



UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(EXPRESSED IN US DOLLARS)
FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017

C/o ADANSONIA MANAGEMENT SERVICES LIMITED, Suite 1, PERRIERI
OFFICE SUITES, C2-302, Level 3, Office Block C, La Croisette, Grand Baie 30517,
Mauritius

Phone: +230 269 4166
www.alphaminresources.com

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Notice to Reader

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited condensed consolidated interim financial statements in accordance with standards established for a review of condensed interim financial statements by an entity's auditor.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT | MARCH 31 2018 | DECEMBER 31 2017 |
|--|--------------------|---------------------|
| | USD | USD |
| Assets | | |
| Current assets | | |
| Consumable stores (Note 4) | 1 212 204 | 1 155 564 |
| Prepays and other receivables (Note 3) | 13 431 600 | 8 952 444 |
| Cash and cash equivalents | 21 472 591 | 7 236 425 |
| Total current assets | <u>36 116 395</u> | <u>17 344 433</u> |
| Non-current assets | | |
| Plant and equipment (Note 5) | 4 001 965 | 4 067 827 |
| Prepays and other receivables (Note 3) | 465 531 | 463 739 |
| Mine under construction (Note 6) | 119 297 481 | 99 504 474 |
| Exploration and evaluation assets (Note 7) | 2 201 450 | 2 201 450 |
| Total non-current assets | <u>125 966 427</u> | <u>106 237 490</u> |
| Total assets | <u>162 082 822</u> | <u>123 581 923</u> |
| Liabilities and stockholders' equity | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities (Note 8) | 5 011 182 | 5 965 815 |
| Accounts payable and accrued liabilities - related parties (Note 10) | 220 833 | 304 468 |
| Warrants (Note 11) | 11 623 429 | 3 476 167 |
| Total current liabilities | <u>16 855 444</u> | <u>9 746 450</u> |
| Non-current liabilities | | |
| Provision for closure and reclamation (Note 12) | 1 974 894 | 1 974 894 |
| Long term debt (Note 13) | 7 207 335 | 6 920 731 |
| Long term debt – related parties (Note 13) | 3 276 448 | 3 150 071 |
| Total non-current liabilities | <u>12 458 677</u> | <u>12 045 696</u> |
| Stockholders' equity | | |
| Capital stock (Note 9) | 154 780 974 | 122 298 092 |
| Reserves (Note 9) | 9 288 886 | 9 200 050 |
| Foreign currency translation reserve | (1 511 737) | (1 511 737) |
| Accumulated deficit | (47 271 317) | (46 166 910) |
| Stockholders' equity | <u>115 286 806</u> | <u>83 819 495</u> |
| Non-controlling interest | 17 481 895 | 17 970 282 |
| Total equity | <u>132 768 701</u> | <u>101 789 777</u> |
| Total liabilities and equity | <u>162 082 822</u> | <u>123 581 923</u> |

Approved and authorised by the Board of Directors on May 29, 2018.

(Signed)

BORIS KAMSTRA, DIRECTOR

(Signed)

EOIN O'DRISCOLL, DIRECTOR

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

CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS FOR THE THREE MONTHS ENDED:

| | MARCH 31 2018 | MARCH 31 2017 |
|---|------------------|------------------|
| | USD | USD |
| Operating expenses (income): | | |
| Accounting, audit and legal | 203 454 | 233 106 |
| Administrative | 171 839 | 120 394 |
| Bank charges and interest | 418 762 | 49 682 |
| Consulting fees | 10 225 | 97 441 |
| Directors' fees | 50 706 | 49 773 |
| Depreciation (Note 5) | 131 040 | 42 562 |
| Foreign exchange (gain)/loss | (224 685) | (24 758) |
| Corporate fees and salaries | 857 253 | 705 519 |
| Investor relations, filing and transfer fees | 80 158 | 39 418 |
| Insurance | 10 011 | 9 634 |
| Share-based payments (Note 9) | 88 836 | 42 454 |
| Warrants (Note 11) | (863 139) | - |
| Telecommunication costs | 42 491 | 18 839 |
| Travel and accommodation | 113 526 | 135 274 |
| Loss on write off of assets | 503 346 | |
| Withholding taxes | - | 84 000 |
| Loss before finance costs/(income) | 1 593 823 | 1 603 338 |
| Finance costs | - | - |
| Finance income | (1 029) | - |
| Net loss and total comprehensive loss for the period | 1 592 794 | 1 603 338 |
| Loss and total comprehensive loss attributed to: | | |
| Equity holders | 1 104 407 | 1 308 618 |
| Non-controlling interests | 488 387 | 294 720 |
| | 1 592 794 | 1 603 338 |
| Net loss per share – basic and diluted** | (0.00) | (0.00) |
| **Weighted average number of shares used in the calculation of net loss per share | 634 543 800 | 379 519 237 |

