



CONSOLIDATED FINANCIAL STATEMENTS
(EXPRESSED IN US DOLLARS)
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying annual consolidated financial statements of Alphamin Resources Corp. (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)
Maritz Smith
Chief Executive Officer

(signed)
Eoin O'Driscoll
Chief Financial Officer

May 5, 2020

Independent auditor's report

To the Shareholders of Alphamin Resources Corp.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Alphamin Resources Corp. (the Company) and its subsidiaries (together, the Group) as at December 31, 2019 and December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

Alphamin Resources Corp.'s consolidated financial statements set out on pages 10 to 49 comprise:

- the consolidated statements of financial position as at December 31, 2019 and December 31, 2018;
- the consolidated statements of profit/(loss) and comprehensive profit/(loss) 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 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 *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

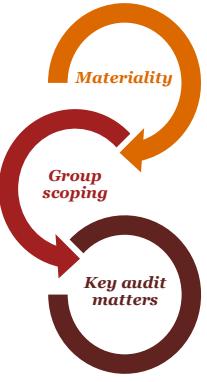
Material Uncertainty Related to Going Concern

We draw attention to note 1 to the consolidated financial statements, which describes that management has assessed the debt service obligations as too high in the current environment. The note states that the Group would need to finalise the raising of funds through a private placement and complete the negotiation of revised debt repayment terms with its lenders in order to secure liquidity for the company going forward.

As stated in note 1 to the consolidated financial statements, these conditions, along with other matters explained in note 1 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our audit approach

Overview

| | |
|---|--|
|  | <p>Overall group materiality</p> <ul style="list-style-type: none"> • <i>Overall Group materiality: \$3 million, which represents 1 % of total consolidated assets.</i> <p>Group audit scope</p> <ul style="list-style-type: none"> • <i>The Group comprises 2 operating units which were both subject to full scope audits.</i> <p>Key audit matters</p> <ul style="list-style-type: none"> • <i>Material uncertainty related to going concern;</i> • <i>Cut off between development and production phase of the Bisie Tin Mine; and</i> • <i>Impairment assessment of the Bisie Tin Mine.</i> |
|---|--|

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 the directors 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 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 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 financial statements as a whole.

| | |
|--|--|
| <i>Overall group materiality</i> | <p>\$ 3 million.</p> |
| <i>How we determined it</i> | <p>1% of total consolidated assets.</p> |
| <i>Rationale for the materiality benchmark applied</i> | <p><i>We chose total consolidated assets as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users while the company transitions out of the development phase into the early stages of production phase, and is a generally accepted benchmark. We chose 1% which is consistent with quantitative materiality thresholds used for similar companies</i></p> |

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 Group, the accounting processes and controls, and the industry in which the Group operates.

The Group consists of 2 operating components, being the corporate head office in Mauritius and the Bisie mine in the Democratic Republic of Congo. Full scope audits were conducted at both these operations.

Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the consolidated financial statements as a whole.

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 of the current period. These matters were addressed in the context of our audit of the consolidated financial statements 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, we determined the matters described below to be key audit matters to be communicated in our report.

| Key audit matter | How our audit addressed the key audit matter |
|------------------|--|
|------------------|--|

Cut off between the development and production phases of the Bisie Tin Mine

Refer to Note 2C (Measurement uncertainty and critical judgements, Reclassification of mine under construction to property, plant and equipment), Note 7 (Plant and equipment) and Note 8 (Mine under construction) to the consolidated financial statements.

Management concluded that Bisie Tin Mine's required operational infrastructure was in place and therefore ready to operate as intended.

As a result of this, the mine entered commercial production on September 1, 2019 and on this date, the total mine under construction asset amounting to USD256,603,765 was reclassified to other classes of plant and equipment.

In determining whether the Bisie Tin Mine was ready to operate as intended by management the following significant judgements were applied:

- the level of expenditure incurred compared to the total capital cost to completion; and
- the majority of the assets necessary for the mining project having been substantially complete and ready for use.

Through discussions with management and inspection of underlying calculations prepared by them, we obtained an understanding of management's process for assessing the point at which the mine is considered to be operating as intended by management, that is when commercial production indicators were met.

We assessed management's determination that the required operational infrastructure was in place through physical inspection of the infrastructure that is present at the mine.

We also held discussions with management's experts in order to identify the respective infrastructure elements during our physical inspection. We assessed the competence, experience, objectivity and qualifications of management's experts and assessed whether it would be appropriate to use their work. Based on the work we performed, we accepted management's conclusions that the required infrastructure was in place and operational.

We compared the total expenditure expected to be incurred to complete the project to the

We considered the cut-off between the development and production phases of the Bisie Tin Mine to be a matter of most significance to the current year audit due to the following:

- the significant judgement applied by management in assessing when the criteria for reclassification from mine under construction to other classes of plant and equipment were met; and
- the significance of the carrying amount of the Bisie Tin Mine to the consolidated financial statements.

total expected capital expenditure on the project, as used by management in their 'cost to complete' assessment. In order to test the reclassification of assets from mine under construction to the other classes of assets within plant and equipment, we selected a sample of assets and agreed these to asset transfer documentation, specifically noting the date of transfer, amount of transfer, the asset class to which the transfer was made and the approval of the transfer by the engineers. No material differences were noted.

Impairment assessment of the Bisie Tin Mine

Refer to note 7 (Plant and equipment) of the consolidated financial statements.

IAS 36 *Impairment of Assets* requires the Group to assess plant and equipment for impairment when impairment indicators are identified.

At the reporting date, management identified a combination of factors such as the marginal headroom between the Group'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 as indicators of impairment for the Bisie Tin Mine cash generating unit ("CGU").

In performing their impairment assessment of the carrying value of the Group's Bisie Tin Mine Project, management applied a discounted cash flow model to determine the recoverable amount of the CGU. In doing so, management applied the following key assumptions:

- Life-of-mine;
- Average long-term real tin price; and
- Discount rate.

We considered the impairment assessment of the Bisie Tin Mine to be a matter of most significance to the current year audit of the consolidated financial statements due to the significant estimates applied by management in determining the recoverable amount.

Utilising our valuation expertise, and through discussions with management, we obtained an understanding of the valuation models used by management in their impairment assessments.

We compared management's models to industry best practice and found it to be consistent.

We benchmarked management's assumption of the long-term tin price forecasts used in the valuation model against external market and third-party data. We found management's assumptions to be within reasonable ranges of the external market and third-party data obtained.

Utilising our valuation expertise, we independently calculated the discount rate, taking into account data such as the risk-free rate, cost of debt, debt-equity ratio, market risk premium and beta, of comparable companies which we obtained from third-party sources. We compared our independently calculated discount rate to the discount rate used by management. The impact of the difference in the discount rate determined by us compared to the discount rate used by management was not considered to be material.

We agreed the Life-of-mine used in management's model to the life of mine certificate as signed off by the Group's competent person.

We tested the accuracy of the valuation model used by management by performing a

recalculation of the recoverable amount and comparing the results of our recalculation to management's calculations. No material differences were noted.

Other information

Management is responsible for the other information. The other information comprises the information included in the document titled "Alphamin Resources Corp. Consolidated Financial Statements (expressed in US dollars) for the years ended December 31 2019 and 2018", and the document titled "Alphamin Resources Corp. Management Discussion and Analysis (Expressed in US Dollars) for the years ended December 31, 2019 and 2018". The 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 IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 skepticism 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 Group'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 Group'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 Group 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 Group 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 years ended December 31, 2019 and 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 Marcia Mokone.

(signed)

PricewaterhouseCoopers Inc.

Director: MM Mokone

Registered Auditor

Johannesburg – South Africa

May 5, 2020

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| ALPHAMIN RESOURCE CORP. | | December 31 2019 | December 31, 2018 |
|--|---------|---------------------|----------------------|
| As at (Expressed in US dollars) | Notes | \$ | \$ |
| ASSETS | | | |
| Current assets | | | |
| Inventory | 3 | 27,754,774 | 3,235,080 |
| Accounts receivable | 4 | 1,485,687 | - |
| Prepays and other receivables | 5 | 17,633,472 | 3,738,294 |
| Cash and cash equivalents | 6 | 5,941,243 | 17,105,121 |
| Total current assets | | 52,815,176 | 24,078,495 |
| Non-current assets | | | |
| Plant and equipment | 7 | 255,125,453 | 3,937,903 |
| Prepays and other receivables | 5 | 264,066 | 265,566 |
| Mine under construction | 8 | - | 226,687,700 |
| Deferred tax | 10 | 8,056,626 | - |
| Exploration and evaluation assets | 11 | 2,310,934 | 2,201,450 |
| Total non-current assets | | 265,757,079 | 233,092,619 |
| Total assets | | 318,572,255 | 257,171,114 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | 12 | 22,815,128 | 6,734,612 |
| Lease agreements due within one year | 13 | 531,149 | - |
| Trader advances | 14 | 12,600,000 | - |
| Accounts payable and accrued liabilities - related parties | 12 | 671,588 | 295,833 |
| Due within one year - related parties | 15 & 16 | 5,119,982 | - |
| Debt - due within one year | 16 | 11,219,318 | - |
| Warrants | 17 | 3,159,082 | 5,711,219 |
| Total current liabilities | | 56,116,247 | 12,741,664 |
| Non-current liabilities | | | |
| Provision for closure and reclamation | 18 | 6,720,861 | 6,698,579 |
| Lease agreements due in greater than one year | 13 | 1,444,887 | - |
| Accounts payable and accrued liabilities greater than one year | 12 | 1,475,280 | - |
| Debt - related parties | 15 & 16 | 24,516,389 | 25,352,945 |
| Debt | 16 | 53,712,843 | 55,543,156 |
| Total non-current liabilities | | 87,870,260 | 87,594,680 |
| Stockholders' Equity | | | |
| Capital stock | 19 | 180,772,545 | 173,134,433 |
| Reserves | 19 | 9,902,849 | 9,500,151 |
| Foreign Currency Translation Reserve | | (1,513,181) | (1,511,737) |
| Accumulated deficit | | (43,947,259) | (49,209,135) |
| Stockholders' equity | | 145,214,954 | 131,913,712 |
| Non-controlling interest | 20 | 29,370,794 | 24,921,058 |
| Total equity | | 174,585,748 | 156,834,770 |
| Total liabilities and equity | | 318,572,255 | 257,171,114 |

Approved and authorised by the Board of Directors on May 5, 2020.

