Alphamin RESOURCES CORP.

# CONSOLIDATED FINANCIAL STATEMENTS
# (EXPRESSED IN US DOLLARS)
# FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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# MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying annual consolidated financial statements of the "Company" were prepared by management in accordance with International Financial Reporting Standards. Management acknowledges responsibility for the preparation and presentation of the audited annual consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors of the Company is responsible for ensuring that management fulfills its financial reporting responsibilities and for reviewing and approving the annual audited consolidated financial statements together with other financial information. An Audit Committee, whose members are not officers of the Company, assists the Board of Directors in fulfilling this responsibility. The Audit Committee, on behalf of the Board of Directors, meets with management to review the internal controls over the financial reporting process, the annual audited consolidated financial statements together with other financial information of the Company, and the auditor's report. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the annual consolidated financial statements for issuance to the shareholders. Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed)
Boris Kamstra
Chief Executive Officer

(signed)
Eoin O'Driscoll
Chief Financial Officer

**April 30, 2019**

***Independent auditor's report***
To the Shareholders of Alphamin Resources Corp.

*Our opinion*
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Alphamin Resources Corp. and its subsidiaries (together referred to as the Company) as at December 31, 2018 and December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

*What we have audited*
Alphamin Resources Corp.'s consolidated financial statements set out on pages 10 to 38 comprise:

- the consolidated statements of financial position as at December 31, 2018 and December 31, 2017;
- the consolidated statements of loss/(profit) and comprehensive loss/(profit) for the years then ended;
- the consolidated statements of changes in stockholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

*Basis for opinion*
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

*Independence*
We are independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board *(IESBA Code).* We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

*Material uncertainty related to going concern*
We draw attention to Note 1 to the consolidated financial statements which describes events and conditions that indicate a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

*Our audit approach*
Overview

**Overall group materiality**

- Overall materiality in respect of our audit of the consolidated financial statements for the year ended December 31, 2018: USD 2 571 711, which represents 1% of the Company's total consolidated assets as at December 31, 2018.

**Group audit scope**

- The group comprises of 2 operating components both of which are required to report on full scope audit procedures.


**Key audit matters**

The following key audit matters have been determined in respect of our audit of the consolidated financial statements for the year ended December 31, 2018:

- Material uncertainty related to going concern; and
- Assessment of impairment of Mine under construction (Alphamin Bisie Mining Tin Project).

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

**Materiality**

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance, whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our group audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

| | |
|---|---|
| ***Overall group materiality*** | In respect of our audit of the consolidated financial statements for the year ended December 31, 2018**:** USD 2 571 711 |
| ***How we determined it*** | 1% of the Company's total consolidated assets as at December 31, 2018 |
| ***Rationale for the materiality benchmark applied*** | We chose total consolidated assets as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured by users whilst the Company is in its development phase, and is a generally accepted benchmark. We chose 1% which is consistent with quantitative materiality thresholds used for similar companies in this sector. |

**How we tailored our group audit scope**

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

The group consists of 2 operating components (consisting of the corporate head office in Mauritius and the mine development project in the Democratic Republic of Congo ("DRC")), both of which were included for full scope audit requirements.

*Key audit matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the consolidated financial statements for the year ended December 31, 2018 as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section above, we have determined the matter described below to be a key audit matter to be communicated in our report.

<table>
<tr><th>Key audit matter for the year ended December 31, 2018</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>
Assessment of impairment of Mine under construction (Alphamin Bisie Mining Tin Project).
Refer to Note 6 to the consolidated financial statements
At December 31, 2018 the Company was in the process of developing its Tin Project in the DRC (referred to as the Alphamin Bisie Mining Tin Project).
Costs related to acquisition, exploration, evaluation and development of this project have been capitalised and as at year end, amounted to USD 226.7 million.
In performing their impairment assessment of the carrying value of the Alphamin Bisie Mining Tin Project (the Mine under construction), management applied a discounted cash flow model to determine the recoverable amount of the mine under construction asset. In doing so, management applied the following key assumptions:
<ul>
<li>Life of mine;</li>
<li>Average long-term real tin price; and</li>
<li>Real post-tax discount rate.</li>
</ul>
We considered the impairment assessment of the Mine under construction asset to be a matter of most significance to our current year audit of the consolidated financial statements due to the following:
<ul>
<li>the significant judgement and estimates applied by management; and</li>
<li>the material impact that an impairment could have on the Mine under construction asset.</li>
</ul>
</td><td>
Through our discussions with management and inspection of underlying calculations, we gained an understanding of the methodology and models used by management for impairment assessment purposes, which consisted of a discounted cash flow model.
We evaluated management's impairment assessment, considering the assumptions and estimates disclosed in Note 6 to the consolidated financial statements, by performing the following procedures:
(a) We obtained an understanding of the discounted cash flow model prepared by management which underlies the impairment assessment;
(b) We made use of our valuation expertise to assess the integrity of the discounted cash flow model by performing an independent recalculation and comparing the results of our calculation with management's calculations. No material differences were noted;
(c) We also made use of our valuation expertise to evaluate the appropriateness of the forecasted average long term real tin price used by management in the discounted cash flow model, which we compared to a range of independent analysts' forecasts. Management's forecast average long term real tin price as used in their base case discounted cash flow model was within our independently determined range;
(d) Applying our valuation expertise, we re-performed the calculation of the real post-tax discount rate (real discount rate) used by management in the discounted cash flow model, using standard market related
</td></tr>
</table>

| | |
|---|---|
| | calculation methodologies and applying additional sensitivity analysis. Management's real discount rate used in their discounted cash flow model fell outside our independently determined range. Refer (e) below;<br>(e) We obtained the sensitivity analysis prepared by management as part of their impairment assessment, where the real discount rate used in management's discounted cash flow model was adjusted to determine whether this would result in the need for an impairment provision. The range of real discount rates used by management in performing their sensitivity analysis fell within our independently determined range as per procedure (d) and did not result in the need for any impairment provision;<br>(f) We compared forecast development capital expenditure and operational cash flow projections used by management in the discounted cash flow model to the latest feasibility studies and underlying analysis prepared by external experts utilised by management. No material differences were noted;<br>(g) The life of mine projection was assessed against the latest feasibility studies as well as reserve and resource statements signed off by independent Qualified Persons utilised by management; and<br>(h) We assessed the independence and competency of the external experts (including independent Qualified Persons) utilised by management by obtaining independence confirmations from the experts, as well as evidence relating to their qualifications and professional memberships. We discussed and corroborated the key assumptions used by management's experts to relevant documentation. |

*Other information*
Management is responsible for the other information. The other information comprises the information included in the *Alphamin Resources Corp. Consolidated Financial Statements (Expressed in US Dollars) for the years ended December 31, 2018 and 2017* and the *Alphamin Resources Corp. Management Discussion and Analysis (Expressed in US Dollars) for the years ended December 31, 2018 and 2017*. Other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of management and those charged with governance for the consolidated financial statements*

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

In preparing the consolidated financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

*Auditor's responsibilities for the audit of the consolidated financial statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Jean-Pierre van Staden.

**(signed) *PricewaterhouseCoopers Inc.***

PricewaterhouseCoopers Inc.
Director: Jean-Pierre van Staden
Registered Auditor
Johannesburg - South Africa
April 30, 2019

# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| **ALPHAMIN RESOURCE CORP.**<br>**Consolidated Statements of Financial Position**<br>**As at**<br>**(Expressed in US dollars)** | **December 31, 2018**<br>**$** | **December 31, 2017**<br>**$** |
|---|---|---|
| ASSETS | | |
| Current assets | | |
| Consumable Stores (Note 4) | 3,235,080 | 1,155,564 |
| Prepaids and other receivables (Note 3) | 3,738,294 | 8,952,444 |
| Cash and cash equivalents | 17,105,121 | 7,236,425 |
| Total current assets | 24,078,495 | 17,344,433 |
| | | |
| Non-current assets | | |
| Plant and equipment (Note 5) | 3,937,903 | 4,067,827 |
| Prepaids and other receivables (Note 3) | 265,566 | 463,739 |
| Mine under construction (Note 6) | 226,687,700 | 99,504,474 |
| Exploration and evaluation assets (Note 7) | 2,201,450 | 2,201,450 |
| Total non-current assets | 233,092,619 | 106,237,490 |
| Total assets | 257,171,114 | 123,581,923 |
| | | |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities (Note 8) | 6,734,612 | 5,965,815 |
| Accounts payable and accrued liabilities - related parties (Note 10) | 295,833 | 304,468 |
| Warrants (Note 11) | 5,711,219 | 3,476,167 |
| Total current liabilities | 12,741,664 | 9,746,450 |
| | | |
| Non-current liabilities | | |
| Provision for closure and reclamation (Note 12) | 6,698,579 | 1,974,894 |
| Long term-debt (Note 13) | 55,543,156 | 6,920,731 |
| Long term-debt - related parties (Note 13) | 25,352,945 | 3,150,071 |
| Total non-current liabilities | 87,594,680 | 12,045,696 |
| | | |
| Stockholders' Equity | | |
| Capital stock (Note 9) | 173,134,433 | 122,298,092 |
| Reserves (Note 9) | 9,500,151 | 9,200,050 |
| Foreign Currency Translation Reserve | (1,511,737) | (1,511,737) |
| Accumulated deficit | (49,209,135) | (46,166,910) |
| Stockholders' equity | 131,913,712 | 83,819,495 |
| Non-controlling interest | 24,921,058 | 17,970,282 |
| Total equity | 156,834,770 | 101,789,777 |
| Total liabilities and equity | 257,171,114 | 123,581,923 |

Approved and authorised by the Board of Directors on April 30, 2019.

