



PLG:NYSE American
PTM:TSX

Platinum Group Metals Ltd.

Consolidated Financial Statements

(all amounts in thousands of United States Dollars unless otherwise noted)

For the year ended August 31, 2018

Filed: November 29, 2018



Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Platinum Group Metals Ltd.

Opinion on the financial statements

We have audited the accompanying consolidated statements of financial position of Platinum Group Metals Ltd. and its subsidiaries, (together, the Company) as of August 31, 2018 and 2017, and the related consolidated statements of loss and comprehensive loss (income), changes in equity and cash flows for each of the three years in the period ended August 31, 2018, including the related notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of August 31, 2018 and 2017, and their financial performance and their cash flows for each of the three years in the period ended August 31, 2018 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

Substantial doubt about the Company's ability to continue as a going concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has suffered recurring losses from operations and has significant amounts of debt payable without any current source of operating income. The Company also has a net capital deficiency that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

PricewaterhouseCoopers LLP

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Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants

Vancouver, Canada
November 29, 2018

We have served as the Company's auditor since 2007.

PLATINUM GROUP METALS LTD.

Consolidated Statements of Financial Position
(in thousands of United States Dollars)

	August 31, 2018	August 31, 2017
ASSETS		
Current		
Cash and cash equivalents	\$ 3,017	\$ 3,414
Restricted Cash – Waterberg (Note 7)	126	-
Marketable Securities (Note 4)	7,084	-
Amounts receivable	863	2,058
Prepaid expenses	226	645
Asset held for sale (Note 6)	-	69,889
Total current assets	11,316	76,006
Performance bonds	70	79
Exploration and evaluation assets (Note 7)	29,406	22,900
Property, plant and equipment (Note 5)	1,057	1,543
Total assets	\$ 41,849	\$ 100,528
LIABILITIES		
Current		
Accounts payable and other liabilities	\$ 3,572	\$ 16,443
Loan payable (Note 8)	-	46,305
Total current liabilities	3,572	62,748
Loans payable (Note 8)	42,291	43,821
Convertible notes (Note 9)	14,853	17,225
Warrant derivative (Note 11)	663	-
Total liabilities	\$ 61,379	\$ 123,794
SHAREHOLDERS' EQUITY		
Share capital (Note 10)	\$ 818,454	\$ 800,894
Contributed surplus (Note 10)	25,950	25,870
Accumulated other comprehensive loss	(159,742)	(170,505)
Deficit	(715,344)	(667,617)
Total shareholders' deficit attributable to shareholders of Platinum Group Metals Ltd.	(30,682)	(11,358)
Non-controlling interest (Note 12)	11,152	(11,908)
Total shareholders' deficit	(19,530)	(23,266)
Total liabilities and shareholders' deficit	\$ 41,849	\$ 100,528

Going Concern (Note 1)
Contingencies and Commitments (Note 14)
Subsequent Events (Note 21)

Approved by the Board of Directors and authorized for issue on November 29, 2018

/s/ Iain McLean
Iain McLean, Director

/s/ Diana Walters
Diana Walters, Director

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

PLATINUM GROUP METALS LTD.

Consolidated Statements of Loss and Comprehensive Loss (Income)
(in thousands of United States Dollars except share and per share data)

	Year Ended August 31, 2018	Year Ended August 31, 2017	Year Ended August 31, 2016
EXPENSES			
General and administrative (Note 17)	\$ 6,084	\$ 5,749	\$ 5,421
Interest	18,414	367	-
Foreign exchange loss (gain)	4,068	(4,563)	(1,664)
Stock compensation expense (Note 10)	77	1,144	150
Maseve closure, care and maintenance costs	14,437	-	-
Impairment Charge	-	589,162	41,371
	\$ 43,080	\$ 591,859	\$ 45,278
Gain on fair value of convertible debt derivative (Note 9,11)	(3,726)	(2,081)	-
Loss on Asset Held for Sale	2,304	-	-
Loss on fair value of marketable securities	105	-	-
Net finance income	(739)	(1,062)	(1,133)
Loss for the year before income taxes	\$ 41,024	\$ 588,716	\$ 44,145
Deferred income tax expense (recovery) (Note 20)	-	1,655	(7,494)
Loss for the year	\$ 41,024	\$ 590,371	\$ 36,651
Items that may be subsequently reclassified to net loss:			
Currency translation adjustment	(6,350)	(59,086)	50,030
Tax impact items previously recorded to comprehensive loss	(15,527)	-	-
Comprehensive loss for the year	\$ 19,147	\$ 531,285	\$ 86,681
Loss attributable to:			
Shareholders of Platinum Group Metals Ltd.	38,682	542,415	20,675
Non-controlling interests	2,342	47,956	15,976
	\$ 41,024	\$ 590,371	\$ 36,651
Comprehensive loss attributable to:			
Shareholders of Platinum Group Metals Ltd.	16,805	480,741	66,984
Non-controlling interests	2,342	50,544	19,697
	\$ 19,147	\$ 531,285	\$ 86,681
Basic and diluted loss per common share	\$ 0.20	\$ 4.30	\$ 0.26
Weighted average number of common shares outstanding:			
Basic and diluted	190,531,439	126,019,077	80,438,434

PLATINUM GROUP METALS LTD.

