Reserve for warrants *(Note 21)*	860,679	860,679
Reserve for share based payments (Note 20)	2,381,736	2,345,220
Reserve for foreign exchange	138,347	133,254
Accumulated deficit	(20,485,866)	(20,014,851)
	(442,587)	(776,342)
Non-controlling interest (*Note 25*)	(129,264)	(96,623)
	(571,852)	(872,965)
TOTAL LIABILITIES AND EQUITY	$ 4,244,323	$ 3,717,305

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

TANGO MINING LIMITED

Condensed Consolidated Interim Statements of Income and Comprehensive Income (unaudited)

(Expressed in Canadian Dollars)

	Three months ended November 30, 2017	2016
Revenues	$ 2,980,639	$ 3,274,857
Operating expenses		
Amortization *(Note 12)*	(4,890)	(7,006)
Amortization of service contracts (*Note 10)*	(4,692)	(16,177)
Employee benefits expense	(1,843,348)	(2,121,978)
Exploration and evaluation expenses *(Note 11)*	(44,366)	(31,691)
Foreign exchange (loss)/gain	(28,988)	102,138
Management and consulting (*Note 17*)	(273,403)	(169,873)
Office and general	(65,094)	(108,169)
Professional fees	(55,283)	(48,146)
Project investigation costs *(Note 11)*	(100,809)	(47,760)
Raw material and engineering cost	(880,121)	(1,045,906)
Share based payments (*Note 20*)	(36,515)	(8,846)
Shareholder information	(17,441)	(2,068)
Travel and promotion	(35,600)	(18,486)
	(3,390,552)	(3,523,968)
Change in fair value of derivative liability *(Note 14)*	(37,669)	243,310
Finance charge	(36,814)	(73,522)
	(74,483)	169,788
Net loss before tax	(484,396)	(79,324)
Income Tax	(19,266)	(43,381)
Net loss for the period	(503,662)	(122,705)
Total income /(loss) attributable to:		
Shareholders of the company	(471,015)	(56,054)
Non-controlling interests	(32,647)	(66,651)
	(503,662)	(122,705)
Other comprehensive loss		
Exchange differences on translating foreign operations	5,096	14,179
Total comprehensive income for the period	(498,566)	(108,526)
Other comprehensive loss attributable to:		
Shareholders of the Company	5,093	13,696
Non-controlling interests	3	483
	5,096	14,179
Total comprehensive income /(loss) attributable to:		
Shareholders of the company	(465,922)	(42,358)
Non-controlling interests	(32,644)	(66,168)
	$ (498,566)	$ (108,526)
Basic and fully diluted loss per common share	(0.00)	(0.00)
Weighted average number of shares outstanding	193,128,757	153,242,702

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

TANGO MINING LIMITED

Condensed Consolidated Interim Statement of Changes in Equity (unaudited)

(Expressed in Canadian Dollars)