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

CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENTS CASH FLOWS FOR THE THREE MONTHS ENDED

| | MARCH 31 2018 | MARCH 31 2017 |
|--|------------------|------------------|
| Expressed in US dollars | USD | USD |
| Cash flows from operating activities | | |
| Net loss before finance income for the period | (1 593 823) | (1 603 338) |
| Adjustment for items not involving cash | | |
| Share-based payments | 88 836 | 42 454 |
| Warrants | (863 139) | - |
| Loss on write off of assets | 503 345 | - |
| Depreciation | 131 040 | 42 562 |
| Change in working capital items: | | |
| Prepays and other receivables – current | (4 431 706) | (353 071) |
| Consumable stores | (56 640) | (10 984) |
| Accounts payable and accrued liabilities | (954 633) | 36 366 |
| Due to related parties | (83 635) | 36 563 |
| Cash used in operations | (7 260 355) | (1 809 448) |
| Interest income | 1 029 | - |
| Net cash used in operating activities | (7 259 326) | (1 809 448) |
| Cash flow from investing activities | | |
| Purchase of plant and equipment | (568 523) | (287 093) |
| Investing in exploration and evaluation assets | - | (3 056 550) |
| Investing in mine under construction assets | (18 165 026) | - |
| Prepays and other receivables – non-current | (49 242) | (92 926) |
| Net cash used in investing activities | (18 782 791) | (3 436 569) |
| Cash flows from financing activities | | |
| Proceeds from issue of common stock and warrants | 40 278 283 | - |
| Net cash provided by financing activities | 40 278 283 | - |
| Increase/(Decrease) in cash and cash equivalents | 14 236 166 | (5 246 017) |
| Cash and cash equivalents at the beginning of period | 7 236 425 | 8 648 895 |
| Cash and cash equivalents at the end of period | 21 472 591 | 3 402 878 |

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

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

| CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY | Capital stock | | Reserves | | Foreign currency translation reserve USD | Deficit USD | Total stockholders' equity USD | Non- controlling interests USD | Total equity USD |
|---|---------------|---------------|--|-------------|--|----------------|---|---|---------------------|
| | Shares # | Amount USD | Share- based payment reserve USD | | | | | | |
| 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 period | - | - | - | - | (1 308 618) | (1 308 618) | (286 975) | (1 595 593) | |
| Share based payments | - | - | 42 454 | - | - | 42 454 | - | 42 454 | |
| Balance, March 31, 2017 | 429 785 897 | 104 277 696 | 8 998 712 | (1 511 737) | (43 116 786) | 68 647 885 | 10 716 369 | 79 364 254 | |
| 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 period | - | - | - | - | (1 104 407) | (1 104 407) | (488 387) | (1 592 794) | |
| Issue of shares in private placement on January 22, 2018 | 169 793 397 | 32 482 882 | - | - | - | 32 482 882 | - | 32 482 882 | |
| Share based payments | - | - | 88 836 | - | - | 88 836 | - | 88 836 | |
| Balance, March 31, 2018 | 692 044 606 | 154 780 974 | 9 288 886 | (1 511 737) | (47 271 317) | 115 286 806 | 17 481 895 | 132 768 701 | |

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 Columbia, 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). These unaudited condensed consolidated interim 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 its principal project in the Democratic Republic of Congo (DRC). During 2017 the Company concluded an updated feasibility study on its principal exploration and evaluation asset. Although positive, the success of the Company’s future activities is influenced by financial risks, legal and political risks and commodity prices.