Consolidated Statements of Changes in Equity

(in thousands of United States Dollars, except # of Common Shares)

	# of Common Shares	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (loss)	Deficit	Attributable to Shareholders of the Parent Company	Non-Controlling Interest	Total
Balance, August 31, 2015	76,894,302	\$ 681,762	\$ 23,646	\$ (185,872)	\$ (104,570)	\$ 414,966	\$ 58,380	\$ 473,346
Share based compensation	-	-	357	-	-	357	-	357
Share issuance – financing	11,000,000	33,000	-	-	-	33,000	-	33,000
Share issuance costs	-	(2,959)	-	-	-	(2,959)	-	(2,959)
Shares issued for loan facilities (Note 8)	960,476	2,384	-	-	-	2,384	-	2,384
Transactions with non-controlling interest	2,250	3	-	-	-	3	-	3
Foreign currency translation adjustment	-	-	-	(46,307)	-	(46,307)	(3,725)	(50,030)
Net loss for the year	-	-	-	-	(20,675)	(20,675)	(15,976)	(36,651)
Balance, August 31, 2016	88,857,028	\$ 714,190	\$ 24,003	\$ (232,179)	\$ (125,245)	\$ 380,769	\$ 38,679	\$ 419,448
Share based compensation	-	-	1,867	-	-	1,867	-	1,867
Share issuance – financing	57,313,750	88,774	-	-	-	88,774	-	88,774
Share issuance costs	-	(7,210)	-	-	-	(7,210)	-	(7,210)
Shares issued on conversion of convertible note	13,190	12	-	-	-	12	-	12
Shares issued for loan facilities (Note 8)	2,285,409	5,128	-	-	-	5,128	-	5,128
Transactions with non-controlling interest	-	-	-	-	43	43	(43)	-
Foreign currency translation adjustment	-	-	-	61,671	-	61,671	(2,588)	59,086
Net loss for the year	-	-	-	-	(542,415)	(542,415)	(47,956)	(590,371)
Balance August 31, 2017	148,469,377	\$ 800,894	\$ 25,870	\$ (170,505)	\$ (667,617)	\$ (11,358)	\$ (11,908)	\$ (23,266)
Stock based compensation	-	-	80	-	-	80	-	80
Shares issued for interest on convertible note	10,019,872	1,416	-	-	-	1,416	-	1,416
Units issued – financing	132,544,861	18,557	-	-	-	18,557	-	18,557
Unit issuance costs	-	(2,413)	-	-	-	(2,413)	-	(2,413)
Non-controlling interest impact of the sale of Maseve	-	-	-	(11,114)	(7,690)	(18,804)	18,804	-
Equity impact from partial sale of Waterberg	-	-	-	-	14,172	14,172	1,962	16,134
Contributions of Waterberg JV Co (Note 7)	-	-	-	-	-	-	4,636	4,636
Foreign currency translation adjustment	-	-	-	6,350	-	6,350	-	6,350
Tax impact from Waterberg and other equity transactions	-	-	-	15,527	(15,527)	-	-	-
Net loss for the year	-	-	-	-	(38,682)	(38,682)	(2,342)	(41,024)
Balance August 31, 2018	291,034,110	\$ 818,454	\$ 25,950	\$ (159,742)	\$ (715,344)	\$ (30,682)	\$ 11,152	\$ (19,530)

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

PLATINUM GROUP METALS LTD.

Consolidated Statements of Cash Flows
(in thousands of United States Dollars)

	For the year ended		
	August 31, 2018	August 31, 2017	August 31, 2016
OPERATING ACTIVITIES			
Loss for the year	\$ (41,024)	\$ (590,371)	\$ (36,651)
Add items not affecting cash:			
Depreciation	347	535	446
Effective interest	18,414	367	-
Unrealized foreign exchange gain	(65)	(324)	(46)
Gain on fair value of convertible debt derivative	(3,726)	(2,081)	-
Loss on asset held for sale	2,305	-	-
Unrealized loss on marketable securities	105	-	-
Deferred income tax expense (recovery)	-	1,656	(7,494)
Stock compensation expense	77	1,144	150
Impairment charge	-	589,162	41,371
Net change in non-cash working capital (Note 15)	2,965	2,533	3,869
	\$ (20,602)	2,621	1,645
FINANCING ACTIVITIES			
Proceeds from issuance of equity	\$ 19,882	\$ 88,774	\$ 33,000
Equity issuance costs	(2,562)	(7,210)	(2,958)
Share issuance – stock options	-	-	3
Cash proceeds convertible note	-	20,000	-
Costs associated with convertible note	(95)	(249)	-
Cash received from sale of Maseve	62,000	-	-
Sprott interest paid (Note 8)	(3,401)	(3,938)	(3,049)
Interest capitalized on debt proceeds	-	67	927
Cash proceeds from debt (Note 8)	10,000	5,000	80,000
Sprott principal repayments (Note 8)	(50,000)	(5,000)	-
Repayment of Liberty debt and production payment termination	(23,163)	-	-
Costs associated with the debt (Note 8)	(866)	(224)	(1,240)
	11,795	97,220	106,683
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	\$ -	\$ (134,488)	\$ (133,350)
Proceeds from partial sale of interest in Waterberg	16,124	-	-
Transfer to restricted cash (Waterberg)	(5,000)	-	-
Expenditures from restricted cash (Waterberg)	4,874	-	-
Fees paid on asset held for sale (Note 6)	(1,000)	-	-
Proceeds from the sale of concentrate	2,016	16,609	6,645
Waterberg exploration expenditures	(9,125)	-	-
Performance bonds	-	(600)	(974)
	7,889	(118,479)	(127,679)
Net (decrease) increase in cash and cash equivalents	(918)	(18,638)	(19,351)
Effect of foreign exchange on cash and cash equivalents	521	5,602	(3,281)
Cash and cash equivalents, beginning of year	3,414	16,450	39,082
Cash and cash equivalents, end of year	\$ 3,017	\$ 3,414	\$ 16,450

1. NATURE OF OPERATIONS AND GOING CONCERN

Platinum Group Metals Ltd. (the “**Company**”) is a British Columbia, Canada, company formed by amalgamation on February 18, 2002. The Company’s shares are publicly listed on the Toronto Stock Exchange (“**TSX**”) in Canada and the NYSE American, LLC (“**NYSE American**”) in the United States (formerly the NYSE MKT LLC). The Company’s address is Suite 788-550 Burrard Street, Vancouver, British Columbia, V6C 2B5.