(Signed)

(Signed)

MARITZ SMITH, DIRECTOR

EOIN O'DRISCOLL, DIRECTOR

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

CONSOLIDATED STATEMENTS OF PROFIT/(LOSS) AND COMPREHENSIVE PROFIT/(LOSS)

| ALPHAMIN RESOURCES CORP. Consolidated Statements of Profit/(Loss) For the periods ended (Expressed in US dollars) | Notes | For the Year Ended 31-Dec 2019 US\$ | For the Year Ended 31-Dec 2018 US\$ |
|--|-------|---|---|
| REVENUE | 21 | 27,221,062 | - |
| COST OF SALES | 22 | (15,658,909) | |
| GROSS PROFIT | | 11,562,153 | - |
| General and administrative | 23 | (15,585,225) | (9,460,459) |
| Operating Loss | | (4,023,072) | (9,460,459) |
| OTHER | | | |
| Warrants | 17 | 6,849,732 | 6,775,349 |
| Profit on foreign exchange | | (4,215) | 6,703 |
| Loss on write off of assets | | - | (503,346) |
| Interest expense | | (5,456,228) | - |
| Interest income | | 1,945 | 3,470 |
| Loss before taxes | | (2,631,838) | (3,178,283) |
| Current income tax expense | 9 | (301,411) | - |
| Deferred tax movement | 10 | 8,056,626 | - |
| NET PROFIT/(LOSS) | | 5,123,377 | (3,178,283) |
| Other Comprehensive income | | | |
| <i>Items that may be reclassified to profit or loss</i> | | | |
| Exchange differences on translation of foreign operations | | (1,444) | - |
| Total comprehensive profit/(loss) for the period | | 5,121,933 | (3,178,283) |
| Profit/(loss) and total comprehensive profit/(loss) attributable to : | | | |
| Equityholders | | 4,979,419 | (1,370,863) |
| Non-controlling interests | 20 | 143,958 | (1,807,420) |
| | | 5,123,377 | (3,178,283) |
| Losses/Earnings per share for profit attributable to the ordinary equity holders of the company (Note 21) | | 0.01 | (0.00) |

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 period ended
 (Expressed in US dollars)

 For the
 Year Ended
 December 31
 2019

 For the
 Year Ended
 December 31
 2018

Cash Flows From Operating Activities

| | | |
|---|-------------|-------------|
| Net loss for the year before tax | (2,631,838) | (3,178,283) |
| <i>Adjustments for items not involving cash:</i> | | |
| Share-based payments | 402,698 | 300,101 |
| Warrants | (6,849,732) | (6,775,349) |
| Loss on write off of assets | - | 503,345 |
| Interest expense | 5,456,228 | |
| Depreciation | 7,927,324 | 20,040 |
| Exchange differences on translation of foreign operations | (1,444) | - |
| Income tax paid | - | - |
| Interest paid | (3,092,038) | - |

Change in working capital items:

| | | |
|--|--------------|-------------|
| Accounts receivable | (1,485,687) | - |
| Trade advances | 12,600,000 | - |
| Prepays and other receivables - current | (1,585,139) | 5,261,600 |
| Change in inventory | (24,519,694) | (2,079,516) |
| Accounts payable and accrued liabilities | 7,905,141 | 768,797 |
| Due to related parties | 375,755 | (8,635) |
| Cash used in operations | (5,498,426) | (5,187,900) |

Net Cash Used in Operating Activities

(5,498,426) (5,187,900)

Cash Flows From Investing Activities

| | | |
|--|--------------|---------------|
| Purchase of equipment | (2,430,589) | (1,201,400) |
| Investing in exploration and evaluation assets | (109,484) | - |
| Investing in mine under construction | (20,179,824) | (114,892,364) |
| Prepays and other receivables - non current | (45,950) | 150,723 |
| Net Cash Used in Investing Activities | (22,765,847) | (115,943,041) |

Cash Flows From Financing Activities

| | | |
|--|--------------|-------------|
| Issue of shares by subsidiary company (Note 15) | 4,588,235 | 7,086,834 |
| Accounts payable and accrued liabilities - non current | 1,475,280 | |
| Lease payments - capital | (898,827) | (770,302) |
| Proceeds from drawdown of debt | - | 69,447,727 |
| Proceeds from common stock and warrants | 11,935,707 | 55,235,378 |
| Net Cash Provided by Financing Activities | 17,100,395 | 130,999,637 |
| (Decrease)/Increase in cash and cash equivalents | (11,163,878) | 9,868,696 |
| Cash and cash equivalents at beginning of period | 17,105,121 | 7,236,425 |
| Cash and cash equivalents at end of period/year | 5,941,243 | 17,105,121 |

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

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

| ALPHAMIN RESOURCES CORP. | Capital Stock | | Reserves Share-based Payment Reserve | Foreign Currency Translation Reserve | Deficit | Total Stockholders' Equity (Deficiency) | Non- Controlling Interests | Total Equity |
|--|---------------|-------------|---|---|--------------|--|----------------------------------|--------------|
| | Shares | Amount | | | | | | |
| Consolidated Statement of Changes in Stockholders' Equity (Expressed in US dollars) | # | \$ | \$ | \$ | \$ | \$ | | |
| 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 | - | - | - | - | (1,370,863) | (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 |
| Balance, January 1, 2019 | 786,233,993 | 173,134,433 | 9,500,151 | (1,511,737) | (49,209,135) | 131,913,712 | 24,921,058 | 156,834,770 |
| Profit for the period | - | - | - | (1,444) | 4,979,419 | 4,977,975 | 143,958 | 5,121,933 |
| Issue of shares in private placement on April 8, 2019 | 79,800,000 | 7,638,112 | - | - | - | 7,638,112 | - | 7,638,112 |
| Issue of shares by subsidiary company | - | - | - | - | 282,457 | 282,457 | 4,305,778 | 4,588,235 |
| Share based payments | - | - | 402,698 | - | - | 402,698 | - | 402,698 |
| Balance, December 31, 2019 | 866,033,993 | 180,772,545 | 9,902,849 | (1,513,181) | (43,947,259) | 145,214,954 | 29,370,794 | 174,585,748 |

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's primary business is the extraction and sale of tin concentrate from the Bisie Tin Project in the Democratic Republic of the Congo ("DRC"). 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). In these financial statements, unless the context otherwise dictates, a reference to the Company refers to Alphamin Resources Corp. and its subsidiaries. These 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.

A. DEVELOPMENT IN THE CURRENT YEAR

From 2015, the Company focussed exclusively on the development of the Bisie Tin Mine, its principal project in the Democratic Republic of Congo (DRC). Construction was completed at Bisie in H1 2019.

The mine reached commercial production on 1 September 2019. Up to this date, costs directly related to the development of the Bisie tin mine, including pre-commercial production revenue and costs of sales, were capitalised to the mine under construction asset. These costs were reclassified from mine work-in-progress to the different classes of assets and depreciation commenced in accordance with IAS 16. Accordingly, the company commenced accounting for revenue and associated costs.

B. GOING CONCERN

As at December 31, 2019, the Company had accumulated losses of \$43,947,259, stockholders' equity of \$145,214,954 and working capital of (\$3,301,071).

The Company's ability to continue as a going concern is dependent upon the Company consistently maintaining commercial levels of production, successfully exporting finished product to its customer without incurring any prolonged logistical delays and the tin price remaining above break-even and debt servicing levels.

The sudden outbreak and spread of COVID-19, or the novel coronavirus has created uncertainty in global markets. In addition, it has impacted commodity prices and the availability and cost of imported goods required for mining operations.

In reviewing the cash flow projections of the company, management made an assessment that debt service obligations were too high in the current environment.

Subsequent to year end the tin price fell below the required debt servicing levels, fluctuating between \$13,500/t and \$15,000/t.