As at March 31, 2018, the Company has no source of operating cash flows, has not yet achieved profitable operations, has accumulated losses of USD47 271 317, stockholders’ equity of USD115 286 806 and working capital of USD19 260 951 and expects to incur further losses and cash outflows in the development of its business.

The Company’s going concern risk profile has improved during the three months ended March 31, 2018, as well as post quarter end.

These unaudited condensed consolidated interim 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 unaudited condensed consolidated interim 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 unaudited condensed consolidated interim 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 significantly affect the investee’s returns. The consolidated financial statements include the accounts of the Company and its controlled subsidiaries, as follows:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

| 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 USD10 million investment by the Industrial Development Corporation of South Africa Limited (IDC) in the amount of USD7 million, resulting in 10.45% ownership in ABM. The final tranche of USD3 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 Group 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 Congo. Upon establishment of commercial viability of a site and subsequent commencement of production, the Company estimates the cost to restore the site following the completion of commercial activities and depletion of reserves.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 future mine rehabilitation. 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 period with the passage of time. 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 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 the period the Company continued with its process of exploring and evaluating its Exploration and Evaluation Assets. During 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. 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 Group's reserves and resources that might be extracted from the Group'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 Group 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 March 31, 2018 the Company had working capital of USD19 260 951. Additional financing 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 outlined above, 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 sales during this period are offset against capitalized costs.

N. FINANCIAL INSTRUMENTS

Financial assets

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

Loans and receivables – these assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest method less any provision for impairment.

Held-to-maturity investments – these assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortised cost using the effective interest method less any provision for impairment.

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 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. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

P. NEW STANDARDS AND INTERPRETATIONS

Standards and interpretations effective and adopted in the current year;

| Standard/Interpretation | Effective date: Years beginning on or after | Expected impact |
|---|---|--|
| IFRS 9 Financial Instruments | January 1, 2018 | Unlikely there will be a material impact |
| IFRS 15 Revenue from Contracts with Customers | January 1, 2018 | Unlikely there will be a material impact |
| Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers | January 1, 2018 | Unlikely there will be a material impact |
| Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions | January 1, 2018 | Unlikely there will be a material impact |
| Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts | January 1, 2018 | Unlikely there will be a material impact |

Standards and interpretations not yet effective and not early adopted

| Standard/Interpretation | Effective date: Years beginning on or after | Expected impact |
|---|---|--|
| Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Not Applicable | Unlikely there will be a material impact |
| IFRS 16 Leases | January 1, 2019 | Unlikely there will be a material impact |

3. PREPAIDS AND OTHER RECEIVABLES

| Item | March 31 2018 USD | December 31 2017 USD |
|---------------------------------|-------------------------|----------------------------|
| Current | | |
| Supplier prepayments* | 12 889 175 | 8 545 424 |
| Tax prepayment** | 139 253 | 63 811 |
| Deposits and other receivables | 403 172 | 343 209 |
| | 13 431 600 | 8 952 444 |
| Non-current | | |
| Environmental deposit in DRC*** | 242 466 | 242 466 |
| Tax prepayment** | 223 065 | 221 273 |
| | 465 531 | 463 739 |

* Supplier prepayments relate to contractors and equipment ordered for the mine under construction.

**The tax prepayment relates to costs incurred by the Group'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 Group'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

| | March 31 2018 USD | December 31 2017 USD |
|-------------|-------------------------|----------------------------|
| Consumables | 1 212 204 | 1 155 564 |

Consumable stores consist of inventories of diesel, personal protective equipment and road building supplies. 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