	Share Capital			Reserves					Equity Attributable to		
	Number of shares	Amount	Units to be issued	Share based payments	Warrants	Foreign Exchange	Equity portion of debt	Deficit	Shareholders	NCI	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)**
Conversion of notes	2,596,800	514,040	(514,040)	-	-	-	-	-	-	-	-
Share based payments	-	-	-	8,846	-	-	-	-	8,846	-	8,846
Issued to finders on conversion of shares	-	-	-	-	37,030	-	-	-	37,030	-	37,030
Currency translation adjustment	-	-	-	-	-	13,696	-	-	13,696	483	14,179
Net loss for the year	-	-	-	-	-	-	-	(56,054)	(56,054)	(66,651)	(122,705)
Balance, November 30, 2016	**171,531,760**	**$ 14,654,027**	**$ -**	**$ 2,068,682**	**$ 496,604**	**$ 72,970**	**$ 25,178**	**$ (18,427,116)**	**$ (1,109,655)**	**$ (59,771)**	**$ (1,169,426)**
Settlement of debt	14,648,275	681,754	-	-	-	-	-	-	681,754	-	681,754
Conversion of debt	9,773,384	216,809	-	-	352,780	-	-	-	569,589	-	569,589
Private placement	4,500,000	225,000		-	-	-	-	-	225,000	-	225,000
Units to be issued	-	-	31,488	-	-	-	-	-	31,488	-	31,488
Shares placed in escrow	3,425,160	-	-	-	-	-	-	-	-	-	-
Management compensation	-	-	65,100	-	-	-	-	-	65,100	-	65,100
Share based payments	-	-	-	276,538	-	-	-	-	276,538	-	276,538
Warrant extension	-	-	-	-	11,295	-	-	-	11,295	-	11,295
Currency translation adjustment	-	-	-	-	-	60,284	-	-	60,284	33,319	93,603
Net loss for the period	-	-	-	-	-	-	-	(1,587,735)	(1,587,735)	(70,171)	(1,657,906)
Balance, Aug 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)**
Private placement	3,754,840	187,745	(32,733)	-	-	-	-	-	155,012	-	155,012
Management compensation	1,953,000	97,650	-	-	-	-	-	-	97,650	-	97,650
Convertible notes issued	-	-	-	-	-	-	510,500	-	510,500	-	510,500
Share based payments	-	-	-	36,516	-	-	-	-	36,516	-	36,516
Currency translation adjustment	-	-	-	-	-	5,093	-	-	5,093	-	5,093
Net loss for the period	-	-	-	-	-	-	-	(471,015)	(471,015)	(32,644)	(503,659)
Balance, Nov 30, 2017	**209,586,419**	**$ 16,062,985**	**$ 63,855**	**$ 2,381,736**	**$ 860,679**	**$ 138,347**	**$ 535,678**	**$ (20,485,866)**	**$ (442,586)**	**$ (129,267)**	**$ (571,853)**

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

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

Three months ended November 30,		2017		2016
Operating Activities				
Net loss for the period	$	(503,662)	$	(122,705)
Adjustments to reconcile net loss to cash flow from operating activities:				
Share based payments (*Note 20*)		36,515		8,846
Amortization *(Note 12)*		4,890		7,006
Amortization of service contracts *(Note 10)*		4,692		16,177
Non-cash finance expenses		21,564		37,031
Change in fair value of derivative liability *(Note 14)*		37,669		(243,310)
Unrealized foreign exchange gain (loss)		31,751		(65,721)
Tax provisions		-		44,466
Management fees paid in shares		97,650		-
Net change in non-cash working capital items:				
Other receivables		23,833		143,319
Inventories		(65,297)		11,801
Prepaid expenses		2,430		1,515
Accounts payable and accrued liabilities		56,451		(242,475)
Vehicle lease		(3,464)		(2,666)
Payment of income taxes		-		(4,028)
Due to related parties (*Note 17)*		(76,374)		71,076
Cash flow used in operating activities		(331,351)		(339,668)
Financing Activities				
Shares issued for cash		187,742		-
Shares not yet issued as part of management compensation		(32,730)		-
Conversion / Increase in convertible notes *(Note 14)*		5,010		49,622
Convertible notes issued and classified to equity *(Note 14)*		510,500		-
Cash raised through financial liability *(Note 16)*		197,667		-
Cash flow provided from financing activities		868,188		49,622
Investing Activities				
Increase in property, plant and equipment *(Note 12)*		(19,075)		-
Cash flow provided from investing activities		(19,075)		-
Effect of currency translation reserve		(18,305)		13,696
Net increase / (decrease) in cash		499,458		(276,350)
Cash beginning of the period		641,527		970,048
Cash, end of the period	$	1,140,985	$	693,698

The accompanying notes are an integral part of these unaudited condensed consolidated interim 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 unaudited condensed consolidated interim 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 unaudited condensed consolidated interim 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 November 30, 2017, 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

These unaudited condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These unaudited condensed consolidated interim financial statements were authorized by the Board of Directors of the Company on MMMM DD, 2018.