As a consequence, the company has embarked on a number of steps to ensure that the company remains in operation and is able to meet debts when due:

- Preservation of cash by suspending all discretionary expenditure, pending completion of the fund raising referred to below.
- Raising of funding through a private placement – an announcement of a proposed non-brokered private placement of up to US\$35m was made on 27 April 2020. The company's significant shareholder has subscribed for 251,785,714 Shares (approximately US\$25

million) under the Proposed Offering. Negotiation of improved debt terms with the lenders – these have been agreed in principle but are subject to the execution of a formal amendment to the credit facility. The formal amendment is conditional on raising of the funding (to be able to prepay \$31 million to the lenders) and closure of the private placement.

The successful conclusion of the plans above is an important element of securing adequate liquidity for company going forward.

In combination, these events and circumstances 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 its liabilities in the normal course of business.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PREPARATION

These 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 financial statements have been prepared on a historical cost basis except for share-based payments and certain financial assets, 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.

Consolidated statements of profit/(loss) and comprehensive profit/(loss) presentation

The Company has amended its presentation of the Consolidated statements of profit/(loss) and comprehensive profit/(loss). This is due to the entity reaching commercial production in the current period and has opted to specifically update the presentation of its statements to reflect this change. This is to enhance the readability of the financial statements of the users.

Standards, interpretations and amendments to published standards effective for the year ended 31 December 2019 or early adopted by the Company

The following new standards, amendments to standards and interpretations have been issued but are not effective during the period ended December 31, 2019. The Company has not yet adopted these new and amended standards.

IFRS 3 – Business Combinations. The amendment to the definition of a business confirmed that a business must include inputs and a process and clarified that the process must be substantive and that the inputs and process must together significantly contribute to creating outputs. Furthermore, the amendment narrowed the definition of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than providing dividends or other economic benefits directly to investors or lowering costs. (i)

The Company has considered the amendment and assessed that it will have no material impact on adoption.

IAS 1 – Presentation of Financial Statements and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards. (i)

The Company has considered the amendment and assessed that it will have no material impact on adoption.

(i) Effective for annual periods beginning on or after January 1, 2020

Application of new and revised standards

Newly adopted accounting standards

The following standards became effective for annual periods beginning on or after January 1, 2019.

The Company adopted these standards in the current period.

IFRS 9 – Financial instruments. The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortized cost or at fair value through other comprehensive income if a specified condition is met, instead of at fair value through profit or loss.

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. Refer to note 1:S for details of the impact of adoption of this standard.

IAS 19 – Employee benefits on plan amendment, curtailment or settlement. The amendment uses updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement.

IAS 28 – Investments in associates and joint ventures – long-term interests in associates and joint ventures. The amendments clarified that companies account for long-term interests in an associate or joint venture, to which the equity method is not applied, using IFRS 9.

Amendments to IFRS 2 – Share-based payments. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled.

Annual improvements 2015-2017 Cycle: IFRS 3 – Business Combinations and IFRS 11 – Joint arrangements. The amendment clarifies that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business.

Annual improvements 2015-2017 Cycle: IAS 12 – Income Taxes. The amendment clarifies that all income tax consequences of dividends should be recognized in profit or loss, regardless of how the tax arises.

Annual Improvements 2015-2017 Cycle: IAS 23 – Borrowing Costs. The amendment clarifies that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

IFRIC 23 – Uncertainty over income tax treatments. The interpretation specifies how an entity should reflect the effects of uncertainties in accounting for income taxes.

B. BASIS OF CONSOLIDATION

These 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.

These 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) |

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 shares of Alphamin Bisie Mining SA, were issued to the Government of the Democratic Republic of the Congo.

The Industrial Development Corporation of South Africa Limited (IDC) has direct ownership of 14.25% of Alphamin Bisie Mining SA ("ABM"). 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 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.

Reclassification of mine under construction to property, plant and equipment

In order to determine whether a project is ready to operate as intended by management, judgement is applied taking into account commercial production indicators such as the level of expenditure incurred compared to the total capital cost to completion, pre-production output having reached a nominated percentage, the majority of the assets necessary for the mining project having been substantially completed and ready for use and the project's ability to sustain commercial levels of production. These indicators provide guidance to recognise when the mine development phase will cease, and the production phase will commence.

In 2019 the mine reached commercial production. Refer to note 8 for further details.

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 19.

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 recognise more or fewer deferred tax assets, and deferred income tax provisions or recoveries could be affected.

Impairment

Non-financial assets

An impairment review of property, plant and equipment is carried out by comparing the carrying amount thereof to its recoverable amount when there is an indication that these assets may be impaired. The recoverable amount of property, plant and equipment is determined as the higher of the fair value less cost to sell and its value in use. For mining assets this is determined based on the fair value which is the present value of the estimated future cash flows arising from the use of the asset. Where the recoverable amount is less than the carrying amount, the impairment charge will reduce the carrying amount of property, plant and equipment to its recoverable amount. The adjusted carrying amount is depreciated over the remaining useful life of property, plant and equipment. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised directly in profit or loss.

Estimates are made in determining the recoverable amount of assets which includes the estimation of cash flows and discount rates used. In estimating the cash flows, management bases cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the assets. The discount rates used reflect the current market assessment of the time value of money and the risks specific to the assets for which the future cash flow estimates have not been adjusted. Changes in such estimates could impact the recoverable amount of these assets.

Estimates are reviewed regularly by management.

Useful lives of mineral properties, plant and equipment

The depreciable amounts of assets are allocated on a systematic basis over their useful lives. In determining the depreciable amount, management makes assumptions in respect to the residual value of assets based on the expected estimated amount that the entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal. If an asset is expected to be abandoned the residual value is estimated at zero. Due to the remote location of the mine as well as the specialised nature of the property, plant and equipment, management has estimated the residual value of property, plant and equipment to be zero.

In determining the useful life of assets, management considers the expected usage of assets, expected physical wear and tear, legal or similar limits of assets such as mineral rights as well as obsolescence.

Estimated mineral resources are used in determining the depreciation of certain assets. This results in a depreciation expense proportional to the depletion of the anticipated remaining life-of-mine production. The estimate of the remaining life of the Company's mineral producing properties is based on a combination of quantitative and qualitative factors including historical production and financial results, mineral resources reported under National Instrument 43-101 reports, and management's intent to operate the property. The estimated remaining life of mineral producing properties are used to calculate amortization and depletion expenses, assess impairment charges and the carrying value of assets, and for forecasting the timing of the payments of reclamation and remediation costs.

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, 2019 the Company had working capital of (\$3,301,071). Maintaining production at sufficient grades and quantities of tin, as well as being able to sell product to customers at or above break even and debt service prices will be required for the Company to continue as a going concern.

D. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IFRS 16 on the annual financial statements and discloses the new Leases accounting policies that have been applied from 1 January 2019.

Overview of changes resulting from the adoption of IFRS 16

IFRS 16 replaces *IAS 17 Leases (IAS 17)*, *IFRIC 4 Determining whether an Arrangement contains a Lease (IFRIC 4)*, *SIC 15 Operating Leases-Incentives* and *SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The standard establishes a new definition and criteria to identify whether a contract is, or contains, a lease as well as principles for the recognition, measurement, presentation and disclosure of leases. For lessee accounting, a single accounting model is introduced that requires lessees to recognise assets and liabilities for all leases. The standard, however, allows an optional exemption to recognise leases with a lease term of less than 12 months (short-term leases) or leases of low value assets in profit or loss on a straight-line basis.

Leasing activities

The Company leases various buildings and equipment as the need arises. Lease contracts are typically made for fixed periods between 12 months and 5 years. Lease contracts are negotiated on an individual basis and contain different terms and conditions. The lease contracts do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Transition method, exemptions and practical expedients applied

IFRS 16 has been adopted using the cumulative effect method. In terms of this method, comparative information has not been restated. Instead, the cumulative effect of initially applying IFRS 16 would be recognised as an adjustment to the opening balance of retained earnings on date of initial application (being 1 January 2019).

In applying IFRS 16 for the first time, the group has elected the following:

(a) In applying the definition of a lease:

- The group has elected not to re-assess whether a contract is, or contains, a lease at the date of initial application. Instead, the group has applied this standard, at date of initial application, to all contracts previously identified as leases in terms of IAS 17 and IFRIC 4. Therefore, the definition of a lease in terms of IFRS 16 will only be applied to contracts entered into or changed on or after 1 January 2019.

(b) In determining the transition adjustments of leases previously classified as operating leases:

- Leases with a lease term of less than 12 months on initial application were excluded and accounted for as short-term leases from 1 January 2019 (i.e. recognised through profit or loss on a straight-line basis)

Impact on retained earnings at 1 January 2019

There was no impact on retained earnings at 1 January 2019.

Impact on the statement retained earnings at 1 January 2019

Note 7 shows the reclassifications and adjustments recognised on initial application of IFRS 16

Lease liabilities recognised on initial application

For leases previously classified as finance leases, the Company recognised the carrying amount of the lease liability immediately before transition as the carrying amount of the lease liability at the date of initial application. Therefore, no adjustment was required for finance lease liabilities at 1 January 2019

The measurement principles of IFRS 16 have been applied since 1 January 2019.