| Depreciation | Computers and equipment USD | Land USD | Motor vehicle USD | Plant and machinery USD | Total USD |
|---------------------------------|--------------------------------------|-------------|-------------------------|-------------------------------|--------------|
| Cost | | | | | |
| Balance, January 1, 2017 | 84 047 | 271 029 | 405 014 | 521 836 | 1 281 926 |
| Additions | 36 008 | 233 103 | 609 379 | 2 433 845 | 3 312 335 |
| Disposals | | | (13 000) | | (13 000) |
| Balance, December 31, 2017 | 120 055 | 504 132 | 1 001 393 | 2 955 681 | 4 581 261 |
| Additions | 28 522 | 87 854 | 1 450 | 450 697 | 568 523 |
| Disposals | - | - | - | (503 345) | (503 345) |
| Balance, March 31, 2018 | 148 577 | 591 986 | 1 002 843 | 2 903 033 | 4 646 439 |
| Accumulated depreciation | | | | | |
| Balance, January 1, 2017 | (29 616) | - | (143 053) | (63 213) | (235 882) |
| Depreciation during the year | (18 530) | - | (184 263) | (84 780) | (287 573) |
| Disposals | | | 10 021 | - | 10 021 |
| Balance, December 31, 2017 | (48 146) | - | (317 295) | (147 993) | (513 434) |
| Depreciation during the period | (6 054) | | (75 619) | (49 367) | (131 040) |
| Disposals | | | | | |
| Balance, March 31, 2018 | (54 200) | - | (392 914) | (197 360) | (644 474) |
| Net closing value | | | | | |
| Balance, December 31, 2017 | 71 909 | 504 132 | 684 098 | 2 807 688 | 4 067 827 |
| Balance, March 31, 2018 | 94 377 | 591 986 | 609 929 | 2 705 673 | 4 001 965 |

6. MINE UNDER CONSTRUCTION

| | March 31, 2018 USD | December 31, 2017 USD |
|--|--------------------------|-----------------------------|
| Opening balance | 99 504 474 | - |
| Additions | 19 793 007 | - |
| Transfer from Exploration and Evaluation Assets (Note 7) | - | 97 529 580 |
| Rehabilitation and closure asset (Note 12) | - | 1 974 894 |
| | 119 297 481 | 99 504 474 |

Mine under construction relates to the Company's Bisie Tin 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 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.

A. IMPAIRMENT INDICATOR ASSESSMENT

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.

6. MINE UNDER CONSTRUCTION (Continued)

At the end of each reporting period, an impairment indicator assessment of the carrying value of the Mine Under Construction asset is performed. For the period under review there were no indicators of impairment.

7. EXPLORATION AND EVALUATION ASSETS

Exploration and Evaluation Assets consist of:

| | Bisie USD |
|--|--------------|
| Project acquisition costs | |
| January 1, 2017 | 33 822 040 |
| Reallocation to mine under construction (Note 6) | (33 822 040) |
| December 31, 2017 and March 31, 018 | - |
| 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 period | - |
| March 31, 2018 | 2 201 450 |
| Total Exploration and Evaluation Assets: | |
| Balance, December 31, 2017 | 2 201 450 |
| Balance, March 31, 2018 | 2 201 450 |

Exploration and evaluation assets remaining on the balance sheet at period end relate to expenses incurred on the Company's exploration license and at the Mpama South deposit.

B. 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 Project. The mining permit is valid until 2045. See related parties Note 10 for further information on the ownership of Alphamin Bisie Mining SA.

C. AGREEMENT TO ACQUIRE ADJOINING BISIE PROJECT MINING LICENSE IN DEMOCRATIC REPUBLIC OF THE CONGO

During September 2013, the Company entered into an agreement to acquire an exploration license, which adjoins its Bisie Project in North Kivu Province of the Democratic Republic of the Congo. The Company has paid USD975 000 to date, including an installment of USD100 000 in June 2017. The final payment due under the terms of the agreement is USD50 000 by June 30, 2018. The Company has the right to withdraw at any stage.

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 between 10% and 17%

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

| | March 31, 2018 | December 31, 2017 |
|---|----------------|----------------------|
| | USD | USD |
| Accounts payable | 1 043 115 | 4 096 766 |
| Accrued liabilities | 3 717 133 | 1 607 896 |
| Payroll accruals | 854 | 50 446 |
| Payroll and withholding tax liabilities | 250 080 | 210 707 |
| | 5 011 182 | 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 692 044 606 common shares were issued and outstanding at March 31, 2018.

B. CHANGES IN ISSUED CAPITAL STOCK AND RESERVES DURING THE THREE MONTHS ENDED MARCH 31, 2018

- I. On January 22, 2018, the Company raised gross proceeds of CAD\$52 815 138 (USD\$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 USD 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 USD983 543 were incurred and offset against Capital Stock. The exercise price of the Warrants is CAD\$0.40.