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

3.2 Basis of measurement

The unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis. The unaudited condensed consolidated interim financial statements are presented in Canadian dollars.

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 unaudited condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. The results of each subsidiary will continue to be included in the unaudited condensed 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	**November 30, 2017**	**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%
TGV Resources (Pty) Ltd	South Africa	100%	100%
African Star Minerals (Pty) Limited	South Africa	51%	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%
Tango Mining Limited	United Kingdom	100%	100%

*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.

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 functional currency of the subsidiaries incorporated in South Africa is the South African Rand ("ZAR"), and the functional currency of the subsidiaries incorporated in Nicaragua is 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 unaudited condensed 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 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)

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 period and year ended November 30, 2017 and August 31, 2017 respectively, 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 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
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

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 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)

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)

4.12 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.

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. Profits or losses resulting from transactions between the Company and its associates are 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 associates into line with those of the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Accounting standards issued but not yet effective

Amendment to IAS 12 – Income taxes.
The amendments were issued to clarify the requirements for recognizing deferred tax assets on unrealized losses. 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, 2017.

Amendment to IAS 7 – Cash flow statements.
In January 2016, the International Accounting Standards Board (IASB) issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. 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, 2017.

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.

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.

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.

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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:

- 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;
- the amortization of intangible assets;
- the recoverable amount of its mineral property;
- the fair value of stock based transactions; and
- the 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:

- 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; and
- the 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 invest 25% of the outstanding shares of 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.

		November 30, 2017		August 31, 2017
Common shares (25%)	$	3,129	$	3,129
Share of equity loss		(3,129)		(3,129)
	$	**-**	**$**	**-**

During the period and year ended November 30, 2017 and August 31, 2017 respectively, the Company's share of TML Equipment's equity loss was $4,260 (August 31, 2017 $36,656). 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 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:

		November 30, 2017		August 31, 2017
Current assets	$	45,278	$	224,677
Non-current assets	$	197,664	$	-
Current liabilities	$	260,414	$	226,090
Loss and comprehensive loss	$	17,472	$	14,400

7. RECEIVABLES

		November 30, 2017		August 31, 2017
GST/HST receivables	$	2,371	$	78,704
Trade receivables		1,249,546		1,197,046
Total other receivables	**$**	**1,251,917**	**$**	**1,275,750**

8. PREPAID EXPENSES

		November 30, 2017		August 31, 2017
Current:				
Other	$	3,240	$	5,670
		3,240		5,670
Non-current:				
Reclamation deposits		143,179		146,827
Total prepaid expenses and deposits	**$**	**146,419**	**$**	**152,497**

(Expressed in Canadian Dollars)

9. INVENTORIES

As at November 30, 2017, the Company held $918,049 (August 31, 2017 - $ 852,751) in supplies inventory used for maintenance of the coal processing plants as required by its Service Contracts.

10. 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.

During the financial year August 31, 2017 management performed an impairment test on the service contracts based on their estimated fair values determined using a discounted cash flow analysis resulting in an impairment of $288,352. For the period November 30, 2017 there were no indicators of impairment.

	November 30, 2017	**August 31, 2017**
Service Contracts		
Balance at beginning of the period /year	$ 39,430	$ 305,064
Impairment	-	(228,532)
Amortization	(4,692)	(67,103)
Foreign exchange	(1,093)	30,001
Balance at the end of the year	$ 33,645	$ 39,430

11. EXPLORATION AND EVALUATION ASSETS

South Africa

The Company's 51% owned subsidiary African Star Minerals (Pty) Ltd. ("ASM") has a 100% interest in the Oena Project, a diamond property located in the Northern Cape Province, South Africa.