The Company is an exploration and development company conducting work on mineral properties it has staked or acquired by way of option agreements in the Republic of South Africa. During the year the Company has disposed of the Maseve Mine to Royal Bafokeng Platinum Limited (“**RBPlat**”). The Company previously held an 82.9% working interest in the property. Please see Note 6 for further details.

These financial statements include the accounts of the Company and its subsidiaries. The Company’s subsidiaries (collectively with the Company, the “**Group**”) as at August 31, 2018 are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held	
			August 31, 2018	August 31, 2017
Platinum Group Metals (RSA) (Pty) Ltd.	Exploration	South Africa	100%	100%
Mnombo Wethu Consultants (Pty) Limited. ¹	Exploration	South Africa	49.9%	49.9%
Waterberg JV Resources (Pty) Ltd.	Exploration	South Africa	37.05%	45.65%

¹ The Company controls and consolidates Mnombo Wethu Consultants (Pty) Limited (“**Mnombo**”) and Waterberg JV Resources (Pty) Ltd. for accounting purposes.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) applicable to a going concern which contemplates that the Company will be able to realize its assets and settle its liabilities in the normal course as they come due for the foreseeable future. The Company had a loss of \$41 million for the year and has negative equity amounting to \$19.5 million as at August 31, 2018. At August 31, 2018, the Company was indebted \$46.5 million pursuant to the LMM Facility (as defined below). This debt is due October 31, 2019. Additional payments/interest (which can be paid with shares of the Company) are also due on the convertible debt. During the year the Company announced and completed the sale of the Maseve Mine for initial gross proceeds of \$74 million. Stage one of the Maseve Sale Transaction (as defined below) was closed on April 5, 2018, with stage two closing April 26, 2018. Also during the period, Implats completed the strategic acquisition of an 8.6% interest in Waterberg JV Co. from the Company for \$17.2 million and the Company completed the sale 132 million units resulting in gross proceeds of \$19.9 million. As a result of these transactions, the Sprott facility has been completely paid down and the LMM repayment schedule has been crystallized. The Company currently has limited financial resources and has no sources of operating income at present.

The Company’s ability to continue operations in the normal course of business will therefore depend upon its ability to secure additional funding by methods that could include debt refinancing, equity financing, sale of assets and strategic partnerships. Management believes the Company will be able to secure further funding as required. Nonetheless, there exist material uncertainties resulting in substantial doubt as to the ability of the Company to continue to meet its obligations as they come due and hence, the ultimate appropriateness of the use of accounting principals applicable to a going concern.

These consolidated financial statements do not include adjustments or disclosures that may result should the Company not be able to continue as a going concern. If the going concern assumption were not appropriate for these consolidated financial statements, then adjustments would be required to the carrying value of assets and liabilities, the expenses, the reported comprehensive loss and balance sheet classifications used that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. These adjustments could be material.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with the Handbook of the Canadian Institute of Chartered Professional Accountants, in accordance with IFRS, as issued by International Accounting Standards Board (“IASB”), applicable to the preparation of consolidated financial statements and in accordance with accounting policies based on IFRS standards and International Financial Reporting Interpretations Committee (“IFRIC”) interpretations. The Company has consistently applied the accounting policies used in the preparation of its IFRS financial statements throughout all periods presented, as if these policies had always been in effect.

Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

a. Consolidation

The consolidated financial statements include those of the Company, its subsidiaries, associates, joint ventures and structured entities that it controls, using uniform accounting policies. Control exists when the Company has (i) power over the investee, (ii) exposure, or rights, to variable returns from its involvement with the investee, and (iii) the ability to use its power to affect its returns.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Company's equity.

Subsidiaries are all entities (including structured entities) over which the Company has control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated on consolidation. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

b. Translation of foreign currencies

Functional currency

Items included in the financial statements of the Company and each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the functional currency) as follows:

Platinum Group Metals Ltd.	Canadian Dollars
Platinum Group Metals (RSA) (Pty) Ltd.	South African Rand
Maseve Investments 11 (Pty) Ltd.	South African Rand
Mnombo Wethu Consultants (Pty) Limited	South African Rand
Waterberg JV Resources (Pty) Ltd	South African Rand

Presentation Currency

The Company's presentation currency is the United States Dollar (“USD”)

Foreign Exchange Rates Used

The following exchange rates were used when preparing these consolidated financial statements:

Rand/USD

Year-end rate:	R14.6883 (2017 R13.0190)
Year average rate:	R12.9572 (2017 R13.4711)

CAD/USD

Year-end rate: C\$1.3055 (2017 C\$1.2536)
Year average rate: C\$1.2776 (2017 C\$1.3212)

Transactions and balances

Foreign currency transactions are translated into the relevant entity's functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Subsidiaries