Right-of-use-assets recognised on initial application

For assets acquired in terms of finance leases, as previously classified under IAS 17, the Company recognised the carrying amount of these assets immediately before transition as the carrying amount of the right-of-use asset at 1 January 2019. Therefore, no adjustment was required except that the carrying amount of these assets has been reclassified from plant and equipment to right-of-use assets.

The measurement principles of IFRS 16 have been applied since 1 January 2019.

Accounting policies applied from 1 January 2019

At inception of a contract, the group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether:

- The contract involves the use of an identified asset, this may be specified explicitly or implicitly, and must be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where all the decisions about how and for what purpose the asset is used are predetermined, the group has the right to direct the use of the asset if either:
 - The Company has the right to operate the asset; or
 - The Company designed the asset in a way that predetermines how and for what purpose it will be used.

The Company has applied this definition to contracts entered into or changed on or after 1 January 2019.

(a) Recognition

Leases are recognised as a lease liability and corresponding right-of-use asset at the commencement date of the leases. Each lease payment is allocated between the settlement of the lease liability and finance cost. The finance cost is charged to profit or loss over the lease period so

as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis, except, when there is a purchase option which is expected to be exercised, in which case it is depreciated over the asset's useful life.

(b) Measurement

1. Initial measurement

| Right-of-use assets | Lease liabilities |
|---|---|
| Measured at cost which is: | Measured as the present value of the following lease payments: |
| The amount of the initial measurement of the lease liability | Fixed payments (including in-substance fixed payments), less any lease incentives receivable |
| Plus any lease payments made at or before the commencement date | Variable lease payments that are based on an index or a rate |
| Less any lease incentives received | Amounts expected to be payable by the Company as a lessee, under residual value guarantees |
| Plus any initial direct costs | The exercise price of a purchase option if the group, as a lessee, is reasonably certain to exercise that option; and |
| Plus estimated restoration costs. | Payments of penalties for terminating the lease, if the lease term reflects the group, as a lessee, exercising that option. |
| | The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, an incremental borrowing rate is applied. |

2. Subsequent measurement

| Right-of-use assets | Lease liabilities |
|--|--|
| After commencement date of the lease, the group measures the right-of-use asset applying the cost model where a right-of-use asset falls within the scope of IAS 16 Property, Plant and Equipment. | After commencement date of the lease, the group measures the lease liability by: |
| Measured at: | |
| Cost less | Increasing the carrying amount to reflect interest on the lease liability |
| Any accumulated depreciation and any accumulated impairment losses; and | Reducing the carrying amount to reflect the lease payments made, and |
| Adjusted for any remeasurements or modifications of the lease liability. | Remeasuring the carrying amount to reflect any reassessment or lease modification or to reflect revised in-substance fixed lease payments. |
| Useful lives: Machinery, plant and equipment: five years | Incremental borrowing rates 8.95% |

3. Short-term leases and leases of low-value assets

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis, over the lease term, as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Judgements and assumptions made by management in applying the related accounting policies

Useful lives of right-of-use assets

In determining the useful lives of right-of-use assets, management considers all available information about the lease term as well as the asset's useful life itself. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment.

E. CASH AND CASH EQUIVALENTS

Cash consists of cash on hand and of deposits in banks.

F. REVENUE

The Company sells its product on Free-On-Truck (FOT) Incoterms. This means that the Company is not responsible for freight or insurance once control of the goods has passed. The FOT incoterm consists of one performance obligation, being for the provision of tin concentrate. The table below illustrates at what point of control passes for this performance obligation.

| Revenue type | Inco terms | Performance obligation | Timing of when performance obligation is satisfied | Payment terms |
|-----------------|------------|--|--|---|
| Tin Concentrate | FOT | Supply of tin concentrate at contractually agreed upon delivery point. | On the latter of when Tin concentrate crosses the border out of the DRC or when provisional payment is received. | Average payment terms of between 60 – 90 days |

Revenue is recorded based on the three-month LME spot price on the day prior to invoice date. The final price is based on the average three-month LME price in the month following delivery, with final invoices being raised upon receipt of final assays at the point of smelting. Price adjustments are separately disclosed in the revenue note (note 21).

G. INVENTORIES

Inventory consists of tin concentrate which has been produced to contracted specifications. Concentrate inventories are carried at the lower of cost or net realizable value. The Company does not value run of mine ore produced from underground as inventory due to expected low levels and values of such stockpiles at any given point in time.

Net realizable value is the estimated selling price net of any estimated selling costs in the ordinary course of business. Write-downs of mineralized concentrate, resulting from net realizable value impairments, are reported as an expense within cost of sales in the period of write down.

Consumables stores are valued at the lower of cost (determined on the weighted average basis) and net realizable value. Replacement cost is used as the best available measure of net realizable value.

H. 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 United States dollar on January 1, 2015, the functional currency of the Company is the United States dollar. The change in functional currency resulted in a permanent foreign currency translation reserve amount of \$1,511,737.

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 profit/(loss) and comprehensive profit/(loss).

The financial results and position of foreign operations, whose functional currency is different from the reporting currency are translated as follows:

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

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

I. 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 profit/(loss) and comprehensive profit/(loss).

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 enough 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 profit/(loss) and comprehensive profit/(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.

J. PLANT AND EQUIPMENT

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Land and assets under construction are stated at cost and are not depreciated. Buildings, including certain non-mining residential buildings, and all other items of property, plant and equipment are reflected at cost less accumulated depreciation and accumulated impairment losses.

Capitalised mine development and infrastructure costs (shown as mining property) are depreciated on a unit-of-production basis. Depreciation is charged on mining assets from the date on which the assets are available for use as intended by management.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is charged on a systematic basis over the estimated useful lives of the assets after taking into account the estimated residual values of the assets. Useful life is either the period of time over which the asset is expected to be used or the number of production or similar units expected to be obtained from the use of the asset.

The estimated useful lives of items of property, plant and equipment are:

| | |
|---------------------|---------------------|
| Mining property | Units of production |
| Plant and equipment | 2 - 12.5 years |
| Land | Not depreciated |
| Buildings | 12.5 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

K. 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.

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 profit/(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 profit/(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.

L. 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.

M. 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 period. 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.

N. 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. Changes in the rehabilitation liability will be added to or deducted from the cost of the related asset and in the event the amount to be deducted exceeds the carrying amount of the asset the excess shall be recognised immediately in profit or loss.

O. 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.

P. 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 depreciated either over the period of time over which the asset is expected to be used or the number of production or similar units expected to be obtained from the use of the asset

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.

Q. FINANCIAL INSTRUMENTS
Financial assets
Classification

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 two 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 profit/(loss).

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

The Company assesses on a forward-looking basis the expected credit loss 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 receivable, with a provisional pricing arrangement, is accounted for as fair value through profit or loss. Provisional pricing receivable is recognised when the Company has satisfied its performance obligation relating to delivery of the product and has unconditional right to the consideration that is due. All fair value adjustment relating to the movements in this balance are recognised within revenue from fair value adjustments.

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.

R. DEBT AND BORROWING COSTS

Debt is initially recorded at fair value, less transaction costs and is subsequently measured at amortized cost, calculated using the effective interest rate method.

Borrowing costs are expensed as incurred except where they relate to the financing of construction or development of qualifying assets in which case they are capitalized up to the date when the qualifying asset is ready for its intended use.

S. 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.

Fair value less costs to sell (FVLCS) is the amount obtainable from the sale of the asset in an arm's length transaction between knowledgeable and willing parties, less the costs of disposal.

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.

3. INVENTORY

| | December 31 2019 USD | December 31 2018 USD |
|-------------------|----------------------------|----------------------------|
| Tin concentrate | 23,989,399 | - |
| Consumable stores | 3,765,375 | 3,235,080 |
| | 27,754,774 | 3,235,080 |

Tin concentrate consists of final product either at the Company's premises or on route to delivery to the DRC border.

There were no write downs of tin concentrate value during the year. An amount of \$15,215,174 was debited to the statement of profit/(loss) during the year. Of the tin concentrate in stock at year end \$9.9m was in transit in the DRC on route to the customer.

Consumable stores consist of items such as inventories of diesel, explosives, cement, mine construction materials, fleet maintenance materials, personal protective equipment and other mining and process plant consumables.

No inventory is carried at net realisable value.

4. ACCOUNTS RECEIVABLE

| | December 31 2019 USD | December 31 2018 USD |
|-------------------|----------------------------|----------------------------|
| Sales receivables | 1,485,687 | - |

Accounts receivable are amounts due from the customer for goods sold in the ordinary course of business. They are generally due for settlement within 60 – 90 days and are therefore classified as current.

Accounts receivable is measured at fair value through profit or loss from the date of recognition up to date of settlement, as it fails the IFRS 9 amortised cost requirement of cash flows representing solely payments of principal and interest.

The fair value changes due to non-market variability (that is changes based on quantity and quality of the tin concentrate) is considered to be variable consideration within the scope of IFRS 15 as Alphamin's right to consideration is contingent upon the physical attributes of the tin concentrate. The current year differences between the initial assay and final assay are not significant. Therefore, the variable consideration is not considered to be constrained.