	November 30, 2017	**August 31, 2017**
Balance at beginning of year	$ 614,083	567,261
Effect of foreign exchange	(15,256)	46,822
Balance at the end of the year	**$ 598,827**	**614,083**

During the period ended November 30, 2017, the Company incurred $44,366 (November 30, 2016 - $31,691) of costs relating to this project that were expensed as exploration and evaluation expenditures. In the event of diamonds recovered and sold, expenditures are shown net of the proceeds on the sale of diamonds recovered as part of the ongoing evaluation work. No diamonds were sold during Q1 2017 and 2016 respectively.

(Expressed in Canadian Dollars)

11. EXPLORATION AND EVALUATION ASSETS (continued)

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

		November 30, 2017		November 30, 2016
Exploration expenditures:				
Project staff salaries, benefits and consulting	$	13,514	$	8,147
Travel expenses		8,314		14,635
Supplies Expense		22,539		8,909
Exploration and evaluation expenditures	$	44,366	$	31,691

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, currently held in escrow. The buyer's acquired interest will exclude the liabilities of ASM at the time the agreement was entered into. Upon renewal of the mining license, the issued escrow shares will be cancelled and returned to treasury. The buyer also acquired an additional 23% interest in ASM from an existing shareholder. The Company issued and placed in escrow a total of 2,314,405 common shares as security for the buyer's existing total interest in ASM, to be held while the mining licence is being renewed. Upon renewal, these escrowed shares will be cancelled and returned to treasury.

Per the agreement, in the event that the mining licence is not renewed by November 29, 2017, at the buyer's option the escrowed shares will be released to the buyer. As at November 30, 2017, the buyer has agreed to extend the term, and has agreed to not exercise his option to release the shares.

As at November 30, 2017, 3,245,160 common shares of the Company were held in escrow. In connection with the agreement, the Company issued 313,416 warrants in finders' fees (Note 21).

Subsequent to period-end, Mr. Georges Zard of the GZA group retains his option to, upon renewal of the mining permit in African Star Minerals (Pty) Ltd, to either receive from the Company an additional 8% in African Star Minerals (Pty), or for 930,755 of the 3,245,160 common shares placed in escrow to be released to himself.

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 $100,809 (2016 - $47,760) in the current financial period. These amounts have been expensed as project investigation costs.

(Expressed in Canadian Dollars)

12. EQUIPMENT

		Computer Equipment & Software		Office Furniture		Vehicles		Equipment		Total
Cost										
As at August 31, 2016	**$**	**37,627**	**$**	**26,745**	**$**	**118,357**	**$**	**57,774**	**$**	**240,503**
Additions		15,223		-		-		-		15,223
As at Aug 31, 2017		**52,850**		**26,745**		**118,357**		**57,774**		**255,726**
Additions		2,042		-		20,177		-		22,219
As at November 30, 2017	**$**	**54,892**	**$**	**26,745**	**$**	**138,534**	**$**	**57,774**	**$**	**277,945**
Accumulated Amortisation										
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 Aug 31, 2017		**30,228**		**21,234**		**58,193**		**29,300**		**138,955**
Charge for the year		1,886		414		1,930		1,185		5,415
Foreign exchnage		5,966		(4,949)		(935)		14,455		14,537
As at November 30, 2017	**$**	**38,080**	**$**	**16,699**	**$**	**59,188**	**$**	**44,940**	**$**	**158,907**
Foreign Exchange										
As at Aug 31, 2017	**$**	(5,707)	**$**	2,821	**$**	2,808	**$**	(14,454)	**$**	(14,532)
As at November 30, 2017	**$**	(370)	**$**	(221)	**$**	(1,745)	**$**	(282)	**$**	(2,618)
Net Book Value										
As at Aug 31, 2017	**$**	**16,915**	**$**	**8,332**	**$**	**62,972**	**$**	**14,020**	**$**	**102,239**
As at November 30, 2017	**$**	**16,442**	**$**	**9,825**	**$**	**77,601**	**$**	**12,552**	**$**	**116,420**

An amount of $525 (2016 - $Nil) of amortization relates to a vehicle acquired by African Star Minerals (Pty) Ltd and is included in exploration and evaluation in the income statement.