C. CHANGES IN ISSUED CAPITAL STOCK AND RESERVES DURING THE THREE MONTHS ENDED MARCH 31, 2017 WERE AS FOLLOWS:

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

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

9. CAPITAL STOCK AND RESERVES (CONTINUED)

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. A summary of stock option activity and information concerning currently outstanding and exercisable options as at March 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 and March 31, 2018 | 8 411 754 | 0.29 |

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

| Number outstanding # | Number exercisable # | Expiry date | Options outstanding and exercisable | |
|----------------------|----------------------|---------------|---------------------------------------|------------------------|
| | | | Weighted average exercise price CAD\$ | Remaining life (years) |
| 1 518 077 | 759 039 | Aug 15, 2020 | 0.20 | 2.38 |
| 759 038 | 379 519 | Oct 19, 2020 | 0.20 | 2.56 |
| 759 038 | 113 856 | Apr 15, 2021 | 0.20 | 3.04 |
| 390 801 | 58 620 | Oct 15, 2021 | 0.30 | 3.55 |
| 4 984 800 | - | July 25, 2022 | 0.35 | 4.32 |
| 8 411 754 | 887 550 | | 0.29 | |

All options vest over a three-year period (15% after one year, 35% after two years and 50% after three years). Options expire five years after the date of issue.

9. CAPITAL STOCK AND RESERVES (CONTINUED)

The Company recorded a share-based payment expense to the statement of loss and comprehensive loss of USD88 836 for the three months ended March 31, 2018 (USD42 454 for the three months ended March 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:

| | July 2017 | October 2016 | April 2016 |
|-----------------------------------|--------------|-----------------|---------------|
| Forfeiture rate | - | - | - |
| Risk free interest rate | 1.38% | 0.67% | 0.58% |
| Expected life of options in years | 3.00 | 3.00 | 3.00 |
| Volatility* | 114.20% | 137.61% | 138.50% |
| Dividend rate | 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 March 31, 2018 are as follows:

| | 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, March 31, 2018 | 131 129 436 | 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 USD7 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 USD6 996 951. The balancing USD3 049 was taken to equity in line with IFRS 10. The receipt of the third tranche from the IDC in the amount of USD3 000 000 in May 2016 resulted in an additional increase in the non-controlling interest of USD2 798 969. The balancing USD201 031 was taken to equity in line with IFRS 10. See Note 10 for additional information. The IDC invested an additional USD6 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 USD8 229 107. The balancing USD1 615 955 was taken to equity in line with IFRS 10. Alphamin, the IDC and the DRC government maintained their 80.75%, 14.25% and 5% interests in ABM following the 2017 transaction.

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 | March 31 2018 USD | March 31 2017 USD |
|-------------------------------------|---------------------|-------------------------|-------------------------|
| Director and Officer fees | Directors, officers | 236 954 | 218 954 |
| Secretarial and administrative fees | Corporate Secretary | 9 000 | 9 000 |
| Share based payments | Directors, officers | 42 454 | 42 454 |

Total current amounts due to related parties of USD220 833 (December 31, 2017 – USD304 468) are due or accrued to officers and directors.

Non-current amounts due to related parties of USD3 276 448 (December 31, 2017 – USD3 150 071) are due to Tremont Master Holdings. The amount includes long term debt of US\$ 125 000 and capitalized interest due of USD151 448. 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 bases 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%. The percentage is fixed under the DRC mining code and management does not anticipate any changes in this regard in the short to medium term.

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 USD10 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 "A" class shares, to an option to purchase from ABM a portion of the Company's 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. In December 2017 the IDC invested an additional USD6.6m in ABM as part of a share issuance in which all shareholders maintained their pro rata share.

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. 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.

10. RELATED PARTY TRANSACTIONS (CONTINUED)

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 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 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 USD9 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). 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 March 31, 2018 using the same valuation methodology as described above and, on that date, the fair value of the warrants was calculated at USD11 623 429. The movement in the warrant liability was credited to the statement of loss and comprehensive loss (Three months ended March 31, 2018: Credit of USD863 139). The use of an option pricing model to determine the fair value of these warrants falls within Level 2 of IFRS 13’s fair value hierarchy: Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly.