The fair value changes due to market variability (that is changes in the commodity prices and exchange rates) are not in the scope of IFRS 15 and are therefore not presented as revenue from

contracts with customers. The changes in commodity prices are accounted for as other revenue and disclosed separately from revenue from contracts with customers in note 21.

Amounts received in advance for tin concentrate deliveries during the quotation period results in a contract liability. Any negative movement in the tin price subsequent to payments being received will result in a payable to the customer. Subsequent to the quotational price the selling price is finalised and any amounts that is required to be refunded is accounted for a provisional pricing payable.

5. PREPAIDS AND OTHER RECEIVABLES

| Item | December 31 2019 USD | December 31 2018 USD |
|----------------------------------|----------------------------|----------------------------|
| Current | | |
| Supplier prepayments | 2,645,957 | 2,859,583 |
| VAT receivable** | 12,262,589 | - |
| Tax prepayment*** | 469,205 | 269,205 |
| Deferred expenses | 2,255,721 | |
| Deposits and other receivables | - | 609,506 |
| | 17,633,472 | 3,738,294 |
| Non-current | | |
| Environmental deposit in DRC**** | 264,066 | 265,566 |
| | 264,066 | 265,566 |

* Supplier prepayments primarily relate to consumables and equipment ordered for the mine.

** VAT receivable has been reclassified from mine under construction due to increased confidence in recovery resulting from vat refunds being received in 2019.

***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 offset 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.

6. CASH AND CASH EQUIVALENTS

| | December 31, 2019 USD | December 31, 2018 USD |
|--------------|-----------------------------|-----------------------------|
| Cash at bank | 5,936,518 | 17,079,526 |
| Cash on hand | 4,725 | 25,595 |
| | 5,941,243 | 17,105,121 |

7. PLANT AND EQUIPMENT

| Description | Mining Property costs | Right of use assets | Land & buildings | Plant & Equipment | Total |
|--|-----------------------|---------------------|------------------|-------------------|----------------|
| | \$ | \$ | \$ | \$ | \$ |
| Cost | | | | | |
| Opening balance January 1, 2018 | - | - | 504,132 | 4,077,129 | 4,581,261 |
| Additions during the year | - | - | 270,972 | 930,428 | 1,201,400 |
| Write off during the year | - | - | - | (503,345) | (503,345) |
| Closing balance December 31, 2018 | - | - | 775,104 | 4,504,212 | 5,279,316 |
| Additions during the year | - | 1,770,500 | 259,089 | 1,099,102 | 3,128,691 |
| Transfers during the year | 160,381,967 | 2,470,775 | - | 93,751,023 | 256,603,765 |
| Closing balance December 31, 2019 | 160,381,967 | 4,241,275 | 1,034,193 | 99,354,337 | 265,011,772 |
| Accumulated Depreciation | | | | | |
| Opening balance January 1, 2018 | - | - | - | (513,434.00) | (513,434.00) |
| Depreciation expensed during the year | - | - | - | (20,040.00) | (20,040.00) |
| Depreciation capitalised during the year | - | - | - | (807,939.00) | (807,939.00) |
| Closing balance December 31, 2018 | - | - | - | (1,341,413.00) | (1,341,413.00) |
| Transfers during the year | - | (379,164.58) | - | 379,165 | - |
| Depreciation capitalised during the year | - | (329,436.67) | (27,578.00) | (260,567.33) | (617,582.00) |
| Depreciation expense during the year | (4,668,080.00) | (184,035.00) | - | (3,075,209.00) | (7,927,324.00) |
| Closing balance December 31, 2019 | (4,668,080.00) | (892,636.25) | (27,578.00) | (4,298,024.75) | (9,886,319.00) |
| Net closing value | | | | | |
| December 31, 2018 | - | - | 775,104 | 3,162,799 | 3,937,903 |
| December 31, 2019 | 155,713,887 | 3,348,639 | - | 95,056,312 | 255,125,453 |

All of the Company's assets are secured by the lenders of the Company's credit facility.

From 2015, the Company focussed exclusively on the development of the Bisie Tin Mine, its principal project in the Democratic Republic of Congo (DRC). Construction was completed at Bisie in H1 2019.

The mine reached commercial production on 1 September 2019. Up to this date, costs directly related to the development of the Bisie tin mine, including pre commercial production revenue and costs of sales, were capitalised to the mine under construction asset. These costs were reclassified from mine work-in-progress to the different classes of assets and depreciation commenced in accordance with IAS 16.

The production phase was determined to be the point at which the required operational infrastructure was in place and ore reserves were developed to sustain a production output of 1,000 tons per month and ore grade of 4%. By the second half of 2019 the required life of mine infrastructure had been commissioned and proven to be operationally robust with sufficient ore reserves developed to confidently transition the operation to commercial status as of 1 September 2019. At this point, the total expenditure expected to be incurred to complete the project versus the total capital expenditure on the project was in excess of 90%, the project progress against schedule was in excess of 90%.

A. IMPAIRMENT ASSESSMENT

On 1 September 2019 costs related to acquisition, exploration, evaluation and development of the Bisie project amounting to USD 256 million were transferred from Mine under construction to Property and equipment.

International Financial Reporting Standards (IFRS) require long-lived assets to be assessed for impairment when there is an indication of impairment. 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 property, plant and equipment was performed. , The recoverable amount of the assets were 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 following are the key assumptions to the impairment testing:

- Life of mine of 12.5 years
- Average long-term real tin price of US\$ 17,000 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 to 15%

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

8. MINE UNDER CONSTRUCTION

| | December 31, December 31, | |
|---|---------------------------|-------------|
| | 2019 | 2018 |
| | USD | USD |
| Opening balance | 226,687,700 | 99,504,474 |
| Capital additions | 46,686,998 | 115,662,666 |
| Capitalised pre commercial production net revenue | (17,053,960) | - |
| Capitalised depreciation | 617,582 | 807,939 |
| Capitalised interest and amortised finance fees | 10,017,326 | 5,988,936 |
| Rehabilitation and closure asset | 14,855.00 | 4,723,685 |
| Reallocation of vat receivable | (10,366,736) | 0 |
| Transfer to Plant and equipment | (256,603,765) | - |
| Closing Balance | - | 226,687,700 |

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. Upon declaring commercial production on September 1, 2019, the Company transferred the balance in mine under construction to plant and equipment and started depreciating the asset.

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.

9. INCOME TAX

Income tax expense differs from the amount that would result from applying the Mauritian income tax rates to earnings before income taxes. These differences result from the following items:

| | December 31, 2019 USD | December 31, 2018 USD |
|--|--------------------------|--------------------------|
| (Loss) before income tax | (2,631,839) | (3,178,283) |
| Mauritian statutory rate | 3% | 3% |
| Expected income tax recovery | (78,955) | (95,348) |
| | | |
| Increase/(decrease) due to: | | |
| Non deductible expenses | 6,849,732 | 6,775,349 |
| Taxation rate differential | (6,799,978) | (6,491,535) |
| Turnover tax in the Democratic Republic of Congo | (272,210) | - |
| | | |
| Current income tax | (301,411) | 188,466 |
| | | |
| <u>Income tax expense consists of the following:</u> | | |
| Current income tax | (301,411) | - |
| Deferred income tax recovery | 8,056,626 | - |

Non-deductible expenses refer to the warrant revaluations.

10. DEFERRED TAX

The deferred tax assets and liabilities as at December 31, 2019 and 2018 are presented as follows;

| | December 31, 2019 USD | December 31, 2018 USD |
|---------------------------------|--------------------------|--------------------------|
| Deferred income tax assets | 13,346,423 | - |
| Deferred income tax liabilities | (5,289,797) | - |

| | Balance as at 1 Jan 2019 | Recognised in Profit or loss | Other Comprehensive profit or loss | Balance as at 31 Dec 2019 |
|--|--------------------------|------------------------------|------------------------------------|---------------------------|
| Movement in Deferred tax | | | | |
| Plant and equipment | - | -5,289,797 | - | -5,289,797 |
| Assessed losses | - | 13,346,423 | - | 13,346,423 |
| Net deferred tax asset / (liabilities) | - | 8,056,626 | - | 8,056,626 |
| Offsetting of assets and liabilities | | | | |
| Deferred tax assets | | | | 13,346,423 |
| Deferred tax liabilities | | | | -5,289,797 |
| Net deferred tax asset / (liabilities) | | | | 8,056,626 |
| | | | | |
| Deferred tax asset | | | | |
| - Deferred tax asset to be recovered more than 12 months | | | | 6,136,626 |
| - Deferred tax asset to be recovered within 12 months | | | | 1,920,000 |

Deferred tax assets and liabilities are only offset when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred income tax assets are recognised for tax loss carry forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. Deferred tax assets are expected

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to realise through profits. Alphamin has entered into an offtake agreement with Gerald (the customer) where Gerald is obligated to take the tin produced by Alphamin.

11. EXPLORATION AND EVALUATION ASSETS

| | December 31, 2019 USD | December 31, 2018 USD |
|---------------------------------|-----------------------------|-----------------------------|
| Mpama South exploration deposit | 2,310,934 | 2,201,450 |

The Mpama South deposit lies approximately 2 kilometers south of the Company's flagship Mpama North asset. The deposit lies in mining permit PE13155 which is valid until 2045. The Company is planning a drilling campaign at Mpama South in 2020.