13. TRADE AND OTHER PAYABLES

		November 30, 2017		August 31, 2017
Trade payables	$	1,390,601	$	1,132,256
Accrued liabilities		198,781		87,462
Deposit liability (Note 11)		46,674		46,674
Payroll and VAT provisions		563,201		876,414
Total trade and other payables	**$**	**2,232,756**	**$**	**2,142,806**

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 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 share. The notes are 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, an additional principal of $100,000 plus accrued interest of $97,980 were converted to 3,959,600 common shares at a conversion price of $0.05. At November 30, 2017, there remains $150,000 (August 31, 2017 $150,000) of these convertible notes outstanding and past due plus accrued interest of $9,384 (August 31, 2017 - $4,541).

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 is convertible at the discretion of the holder into common shares at a price of $0.05 per share and the interest is convertible into common shares 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. 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. At November 30, 2017, there remains $257,315 (US$200,000)) (August 31, 2017 - $252,512 (US$200,000)) of this convertible note outstanding and past due plus accrued interest of $11,123 (August 31, 2017 $8,088).

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 was 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 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. 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. At November 30, 2017, there remains $304,671 (August 31, 2017 $304,671) of these convertible notes outstanding plus accrued interest of $38,867 (August 31, 2017 - $28,526).

14. CONVERTIBLE NOTES (continued)

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 USD 105,000 were due on December 31, 2016. The notes are convertible at the discretion of the holder into Units at a price of $0.05 per share and the interest is convertible into common shares at the last closing price of the Company's shares before the interest becomes payable. The Units consists of one common share and one warrant. Each warrant allows the holder to purchase one additional common share at a price of $0.10 per share expiring on July 18, 2018. 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. 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 and the Units were issued during the year ended August 31, 2017. During the year ended August 31, 2017, an aggregate of $89,262 (US$69,176) of principle and accrued interest were converted to 1,785,240 Units. In April 2017, US$45,000 of the remaining balance was settled in cash. At November 30, 2017, there remains $6,433 (US$5,000), (August 31, 2017 $8,517 (US$5,000)) of these convertible notes outstanding and past due, plus accrued interest of $2,120 (August 31, 2017 $1,743 (US$1,453)).

Effective November 8, 2017 the Company issued an unsecured convertible note totaling $510,500 (US$400,000) bearing interest at 3% and maturing on November 7, 2019. The note is convertible at the option of the Company into common shares at a price of $0.05 per share and the interest is convertible into common shares at the last closing price of the Company's shares before the interest becomes payable. The Units consists of one common share and one warrant. Each warrant allows the holder to purchase one additional common share at a price of $0.10 per share expiring on November 7, 2019. As the note is convertible at the option of the Company the full principle amount was recorded in equity. There remains $514,630 (August 31, 2017 Nil) of this convertible note outstanding and plus accrued interest of $127 (August 31, 2017 Nil).

14. CONVERTIBLE NOTES (continued)

A continuity of the convertible notes is as follows:

		November 30, 2017		August 31, 2017
Balance at beginning of the period	$	751,598	$	1,151,189
Proceeds on issuance of convertible notes		510,500		-
Amounts allocated to equity		(510,500)		-
Accrued interest		21,564		87,090
Accretion interest		-		40,563
Converted to common shares		-		(474,487)
Repayment		-		(58,499)
Effect of foreign exchange		5,014		5,742
Balance at the end of the year	**$**	**778,176**	**$**	**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 of the derivative liability is as follows:

		November 30, 2017		August 31, 2017
Balance at beginning of year	$	2,503	$	422,669
Recognized on issuance of convertible notes		(4)		-
Net change in fair value recognized as loss		37,669		(325,064)
Liability reversed on conversion to common shares and warrants		-		(95,102)
Balance at the end of the year	**$**	**40,168**	**$**	**2,503**