The results and financial position of subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- All resulting exchange differences are recognized in other comprehensive income as cumulative translation adjustments.

c. Change in ownership interests

The Company treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interest in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration received is recognized in a separate line in retained earnings.

d. Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term deposits, which are readily convertible to cash and have original maturities of 90 days or less.

e. Marketable Securities

Marketable Securities represent shares received from the sale of the Maseve mine. The shares held are shares of Royal Bafokeng Platinum and are traded on the Johannesburg Stock Exchange. While shares were held in escrow prior to phase 2 of the Maseve sale being completed, all changes in value were recorded in 'Loss on Asset Held for Sale.' Following the completion of phase 2 of the Maseve sale all changes in value of the shares are recorded in 'Loss on Fair Value of Marketable Securities.'

f. Exploration and evaluation assets

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity includes:

- acquiring the rights to explore;
- researching and analyzing historical exploration data;
- gathering exploration data through topographical, geochemical and geophysical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource;
- surveying transportation and infrastructure requirements; and
- compiling pre-feasibility and feasibility studies.

Exploration and evaluation expenditures on identifiable properties are capitalized. Exploration and evaluation assets are shown separately until technical feasibility and commercial viability is achieved at which point the relevant asset is transferred to development assets under property, plant and equipment. Capitalized costs are all considered to be tangible assets as they form part of the underlying mineral property.

Capitalized exploration and evaluation assets are reviewed for impairment when facts or circumstances suggest an asset's carrying amount may exceed its recoverable amount. If impairment is considered to exist, the related asset is written down to the greater of its value in use and its fair value less costs to sell.

g. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment includes the purchase price or construction cost, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and for qualifying assets, the associated borrowing costs.

Where an item of property, plant and equipment is comprised of major components with different useful lives, the components are accounted for as separate items of property, plant and equipment.

Costs incurred for new construction, mine development, and major overhauls of existing equipment are capitalized as property, plant and equipment and are subject to depreciation once they are put into use. The costs of routine maintenance and repairs are expensed as incurred.

Once a mining project has been established as technically feasible and commercially viable, expenditure other than on land, buildings, plant and equipment is capitalised as part of "development assets" together with any related amount transferred from "exploration and evaluation assets". Capitalization of costs incurred and revenue received during commissioning ceases when the property is capable of operating at levels intended by management.

The present value of the decommissioning cost, which is the dismantling and removal of the asset included in the environmental rehabilitation obligation, is included in the cost of the related preproduction assets. These assets are depreciated over their useful lives.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be reliably measured. All repairs and maintenance are expensed to profit or loss during the financial period in which they are incurred.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal, retirement or scrapping of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Where an item of property, plant and equipment is comprised of major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Property, plant and equipment are recorded at cost and are depreciated on a straight-line basis over the following periods:

Buildings	20 years
Mining equipment	2 – 22 years
Vehicles	3 – 5 years
Computer equipment and software	3 – 5 years
Furniture and fixtures	5 years

h. Asset Held for Sale

Assets that are immediately available for sale and for which a sale is highly probable are classified as assets held for sale. When several assets are held for sale in a single transaction, they are accounted for as a disposal group, which also includes any liabilities directly associated with those assets. The net assets or disposal groups held for sale are measured at the lower of carrying amount and fair value less costs to sell. Depreciation ceases when assets are classified as held for sale. At each balance sheet date, the value of the assets and liabilities held for sale is reviewed to determine whether any provision adjustments should be recorded due to a change in their fair value less costs to sell.

i. Impairment

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Company conducts internal reviews of asset values which are used to assess for any indications of impairment. External factors such as changes in expected future prices, costs and other market factors including market capitalization are also monitored to assess for indications of impairment.

If any such indication exists an estimate of the recoverable amount is undertaken, being the higher of an asset's fair value less costs to sell and its value in use. If the asset's carrying amount exceeds its recoverable amount, then an impairment loss is recognized.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value of mineral assets is generally determined as the present value of the estimated future cash flows expected to arise from the use of the asset, including any expansion prospects.

Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and from its ultimate disposal.

Impairment is assessed at the level of cash-generating units ("**CGUs**"), which are identified as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets. The Company's CGUs are based on geographic location. The Company's two CGU's at present are the Maseve Mine and the Waterberg Project.

Long-lived assets that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed. When a reversal of a previous impairment is recorded, the reversal amount is adjusted for depreciation that would have been recorded had the impairment not taken place.

j. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortized cost using the effective interest method.

k. Asset retirement obligations

Provisions for asset retirement obligations are made in respect of the estimated future costs of closure and restoration and for environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the accounting period when the related disturbance occurs. The provision is discounted using a risk-free pre-tax rate, and the unwinding of the discount is included in finance costs. At the time of establishing the provision, a corresponding asset is recognized and is depreciated over the future life of the asset to which it relates. The provision is adjusted on an annual basis for changes in cost estimates, discount rates and inflation.

l. Convertible Notes

At inception the debt component of the convertible notes is deemed to be the residual value of the net proceeds after the fair value of the embedded derivatives are separated. The debt component is then measured at amortized cost using the effective interest method. The embedded derivatives are revalued at each reporting period with the change in fair value being recorded in profit or loss in each reporting period.

m. Warrants

As the exercise price of certain of the Company's share purchase warrants is fixed in US Dollar, and the functional currency of the Company is the Canadian Dollar, these warrants are considered a derivative as a variable amount of cash in the Company's functional currency will be received on exercise. Accordingly, these share purchase warrants are classified and accounted for as a derivative liability. The fair value of the warrants is determined by the market price at end of the relevant period or year.

n. Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effect.

o. Stock-based compensation

The fair values for stock-based awards have been estimated using the Black-Scholes model and recorded as compensation cost over the period of vesting. The compensation cost related to stock options granted is expensed or capitalized to mineral properties, as applicable. Cash received on exercise of stock options is credited to share capital and the related amount previously recognized in contributed surplus is reclassified to share capital.

p. Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current tax expense is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of loss and other comprehensive loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

q. Loss per common share

Basic loss per common share is calculated using the weighted average number of common shares outstanding. The Company uses the treasury stock method for the calculation of diluted earnings per share. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. In periods when a loss is incurred, the effect of the potential issuances of shares is anti-dilutive, and accordingly basic and diluted loss per share are the same.

r. Financial instruments

IFRS establishes a fair value hierarchy that categorizes the inputs to valuation techniques used to measure fair value into three levels:

- Level 1 – Quoted prices in active markets for the same instrument. classified
- Level 2 – Valuation techniques for which significant inputs are based on observable market data.
- Level 3 – Valuation techniques for which any significant input is not based on observable market data.

The carrying value of marketable securities was based on the quoted market prices of the shares as at August 31, 2018 and was therefore considered to be Level 1 as the Company anticipates disposing of these shares within the next year.

(i) Financial assets and liabilities

Loans and receivables – Loans and receivables comprise cash and cash equivalents, amounts receivable and performance bonds. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Financial liabilities are classified as either financial liabilities or at fair value through profit or loss.

Financial liabilities - Other financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. The Company has classified accounts payable, accrued liabilities and the debt portion of the convertible notes as other financial liabilities.

Fair value through profit or loss - The Company has classified the convertible note derivative as fair value through profit or loss and adjusts the fair value each quarter.

(ii) Impairment of financial assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

s. Future accounting changes

Recently Issued Accounting Pronouncements

The following new accounting standards, amendments and interpretations, that have not been early adopted in these consolidated financial statements, will or may have an effect on the Company's future results and financial position:

(i) IFRS 9, *Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments* which will replace IAS 39, *Financial Instruments*. The standard is effective for annual periods beginning on or after January 1, 2018 and permits early adoption. IFRS 9 provides a revised model for recognition and measurement of financial instruments with two classification categories: amortized cost and fair value. As well, under the new standard a single impairment method is required, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes a substantially reformed approach to hedge accounting that links accounting more closely with risk management. The Company is assessing IFRS 9's impact on its financial statements and has preliminarily concluded that this standard will materially impact the measurement of the Company's long-term debt and the accounting for several debt amendments during the current and prior years.

(ii) IFRS 16, *Leases*

In January 2016, the IASB issued IFRS 16. IFRS 16 sets out the principals for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, which is the customer ("lessee") and the supplier ("lessor"). IFRS 16 replaces IAS 17, *Leases* and related interpretations. Save for limited exceptions, all leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Applying that model, a lessee is required to recognize:

- i) Assets and liabilities for all leases with a term of more than 12 months, unless the underlying assets is of low value; and
- ii) Depreciation of lease assets separately from interest on lease liabilities in the statement of income.

The new standard is effective for annual periods beginning on or after January 1, 2019. As the Company's year end is August, the first effective year will be fiscal 2020. The adoption of this standard would not have a significant impact on the financial statements of the Company based on its current leasing activity.

3. Significant accounting judgments and estimates

The preparation of the financial statements in conformity with IFRS requires the use of judgments and estimates that affect the amount reported and disclosed in the consolidated financial statements and related notes. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ materially from the amounts included in the financial statements. Information about such judgments and estimation is contained in the accounting policies and notes to the financial statements, and the key areas are summarized below.

Areas of judgment and key sources of estimation uncertainty that have the most significant effect on the amounts recognized in these consolidated financial statements are:

- Fair value of embedded derivatives including convertible debt derivative and warrants
- Determination of ore reserves and mineral resource estimates
- Assumption of control of Mnombo for accounting purposes
- Deferred tax assets and liabilities and resource taxes

Each of these judgments and estimates is considered in their respective notes or in more detail below.

Fair value of embedded derivatives

Where the fair value of financial liabilities recorded in the financial statements cannot be derived from active markets, their fair value is determined using valuation techniques including the partial differential equation method. The inputs to this model are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible.

Determination of ore reserve and mineral resource estimates

The Company estimates its ore reserves and mineral resources based on information compiled by Qualified Persons as defined by NI 43-101. Reserves determined in this way are used in the calculation of depreciation, amortization and impairment charges, and for forecasting the timing of the payment of close down and restoration costs. In assessing the life of a mine for accounting purposes, mineral resources are only taken into account where there is a high degree of confidence of economic extraction. There are numerous uncertainties inherent in estimating ore reserves, and assumptions that are valid at the time of estimation and they may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in reserves being restated. Such changes in reserves could impact depreciation and amortization rates, asset carrying values and provisions for close down and restoration costs.

Assumption of control of Mnombo for accounting purposes

The Company has judged that it controls Mnombo for accounting purposes as it owns 49.9% of the outstanding shares of Mnombo and has contributed all material capital to Mnombo since acquiring its 49.9% share. Currently there are no other sources of funding known to be available to Mnombo. If in the future Mnombo is not deemed to be controlled by the Company, the assets and liabilities of Mnombo would be derecognized at their carrying amounts. Amounts recognized in other comprehensive income would be transferred directly to retained earnings. If a retained interest remained after the loss of control it would be recognized at its fair value on the date of loss of control. Although the Company controls Mnombo for accounting purposes, it does not have omnipotent knowledge of Mnombo's other shareholders activities. Mnombo's 50.1% shareholders are historically disadvantaged South Africans.