**(Signed)**

**BORIS KAMSTRA, DIRECTOR**

**(Signed)**

**EOIN O'DRISCOLL, DIRECTOR**

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

# CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

| ALPHAMIN RESOURCES CORP.<br>Consolidated Statements of Loss<br>For the periods ended<br>(Expressed in US dollars) | For the<br>Year Ended<br>31-Dec<br>2018<br>US$ | For the<br>Year Ended<br>31-Dec<br>2017<br>US$ |
|---|---|---|
| Operating expenses: | | |
| Accounting, audit and legal | 513,572 | 579,104 |
| Administrative | 1,439,114 | 313,706 |
| Bank charges | 790,262 | 300,195 |
| Consulting fees | 218,568 | 151,562 |
| Directors fees | 281,248 | 197,426 |
| Depreciation (Note 5) | 20,040 | 287,573 |
| Foreign exchange loss (gain) | (6,703) | (478,354) |
| Management fees and salaries | 4,694,481 | 3,424,002 |
| Investor relations, filing and transfer fees | 191,156 | 144,955 |
| Insurance | 59,903 | 40,304 |
| Share-based payments (Note 9) | 300,101 | 243,792 |
| Warrants (Note 11) | (6,775,349) | (2,288,153) |
| Telecommunication costs | 215,991 | 102,238 |
| Travel and accommodation | 736,023 | 649,127 |
| Loss on write off of assets | 503,346 | 1,479 |
| Withholding taxes | - | 336,000 |
| TOTAL | 3,181,753 | 4,004,956 |
| | | |
| Finance income | (3,470) | - |
| Net loss and total comprehensive loss for the period | 3,178,283 | 4,004,956 |
| | | |
| Loss and total comprehensive loss attributable to ; | | |
| Equityholders | 1,370,863 | 2,742,787 |
| Non-controlling interests | 1,807,420 | 1,262,169 |
| | 3,178,283 | 4,004,956 |
| | | |
| Net Loss Per Share – Basic and Diluted ** (Note 18) | (0.00) | (0.01) |

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

# CONSOLIDATED STATEMENTS OF CASH FLOWS

ALPHAMIN RESOURCES CORP.
Consolidated Statements of Cash Flows
For the year ended

| | For the Year ended December 31 2018 | For the Year ended December 31 2017 |
|---|---|---|
| **Cash Flows From Operating Activities** | | |
| Net loss before interest income for the period/year | (3,181,753) | (4,004,956) |
| Adjustments for items not involving cash | | |
| Share-based payments | 300,101 | 243,792 |
| Warrants | (6,775,349) | (2,288,153) |
| Loss on write off of assets | 503,345 | 1,479 |
| Depreciation | 20,040 | 287,573 |
| Change in working capital items: | | |
| Prepaids and other receivables - current | 5,261,600 | (8,302,136) |
| Consumable stores | (2,079,516) | (761,879) |
| Accounts payable and accrued liabilities | 768,797 | 4,969,500 |
| Due to related parties | (8,635) | 113,635 |
| Cash used in operations | (5,191,370) | (9,741,145) |
| Interest income | 3,470 | - |
| Net Cash Used in Operating Activities | (5,187,900) | (9,741,145) |
| **Cash Flows From Investing Activities** | | |
| Purchase of equipment | (1,201,400) | (3,312,335) |
| Disposal of equipment | - | 1,500 |
| Investing in exploration and evaluation assets | - | (28,692,037) |
| Investing in mine under construction | (115,662,666) | - |
| Prepaids and other receivables - non current | 150,723 | (66,321) |
| Net Cash Used in Investing Activities | (116,713,343) | (32,069,193) |
| **Cash Flows From Financing Activities** | | |
| Issue of shares by subsidiary company (Note 9) | 7,086,834 | 6,613,152 |
| Proceeds from drawdown of long term debt | 69,447,727 | 10,000,000 |
| Proceeds from common stock and warrants | 55,235,378 | 23,784,716 |
| Net Cash Provided by Financing Activities | 131,769,939 | 40,397,868 |
| Effect of foreign exchange on cash and cash equivalents | | |
| Increase/(Decrease) in cash and cash equivalents | 9,868,696 | (1,412,470) |
| Cash and cash equivalents at beginning of period | 7,236,425 | 8,648,895 |
| Cash and cash equivalents at end of period/year | 17,105,121 | 7,236,425 |

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

# CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

| ALPHAMIN RESOURCES CORP. Consolidated Statement of Changes in Stockholders' Equity (Expressed in US dollars) | Capital Stock Shares # | Capital Stock Amount $ | Reserves Share-based Payment Reserve $ | Foreign Currency Translation Reserve $ | Deficit $ | Total Stockholders' Equity (Deficiency) $ | Non-Controlling Interests | Total Equity |
|---|---|---|---|---|---|---|---|---|
| Balance, January 1, 2017 | 429,785,897 | 104,277,696 | 8,956,258 | (1,511,737) | (41,808,168) | 69,914,049 | 11,003,344 | 80,917,393 |
| Loss for the year | - | - | - | - | (2,742,787) | (2,742,787) | (1,262,169) | (4,004,956) |
| Issue of shares by subsidiary company | | | | | (1,615,955) | (1,615,955) | 8,229,107 | 6,613,152 |
| Issue of shares in private placement on July 19, 2017 | 82,514,134 | 16,294,644 | - | - | - | 16,294,644 | - | 16,294,644 |
| Issue of shares in private placement on December 15, 2017 | 9,951,178 | 1,725,752 | - | - | - | 1,725,752 | - | 1,725,752 |
| Share based payments | - | - | 243,792 | - | - | 243,792 | - | 243,792 |
| Balance, December 31, 2017 | 522,251,209 | 122,298,092 | 9,200,050 | (1,511,737) | (46,166,910) | 83,819,495 | 17,970,282 | 101,789,777 |
| | | | | | | | | |
| Balance, January 1, 2018 | 522,251,209 | 122,298,092 | 9,200,050 | (1,511,737) | (46,166,910) | 83,819,495 | 17,970,282 | 101,789,777 |
| Loss for the year | - | - | - | - | (1,370,863) | (1,370,863) | (1,807,420) | (3,178,283) |
| Issue of shares in private placement on January 22, 2018 | 169,793,397 | 32,482,882 | - | - | - | 32,482,882 | - | 32,482,882 |
| Issue of shares for debt fees on June 7, 2018 | 17,389,387 | 3,396,365 | - | - | - | 3,396,365 | - | 3,396,365 |
| Issue of shares in private placement on June 18, 2018 | 76,800,000 | 14,957,094 | - | - | - | 14,957,094 | - | 14,957,094 |
| Issue of shares by subsidiary company | - | - | - | - | (1,671,362) | (1,671,362) | 8,758,196 | 7,086,834 |
| Share based payments | - | - | 300,101 | - | - | 300,101 | - | 300,101 |
| Balance, December 31, 2018 | 786,233,993 | 173,134,433 | 9,500,151 | (1,511,737) | (49,209,135) | 131,913,712 | 24,921,058 | 156,834,770 |

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

# NOTES TO THE FINANCIAL STATEMENTS

## 1. NATURE AND CONTINUANCE OF OPERATIONS

Alphamin Resources Corp. (the "Company") is governed by the laws of Mauritius. The Company is in the business of locating, acquiring, exploring, evaluating and, if warranted, developing mineral properties. The registered office is located at C/o ADANSONIA MANAGEMENT SERVICES LIMITED, Suite 1, PERRIERI OFFICE SUITES, C2-302, Level 3, Office Block C, La Croisette, Grand Baie 30517, Mauritius. The Company was previously incorporated under the laws of British Colombia, Canada, however it was continued in Mauritius effective on September 30, 2014. The Company's shares are listed on the Toronto Stock Exchange's TSX Venture Exchange (primary listing) and the Johannesburg Stock Exchange's Alternative Exchange (Alt.X) (secondary listing). In these financial statements, unless the context otherwise dictates, a reference to the Company refers to Alphamin Resources Corp. and its subsidiaries. These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the realisation of assets and satisfaction of liabilities in the normal course of business. From 2015, the Company has focussed exclusively on the development of the Bisie Tin Mine, its principal project in the Democratic Republic of Congo (DRC).

As at December 31, 2018, the Company had no source of operating activities, had not yet achieved profitable operations, had accumulated losses of $49,209,135, stockholders' equity of $131,913,712 and working capital of $11,336,831. It is expected that further losses and cash outflows will be incurred in the final phase of development and ramp up of operating activities.

The Company's going concern risk profile has improved during the year ended December 31, 2018, as well as post year end through the successful raising of an additional $12 million in equity to complete mine construction work at the Bisie Tin mine and for working capital purposes. The Company completed construction of the Bisie Tin Mine post year end and have commenced with the commissioning process. The Company's ability to continue as a going concern is dependent upon the Company ramping up to, and consistently maintaining, commercial levels of production as well as successfully exporting finished product to its customer without incurring any prolonged logistical delays. In combination, these events and conditions give rise to a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern, and therefore, that it may be unable to realize its assets and discharge it liabilities in the normal course of business.