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

	November 30, 2017	August 31, 2017
Expected life	Up to 2 years	Up to 2 years
Volatility	275% - 450%	275% - 450%
Risk free interest rate	Less than 1%	Less than 1%
Dividend yield rate	Nil	Nil

(Expressed in Canadian Dollars)

15. REHABILITATION PROVISION

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

		November 30, 2017	August 31, 2017
Balance at beginning of year	$	146,827	135,631
Effect of foreign exchange		(3,648)	11,196
Balance at the end of the year	**$**	**143,179**	**146,827**

At November 30, 2017, the reclamation provision relates to the Oena Project (Note 11). The provision is based on surveys completed by the Department of Mineral Resources of the Republic of South Africa.

16. FINANCIAL LIABILITY

During November of 2017, African Star Minerals (Pty) Ltd ("ASM") entered into an agreement whereby in exchange for funding to the amount of $197,667 ASM agreed to pay to TML Equipment Solutions (Pty) Ltd ("TML") the equivalent of 10.6% of the 40% attributable to ASM from all net proceeds on diamond sales recovered from processing tailings from the Oena site. In terms of the agreement with the contractor, ASM will receive 40% of gross diamond sales recovered from processing tailings, less a marketing fee and less the statutory government royalty. Should no diamonds be recovered from processing tailings, no repayment obligation will exist. The agreement is linked to the five-year contract mining agreement with Blue Dust 7 (Pty) Ltd. The financial obligation will therefore be amortised over five-years once the prospecting phase of the contract mining agreements is over. As at November 30, 2017 the prospecting phase of the agreement was scheduled for two months November and December 2017, and extended thereafter to February 28, 2018.

17. RELATED PARTY TRANSACTIONS

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

		November 30, 2017	November 30, 2016
Management fees (included in Management and consulting and Employee benefits expense)	$	264,403	160,873
Consulting fees (included in Management and consulting)		9,000	9,000
Office rental included in office and general		14,702	12,518
Relates party supplies included in raw materials and engineering cost		158,974	155,483
Share based payments		36,515	8,864
Total	**$**	**483,594**	**346,738**

17. RELATED PARTY TRANSACTIONS (Continued)

As at November 30, 2017 $1,143,885 (August 31, 2017 - $1,220,259) is owed to the CFO, CEO and certain directors and insiders of the Company. Amounts owing are non-interest bearing, unsecured and due on demand. See subsequent events note 26 for conversion of amounts owing to related parties as part of shares for debt settlement agreements.

18. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued

Period Ended November 30, 2017

On September 8, 2017 3,754,840 common shares were issued in connection with private placements.

During the quarter 1,953,000 common shares were issued in terms of management compensation.

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 will be cancelled and returned to treasury. In the event if the mining licence is not renewed, the escrowed shares will be released to the buyer (Note 11).

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 21).

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, common shares to the value of $65,100 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 11).

(Expressed in Canadian Dollars)

19. EQUITY TO BE ISSUED

Units to be issued consists of 1,277,100 common shares in its capital stock at a price of $0.05 related to a portion of management compensation for October and November of 2017, that is settled in common stock units as stipulated in the respective consultancy agreements.

20. 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:

		November 30, 2017			**August 31, 2017**	
		Weighted Average Exercise Price	**Number of Options**		**Weighted Average Exercise Price**	**Number of Options**
Outstanding at beginning of period	$	0.07	12,850,000	$	0.08	7,900,000
Granted		-	-		0.05	4,950,000
Exercised		-	-		-	-
Outstanding at end of the year	**$**	**0.07**	**12,850,000**	**$**	**0.07**	**12,850,000**
Exercisable at end of the year	**$**	**0.07**	**10,375,000**	**$**	**0.07**	**10,375,000**

(Expressed in Canadian Dollars)

20. SHARE BASED PAYMENTS (continued)

The following table provides additional information about outstanding stock options at November 30, 2017:

Exercise Price	No. of Options Outstanding	Weighted Average Remaining Life (Years)	No. of Options Currently Exercisable	Expiry Date
$ 0.13	2,800,000	0.34	2,800,000	April 3, 2018
$ 0.05	3,150,000	1.23	3,150,000	February 21, 2019
$ 0.05	1,050,000	1.91	1,050,000	October 27, 2019
$ 0.05	900,000	3.62	450,000	July 15, 2021
$ 0.05	4,500,000	4.20	2,250,000	February 10, 2022
$ 0.05	450,000	4.34	225,000	April 3, 2022
$ 0.05 - 0.13	**12,850,000**		**10,375,000**	

Share-based payments

The following table summarizes the weighted average assumptions used with the Black-Scholes Option Pricing model for the determination of the share based payments for the stock options granted during the periods ended November 30, 2017 and 2016:

Grant Date	Expiry Date	Share Price at Grant Date	Exercise Price	Risk-Free Interest Rate	Expected Life (Years)	Volatility Factor	Dividend Yield
April 3, 2013	April 3, 2018	$0.130	$0.13	1.26%	5	156%	Nil
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

The weighted average grant date fair value of options granted during the period November 30, 207 was $0.06 (year ended August 31, 2017 - $0.06).

Total expenses arising from share-based payment transactions recognized during the period ended November 30, 2017 as part of stock-based compensation was $36,515 (2016 - $8,846).

(Expressed in Canadian Dollars)

21. WARRANTS

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

	November 30, 2017			August 31, 2017		
		Weighted Average Exercise Price	**Number of Warrants**		**Weighted Average Exercise Price**	**Number of Warrants**
Outstanding at beginning of period	$	0.09	9,709,444	$	0.09	5,068,000
Issued		-	-		0.10	4,641,444
Outstanding at end of the year	**$**	**0.09**	**9,709,444**	**$**	**0.09**	**9,709,444**

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.

The 1,068,000 warrants issued in the year ended August 31, 2016 were issued to finders in connection with the convertible notes previously issued. The fair value of these warrants was estimated to be $60,978 determined using the Black-Scholes option pricing model with the following assumptions: expected life of 2 years, expected volatility of 273%, a risk free interest rate of 0.60% and a dividend yield of Nil.

Warrants outstanding as at November 30, 2017 are as follows:

Exercise price		**Issue date**	**Expiry date**	**Number of Warrants**
$	0.10	March 2, 2015	March 2, 2020	4,000,000
$	0.05	July 20, 2016	July 20, 2018	1,068,000
$	0.10	September 1, 2016	August 31, 2018	2,596,800
$	0.10	August 31, 2016	August 31, 2018	313,416
$	0.10	March 2, 2017	March 2, 2019	1,415,000
$	0.05	April 11, 2017	April 11, 2018	46,228
$	0.07	April 11, 2017	April 11, 2018	270,000

21. WARRANTS (Continued)

On July 18, 2016, the Company extended the expiry date for 4,000,000 warrants from March 2, 2017 to March 2, 2020. On January 30, 2017, the Company received TSX approval for the extension of the warrant terms. In pursuant to the extension, management has decided to revalue the stock based compensation and recorded an additional fair value of $13,910 to the warrants using the Black-Scholes option pricing model with the following assumptions: expected life of 3 years, expected volatility of 257%, a risk free interest rate of 0.95% and a dividend yield of 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 period ended November 30, 2017.

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.

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.

23. 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 with the following assumptions:

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.

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 November 30, 2017, the Company had current assets of $3,314,190 (August 31, 2017 - $2,775,698) to settle current liabilities of $5,132,693 (2017 - $4,443,443) resulting in working capital deficit of $1,818,502 (2017 - $1,667,745). 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.