Deferred tax assets and liabilities and resource taxes

The determination of our future tax liabilities and assets involves significant management estimation and judgment involving a number of assumptions. In determining these amounts the Company interprets tax legislation in a variety of jurisdictions and makes estimates of the expected timing of the reversal of future tax assets and liabilities. We also make estimates of our future earnings which affect the extent to which potential future tax benefits may be used. We are subject to assessment by various taxation authorities, which may interpret tax legislation in a manner different from our view. These differences may affect the final amount or the timing of the payment of taxes. When such differences arise, we make provision for such items based on our best estimate of the final outcome of these matters.

4. Marketable Securities

During the year, the Company received 4,524,279 shares of RBPlats in connection with the sale of the Maseve Mine (see note 6 for further details). These marketable securities owned by the Company are designated as fair value through profit and loss ("FVTPL") with changes in fair value recorded through profit or loss. These shares are carried at fair value using the quoted market price at August 31, 2018. During the year the Company recognized an unrealized loss of \$105 (2017 \$Nil) on the value of the RBPlats shares held since they were released from escrow upon completion of phase 2 of the sale of the Maeve Mine. Please see Note 6 for further details.

5. PROPERTY, PLANT AND EQUIPMENT

	Development Assets	Land	Buildings	Office Equipment	Mining Equipment	Total
COST						
Balance, August 31, 2016	\$ 422,658	\$ 8,547	\$ 10,500	\$ 2,411	\$ 45,234	\$ 489,350
Additions	130,868 ¹	-	2,655	529	2,046	136,098
Impairment and transfer to Asset Held for Sale	(604,974)	(9,648)	(14,506)	(898)	(52,157)	(682,183) ²
Foreign exchange movement	51,448	1,101	1,351	247	5,825	59,972
Balance, August 31, 2017	\$ -	\$ -	\$ -	\$ 2,289	\$ 948	\$ 3,237
Disposals	-	-	-	(50)	(169)	(219)
Foreign exchange movement	-	-	-	(200)	(108)	(308)
Balance August 31, 2018	\$ -	\$ -	\$ -	\$ 2,039	\$ 671	\$ 2,710
ACCUMULATED DEPRECIATION						
Balance, August 31, 2016	-	-	1,587	1,407	16,660	19,654
Depreciation	-	-	962	516	7,750	9,228
Transfer to Asset Held for Sale	-	-	(2,753)	(599)	(26,319)	(29,671) ²
Foreign exchange movement	-	-	204	134	2,145	2,483
Balance, August 31, 2017	\$ -	\$ -	\$ -	\$ 1,458	\$ 236	\$ 1,694
Depreciation	-	-	-	310	37	347
Disposals	-	-	-	(45)	(198)	(243)
Foreign exchange movement	-	-	-	(118)	(27)	(145)
Balance August 31, 2018	\$ -	\$ -	\$ -	\$ 1,605	\$ 48	\$ 1,653
Net book value, August 31, 2017	\$ -	\$ -	\$ -	\$ 831	\$ 712	\$ 1,543
Net book value, August 31, 2018	\$ -	\$ -	\$ -	\$ 434	\$ 623	\$ 1,057

¹ Includes pre-production revenue credited of \$15.2 million (see below) and \$13.4 million of interest expense

² Total transfer to Assets Held for Sale of \$646,038. Asset Impairment of \$280,357 recognized in interim periods is now included in Assets Held for Sale (Note 6)

6. ASSET HELD FOR SALE

The Maseve Mine is located in the Western Bushveld region of South Africa. Costs for the Maseve Mine were capitalized and classified as development assets in Property, Plant and Equipment until August 31, 2017. On September 6, 2017 the Company announced it had entered into a term sheet (the "Term Sheet") to sell the Maseve Mine to RBPlat. At August 31, 2017 the held for sale criteria were met and all capitalized costs were reclassified as an Asset Held for Sale and written down to \$69.9 million, being the estimated net proceeds from the sale of the Maseve Mine.

On September 6, 2017 the Company entered into the Term Sheet to sell the Maseve Mine for approximately \$74 million, payable as to \$62 million in cash and \$12 million in RBPlat common shares (the "Maseve Sale Transaction"). Definitive legal agreements for this sale were executed on November 23, 2017. The Maseve Sale Transaction occurred in two stages:

- In stage one RBPlat paid Maseve \$58 million in cash to acquire the concentrator plant and certain surface assets of the Maseve Mine, including an appropriate allocation for power and water (the "Plant Sale Transaction"). Payment was received April 6, 2018 with \$3.5 million used to settle outstanding contractor claims, \$47.0 million used to settle the Sprott Facility (see note 8) and the remaining \$7.5 million applied to amounts owed to Liberty (see note 8).
- In stage two RBPlat paid PTM RSA \$7 million in RBPlat common shares, as valued on September 6, 2017, plus the refund of Maseve's environmental bond, valued at approximately \$4 million on September 6, 2017, to acquire PTM RSA's remaining loans due from Maseve. RBPlat also paid PTM RSA and Africa Wide Mineral Prospecting and Exploration (Pty) Ltd. (a wholly owned subsidiary of Wesizwe Platinum Ltd), in proportion to their respective equity interests in Maseve, a further \$5 million in RBPlat common shares, as valued on September 6, 2017, to acquire 100% of the equity in Maseve. Stage two was completed on April 26, 2018 with the release of 4.87 million RBPlat common shares from escrow, worth approximately \$9.1 million at that time. The required cash payment was made on May 29, 2018, funded by the release of Maseve's Rand 58 million environmental bond, valued at \$4.57 million on May 29, 2018. The resulting difference in aggregate value from September 6, 2017 to completion is recorded as a loss on the disposal of the asset held for sale. The Company's 4.52 million RBPlat common shares received for stage two were all held in a broker account at August 31, 2018, pending future disposition and payment of proceeds to LMM. The Company expects to dispose of these shares within a year and therefore this financial asset has been classified as "held for trading" and the fair value loss of \$105 that was incurred on the value of those shares between April 26, 2018 and year end was recorded in the loss for the year. The value of the marketable securities at year end was \$7.1 million.

The value and movement of the asset held for sale as follows:

Purchase Price	\$ 74,000
Less: fees directly attributable to sale	(4,111)
Maseve asset held for sale at August 31, 2017	\$ 69,889
Fees paid in fiscal 2018	1,000
Proceeds from Sale	(71,695)
Loss on partial disposal of the asset held for sale	(2,305)
Surface rights remaining for sale	285
Remaining liability (see note 8)	2,826
Remaining asset held for sale August 31, 2018	\$ -

The remaining liability of \$2.8 million is contingent on the full repayment of the outstanding Sprott and Liberty loan balances. Accordingly, the remaining liability is transferred to loan payable.

7. EXPLORATION AND EVALUATION ASSETS

Since mid-2015, the Company's only active exploration project has been the Waterberg Project located on the North Limb of the Western Bushveld Complex. No material expenditures have been made or are expected to be made in the upcoming year on other immaterial mineral properties. Total capitalized exploration and evaluation expenditures for all exploration properties held by the Company are as follows:

Balance, August 31, 2016	\$	22,346
Additions		5,701
Disposal of Project #3 ¹		(2,382)
Recoveries		(5,635)
Foreign exchange movement		2,870
Balance, August 31, 2017	\$	22,900
Additions		9,096
Foreign exchange movement		(2,590)
Balance, August 31, 2018		29,406

¹ Project #3 included in Asset Held for Sale

Waterberg

The Waterberg Project consists of adjacent, granted and applied-for prospecting rights with a combined area of approximately 111,882 ha, located on the Northern Limb of the Bushveld Complex, approximately 85 km north of the town of Mokopane (formerly Potgietersrus). The Waterberg Project is comprised of the former Waterberg JV Property and the Waterberg Extension Property.

On August 8, 2017, PTM RSA transferred legal title of all Waterberg Project prospecting rights into Waterberg JV Co. upon receiving Section 11 approval of the 2nd Amendment (defined below). On September 21, 2017, Waterberg JV Co. issued shares to all existing Waterberg partners pro rata to their joint venture interests, resulting in the Company holding a 45.65% direct interest in Waterberg JV Co., JOGMEC holding a 28.35% interest and Mnombo, as the Company's Black Economic Empowerment ("BEE") partner, holding 26%.

The above transaction was considered a taxable item in South Africa, that was offset with other tax deductible losses and utilization of unrecognized taxable losses.

Implats Transaction

On November 6, 2017, the Company closed a transaction, originally announced on October 16, 2017, whereby Implats:

- Purchased an aggregate 15.0% equity interest in Waterberg JV Co (the "Initial Purchase") for \$30 million. The Company sold an 8.6% interest for \$17.2 million and JOGMEC sold a 6.4% interest for \$12.8 million. From its \$17.2 million in proceeds, the Company has committed \$5.0 million towards its pro rata share of remaining DFS costs. This \$5.0 million is held as restricted cash on the balance sheet with \$0.1 million remaining at August 31, 2018. Implats will also contribute an estimated \$1.5 million for its 15.0% pro rata share of the Definitive Feasibility Study ("DFS") costs. Following the Initial Purchase, the Company holds a direct 37.05% equity interest, JOGMEC a 21.95% equity interest and Black Economic Empowerment partner Mnombo will maintain a 26.0% equity interest. The Company holds a 49.9% interest in Mnombo, bringing its overall direct and indirect ownership in Waterberg JV Co. to 50.02%.
- Acquired an option (the "Purchase and Development Option") whereby upon completion of the DFS, Implats will have a right, within 90 days of the DFS completion, to exercise an option to increase its interest to up to 50.01% in Waterberg JV Co. If Implats exercises the Purchase and Development Option, Implats would commit to purchase an additional 12.195% equity interest in Waterberg JV Co.

from JOGMEC for \$34.8 million and commit to an expenditure of \$130.2 million in development work.

Following an election to go to a 50.01% project interest as described above, Implats will have another 90 days to confirm the salient terms of a development and mining financing for the Waterberg Project, including a signed financing term sheet, subject only to final credit approval and documentation. After exercising the Purchase and Development Option, Implats will control Waterberg JV Co.

Should Implats complete the increase of its interest in Waterberg JV Co. to 50.01% pursuant to the Purchase and Development Option, the Company would retain a 31.96% direct and indirect interest in Waterberg JV Co. and following completion of Implats' earn-in spending all of the project partners would be required to participate pro-rata. The transaction agreements also provide for the transfer of equity and the issuance of additional equity to one or more broad based black empowerment partners, at fair value.