These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying value and classification of assets and liabilities, should the Company be unable to continue as a going concern. Such adjustments could be material.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. BASIS OF PREPARATION

These consolidated financial statements, including comparatives, have been prepared using accounting policies consistent 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 have been prepared on a historical cost basis except for share-based payments and financial instruments classified at fair value through profit or loss, which have been measured at fair value. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

### B. BASIS OF CONSOLIDATION

These consolidated financial statements incorporate the financial statements of the Company and its controlled subsidiaries. Control exists when an investor (the Company) has power over an investee (the Subsidiaries) that give it the current ability to direct the relevant activities, i.e. the activities that

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

significantly affect the investee's returns. The consolidated financial statements include the accounts of the Company and its controlled subsidiaries, as follows:

| NAME OF SUBSIDIARY | COUNTRY OF INCORPORATION | PRINCIPAL ACTIVITY |
|---|---|---|
| **Alphamin Bisie Mining SA (formerly called Mining and Processing, Congo, SARL)** | Democratic Republic of the Congo | Mineral exploration (80.75% owned by Alphamin Resources (BVI) Ltd) |
| **Alphamin South Africa (Pty) Limited** | South Africa | Holding Company (100% wholly owned by Parent) |
| **Alphamin Holdings (BVI) Ltd*** | British Virgin Islands | Holding Company (100% wholly owned by Parent) |
| **Alphamin Resources (BVI) Ltd*** | British Virgin Islands | Holding Company (100% wholly owned by Alphamin Holdings (BVI) Ltd) |

**These subsidiaries were incorporated as part of the acquisition of Alphamin Bisie Mining SA (formerly called Mining and Processing Congo, SARL).*

All intercompany transactions and balances have been eliminated.

Following the receipt of mining license number PE13155 and in line with Article 71 of the Mining Code 2002, 5% of the Class B shares of Alphamin Bisie Mining SA, were issued to the Government of the Democratic Republic of the Congo.

On December 31, 2015 Alphamin Bisie Mining SA received the first two tranches of the proposed $10 million investment by the Industrial Development Corporation of South Africa Limited (IDC) in the amount of $7 million, resulting in 10.45% ownership in ABM. The final tranche of $3 million was received in the quarter ended June 30, 2016, which brought the IDC's ownership of ABM to 14.25%. The Government of the Democratic Republic of the Congo owns a non-diluting 5% resulting in a Company ownership of 80.75%.

### C. MEASUREMENT UNCERTAINTY AND CRITICAL JUDGEMENTS

The preparation of financial statements in accordance with IFRS as issued by the *International Accounting Standards Board (IASB)* and interpretations of the *International Financial Reporting Interpretations Committee (IFRIC)* requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates and assumptions, which by their nature are uncertain, affect the carrying value of assets, impact decisions as to when exploration and evaluation costs should be capitalised or expensed and affects estimates for rehabilitation provisions. Other significant estimates made by the Company, include factors affecting valuations of share-based compensation and income tax accounts. The Company regularly reviews its estimates and assumptions, however actual results could differ from these estimates and these differences could be material. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

***PROVISION FOR CLOSURE AND RECLAMATION***

The Company's operations are subject to environmental regulations in the Democratic Republic of Congo. Upon establishment of commercial viability of a site and subsequent commencement of

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

development activity, the Company estimates the cost to restore the site following the completion of commercial activities and depletion of reserves.

These future obligations are estimated by taking into consideration closure plans, known environmental impacts, and internal and external studies, which estimate the activities and costs that will be carried out to meet the decommissioning and environmental rehabilitation obligations. The Company records a liability and a corresponding asset for the present value of the estimated costs of legal and constructive obligations for mine rehabilitation, based on environmental disturbances incurred up to the end of each reporting period. During the mine rehabilitation process, there will be a probable outflow of resources required to settle the obligation and a reliable estimate can be made of those obligations. The present value is determined based on current market assessments using the risk-free rate of borrowing which is approximated by the yield of government bonds with a maturity similar to that of the mine life. The discounted liability is adjusted at the end of each reporting period with the passage of time and for the estimated rehabilitation cost related to any new environmental disturbances incurred during that period. The provision represents management's best estimate of the present value of the future mine rehabilitation costs, which may not be incurred for several years or decades, and, as such, actual expenditures may vary from the amount currently estimated. The decommissioning and environmental rehabilitation cost estimates could change due to amendments in laws and regulations in the Democratic Republic of Congo. Additionally, actual estimated costs may differ from those projected as a result of a change over time of actual remediation costs, a change in the timing for utilization of reserves and the potential for increasingly stringent environmental regulatory requirements.

***Exploration and Evaluation Assets and Mine under construction***

During December 2017, the Company assessed the technical feasibility and commercial viability of its Bisie Tin Mine Project, together with the availability of project funding and formally approved the commencement of full-scale development activities, resulting in the reclassification of the Exploration and Evaluation Asset to Mine under construction. The recoverability of the amounts shown for Exploration and Evaluation Assets and/or Mine under construction are dependent upon the successful future development of the project, the ability of the Company to obtain necessary financing to complete the development of the project and upon future production or proceeds from the disposition thereof.

Assumptions are used in estimating the Company's reserves and resources that might be extracted from the Company's properties. Judgement is applied in determining when an Exploration and Evaluation Asset demonstrates technical feasibility and commercial viability and transitions to the development stage, requiring reclassification to mine under construction within non-current assets.

***Share-based payments***

The share-based payments expense is estimated using the Black-Scholes options-pricing model as measured on the grant date to estimate the fair value of stock options, which requires inputs in calculating the fair value for share-based payments expense, included in profit or loss and share-based issuance costs, included in shareholders' equity. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares and the expected life of the options. The value of the share-based payment expense for the period along with the assumptions and model used for estimating fair value for share-based compensation are disclosed in Note 9.

***Income taxes***

The estimation of income taxes, includes evaluating the recognition of deferred tax assets based on an assessment of the Company's ability to utilise the underlying future tax deductions against future taxable income, prior to expiry of those deductions. Management assesses whether it is probable that some, or all of the recognised or unrecognised deferred income tax assets will not be realised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialisation of mineral reserves. To the extent that management's assessment of the Company's ability to utilise future tax deductions changes, the Company would be required to

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

recognise more or fewer deferred tax assets, and deferred income tax provisions or recoveries could be affected. No deferred tax assets have been recognised by the Company at this stage.

***Impairment***
Assets, including property, plant and equipment, exploration and evaluation and mine under construction, are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts, which is the higher of fair value less cost of disposal ("FVLCD") and value in use. The assessment of the recoverable amounts often requires estimates and assumptions such as discount rates, exchange rates, commodity prices, rehabilitation and restoration costs, future capital requirements and future operating performance. Changes in such estimates could impact recoverable values of these assets. Estimates are reviewed regularly by management.

***Going concern***
The preparation of these financial statements requires management to make judgments regarding the going concern of the Company as disclosed in Note 1. As at December 31, 2018 the Company had working capital of $11,336,831. Achieving commercial production at sufficient grades and quantities of tin will be required for the Company to continue as a going concern.

### D. CASH AND CASH EQUIVALENTS
Cash consists of cash on hand and of deposits in banks.

### E. FOREIGN CURRENCY TRANSLATION AND TRANSACTIONS
The functional currency of an entity is the currency of the primary economic environment in which the entity operates. Following the change in functional currency of the Company from the Canadian dollar to Unite States dollar on January 1, 2015, the functional currency of all group entities is the United States dollar.

Transactions and balances in currencies other than the United States dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period-end exchange rate, while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of loss and comprehensive loss.

Prior to the change in functional currency of the parent entity, the financial results and position of foreign operations, whose functional currency was different from the reporting currency were translated as follows:

I. assets and liabilities were translated at period-end exchange rates prevailing at that reporting date;
II. income and expenses were translated at average exchange rates for the period; and
III. equity items were translated at historical rates.

Exchange gains and losses were included as part of the foreign currency translation reserve on the statement of financial position.

### F. EXPLORATION AND EVALUATION ASSETS

***Recognition and measurement***
Exploration and Evaluation Costs are those costs required to find a mineral property and determine technical feasibility and commercial viability. Exploration and Evaluation Costs include costs to establish an initial mineral resource and determine whether inferred mineral resources can be upgraded to measured and indicated mineral resources and whether measured and indicated mineral resources are commercially viable. Costs incurred before the Company has obtained the legal right to explore an area are recognised in the consolidated statement of loss and comprehensive loss.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Exploration and Evaluation Costs relating to the acquisition of, exploration for and development of mineral properties are capitalised and include, but are not restricted to: drilling, trenching, sampling, surveying and gathering exploration data; tunnelling and development, calculation and definition of mineral resource; test work on geology, metallurgy, mining, geotechnical and geophysical; and conducting geological, geophysical, engineering, environmental, marketing and financial studies.

Administration costs that do not relate directly to specific exploration and evaluation activity for capitalised projects are expensed as incurred.

***Impairment***
All capitalised Exploration and Evaluation Expenditures are monitored for indications of impairment. Indicators of impairment include, but are not limited to:

I. the period for which the right to explore is less than one year;
II. further exploration expenditures are not anticipated;
III. a decision to discontinue activities in a specific area; and
IV. the existence of sufficient data indicating that the carrying amount of an Exploration and Evaluation Asset is unlikely to be recovered from the development or sale of the asset.

Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that Exploration and Evaluation Assets are not expected to be recovered, they are charged to the consolidated statement of loss and comprehensive loss.

***Reclassification to Mine under construction***
Capitalised Exploration and Evaluation Costs for a project are classified as such until the project demonstrates technical feasibility and commercial viability. Upon demonstrating technical feasibility and commercial viability, and subject to an impairment analysis, capitalised exploration costs are transferred/reclassified to Mine under construction within non-current assets. Demonstration of technical feasibility and commercial viability generally coincide with a board decision and approval to commence development and construction of a mine. This assessment also includes an assessment of initial development funding required, as well as the availability of such funds. In addition, the assessment includes the estimation of projected future operating cash flows based on a detailed mine design plan supporting the extraction and production of established proven and probable reserves and an estimate of mineral resources expected to be converted into reserves in the future and includes initial construction and sustaining capital expenditures. However, this determination may also be impacted by management's assessment of certain modifying factors including legal, environmental, social and governmental factors. All subsequent expenditures on the development, construction, installation or completion of infrastructure facilities are capitalised as part of Mine under construction within non-current assets.