12. PROVISION FOR CLOSURE AND RECLAMATION

The Company recognizes a provision related to its constructive and legal obligations in the 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 provision for the Bisie mine is calculated at the net present value of the estimated future undiscounted cash flows using an interest rate of 3.63% (December 31, 2016 –3.63%) a mine life of 14 years and estimated future undiscounted liability of USD6 651 000 (December 31, 2017 – USD 6 651 000). The Company recognized a corresponding asset classified as mine under construction.

| | BISIE |
|---|-----------|
| Balance, December 31, 2015 and 2016 | - |
| Additions during the year | 1 974 894 |
| Balance, December 31, 2017 and March 31, 2018 | 1 974 894 |

13. LONG TERM DEBT

On November 9, 2017 the Company entered into a credit facility of up to US\$80 million from a syndicate of lenders for the construction of the Bisie Tin Mine. The credit facility provided for an initial advance of US\$10 million, which was drawn down in December 2017. The balance of US\$70 million will become available following the satisfaction of certain subsequent conditions precedent, including, inter alia, the Company completing an equity financing of a minimum of US\$50 million net of associated costs ("equity financing"), US\$ 41.6 million of which was raised during the three months ended March 31, 2018.

The key terms of the credit facility are:

1. US\$80 million senior secured, non-revolving term credit facility
2. Available, subject to fulfilment of conditions precedent, for an 18-month period following the initial advance date
3. Five-year term commencing on the initial advance date
4. Coupon of 14 percent plus the greater of US dollar 3-month LIBOR and 1 percent per annum
5. Interest to be capitalized until the earlier of achievement of commercial production and 24 months following the initial advance date, repayable monthly thereafter
6. No principal repayments until March 31, 2020, with repayments thereafter in 11 equal quarterly instalments
7. Cash sweep of 30 percent of excess cash flow with effect from April 30, 2020
8. Work fee of 2.9 percent payable as to 50 percent upon the initial advance and the balance upon the first subsequent advance
9. Transaction costs of US\$1.77 million to be paid upon the later of the initial advance and completion of the equity financing and US\$2.23 million to be paid pro rata on subsequent advances
10. Termination payment in certain circumstances, not to exceed value of work fee and bonus shares not previously paid
11. An amendment to the credit facility provides for a First Subsequent drawdown in the amount of USD25 000 000 following completion of an equity financing for a minimum of USD43 000 000. The US43m financing was completed on January 22, 2018.
12. 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.

Of the USD\$80 million facility, \$25 million will be provided by Tremont Master Holdings, a 44% shareholder in the Company. Tremont will also receive their pro rata share of applicable fees and accrued interest.

| Long-term debt | Related party debt USD | Non-related party debt USD | Total 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 |
| Capitalised interest | 126 377 | 286 604 | 412 981 |
| Balance, March 31, 2018 | 3 276 448 | 7 207 335 | 10 483 783 |

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 and Exploration and Evaluation Assets 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 March 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 March 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 the recently secured credit facility for up to USD 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 may, or may not, establish from time to time 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

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

exposure to credit risk. Company management evaluates credit risk on an ongoing basis, including evaluation of counterparty credit rating, monitoring activities related to trade and other receivables 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 March 31, 2018, the Company has no financial assets that are past due or impaired due to credit risk defaults. As at period end substantially all of the cash and cash equivalents balance was concentrated with Standard Bank group. Standard Bank's average credit rating is BBB+. The Company's maximum exposure to credit risk at the reporting date is as follows:

| Item | March 31, 2018 USD | December 31, 2017 USD |
|---------------------------------|--------------------------|-----------------------------|
| Cash and cash equivalents | 21 472 591 | 7 236 425 |
| Other receivables – current | 403 173 | 343 209 |
| Other receivables – non-current | 242 466 | 242 466 |
| Total | 22 118 230 | 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.

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 9 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 0 to 120 days 2018 USD | After more than 12 months 2018 USD |
|--|--|---|
| Long term debt | - | 7 207 335 |
| Long term debt – related parties | - | 3 276 448 |
| Provision for closure and reclamation | - | 1 974 894 |
| Accounts payable and accrued liabilities | 4 761 102 | - |
| Accounts payable and accrued liabilities – related parties | 220 833 | - |
| | | |

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

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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 and foreign currency translation reserve by insignificant amounts.