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| Current | December 31, 2019 USD | December 31, 2018 USD |
|-------------------------|--------------------------------------|--------------------------------------|
| Accounts payable | 17,933,696 | 3,526,675 |
| Accrued liabilities | 2,554,024 | 2,606,687 |
| Payroll accruals | 177,897 | 102,427 |
| Payroll tax liabilities | 1,146,762 | 498,823 |
| Other tax liabilities | 942,749 | - |
| | 22,815,128 | 6,734,612 |
| Non-current | USD | USD |
| Accounts payable | 1,475,280 | - |

Accounts payable and accrued liabilities are mainly comprised of amounts outstanding for purchases relating to development activities incurred before the mine achieved commercial production, amounts payable for mine consumables and other operating expenses. The credit term period for purchases typically ranges from 30 to 180 days.

Other tax liabilities include government royalties, turnover tax and withholding taxes.

Non-current accounts payable relate to mining assets purchased from the Company's former mining contractor which will be paid off over 18 months.

13. LEASE LIABILITIES

| | December 31, 2019 USD |
|---|-----------------------------|
| Non-current | 1,409,257 |
| Current | 566,779 |
| Total lease liabilities | 1,976,036 |
| Summary of lease liabilities by period of redemption: | |
| Less than one year | 566,779 |
| Between one and two years | - |
| Between two and three years | 1,409,257 |
| Over three years | - |
| Total lease liabilities | 1,976,036 |
| Analysis of movement in lease liabilities | |
| At the beginning of the year - IAS 17* | 1,242,241 |
| Recognised on initial application of IFRS 16 | - |
| Balance at 1 January 2019 | 1,242,241 |
| New leases | 1,504,924 |
| Capital repayments | -771,129 |
| - lease payments | -898,827 |
| - Interest charges | 127,698 |
| At the end of the year | 1,976,036 |

*- The opening balance was previously disclosed under Accounts payable and accrued liabilities

The lease liabilities relate to the right-of-use assets disclosed in note 7. Interest is based on incremental borrowing rate of 8.95%.

14. TRADER ADVANCES

| | December 31, 2019 USD | December 31, 2018 USD |
|-----------------|--------------------------|--------------------------|
| Trader advances | 12,600,000 | - |

On December 9, 2019, following disruption to the Company's supply chain caused by the collapse of the Maiko bridge on the outbound provincial road, the Company entered into a spot contract for the sale of \$20m of tin concentrate.

Under the terms of the sale the full \$20m was received pre year end and the Company returned \$7.4m to the customer as a deposit return. The Company was obliged to ensure that the tin concentrate had entered into Uganda within 30 days of the repair of the bridge or Gerald could demand a refund.

The transaction was accounted for as trader financing, was secured against 2,964 tons of tin concentrate and carried an interest rate of 15% plus libor while the lots remained in the DRC. Post year end the advance was extinguished through the delivery of these lots to Uganda.

15. 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 the 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 summarized as follows:

| Item | Relationship | December 31 2019 USD | December 31 2018 USD |
|-------------------------------------|---------------------|----------------------------|----------------------------|
| Director and Officer fees | Directors, officers | 1,665,985 | 1,230,050 |
| Secretarial and administrative fees | Corporate Secretary | 36,000 | 36,000 |
| Management fees | Directors | 138,900 | - |
| Share based payments | Directors, officers | 159,889 | 154,003 |

Debt due to related parties of \$29,636,371 (December 31, 2018 – \$25,352,945) are due to Tremont Master Holdings. The amount includes debt of \$25,000,000, capitalized interest due of \$5,719,893 and unamortized fees of \$1,083,522. See Note 16 for further details.

Accounts payable due to related parties of \$671,588 (2018: \$295,833) relates primarily to bonus payments due to directors at year end.

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 of its tin concentrate 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 IDC 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.

16. DEBT

| Debt | Related party debt USD | Non-related party debt USD | Total USD |
|--------------------------------------|------------------------------|----------------------------------|--------------|
| 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 |
| Interest charged | 4,788,104 | 10,492,079 | 15,280,183 |
| Interest payments made | (827,406) | (1,813,078) | (2,640,484) |
| Amortisation of capitalised fees | 322,728 | 710,004 | 1,032,732 |
| Balance, December 31, 2019 | 29,636,371 | 64,932,161 | 94,568,532 |
| Capital balance at December 31, 2019 | 30,719,893 | 67,315,906 | 98,035,799 |
| Unamortised fees capitalised | (1,083,522) | (2,383,745) | (3,467,267) |
| Balance at December 31, 2019 | 29,636,371 | 64,932,161 | 94,568,532 |
| Due within one year | 5,119,982 | 11,219,318 | 16,339,300 |
| Due in greater than one year | 24,516,389 | 53,712,843 | 78,229,232 |
| | 29,636,371 | 64,932,161 | 94,568,532 |

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. As at December 31, 2019 the Company owed \$98,035,799 to the lenders.

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.

As announced on March 16, 2020, ABM elected to exercise an option to amend quarterly debt capital instalments of approximately US\$8.17 million commencing the end of March 2020, to a deferred monthly capital instalment schedule as set out below ("the Option").

The revised debt instalment schedule (principal and interest) is as follows:

- Ongoing monthly payments of approximately US\$1.3 million (interest only and dependent on LIBOR rate) to the end of June 2020
- From the end of July 2020, a monthly fixed debt capital instalment of approximately US\$2.772 million over 36 months, plus interest (initially US\$1.3 million per month)

The result is a reduction of approximately US\$16.34 million in debt capital repayments for the 2020 financial year.

The key terms of the credit facility (after exercise of the option) are:

- \$80 million senior secured, non-revolving term credit facility.
- Five-year term commencing on the initial advance date.
- Coupon of 14 percent plus the greater of US dollar 3-month LIBOR and 1 percent per annum.
- Interest capitalized until October 2019 and paid from November 2019.
- Debt repayments commence on 31 July 2020 and due in 36 equal monthly instalments
- Cash sweep of 30 percent of excess cash flow with effect from April 30, 2020.

- 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.
- Material adverse change clauses typical of transactions of this nature.
- Covenants including but not limited to the below effective from commencement of capital repayments:
 - (i) its Working Capital is in excess of \$10,000,000 and the amount of its Unrestricted Cash is greater than \$5,000,000;
 - (iii) the Debt Service Cover Ratio is greater than or equal to 1:75 to 1.00;
 - (iv) the Total Debt to Equity Ratio is less than 60 to 40;
 - (v) Loan Life Cover Ratio is greater than 2.00 to 1.00; and
 - (vi) the Reserve Tail Ratio is greater than 30%.

17. WARRANTS

The Company issues warrants from time to time as part of Units offered in private placements. In line with IAS 32, 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 warrants have been issued as part of private placements, rather than rights issues, the warrants are accounted for as a financial liability with fair value through profit and loss. The warrants issued in April 2019 were valued on the date of issue and the related fair value of \$4,297,595 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:

| | April 8, 2019 | January 22, 2018 | December 15, 2017 | July 19, 2017 |
|-----------------------------------|------------------|---------------------|----------------------|------------------|
| Strike price | CAD\$0.30 | CAD\$0.40 | CAD\$0.40 | CAD\$0.4375 |
| Risk free interest rate | 1.593% | 1.24% | 1.24% | 1.24% |
| Expected life of options in years | 3.00 | 3.00 | 3.00 | 3.00 |
| Annualised volatility | 70% | 70% | 70% | 70% |
| Dividend rate | 0.00% | 0.00% | 0.00% | 0.00% |

All warrants in issue are revalued on a quarterly basis using the same valuation methodology as described above. The fair value of the warrants in issue at December 31, 2019 was calculated at \$3,159,082 (December 31, 2018: \$5,711,219). The movement in the warrant liability of \$6,849,732 (2018: 6,775,349) was credited to the statement of Profit/(loss) and comprehensive profit/(loss). 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.

The table below sets out the movement in warrants during the year:

| | December 31, 2019 USD | December 31, 2018 USD |
|--------------------------------------|-----------------------------|-----------------------------|
| Opening balance | 5,711,219 | 3,476,167 |
| Warrants issued during the year | 4,297,595 | 9,010,401 |
| Warrant revaluations during the year | (6,849,732) | (6,775,349) |
| Closing balance | 3,159,082 | 5,711,219 |

18. 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.

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 3 years post completion of mining activities.

During the year ended December 31, 2019 the Company reassessed its provision for closure and reclamation through specialist studies

| BISIE |
|--|
| Balance, January 1, 2018 |
| Unwind of discounted liability (capitalized) |
| Additions during the year (capitalized) |
| Balance, December 31, 2018 |
| Unwind of provision during the year |
| Reassessment of provision value 2019 |
| Balance, December 31, 2019 |

19. 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 866,033,993 common shares were issued and outstanding at December 31, 2019.