### G. PLANT AND EQUIPMENT
Plant and equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is recognised using the straight-line method at the following annual rates:

| | |
|---|---|
| Motor vehicle | 3-5 years |
| Computer equipment | 2 years |
| Plant and machinery | 5-10 years |
| Land | not depreciated |

**H. SHARE-BASED PAYMENTS**

The stock option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognised as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to capital stock.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The fair value is measured at grant date and each tranche is recognised over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted.

At each financial position reporting date, the amount recognised as an expense is adjusted to reflect the number of stock options that are expected to vest. 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 recognised in the statement of 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 statement of loss. Amounts related to the issuance of shares are recorded as a reduction of capital stock. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value of the shares or equity instruments issued is used.

**I. INCOME TAXES**

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

**J. BASIC AND DILUTED EARNINGS (LOSS) PER SHARE**

The basic earnings (loss) per share is computed by dividing the net earnings (loss) attributable to ordinary shareholders of the parent company by the weighted average number of common shares outstanding during the year. Diluted earnings per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. For this purpose, the "treasury stock method" is used for the assumed proceeds upon the exercise of stock options and warrants that are used to purchase common shares at the average market price during the period.

**K. PROVISION FOR ENVIRONMENTAL REHABILITATION**

The Company recognises liabilities for legal or constructive obligations associated with the retirement of Exploration and Evaluation Assets and plant and equipment. The net present value of future rehabilitation costs is capitalised to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflects the time value of money, are used to calculate the net present value. The Company's estimates of reclamation 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 assets with a corresponding entry to the rehabilitation provision.

**L. CAPITAL STOCK**

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and stock options are recognised as a deduction from equity. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued. The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The Company first values the warrants at their fair value using option pricing methodologies. The balance is allocated to the common shares.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**M. MINE UNDER CONSTRUCTION**

Upon completion of a technical feasibility study determining the commercial viability of extracting a mineral resource, as well as a board decision to mine and project finance being substantially in place, exploration and development expenditures are transferred to Mine under construction. All subsequent expenditures on the construction, installation or completion of infrastructure facilities are capitalized to mine under construction until the commencement of commercial production.

Development expenditures are net of proceeds from sale of ore extracted during the development phase. After commercial production starts, all assets included in Mine under construction are transferred to Property, Plant and Equipment. Capitalized development expenditures are not depreciated until the assets are ready for their intended use. Upon completion of construction, mining assets are amortized on a unit of production basis which is measured by the portion of the mine's economically recoverable ore reserves produced during the period.

The Company assesses the stage of each mine under construction to determine when a mine has moved into the commercial production phase. Capitalization of costs, including certain mine development and construction costs, ceases when the related mining property has reached a pre-determined level of operating capacity intended by management. Costs incurred prior to this point, including depreciation of related plant and equipment, are capitalized and proceeds from sale of ore extracted during this period are offset against capitalized costs.

**N. FINANCIAL INSTRUMENTS**

***Financial assets***

<u>Classification</u>

From January 1, 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or loss.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly



in profit or loss. Impairment losses are presented as separate line item in the statements of comprehensive income.

- FVTPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in profit or loss.

Impairment
From January 1, 2018, the Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

Until December 31, 2017, all financial instruments are initially recorded at fair value. Financial assets were designated upon inception as either (i) held-to-maturity, (ii) at fair value through profit or loss, (iii) available-for-sale, or (iv) loans and receivables. The designation determined the method by which the financial assets were measured on the statement of financial position subsequent to inception and how changes in value were recorded.

***Financial liabilities***

The Company classifies its financial liabilities into one of the following categories:

Fair value through profit or loss – this category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognised in profit or loss.

Other financial liabilities – this category consists of liabilities carried at amortised cost using the effective interest method.

### O. IMPAIRMENT OF NON-FINANCIAL ASSETS

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs 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 current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognised in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

## 2. *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*

### P. NEW STANDARDS AND INTERPRETATIONS

Standards and interpretations effective and adopted in the current year;

| **Standard/Interpretation** | **Effective date: Years beginning on or after** | **Impact** |
|---|---|---|
| IFRS 9 Financial Instruments | January 1, 2018 | No material impact. Refer note (i) below this table. |
| IFRS 15 Revenue from Contracts with Customers | January 1, 2018 | No material impact. The Company does not currently earn revenue from contracts with customers. |
| Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers | January 1, 2018 | No material impact |
| Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions | January 1, 2018 | No material impact |
| Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts | January 1, 2018 | Not applicable to the Company |
| IFRIC 22: Foreign currency transactions and advance consideration. | Janurary 1, 2018 | No material impact |

*Note (i)* – Adoption of IFRS 9 - Financial instruments*:*

The standard replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

On transition, the new expected credit loss impairment model on financial assets did not result in a material amount and therefore opening retained earnings was not adjusted.

The Company has applied IFRS 9 retrospectively but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy.

The reclassification of financial assets and liabilities are summarized in the table below:

| Financial Instrument | Classification under IAS 39 | Classification under IFRS 9 |
|---|---|---|
| | | |
| ***Financial Assets*** | | |
| Deposits and other receivables | Loans and receivables | Amortized cost |
| Cash and cash equivalents | Loans and receivables | Amortized cost |
| | | |
| ***Financial Liabilities*** | | |
| Accounts payable and accrued liabilities | Amortized cost | Amortized cost |
| Warrants | Fair Value Through Profit or Loss | Fair Value Through Profit or Loss |
| Long term debt | Amortized cost | Amortized cost |

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standards and interpretations not yet effective and not early adopted

| Standard/Interpretation | Effective date: Years beginning on or after | Impact |
|---|---|---|
| Amendment to IFRS 3 Business Combinations | January 1, 2020 | No material impact |
| Annual improvements 2015-2017 cycle: IFRS 3 Business Combinations | January 1, 2019 | No material impact |
| Annual improvements 2015-2017 cycle: IAS 12 Income Taxes | January 1, 2019 | No material impact |
| Annual improvements 2015-2017 cycle: IAS 23 Borrowing Costs | January 1, 2019 | No material impact |
| IFRIC 23 – Uncertainty over income tax treatments | January 1, 2019 | No material impact |
| IFRS 16 Leases | January 1, 2019 | Refer note (ii) below this table. |

*Note (ii)* – Adoption of IFRS 16 – Leases

IFRS 16 was issued in January 2016 and will result in almost all leases being recognized on the statement of financial position by lessees, as the distinction between operating and finance leases has been removed. An asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

As at December 31, 2018 the Company did not have any significant operating leases in place. The impact of the new accounting standard will be applied to all new leasing arrangements that may be entered into as the Company's major project moves into the operational phase during 2019. At the time of finalising these financial statements, no significant leasing arrangements have been entered into by the Company.

## 3. PREPAIDS AND OTHER RECEIVABLES

| Item | December 31 2018 USD | December 31 2017 USD |
|---|---|---|
| **Current** | | |
| Supplier prepayments* | 2,859,583 | 8,545,424 |
| Tax prepayment** | 269,205 | 63,811 |
| Deposits and other receivables | 609,506 | 343,209 |
| | 3,738,294 | 8,952,444 |
| **Non-current** | | |
| Environmental deposit in DRC*** | 265,566 | 242,466 |
| Tax prepayment** | - | 221,273 |
| | 265,566 | 463,739 |

** Supplier prepayments relate to contractors and equipment ordered for the mine under construction.*
***The tax prepayment relates to costs incurred by the Company's subsidiary in the DRC on upgrading a public road in the DRC. It has been agreed that this expenditure can be off-set against future provincial taxes due by the Company's subsidiary in the DRC.*
****The environmental deposit in the DRC relates to funds deposited with the central bank in the DRC. These funds will be utilised toward any future environmental rehabilitation activities. The deposit will be returned to the Company in the event that the funds are not utilised.*

## 4. CONSUMABLE STORES

| | December 31 2018 USD | December 31 2017 USD |
|---|---|---|
| Consumables | 3,235,080 | 1,155,564 |

Consumable stores consist of items such as inventories of diesel, personal protective equipment, road building supplies, explosives and other mine construction related consumables. These items are likely to be capitalised as part of development activities when they are consumed as part of the mine under construction.