A significant portion of the Company's development expenditure is exposed to the South African Rand (ZAR). A significant fluctuation in the ZAR:US\$ exchange rate would have a relatively material impact on the cost of development.

Interest Rate Risk

As at March 31, 2018 the Company had drawn down US\$ 10 000 000 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 period. The Company does not earn significant interest on cash balances.

D. FAIR VALUE MEASUREMENT

At March 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.

| | March 31, 2018 | March 31, 2018 | December 31, 2017 | December 31, 2017 |
|--|--------------------------|----------------------|--------------------------|-------------------------|
| | Carrying value USD | Fair value USD | Carrying value USD | Fair value USD |
| Financial assets | | | | |
| Cash and cash equivalents | 21 472 591 | 21 472 591 | 7 236 425 | 7 236 425 |
| Other receivables – current | 403 173 | 403 173 | 343 209 | 343 209 |
| Other receivables – non-current | 242 466 | 242 466 | 242 466 | 242 466 |
| Financial liabilities | | | | |
| Long term debt | 7 207 335 | 7 207 335 | 6 920 731 | 6 920 731 |
| Long term debt – related parties | 3 276 448 | 3 276 448 | 3 150 071 | 3 150 071 |
| Provision for closure and reclamation | 1 974 894 | 1 974 894 | 1 974 894 | 1 974 894 |
| Accounts payable and accrued liabilities | 4 761 102 | 4 761 102 | 5 755 108 | 5 755 108 |
| Accounts payable and accrued liabilities – related parties | 220 833 | 220 833 | 304 468 | 304 468 |
| Warrants | 11 623 429 | 11 623 429 | 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. HEADLINE AND DILUTED HEADLINE LOSS PER SHARE

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 period. Diluted headline loss per share is determined by adjusting the weighted average number of shares for all potential dilutive effects. For the three months ended March 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 the calculation.

| | 2018 | 2017 |
|--|-------------|-------------|
| | USD | USD |
| Loss attributable to equity shareholders | 1 104 407 | 1 308 618 |
| Adjusted for; | | |
| Loss on disposal of property, plant and equipment | 503 346 | - |
| Headline loss attributable to equity shareholders of the company | 1 607 753 | 1 308 618 |
| Weighted average number of shares issued and outstanding | 634 543 800 | 379 519 237 |
| Headline loss and diluted headline loss per share | 0.00 | 0.00 |

19. SIGNIFICANT OPERATING SUBSIDIARIES WITH NON-CONTROLLING INTEREST

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

| Company | Proportion of ownership and voting rights held by non-controlling interests | | Profit/(loss) allocated to non-controlling interests | | Accumulated non-controlling interests | |
|--------------------------|---|-------------------|--|-----------------------|---------------------------------------|--------------------------|
| | March 31, 2018 | December 31, 2017 | March 31, 2018 USD | March 31, 2017 USD | March 31, 2018 USD | December 31, 2017 USD |
| Alphamin Bisie Mining SA | 19.25% | 19.25% | (488 387) | (294 720) | 17 481 895 | 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.

| | March 31, 2018 USD | December 31, 2017 USD |
|---|-----------------------|--------------------------|
| Current assets | 35 647 712 | 16 569 426 |
| Non-current assets | 75 058 476 | 57 279 742 |
| Total assets | 110 706 188 | 73 849 168 |
| Current liabilities | 4 813 961 | 4 248 294 |
| Non-current liabilities | 10 483 783 | 10 072 802 |
| Equity | 95 408 444 | 59 530 072 |
| Total liabilities and equity | 110 706 188 | 73 849 168 |
| Operating expenses | (2 537 077) | (6 515 181) |
| Income tax expenses | - | - |
| Net loss for the period/year | (2 537 077) | (6 556 722) |
| Attributable to owners of the Company | (2 048 689) | (5 294 553) |
| Attributable to non-controlling interests | (488 387) | (1 262 169) |

20. SUBSEQUENT EVENTS

There were no subsequent events which require disclosure in the financial statements.