B. CHANGES IN ISSUED CAPITAL STOCK AND RESERVES DURING YEARS ENDED DECEMBER 31, 2019 AND DECEMBER 31, 2018

The table below sets out the movement in capital stock during the years ended December 31, 2019 and December 31, 2018:

| | Shares | Price per share | CAD | USD | Warrants | Share issue costs |
|---|-------------|-----------------|------------|-------------|-------------|-------------------------|
| Balance as at January 1, 2018 | 522,251,209 | | | 122,298,092 | - | - |
| Private placement on January 22, 2018 | 165,047,306 | 0.32 | 52,815,138 | 41,261,826 | (9,010,401) | (983,543) |
| Issue of shares for debt on January 22, 2018 | 4,746,091 | 0.32 | 1,518,749 | 1,215,000 | - | |
| Issue of shares for debt fees on June 7, 2018 | 17,389,387 | 0.25 | 4,347,347 | 3,396,365 | - | |
| Private placement on June 18, 2018 | 76,800,000 | 0.25 | 19,200,000 | 15,000,000 | - | (42,906) |
| Balance as at December 31, 2018 | 786,233,993 | | | 77,881,234 | 183,171,283 | (9,010,401) (1,026,449) |
| Private placement on April 8, 2019 | 79,800,000 | 0.20 | 15,960,000 | 12,000,000 | (4,297,595) | (64,293) |
| Balance as at December 31, 2019 | 866,033,993 | | | 93,841,234 | 195,171,283 | |

CHANGES IN ISSUED CAPITAL STOCK AND RESERVES DURING YEAR ENDED DECEMBER 31, 2019

On April 8, 2019 the Company raised gross proceeds of US\$12 million by issuing 79,800,000 equity units (the “Units”).

Each Unit was priced at C\$0.20 and consists of one common share in the capital of the Company (each a “Share”) and one common share purchase warrant (each, a “Warrant”). Each Warrant entitles the holder to purchase one additional Share (a “Warrant Share”) at a price of C\$0.30 per Warrant Share for a period of 36 months from the closing.

Share issue costs of \$64,293 were incurred and offset against Capital Stock in connection with the placement.

CHANGES IN ISSUED CAPITAL STOCK AND RESERVES DURING THE YEAR ENDED DECEMBER 31, 2018 WERE AS FOLLOWS:

- i. On January 22, 2018, the Company raised gross proceeds of CAD\$52,815,138 (\$41,261,826) 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 to the credit facility of \$3,396,365.
- iii. On June 18, 2018, the Company issued 76,800,000 shares at CAD0.25c per share raising gross proceeds of \$15,000,000. Share issue costs of \$42,906 were offset against Capital Stock.

C. 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

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holders to assist them in exercising their options. A summary of stock option activity and information concerning currently outstanding and exercisable options as at December 31, 2019 are as follows:

| | Options outstanding | |
|--|----------------------------|---------------------------------------|
| | Number of options # | Weighted average exercise price CAD\$ |
| 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 and December 31, 2019 | | 14,142,415 0.27 |

The following table summarises information concerning outstanding and exercisable options at December 31, 2019:

| Number outstanding # | Number exercisable # | Expiry date | Options outstanding and exercisable | |
|----------------------|----------------------|---------------|--|------------------------|
| | | | Weighted average exercise price CAD\$ | Remaining life (years) |
| 1,518,077 | 1,518,077 | Aug 15, 2020 | 0.20 | 0.62 |
| 759,038 | 759,038 | Oct 19, 2020 | 0.20 | 0.80 |
| 759,038 | 759,038 | Apr 15, 2021 | 0.20 | 1.29 |
| 390,801 | 390,801 | Oct 15, 2021 | 0.30 | 1.79 |
| 3,479,600 | 1,739,800 | July 25, 2022 | 0.35 | 2.57 |
| 7,235,861 | - | Dec 3, 2025 | 0.25 | 5.93 |
| 14,142,415 | 5,166,754 | | 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 profit/(loss) and comprehensive profit/(loss) of \$402,698 for the year ended December 31, 2019 (\$300,101 for the year ended December 31, 2018). 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 December 31, 2019 are as follows:

| | Warrants outstanding | |
|---|-----------------------------|--|
| | Number of warrants # | Weighted average exercise price CAD\$ |
| Balance, December 31, 2017 | 46,232,654 | 0.4335 |
| Warrants issued on January 22, 2018 | 84,896,692 | 0.4000 |
| Balance, December 31, 2018 and March 31, 2019 | 131,129,346 | 0.4117 |
| Warrants issued on April 8, 2019 | 79,800,000 | 0.3000 |
| Balance, December 31, 2019 | 210,929,346 | 0.37 |

All warrants issued in private placements were accounted for as a financial liability. See Note 17 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 15 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. During the year ended December 31, 2019 the IDC contributed an additional \$4,588,235 to maintain their pro rata shareholding pursuant to the Company equity raised in June 2018 and April 2019 which were injected into ABM as equity financing. The transaction was accounted for as a shareholder transaction resulting in an increase in the non-controlling interest of \$4,305,778. The balancing \$282,457 was taken to equity. The IDC and the DRC government maintained their 14.25% and 5% interests in ABM following the transactions.

20. 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:

| Company | Proportion of ownership and voting rights held by non-controlling interests | | Profit/(loss) allocated to non-controlling interests | | Accumulated non-controlling interests | |
|--------------------------|---|-------------------|--|--------------------------|---------------------------------------|--------------------------|
| | December 31, 2019 | December 31, 2018 | December 31, 2019 USD | December 31, 2018 USD | December 31, 2019 USD | December 31, 2018 USD |
| Alphamin Bisie Mining SA | 19.25% | 19.25% | 143,958 | (1,807,420) | 29,395,155 | 24,921,058 |

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, 2019 | December 31, 2018 |
|--|----------------------|----------------------|
| Current assets | 40,104,585 | 23,789,299 |
| Non-current assets | 218,794,012 | 185,491,128 |
| Total assets | 258,898,597 | 209,280,427 |
| | | |
| Current liabilities | 40,580,213 | 21,540,898 |
| Non-current liabilities | 91,337,527 | 92,094,678 |
| Equity | 126,980,857 | 95,644,851 |
| Total liabilities and equity | 258,898,597 | 209,280,427 |
| | | |
| Revenue | 27,221,062 | - |
| Operating expenses | (34,257,646) | (5,765,574) |
| Income tax expense | 7,784,416 | - |
| Net loss for the period/year | 747,832 | (5,765,574) |
| Attributable to owners of the Company | 603,874 | (4,741,625) |
| Attributable to non-controlling interest | 143,958 | (1,023,949) |

21. REVENUE

| REVENUE | 2019 | 2018 |
|---------------------------------------|-------------------|-------------|
| | US\$ | US\$ |
| Revenue from contracts with customers | 27,073,231 | - |
| Other income | 147,831 | - |
| Total Revenue | 27,221,062 | - |

Revenue consists of sales of tin concentrate and is recognised when concentrate crosses the DRC border into Uganda. Other income refers to price differences between provisional invoicing and final invoicing. Provisional invoices are raised at spot based on the LME 3 month Offer price on the day prior to invoicing. Final invoice prices are determined by the average of the calendar month 3-month LME Offer price in the month following delivery.

22. COST OF SALES

| COST OF SALES | 2019 | 2018 |
|--|---------------------|-------------|
| | US\$ | US\$ |
| Treatment costs | (1,845,319) | - |
| Transport and selling costs | (3,612,057) | - |
| Mine operating costs | (16,791,404) | - |
| Inventory movement | 15,215,174 | - |
| Royalties | (881,132) | - |
| Depreciation, depletion and amortization | (7,744,170) | - |
| Cost of Sales total | (15,658,909) | - |

The Company achieved commercial production on September 1, 2019. As a result, there is no corresponding cost of sales in the prior year.

23. GENERAL & ADMINISTRATIVE

| GENERAL AND ADMINISTRATIVE | Pre | Post | | |
|--|-------------------|-------------------|-------------------|------------------|
| | commercial | commercial | production | |
| | 2019 | 2019 | 2019 | 2018 |
| | US\$ | US\$ | US\$ | US\$ |
| Accounting, audit and legal | 533,275 | 202,100 | 735,375 | 513,572 |
| Administrative | 830,826 | 592,019 | 1,422,846 | 1,439,114 |
| Bank charges and interest | 386,943 | 344,575 | 731,518 | 790,262 |
| Consulting fees | 1,391,048 | 190,432 | 1,581,480 | 218,568 |
| Directors fees | 207,247 | 95,059 | 302,306 | 281,248 |
| Depreciation | 42,578 | 140,575 | 183,153 | 20,040 |
| Management fees and salaries | 4,276,935 | 485,323 | 4,762,258 | 4,694,481 |
| Share-based payments | 287,830 | 114,868 | 402,698 | 300,101 |
| Telecommunication costs | 184,468 | 123,545 | 308,013 | 215,991 |
| Insurance | 42,211 | 66,200 | 108,411 | 59,903 |
| Investor relations, filing and transfer fees | 122,055 | 26,108 | 148,163 | 191,156 |
| Security | - | 296,701 | 296,701 | - |
| Medical expenses | - | 384,595 | 384,595 | - |
| Community development | - | 806,926 | 806,926 | - |
| Other borrowing costs | - | 1,825,915 | 1,825,915 | - |
| Travel and accommodation | 692,405 | 892,462 | 1,584,867 | 736,023 |
| Total General & Adminstrative costs | 8,997,821 | 6,587,403 | 15,585,225 | 9,460,459 |

General and administrative expenses consist of costs that do not relate directly to production activities such as head office costs, community development expenditures, security and travel costs.

24. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, and to maintain a flexible capital structure which optimises the costs of capital at an acceptable risk. The capital structure of the Company currently consists of common shares, stock options, share purchase warrants and debt. Changes in the equity accounts of the Company are disclosed in Note 19 and changes in debt is disclosed in Note 16. 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 renegotiate/refinance existing debt. 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 operating conditions and production and general industry conditions. In addition, the Group maintains monthly cashflow forecasts and carries out detailed reviews of management information.

25. 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, as detailed below. 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) trade debtors. 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, 2019, the Company has no financial assets that are past due or impaired due to credit risk defaults.

100% of the Company's revenue is derived from a contract with one customer. The credit risk from concentration of revenue is mitigated by receipt of 95% of revenue within 2-5 days of delivery of product to delivery points as agreed with the customer.

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, 2019 USD | December 31, 2018 USD |
|--------------------------------|-----------------------------|-----------------------------|
| Cash and cash equivalents | 5,941,243 | 17,105,121 |
| Accounts receivable | 1,485,687 | - |
| Deposits and other receivables | - | 609,506 |
| Environmental deposits | 264,066 | 265,566 |
| Total | 6,205,309 | 17,980,193 |

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 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 that the Company generate enough revenue to meet these 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 working capital position through increasing accounts payable and reducing revenue cycle time. The Company's debt was obtained to facilitate the development of the mining properties (refer to Note 7). Refer to Note 16 for additional information on repayment terms. The Company's accounts payable and accrued liabilities arose as a result of development, mine operating expenses and corporate expenses. Payment terms on these liabilities are typically 30 to 120 days from receipt of invoice. The following table summarises the remaining contractual maturities of the Company's financial liabilities:

| | Within 1 year 2019 USD | Between 1 and 2 years 2019 USD | Between 2 and 5 years 2019 USD | Greater than 5 years 2019 USD |
|--|---------------------------------|---|---|--|
| Long term debt | 11,219,318 | 22,438,635 | 33,657,953 | - |
| Long term debt - related parties | 5,119,982 | 10,239,964 | 15,359,947 | - |
| Future interest on Long term debt | 10,139,569 | 7,077,610 | 4,108,072 | - |
| Future interest on Long term debt - related parties | 4,627,234 | 3,229,897 | 1,874,736 | - |
| Lease payments | 1,409,257 | 566,779 | - | - |
| Trader advance | 12,600,000 | - | - | - |
| Accounts payable and accrued liabilities | 22,815,128 | 1,475,280 | - | - |
| Accounts payable and accrued liabilities – related parties | 671,588 | - | - | - |

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.

The fair value movements accounted for warrants (refer Note 17) are non-cash in nature.

The Company is exposed to tin price risk on approximately 3 months between the time of provisional pricing on delivery of cargo and the final invoice price which is based on the average of the calendar month post delivery. The Company requires tin prices to be at or above break-even levels to continue as a going concern.

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\$) and South African Rand (ZAR). A 10% fluctuation in the USD against the Canadian dollar or ZAR would affect the net result by insignificant amounts.

Interest Rate Risk

As at December 31, 2019 the Company had drawn down US\$ 80,000,000 against its debt facility (refer Note 16). These loans are exposed to variable interest rates. A 1% change in the variable interest rates would not have had a material impact on the finance cost incurred during the year. The Company does not earn significant interest on cash balances.

D. FAIR VALUE MEASUREMENT

At December 31, 2019 and December 31, 2018, the carrying values and the fair values of the Company's financial instruments are shown in the following table.

| | December 31, 2019 | December 31, 2019 | December 31, 2018 | December 31, 2018 |
|--|--------------------------|-------------------------|--------------------------|-------------------------|
| | Carrying value USD | Fair value USD | Carrying value USD | Fair value USD |
| Financial assets | | | | |
| Cash and cash equivalents | 5,941,243 | 5,941,243 | 17,105,121 | 17,105,121 |
| Deposits and other receivables | - | - | 609,506 | 609,506 |
| Environmental deposits in DRC | 264,066 | 264,066 | 265,566 | 265,566 |
| Financial liabilities | | | | |
| Debt | 24,516,389 | 24,516,389 | 55,543,156 | 55,543,156 |
| Debt – related parties | 53,712,843 | 53,712,843 | 25,352,945 | 25,352,945 |
| Accounts payable and accrued liabilities | 20,547,720 | 20,547,720 | 6,235,789 | 6,235,789 |
| Accounts payable and accrued liabilities – related parties | 671,588 | 671,588 | 295,833 | 295,833 |
| Warrants | 3,159,082 | 3,159,082 | 5,711,219 | 5,711,219 |

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).

26. BASIC AND DILUTED PROFIT/(LOSS) PER SHARE AS WELL AS HEADLINE AND DILUTED HEADLINE PROFIT/(LOSS) PER SHARE

Profit/(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, 2019.

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

| | December 31, 2019 USD | December 31, 2018 USD |
|--|-----------------------------|-----------------------------|
| Profit/(loss) attributable to equity shareholders | 4,979,410 | (1,370,863) |
| Weighted average number of shares issued and outstanding | 844,608,240 | 732,912,958 |
| Profit/(loss) per share | 0.01 | 0.00 |

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, 2019.

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

| | 2019 USD | 2018 USD |
|--|-------------|-------------|
| Profit/(Loss) attributable to equity shareholders | 4,979,419 | (1,370,863) |
| Adjusted for: | | |
| Loss on write off of property, plant and equipment | - | 503,346 |
| Headline loss attributable to equity shareholders of the company | 4,979,419 | (867,517) |
| Weighted average number of shares issued and outstanding | 844,608,240 | 732,912,958 |
| Headline loss and diluted headline loss per share | 0.01 | 0.00 |

27. COMMITMENTS

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

| | 2019 | 2018 |
|-------------------------------|-----------|------------|
| Property, plant and equipment | 2,213,654 | 14,764,364 |

28. SEGMENTED INFORMATION

The Company considers its business to consist of one reportable operating segment, being the extraction and sale of tin from its Bisie tin mine. As at reporting date, substantially all of the Company's operations and assets are 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.

29. SUBSEQUENT EVENTS

Maiko bridge collapse

In January 2020, the Maiko bridge repair was completed, and the Company's logistics operations normalized. The bridge is on the primary export route for all of the Company's imports and exports.

1. Amendment of quarterly debt capital instalments

On March 16, 2020 the Company announced that it exercised an option to elect to amend quarterly debt capital instalments of approximately US\$8.17 million commencing the end of March 2020, to a deferred monthly capital instalment schedule as set out below.

The revised debt instalment schedule (principal and interest) is as follows:

- Ongoing monthly payments of US\$1.3 million (interest only) to the end of June 2020
- From the end of July 2020, a monthly fixed debt capital instalment of approximately US\$2.72 million over 36 months, plus interest (initially US\$1.3 million per month)

The result is a reduction of approximately US\$16.34 million in debt capital repayments for the 2020 financial year.

A cash fee of US\$400,000 was paid upon the exercise of the Option.

2. Impact of COVID 19

In the first quarter of 2020 the outbreak of the COVID-19 pandemic has caused considerable disruptions to worldwide supply chains of goods, people movement and had a materially negative impact on commodity prices.

The health of our employees is of paramount importance and in this regard the Company has a range of Covid-19 awareness, prevention and other risk mitigation controls in place.

The Covid-19 crisis has seen global disruptions to supply chains. To date, the Company has been able to continue with normal production and concentrate sales activities. The main border crossings relevant to our in and outbound activities are still open to freight movement and our concentrate off-take customer is currently able to send product to tin smelters. The situation remains dynamic and any issue impacting critical flow in our supply chain or that would restrict operations, or the availability of the Company's workforce may negatively affect production and sales activities. During this challenging time, it is important that the Company continues producing and selling tin concentrates for the benefit of all our stakeholders, and the people of the North-Kivu province, DRC. No disruptions to operations have been noted to date. Should operations cease at the Bisie tin mine due to a COVID related stoppage, it could have a material impact on the Company's ability to service its debt and accounts payable.

3. Proposed non-brokered private placement

On 27 April 2020 the company announced a proposed non-brokered private placement of up to US\$35m at C\$0.14 per share as a prepayment against US\$98m of senior secured debt (the "Credit Facility").

This is following an agreement in principle for:

- up to 31% reduction in debt resulting in significantly reduced interest rates on the outstanding balance, improved debt covenants and debt profile;

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- debt service headroom secured over the tenor of the remaining loans assuming a lower tin price environment; and
- a strengthened balance sheet and lower debt commitments enabling the Company to maintain its critical path towards growth initiatives.

The directors are not aware of any other significant matter or circumstance arising after the reporting period up to the date of these financial statements.