## 5. PLANT AND EQUIPMENT

| Description | Computer and Equipment $ | Land & Buidlings | Motor Vehicles $ | Plant and Machinery $ | Total $ |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Opening balance January 1, 2017 | 84,047 | 271,029 | 405,014 | 521,836 | 1,281,926 |
| Additions during the year | 36,008 | 233,103 | 609,379 | 2,433,845 | 3,312,335 |
| Disposals during the year | | | (13,000) | | (13,000) |
| Closing balance December 31, 2017 | 120,055 | 504,132 | 1,001,393 | 2,955,681 | 4,581,261 |
| Additions during the year | 34,772 | 270,972 | 376,342 | 519,314 | 1,201,400 |
| Write offs during the year | | | | (503,345) | (503,345) |
| Closing balance December 31, 2018 | 154,827 | 775,104 | 1,377,735 | 2,971,650 | 5,279,316 |
| | | | | | |
| **Accumulated Depreciation** | | | | | |
| Opening balance January 1, 2017 | (29,616) | - | (143,053) | (63,213) | (235,882) |
| Depreciation expensed during the year | (18,530) | - | (184,263) | (84,780) | (287,573) |
| Disposals | | - | 10,021 | - | 10,021 |
| Closing balance December 31, 2017 | (48,146) | - | (317,295) | (147,993) | (513,434) |
| Depreciation expensed during the period | (20,040) | - | | | (20,040) |
| Depreciation capitalised during the period | - | - | (253,111) | (554,828) | (807,939) |
| Closing balance December 31, 2018 | (68,186) | - | (570,406) | (702,821) | (1,341,413) |
| | | | | | |
| **Net closing value** | | | | | |
| December 31, 2017 | 71,909 | 504,132 | 684,098 | 2,807,688 | 4,067,827 |
| December 31, 2018 | 86,641 | 775,104 | 807,329 | 2,268,829 | 3,937,903 |

## 6. MINE UNDER CONSTRUCTION

| | December 31, 2018 USD | December 31, 2017 USD |
|---|---|---|
| Opening balance | 99,504,474 | - |
| Transfer from Exploration and Evaluation Assets (Note 7) | - | 97,529,580 |
| Capital additions | 115,662,666 | - |
| Capitalised depreciation | 807,939 | |
| Capitalised interest and amortised finance fees | 5,988,936 | |
| Rehabilitation and closure asset (Note 12) | 4,723,685 | 1,974,894 |
| | 226,687,700 | 99,504,474 |

Mine under construction relates to the Company's Bisie Tin Mine Project in the DRC. This asset was reclassified from Exploration and Evaluation assets during December 2017, after an impairment assessment had been performed (refer to Note 7 for additional information). Mines under

## 6. MINE UNDER CONSTRUCTION (CONTINUED)

construction are not depreciated until construction is completed. This is signified when the mining project has reached a pre-determined level of operating capacity as intended by management. Revenues realized before commencement of commercial production ("pre-commercial production revenue") are recorded as a reduction of the respective mining asset.

The mine under construction asset includes $9,013,718 relating to VAT refunds receivable in the DRC that have been capitalized due to the timing of recoverability being uncertain. Should some or all of this VAT be recovered in future, such recovery will be credited against this asset.

### A. IMPAIRMENT INDICATOR ASSESSMENT

In December 2017, the Company assessed the technical feasibility and commercial viability of its Bisie Tine Mine Project, together with the availability of project funding, and formally approved the commencement of full-scale development activities, resulting in the reclassification of the Exploration and Evaluation Asset to Mine under construction within non-current assets.

At the end of each reporting period, an assessment of possible indicators of impairment is performed. At December 31, 2018 the Company considered a combination of factors such as the marginal headroom between the Company's net asset value and its market capitalization, a decrease in the long-term outlook for tin prices since the previous year-end, the change in planned mining method and increase in planned cost of mining. Based on the aforementioned factors, an impairment test of the carrying value of the Mine Under Construction asset was performed. For the year ended December 31, 2018 the recoverable amount of the Mine Under Construction Asset was determined under the 'Income Approach' using a Discounted Cash Flow (DCF) model based on the latest feasibility studies and most up to date management information available supported by geological studies and input from independent mining engineers and competent persons. The DCF model used the following key assumptions:

- Life of mine of 12.5 years
- Average long-term real tin price of US$ 20,400 per ton
- Real post-tax discount rate of 8%.

Based on the above base case assumptions, no impairment provision was required. In addition, the following sensitivity analyses were considered:

- A 10% reduction in the assumed average long-term real tin price
- Real post-tax discount rates ranging up to 17%

Based on the above sensitivity analyses, no impairment provision was required in any of the above scenarios, individually and in aggregate.

## 7. EXPLORATION AND EVALUATION ASSETS

Exploration and Evaluation Assets consist of:

| | Bisie<br>USD |
|---|---|
| **Project acquisition costs** | |
| January 1, 2017 | 33,822,040 |
| Reallocation to mine under construction (Note 6) | (33,822,040) |
| December 31, 2017 and December 31, 2018 | - |
| | |
| **Capitalised exploration costs:** | |
| January 1, 2017 | 37,146,151 |

| | |
|---|---|
| Costs incurred during the year | 28,762,839 |
| Reallocation to mine under construction (Note 6) | (63,707,540) |
| December 31, 2017 | 2,201,450 |
| Costs incurred during the year | - |
| December 31, 2018 | 2,201,450 |
| **Total Exploration and Evaluation Assets:** | |
| Balance, December 31, 2017 | 2,201,450 |
| Balance, December 31, 2018 | 2,201,450 |

Exploration and evaluation assets remaining on the balance sheet at year end primarily relate to drilling expenses at the Company's Mpama South deposit. Exploration is expected to continue at Mpama South as and when funds become available.

**A. BISIE PROJECT**

The Company owns an indirect 80.75% interest in Alphamin Bisie Mining SA (formerly MPC SARL), a company incorporated in the Democratic Republic of the Congo and the holder of five exploration permits and one mining/exploitation permit constituting the Bisie Tin Mine Project. The mining permit is valid until 2045. See related parties Note 10 for further information on the ownership of Alphamin Bisie Mining SA.

In December 2017, the Company assessed the technical feasibility and commercial viability of its Bisie Project, together with the availability of project funding, and formally approved the commencement of full-scale development activities, resulting in the reclassification of the Exploration and Evaluation Asset to Mine under construction within non-current assets.

Immediately prior to the reclassification to Mine under construction, an impairment assessment of the carrying value of the Exploration and Evaluation asset was performed. The recoverable amount of the Exploration and Evaluation Asset was determined under the 'Income Approach' using a Discounted Cash Flow (DCF) model based on the latest feasibility studies as supported by geological studies and input from independent mining engineers and competent persons.

The following key assumptions were used in the DCF model:
- Life of mine of 12.5 years
- Average long-term real tin price of US$ 21,700 per ton
- Real post-tax discount rate of 8%

Based on the above base case assumptions, no impairment provision was required.

In addition, the following sensitivity analyses were considered:
- A 15% reduction in the assumed average long-term real tin price
- Real post-tax discount rates ranging up to17%

Based on the above sensitivity analyses, no impairment provision was required in any of the above scenarios, individually and in aggregate.

## *8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES*

| | December 31, 2018 USD | December 31, 2017 USD |
|---|---|---|
| Accounts payable | 3,526,675 | 4,096,766 |
| Accrued liabilities | 2,606,687 | 1,607,896 |
| Payroll accruals | 102,427 | 50,446 |
| Payroll and withholding tax liabilities | 498,823 | 210,707 |
| | 6,734,612 | 5,965,815 |

Accounts payable and accrued liabilities are mainly comprised of amounts outstanding for purchases relating to exploration, evaluation and development activities and amounts payable for professional services. The credit term period for purchases typically ranges from 30 to 120 days.

## 9. CAPITAL STOCK AND RESERVES

### A. CAPITAL STOCK

The authorised capital stock of the Company consists of an unlimited number of common shares without par value, of which 786,233,993 common shares were issued and outstanding at December 31, 2018.

### B. CHANGES IN ISSUED CAPITAL STOCK AND RESERVES DURING THE YEAR ENDED DECEMBER 31, 2018

I. On January 22, 2018, the Company raised gross proceeds of CAD$52,815,138 ($41,261,827) via brokered and non-brokered private placements of 165,047,306 units (the "Units") at a price of CAD$0.32 per Unit. Each Unit consisted of one common share and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder to purchase one additional common share of the Company at a price of CAD$0.40 until January 22, 2021. In addition, the Company settled fees relating to the Credit Facility in the amount of $1,215,000 through the issue of 4,746,091 Units. Accordingly, a total of 84,896,692 warrants were issued in the private placements. All securities sold in the offering were subject to a hold period which expired on May 23, 2018. Share issue costs of $983,543 were incurred and offset against Capital Stock. The exercise price of the Warrants is CAD$0.40.

II. On June 7, 2018, the Company issued 17,389,387 shares in consideration for fees relating the credit facility of $3,396,365.

III. On June 18, 2018, the Company issued 76,800,000 shares at CAD$0.25 per share raising gross proceeds of $15,000,000. Share issue costs of $42,906 were offset against Capital Stock.

IV. On September 1, 2018, 902,600 options were forfeited.

V. On December 5, 2018 7,235,861 options were issued.

VI. On December 31, 2018 602,600 options were forfeited.

### C. CHANGES IN ISSUED CAPITAL STOCK AND RESERVES DURING THE YEAR ENDED DECEMBER 31, 2017 WERE AS FOLLOWS:

I. During the quarter ended March 31, 2017, 750 000 stock options expired.

II. On July 19, 2017, the Company raised gross proceeds of CAD$28,879,947 (USD$22,324,136) via a private placement of 82,514,134 units (the "Units") at a price of CAD$0.35 per Unit. Each Unit consisted of one common share and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder to purchase one additional common share of the Company at a price of CAD$0.4375 until July 18, 2020. Accordingly, a total of 41,257,065 warrants were issued in the private

## 9. CAPITAL STOCK AND RESERVES (CONTINUED)

III. placement. All securities sold in the offering were subject to a hold period which expired on November 19, 2017. The expiry date of the Warrants may be accelerated by the Company at any time following the 12 month anniversary of the closing date of the Offering if the volume-weighted average trading price of the Common Shares is greater than C$0.73 for any 15 consecutive trading days, at which time the Company may accelerate the expiry date of the Warrants by issuing a press release announcing the reduced warrant term whereupon the Warrants will expire on the 15th calendar day after the date of such press release. Share issue costs of $712,402 were incurred and offset against Capital Stock.