(Expressed in Canadian Dollars)

24. SEGMENTED INFORMATION

Operating Segments

For the three months ended November 30, 2017, the Company had two reportable segments:

- The operation of three 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 three months ended November 30, 2017:

	Coal Processing Service Contracts	Exploration and evaluation	Corporate	Consolidated
Revenue	$ 2,980,639	$ -	$ -	$ 2,980,639
Amortization	(3,486)	-	(1,405)	(4,890)
Amortization of service contracts	(4,692)	-	-	(4,692)
Net profit/(loss)	$ 49,053	$ (195,947)	$ (503,632)	$ (650,526)
Total assets	$ 2,822,326	$ 771,232	$ 650,766	$ 4,244,323
Total liabilities	(2,050,001)	(731,683)	(2,691,854)	(5,473,538)
Net assets (liabilities)	$ 772,325	$ 39,549	$ (2,041,089)	$ (1,229,215)

The following is summarized financial information of the Company's reportable segments for three months ended November 30, 2016:

	Coal Processing Service Contracts	Exploration and evaluation	Corporate	Consolidated
Revenue	$ 3,274,857	$ -	$ -	$ 3,274,857
Amortization	(5,559)	-	(1,447)	(7,006)
Amortization of service contracts	(16,177)	-	-	(16,177)
Net (profit)/loss	$ 128,590	$ 67,791	$ (73,676)	$ 122,705

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
Total assets	$ 2,766,397	$ 778,253	$ 96,140	$ 3,640,790
Total liabilities	(2,263,274)	(393,032)	(1,787,131)	(4,443,441)
Net assets (liabilities)	$ 503,119	$ 385,222	$ (1,690,992)	$ (802,651)

Information about Major Customers

The Company's revenue for the Service Contracts for the year ended August 31, 2017 was from three customers who represented 49% (2016 – 49%), 33% (2016 – 30%) and 9% (2016 – 21%) of revenues.

(Expressed in Canadian Dollars)

25. NON-CONTROLLING INTERESTS

The non-controlling interests consisted of the following:

		November 30, 2017		August 31, 2017
Kwena Group (26%)	$	505,104	$	491,130
ASM (49%)		(634,340)		(587,753)
	$	(129,267)	$	(96,623)

The following is the summarized statement of financial position of Kwena Group and ASM as at November 30, 2017:

		Kwena Group		ASM
Current:				
Assets	$	3,670,153	$	184,516
Liabilities		(2,082,559)		(1,859,232)
Total current net assets (liabilities)		1,587,594		(1,674,716)
Non-current				
Assets		98,112		771,071
Liabilities		(65,208)		(340,846)
Total non-current net assets		32,904		430,226
Total net assets (liabilities)	$	1,620,498	$	(1,244,491)

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)

(Expressed in Canadian Dollars)

25. NON-CONTROLLING INTERESTS (continued)

The following is the summarized comprehensive loss of Kwena Group and ASM for the period from acquisition to November 30, 2017:

		Kwena Group		ASM
Revenue	$	2,980,639	$	-
Net income (loss)		49,053		(95,138)
Other comprehensive income (loss)		38,825		(42,181)
Comprehensive loss	$	87,878	$	(137,319)

The following is the summarized comprehensive loss of Kwena Group and ASM for the period from acquisition to 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)
Comprehensive loss	$	(52,098)	$	(50,922)

26. SUBSEQUENT EVENTS

During December of 2017 TSX.V approval was obtained to issue 17,895,380 common shares in its capital stock at a price of $0.05 per share to settle indebtedness in the aggregate of $894,769. Of this, 16,334,720 relates to accrued and overdue management fees to directors, officers and senior management.

On December 21, 2017 The Company announced that it will acquire a 75% unencumbered interest in an alluvial diamond property in Botswana called the Middlepits Project (the “Property”) from Metswedi Mining (Pty) Ltd. Tango will be responsible for all further exploration and development expenditures on the Property upon closing (the “Closing”).

In January 2018 Tango management agreed to pay a finder’s fee amounting to 5% of the raised convertible of US$400,000.