IV. On July 25, 2017 the Company issued 4,984,800 stock options.

V. On December 15, 2017 the Company raised gross proceeds of US$2,538,736 via a private placement of 9,951,178 units (the "Units") at a price of ZAR3.40 per share, following a secondary inward listing on the Johannesburg Stock Exchange Alt.X board. Each Unit consisted of one common share and one-half common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder to purchase one additional common share of the Company. The exercise price of the Warrant will be the ZAR equivalent of CAD$0.40 on the day before the Warrant is exercised. Share issue costs of $360,754 were incurred and offset against Capital Stock.

**D. STOCK OPTIONS**

A summary of the stock option plan and principal terms is set out below.

The Plan provides that the number of common shares that may be purchased under the Plan is a rolling maximum which shall not exceed 10% of the issued and outstanding shares of the Company at any time, with appropriate substitutions and/or adjustments in accordance with regulatory policies.

If there is a change in the number of issued and outstanding shares resulting from a share split, consolidation, or other capital or corporate reorganisation. Per TSX Venture Exchange (TSX-V) policies, the total amount of shares reserved for issuance to any one optionee within a period of 12 months shall not exceed 5% of the outstanding common shares at the time of grant, the total amount of shares reserved for issuance to any one Consultant (as defined by the Plan) within a period of 12 months shall not exceed 2% of the outstanding common shares at the time of grant, and the total amount of shares reserved for all persons conducting Investor Relations Activities (as defined by the Plan) within a period of 12 months shall not exceed 2% of the outstanding common shares at the time of the grant.

The Plan provides that it is solely within the discretion of the Board of Directors (the "Board") to determine which directors, employees and other service providers may be awarded options under the Plan, and under what terms they will be granted, as well as any amendments or variations to these terms in the event of an Accelerated Vesting Event (as defined by the Plan). Options granted under the Plan will be for a term not exceeding ten years from the day the option is granted, as in line with TSX-V policies. Subject to such other terms or conditions that may be attached to the particular option granted, an option shall only be exercisable so long as the optionee shall continue to hold office or provide services to the Company and shall, unless terminated earlier, or extended by the Board, terminate immediately if said optionee is terminated for cause, terminate at the close of business on the date which is no later than 90 calendar days after cessation of office or employment, or in the case of the optionee's death, terminate at the close of business on the date which is no later than one year after the date of death, as the case may be. Subject to a minimum price of CAD$0.10, the options will be exercisable at a price which is not less than the Market Price (as defined in the policies of the TSX-V) of the Company's shares at the time the options are granted. The options are non-assignable. Shares will not be issued pursuant to options granted under the Plan until they have been fully paid for. The Company will not provide financial assistance to option holders to assist them in exercising their options.

## *9. CAPITAL STOCK AND RESERVES (CONTINUED)*

A summary of stock option activity and information concerning currently outstanding and exercisable options as at December 31, 2018 are as follows

| | Options outstanding |
|---|---|

| | Number of options # | Weighted average exercise price CAD$ |
|---|---|---|
| Balance, December 31, 2016 | 4,176,954 | 0.29 |
| Options expired during the year | (750,000) | 0.65 |
| Options issued during the year | 4,984,800 | 0.35 |
| Balance, December 31, 2017 | 8,411,754 | 0.29 |
| Options issued during the year | 7,235,861 | 0.25 |
| Options forfeited during the year | (1,505,200) | 0.35 |
| Balance, December 31, 2018 | 14,142,415 | 0.27 |

The following table summarises information concerning outstanding and exercisable options at December 31, 2018:

| | | | Options outstanding and exercisable | |
|---|---|---|---|---|
| Number outstanding # | Number exercisable # | Expiry date | Weighted average exercise price CAD$ | Remaining life (years) |
| 1,518,077 | 1,518,077 | Aug 15, 2020 | 0.20 | 1.62 |
| 759,038 | 759,038 | Oct 19, 2020 | 0.20 | 1.80 |
| 759,038 | 379,519 | Apr 15, 2021 | 0.20 | 2.54 |
| 390,801 | 195,400 | Oct 15, 2021 | 0.30 | 3.04 |
| 3,479,600 | 869,900 | July 25, 2022 | 0.35 | 3.82 |
| 7,235,861 | - | Dec 3, 2025 | 0.25 | 6.93 |
| 14,142,415 | 3,721,934 | | 0.27 | |

All options issued prior to the 2018 financial year vest over a three-year period (15% after one year, 35% after two years and 50% after three years). These options expire five years after the date of issue. Options issued during the 2018 financial year vest over a four-year period (33% after two years, 33% after three years and 33% after four years). These options expire seven years after the date of issue.

The Company recorded a share-based payment expense to the statement of loss and comprehensive loss of $300,101 for the year ended December 31, 2018 ($243,792 for the year ended December 31, 2017).

The share-based payments expense related to options granted was determined using the Black-Scholes option pricing model and the following weighted average assumptions:

| | December 2018 | July 2017 | October 2016 | April 2016 |
|---|---|---|---|---|
| Forfeiture rate | - | - | - | - |
| Risk free interest rate | 2.07% | 1.38% | 0.67% | 0.58% |
| Expected life of options in years | 4.00 | 3.00 | 3.00 | 3.00 |
| Volatility | 70% | 114.20%* | 137.61%* | 138.50%* |
| Dividend rate | 0.00% | 0.00% | 0.00% | 0.00% |

**Calculated as standard deviation of the Company's historical share price*

### *E. SHARE PURCHASE WARRANTS*

A summary of warrants activity and information concerning outstanding warrants as at December31, 2018 are as follows:

## *9. CAPITAL STOCK AND RESERVES (CONTINUED)*

| | Warrants outstanding Number of warrants # | Weighted average exercise price CAD$ |
|---|---|---|
| Balance, December 31, 2016 | - | - |
| Warrants issued on July 19, 2017 | 41,257,065 | 0.4375 |
| Warrants issued on December 15, 2017 | 4,975,589 | 0.4000 |
| Balance, December 31, 2017 | 46,232,654 | 0.4335 |
| Warrants issued on January 22, 2018 | 84,896,692 | 0.4000 |
| Balance, December 31, 2018 | 131,129,346 | 0.4117 |

All warrants issued in private placements were accounted for as a financial liability. See Note 11 for further details.

### F. TRANSACTION WITH NON-CONTROLLING INTEREST

The issue of shares in Alphamin Bisie Mining SA (ABM) to the Industrial Development Corporation of South Africa (IDC) for $7,000,000 during the year ended December 31, 2015 was accounted for as a shareholder transaction resulting in an increase of the non-controlling interest of $6,996,951. The balancing $3,049 was taken to equity in line with IFRS 10. The receipt of the third tranche from the IDC in the amount of $3,000,000 in May 2016 resulted in an additional increase in the non-controlling interest of $2,798,969. The balancing $201,031 was taken to equity in line with IFRS 10. See Note 10 for additional information. The IDC invested an additional $6,613,152 in ABM in December 2017. The transaction was accounted for as a shareholder transaction resulting in an increase of the non-controlling interest of $8,229,107. The balancing $1,615,955 was taken to equity in line with IFRS 10. During the year ended December 31, 2018 the IDC invested a further $7,086,834 in ABM, resulting in an increase in non-controlling interest of $8,982,021. The balancing $1,895,187 was taken to equity. The IDC and the DRC government maintained their 14.25% and 5% interests in ABM following the 2017 and 2018 transactions.

## *10. RELATED PARTY TRANSACTIONS*

### KEY MANAGEMENT PERSONNEL

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. Remuneration attributed to key management personnel can be summarised as follows:

| Item | Relationship | December 31 2018 USD | December 31 2017 USD |
|---|---|---|---|
| Director and Officer fees | Directors, officers | 1,230,050 | 875 815 |
| Secretarial and administrative fees | Corporate Secretary | 36,000 | 36 000 |
| Share based payments | Directors, officers | 154,003 | 154 003 |

Total current amounts due to related parties of $295,833 (December 31, 2017 – $304,468) are due or accrued to officers and directors.

## 10. RELATED PARTY TRANSACTIONS (CONTINUED)

Non-current amounts due to related parties of $25,352,945 (December 31, 2017 – $3,150,071) are due to Tremont Master Holdings. The amount includes long term debt of $25,000,000 and capitalized interest due of $1,759,195. See Note 13 for further details.

In line with the DRC mining code, the Company's subsidiary Alphamin Bisie Mining SA (ABM) granted 5% of its share capital to the Government of the DRC during the 2015 financial year. To facilitate this, ABM divided their share capital into two classes, "A" shares and "B" shares. The "B" shares are intended to be held solely by the Government of the DRC and are non-dilutable at 5% of total share capital ("A" plus "B") in issue. "B" class shares have normal voting rights on a pro rata basis and the DRC Government has a right to appoint one director to the ABM board. The 5% is a free carry under the terms of the DRC mining code, hence the DRC Government is not required to contribute on granting of their initial holding or further issues to maintain their stake at 5%.

In November 2015, the Company entered into an agreement with the Industrial Development Corporation of South Africa Limited (IDC) pursuant to which the IDC could invest up to $10,000,000 directly into ABM, in three tranches, subject to the completion of certain milestones. As at the 2016 financial year end the Company had received all tranches, resulting in an ownership in ABM of 14.25% by the IDC. Under the terms of the shareholders' agreement the IDC were granted an "offtake option". Under the offtake option the IDC is entitled, as long as it owns 11% or more of ABM's "A" class shares, to an option to purchase from ABM a portion its mineral production. The percentage of production that the IDC wishes to acquire, cannot exceed their percentage holding in the "A" class shares of ABM at the date of exercise. The IDC shall only be able to benefit from the "offtake option" if the relevant percentage of the Company's production is not already committed to other buyers in respect to the relevant period. The offtake acquired can only be for a minimum of six months and a maximum of twelve months and must be purchased at the same average price and other terms as ABM is able to, and would otherwise intend to, sell its product to other third-party purchasers. The "offtake option" is not transferrable. The IDC waived this right to allow ABM to enter into an arm's-length offtake agreement with the Gerald Metals group in Q1 2018.

Under the terms of the shareholders' agreement, a qualifying "seller", defined as a shareholder, or two or more shareholders acting together, holding more than 50% of the "A" class shares of ABM, has drag along and tag along rights that are normal in transactions of this nature.

The IDC has also granted pre-emption rights to the other "A" class shareholders, entitling them to a right of first refusal on any partial or full sale of their shares.

The IDC may propose (but is not obliged) at any time during the "Exit Period" that Alphamin Resources acquire all, but not less than all of its shares in exchange for shares in Alphamin Resources (the Share Swap), which shall be based on the then fair market value of the "A" class shares, and on terms to be mutually agreed to by Alphamin Resources and the IDC. The "Exit Period" refers to the earlier of five years from the date of signature, or one year from the date the Bisie Tin Mine Project reaches 90% of its intended maximum production, having been fully funded and fully implemented.

## 11. WARRANTS

On January 22, 2018, The Company issued 84,896,692 warrants in the private placement as out lined in Note 9 (2017: On July 19, 2017 and December 15, 2017, the Company issued 41,257,065 and 4,975,589 warrants in the respective private placements as outlined in Note 9). The Company assessed the conditions of these warrants in terms of IAS 32 and IAS 39 and concluded that, as a result of the currency of the warrants (CAD$) being different to that of the Company's functional and presentation currency (USD), coupled with the fact that the warrants were issued as part of a private placement, rather than a rights issue, that the warrants need to be accounted for as a financial liability with fair value through profit and loss. The warrants were valued on the date of issue and the related fair value of $9,010,401 was raised as a liability (the balance of the cash received in the respective private placements was accounted for in equity as Capital Stock).

## 11. WARRANTS (CONTINUED)

The Company valued the warrants using the Black-Scholes pricing model with the assumptions below.

| | January 22, 2018 | December 15, 2017 | July 19, 2017 |
|---|---|---|---|
| Strike price | CAD$0.40 | CAD$0.40 | CAD$0.4375 |
| Risk free interest rate | 1.24% | 1.24% | 1.24% |
| Expected life of options in years | 3.00 | 3.00 | 3.00 |
| Annualised volatility | 70% | 70% | 70% |
| Dividend rate | 0.00% | 0.00% | 0.00% |

All warrants in issue were revalued on December 31, 2018 using the same valuation methodology as described above and, on that date, the fair value of the warrants was calculated at $5,711,219. The movement in the warrant liability was credited to the statement of loss and comprehensive loss (Year ended December 31, 2018: Credit of $6,775,349) (Year ended December 31, 2017: Credit of $2,288,153). The use of an option pricing model to determine the fair value of these warrants falls within Level 3 of IFRS 13's fair value hierarchy: Level 3 – Inputs that are not based on observable market data.

## 12. PROVISION FOR CLOSURE AND RECLAMATION

The Company recognizes a provision related to its constructive and legal obligations in the Democratic Republic of Congo to restore its properties. The cost of this obligation is determined based on the expected future level of activity and costs related to decommissioning the mines and restoring the properties. The Company recognized a corresponding asset classified as mine under construction. A long-term inflation rate of 2% and a discount rate of 3% has been applied in calculating the present value of the future obligation. The period applied aligns to the estimated life of mine of 12.5 years, with most rehabilitation activities scheduled within the 2 years post completion of mining activities.

| | BISIE |
|---|---|
| Balance, December 31, 2015 and 2016 | - |
| Additions during the year | 1,974,894 |
| Balance, December 31, 2017 | 1,974,894 |
| Unwind of discounted liability (capitalized)(Note 6) | 59,247 |
| Additions during the year (capitalized) (Note 6) | 4,664,438 |
| Balance, December 31, 2018 | 6,698,579 |

## 13. LONG TERM DEBT

| Long-term debt | Related party debt | Non-related party debt | Total |
|---|---|---|---|
| | USD | USD | USD |
| Balance, December 31, 2016 | - | - | - |
| Drawdowns during the year | 3,125,000 | 6,875,000 | 10,000,000 |
| Capitalised interest | 25,071 | 45,731 | 70,802 |
| Balance, December 31, 2017 | 3,150,071 | 6,920,731 | 10,070,802 |
| Drawdowns during the year | 21,875,000 | 48,125,000 | 70,000,000 |
| Capitalised interest | 1,734,124 | 3,591,174 | 5,325,298 |
| Fees capitalised | (1,613,637) | (3,550,000) | (5,163,637) |
| Amortisation of capitalised fees | 207,387 | 456,251 | 663,638 |
| Balance, December 31, 2018 | 25,352,945 | 55,543,156 | 80,896,101 |

## 13. LONG TERM DEBT (CONTINUED)

On November 9, 2017 the Company entered into a credit facility of up to $80 million from a syndicate of lenders for the construction of the Bisie Tin Mine. The credit facility provided for an initial advance of $10 million, which was drawn down in December 2017. The remaining $70 million was drawn down during 2018.

The key terms of the credit facility are:

1. $80 million senior secured, non-revolving term credit facility.
2. Five-year term commencing on the initial advance date.
3. Coupon of 14 percent plus the greater of US dollar 3-month LIBOR and 1 percent per annum.
4. Interest to be capitalized until the earlier of achievement of commercial production and 24 months following the initial advance date, repayable monthly thereafter.
5. No principal repayments until March 31, 2020, with repayments thereafter in 11 equal quarterly instalments.
6. Cash sweep of 30 percent of excess cash flow with effect from April 30, 2020.
7. A security package typical for a transaction of this nature including a mortgage over the Company's shares in each subsidiary, cash balances, moveable assets and the mining license PE1355 covering the Mpama North Tin Project.
8. Material adverse change clauses typical of transactions of this nature.

Of the $80 million facility, $25 million was provided by Tremont Master Holdings, a 48% shareholder in the Company. Tremont also received their pro rata share of applicable fees and accrued interest.

## 14. SEGMENTED INFORMATION

The Company considers its business to consist of one reportable operating segment, being the acquisition, exploration, evaluation and if warranted, development of mineral deposits. As at reporting date, substantially all of the Company's plant and equipment, Exploration and Evaluation Assets and Mine Under Construction were located in the Democratic Republic of the Congo. In assessing potential operating segments, the Company has considered the information reviewed by the Chief Operating Decision Maker (CODM). The Company has identified the Board of Directors as the CODM and is satisfied that the information as presented in the financial statements is the same as that assessed by the CODM for management reporting purposes. The Company has one asset, in one commodity in one country.

## 15. INCOME TAX

In Mauritius, Alphamin Resources Corp. is a *Category 1 Global Business License Company* for the purpose of the Financial Services Act 2007. The Company is subject to income tax at 15%. It is, however, entitled to a tax credit equivalent to the higher of foreign taxes paid and 80% of the Mauritius tax on its foreign source income, leaving a maximum effective tax rate of 3%. Capital gains of the Company are exempt from tax in Mauritius. At December 31, 2018, the Company was not liable for income tax as it had not generated any taxable income to date. The Company does not recognise a deferred tax asset in respect of tax losses brought forward due to uncertainty around the future recoverability of such losses.

In the DRC, Alphamin Bisie Mining is exposed to a tax rate for mining companies of 30%. This is the main operating subsidiary of the group. At December 31, 2018, the Company was not liable for income tax as it had not generated any taxable income to date. The Company does not recognise a deferred tax asset in respect of tax losses brought forward due to uncertainty around the future recoverability of such losses.

## 16. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration, evaluation and development of its mining properties and to maintain a flexible capital structure which optimises the costs of capital at an acceptable risk. The Company currently depends on shareholder equity and a credit facility of $80,000,000. The capital structure of the Company currently consists of common shares, stock options, share purchase warrants and long-term debt. Changes in the equity accounts of the Company are disclosed in Note 9 and changes in long term debt is disclosed in Note 13. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, obtain additional 3rd party loan financing or dispose of assets. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets, which are approved by the Board of Directors and updated as necessary depending on various factors, including capital deployment and general industry conditions. The Company anticipates continuing to access equity markets and 3rd party financing to fund continued exploration, evaluation and development of its mining properties and the future growth of the business.

## 17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments are exposed to a number of financial and market risks, including credit, liquidity and foreign exchange risks. The Company has established active policies to manage these risks. The Company does not currently have in place any active hedging or derivative trading policies to manage these risks, since the Company's management does not believe that the current size, scale and pattern of its operations would warrant such hedging activities. The Company places its cash with high credit quality financial institutions.

### A. CREDIT RISK

Credit risk is the risk that a counterparty to a financial instrument will not discharge its obligations, resulting in a financial loss to the Company. The Company has procedures in place to minimise its exposure to credit risk. Company management evaluates credit risk on an ongoing basis, including evaluation of counterparty credit rating and counterparty concentrations measured by amount and percentage. The primary source of credit risk for the Company arises from the following financial assets: (1) cash and cash equivalents and (2) other receivables. The Company has not had any credit losses in the past, nor does it expect to have any credit losses in the future. At December 31, 2018, the Company has no financial assets that are past due or impaired due to credit risk defaults. As at year end substantially all of the cash and cash equivalents balance was concentrated with Standard Bank group. Standard Bank's average credit rating is Ba1. The Company's maximum exposure to credit risk at the reporting date is as follows:

| Item | December 31, 2018 USD | December 31, 2017 USD |
|---|---|---|
| Cash and cash equivalents | 17,105,121 | 7,236,425 |
| Other receivables – current | 609,506 | 343,209 |
| Other receivables – non-current | 265,566 | 242,466 |
| Total | 17,980,193 | 7,822,100 |

**B. LIQUIDITY RISK**

Liquidity risk is the risk that the Company will not be able to meet its obligations with respect to financial liabilities as they fall due. The Company's financial liabilities are comprised of long term debt, accounts payable and accrued liabilities. The Company frequently assesses its liquidity position by reviewing the timing of amounts due and the Company's current cash flow position to meet its obligations. There is no guarantee the Company will continue to access debt or equity funding.

## 17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The Company manages its liquidity risk by maintaining a sufficient cash balance to meet its anticipated operational needs. When there are not sufficient funds, the Company has the ability to reduce or delay its exploration, evaluation, development and corporate spending to preserve liquidity. The Company's long-term debt was obtained to facilitate the development of the mining properties (refer to Note 6). Refer to Note 13 for additional information on repayment terms. The Company's accounts payable and accrued liabilities arose as a result of exploration, evaluation, development and corporate expenses. Payment terms on these liabilities are typically 30 to 120 days from receipt of invoice and do not generally bear interest. The following table summarises the remaining contractual maturities of the Company's financial liabilities:

| | Within 1 Year 2018 USD | Between 1 and 2 Years 2018 USD | Between 2 and 5 Years 2018 USD | Greater than 5 years 2018 USD |
|---|---|---|---|---|
| Long term debt * | - | 20,983,618 | 41,967,236 | - |
| Long term debt – related parties * | - | 9,538,008 | 19,076,016 | - |
| Future Interest on Long term debt | 6,261,482 | 9,365,401 | 7,992,654 | - |
| Future Interest on Long term debt - related parties | 2,846,128 | 4,257,001 | 3,633,025 | - |
| Unidscounted provision for closure and reclamation | - | - | - | 7,830,000 |
| Accounts payable and accrued liabilities | 6,235,789 | - | - | - |
| Accounts payable and accrued liabilities – related parties | - | 295,833 | - | - |

* Amounts are inclusive of estimates of interest capitalised to date and to be capitalised up until commercial production

**C. MARKET RISK**

Market risk is the risk that the fair value for assets or future cash flows will fluctuate, because of changes in market conditions. The Company evaluates market risk on an ongoing basis and has established policies and procedures for mitigating its exposure to foreign exchange fluctuations.
Other than the possible impact on the recoverable amount of the Company's mining properties carried under non-current assets, the Company's operating cash flows and financial instruments are not currently exposed to commodity price risk. The fair value movements accounted for warrants (refer Note 11) are non-cash in nature.

***Foreign Exchange Risk***
The Company operates on an international basis and therefore, foreign exchange risk exposures arise from transactions denominated in foreign currencies. The Company is exposed to foreign currency risk on fluctuations related to financial instruments that are denominated in Canadian dollars (CAD$). A 10% fluctuation in the USD against the Canadian dollar would affect the net loss by insignificant amounts.

***Interest Rate Risk***
As at December 31, 2018 the Company had drawn down US$ 80,000,000 against its long-term debt facility (refer Note 13). These loans are exposed to variable interest rates. Finance costs are capitalised to Mine under construction during the development phase of the project. A 1% change in the variable interest rates would not have had a material impact on the finance cost capitalised during the year. The Company does not earn significant interest on cash balances.

## 17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### D. FAIR VALUE MEASUREMENT
At December 31, 2018 and December 31, 2017, the carrying values and the fair values of the Company's financial instruments are shown in the following table.

| | December 31, 2018 Carrying value USD | December 31, 2018 Fair value USD | December 31, 2017 Carrying value USD | December 31, 2017 Fair value USD |
|---|---|---|---|---|
| Financial assets | | | | |
| Cash and cash equivalents | 17,105,121 | 17,105,121 | 7,236,425 | 7,236,425 |
| Other receivables – current | 609,506 | 609,506 | 343,209 | 343,209 |
| Other receivables – non-current | 265,566 | 265,566 | 242,466 | 242,466 |
| Financial liabilities | | | | |
| Long term debt | 55,543,156 | 55,543,156 | 6,920,731 | 6,920,731 |
| Long term debt – related parties | 25,352,945 | 25,352,945 | 3,150,071 | 3,150,071 |
| Provision for closure and reclamation | 6,698,579 | 6,698,579 | 1,974,894 | 1,974,894 |
| Accounts payable and accrued liabilities | 6,235,789 | 6,235,789 | 5,755,108 | 5,755,108 |
| Accounts payable and accrued liabilities – related parties | 295,833 | 295,833 | 304,468 | 304,468 |
| Warrants | 5,711,219 | 5,711,219 | 3,476,167 | 3,476,167 |

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly.

- Level 3 – inputs that are not based on observable market data.

The fair value of the Company's financial assets and financial liabilities approximate their carrying values (all within Level 3 of the fair value hierarchy).

## 18. BASIC AND DILUTED LOSS PER SHARE AS WELL AS HEADLINE AND DILUTED HEADLINE LOSS PER SHARE

Loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of common shares issued during the year. Diluted loss per share is determined by adjusting the weighted average number of shares for all potential dilutive effects. For the year ended December 31, 2018 and 2017, the Company's diluted loss per share is identical to the basic loss per share as inclusion of stock options and warrants would be anti-dilutive.

The following table summarises the components of the calculation of the basic and diluted loss per share:

| | **2018 USD** | **2017 USD** |
|---|---|---|
| Loss attributable to equity shareholders | 1,370,863 | 2,742,787 |
| Weighted average number of shares issued and outstanding | 732,912,958 | 467,411,388 |
| Loss and diluted headline loss per share | 0.00 | 0.01 |

## 18. BASIC AND DILUTED LOSS PER SHARE AS WELL AS HEADLINE AND DILUTED HEADLINE LOSS PER SHARE (CONTINUED)

The Company's shares are also listed on the Johannesburg Stock Exchange Alt.X which requires the Company to present headline and diluted headline loss per share. Headline loss per share is calculated by dividing headline loss attributable to equity holders of the Company by the weighted average number of common shares issued and outstanding during the year. Diluted headline loss per share is determined by adjusting the weighted average number of shares for all potential dilutive effects. For the year ended December 31, 2018 and 2017, the Company's diluted headline loss per share is identical to the headline loss per share as inclusion of stock options and warrants would be anti-dilutive.

The following table summarises the adjustments to loss attributable to equity shareholders for the purposes of calculating headline loss attributable to equity shareholders.

| | **2018 USD** | **2017 USD** |
|---|---|---|
| Loss attributable to equity shareholders | 1,370,863 | 2,742,787 |
| Adjusted for; | | |
| Loss on write off of property, plant and equipment | (503,346) | (1,479) |
| Headline loss attributable to equity shareholders of the company | 867,517 | 2,741,308 |
| Weighted average number of shares issued and outstanding | 732,912,958 | 467,411,388 |
| Headline loss and diluted headline loss per share | 0.00 | 0.01 |

## 19. SIGNIFICANT OPERATING SUBSIDIARIES WITH NON-CONTROLLING INTEREST

The table below shows details of the non-wholly owned subsidiary of the Company that had material non-controlling interests:

| | Proportion of ownership and voting rights held by non-controlling interests | | Profit/(loss) allocated to non-controlling interests | | Accumulated non-controlling interests | |
|---|---|---|---|---|---|---|
| **Company** | **December 31, 2018** | **December 31, 2017** | **December 31, 2018 USD** | **December 31, 2017 USD** | **December 31, 2018 USD** | **December 31, 2017 USD** |
| Alphamin Bisie Mining SA | 19.25% | 19.25% | (1,807,420) | (1,262,169) | 24,921,058 | 17 970 282 |

Summarised financial information in respect of the above subsidiaries is set out below.
The summarised financial information below presents amounts before intra-group elimination.

| | **December 31, 2018 USD** | **December 31, 2017 USD** |
|---|---|---|
| Current assets | 23,789,299 | 16,569,426 |
| Non-current assets | 185,491,128 | 57,279,742 |
| **Total assets** | **209,280,427** | **73,849,168** |
| | | |
| Current liabilities | 21,540,898 | 4,248,294 |
| Non-current liabilities | 92,094,678 | 10,072,802 |
| Equity | 95,644,851 | 59,530,072 |
| **Total liabilities and equity** | **209,280,427** | **73,849,168** |

| | | |
|---|---|---|
| Operating expenses | (9,389,201) | (6,515,181) |
| Income tax expenses | - | - |
| **Net loss for the year** | **(9,389,201)** | **(6,556,722)** |
| Attributable to owners of the Company | (7,581,781) | (5,294,553) |
| Attributable to non-controlling interests | (1,807,420) | (1,262,169) |

## 20. CAPITAL COMMITMENTS

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

| | **2018** | **2017** |
|---|---|---|
| Property, plant and equipment | 14,764,364 | 43,579,284 |

## 21. SUBSEQUENT EVENTS

Post year end the Company raised an additional $12,000,000 through a private placement of Units. Each unit consisted of one common share and one common share warrant.

The Company also completed construction of the Bisie Tin Mine and commenced with commissioning post year-end.