If Implats does not elect to complete the Purchase and Development Option and the Development and Mining Financing, Implats will retain a 15.0% project interest and the Company will retain a 50.02% direct and indirect interest in the project.

- Acquired a right of first refusal to enter into an offtake agreement, on commercial arms-length terms, for the smelting and refining of mineral products from the Waterberg Project. JOGMEC will retain a right to receive platinum, palladium, rhodium, gold, ruthenium, iridium, copper and nickel in refined mineral products at the volume produced from the Waterberg Project.

Acquisition and Development of the Property

In October 2009, PTM RSA, JOGMEC and Mnombo entered into a joint venture agreement with regard to the Waterberg Project (the "**JOGMEC Agreement**"). Under the terms of the JOGMEC Agreement, in April 2012, JOGMEC completed a \$3.2 million work requirement to earn a 37% interest in the Waterberg JV property, leaving the Company with a 37% interest and Mnombo with a 26% interest. Following JOGMEC's earn-in, the Company funded Mnombo's 26% share of costs, totalling \$1.12 million, until the earn-in phase of the joint venture ended in May 2012.

On November 7, 2011, the Company entered an agreement with Mnombo to acquire 49.9% of the issued and outstanding shares of Mnombo in exchange for cash payments totalling R1.2 million and the Company's agreement to pay for Mnombo's 26% share of costs on the Waterberg JV property until the completion of a feasibility study. Mnombo's share of expenditures prior to this agreement were covered by the Company and are still owed to the Company (\$3.4 million). The Company consolidates Mnombo. The portion of Mnombo not owned by the Company, calculated at \$5.8 million at August 31, 2018 (\$4.6 million – August 31, 2017), is accounted for as a non-controlling interest.

On May 26, 2015, the Company announced a second amendment (the "**2nd Amendment**") to the existing JOGMEC Agreement. Under the terms of the 2nd Amendment the Waterberg JV and Waterberg Extension properties are to be combined and contributed into the newly created operating company Waterberg JV Co. On August 4, 2017, the Company received Section 11 transfer approval from the South African Department of Mineral Resources ("**DMR**") and title to all of the Waterberg prospecting rights held by the Company were transferred into Waterberg JV Co

Under the 2nd Amendment, JOGMEC committed to fund \$20 million in expenditures over a three-year period ending March 31, 2018. This funding requirement was completed as an amount of \$8 million was funded by JOGMEC to March 31, 2016, which was followed by two \$6 million tranches spent in each of the following two 12 month periods ending March 31, 2018.

To August 31, 2018 an aggregate total of \$61.8 million has been funded by all parties on exploration and engineering on the Waterberg Project. Up until the Waterberg property was held in the Waterberg JV Company, all costs incurred by other parties were treated as recoveries.

8. LOANS PAYABLE

Up to August 31, 2017 at which time Maseve was classified as an Asset Held for Sale, net interest expense of \$17.5 million from both loans had been capitalized to development assets in the Maseve Mine. Adjustments and accretion to the Production Payment liability were also capitalized to development assets in the Maseve Mine until August 31, 2017. Effective interest of \$4.9 million and \$10.1 million were recognized on the Sprott Facility and LMM Facility respectively during the year.

Sprott

On February 16, 2015, the Company announced it had entered a credit agreement with a syndicate of lenders (the “**Sprott Lenders**”) led by Sprott Resource Lending Partnership (“**Sprott**”) for a senior secured loan facility (the “**Sprott Facility**”) of \$40 million. The Sprott Facility was drawn on November 20, 2015. During the year, a third advance (the “**Third Advance**”) of \$5 million was made to the Company, then repaid by the Company then a fourth advance (the “**Fourth Advance**”) of \$5 million was also made to the Company. All fees directly attributable to the Sprott Facility were capitalized against the loan balance over the life of the loan and amortized using the effective interest method. All advances, interest owing and principal amounts owing to Sprott were repaid during the current year (\$47.1 million) and at August 31, 2018 the Sprott Facility had no future payments due. A summary of the loan since inception is below (excluding advance payments and repayments)

	Loan Facility	\$	40,000
	Repayment of principal		(40,000)
	Drawdown Standby and Amendment fees paid		(7,993)
	Interest paid on loan balance		(10,388)
	Cumulative interest and finance costs at effective interest rate		18,381
	Carrying value as at August 31, 2018 – Sprott Facility	\$	-

Liberty Loan Facility

Also on November 20, 2015, the Company drew down a \$40 million loan facility (the “**LMM Facility**”) pursuant to a credit agreement (the “**LMM Credit Agreement**”) entered into on November 2, 2015 with a significant shareholder, Liberty Metals & Mining Holdings, LLC (“**LMM**”), a subsidiary of Liberty Mutual Insurance. The LMM Facility bears interest at LIBOR plus 9.5%. At August 31, 2018 (after repayment of the Sprott Facility) LMM held the first lien position on (i) the shares of PTM (RSA) held by the Company and (ii) all current and future assets of the Company. Pursuant to the LMM Credit Agreement the Company also entered into a life of mine Production Payment Agreement (“**PPA**”) with LMM.

During the year the Company forwarded to Liberty payments totalling \$23.1 million. These payments first paid down the production payment termination accrual of \$15 million. The remaining \$8.1 million was then applied against the loan and accrued interest owing. At August 31, 2018 the Company owed Liberty \$46.5 million.

At inception of the Liberty Facility the Production Payment liability was bifurcated from the loan with the initial value of the Production Payment liability (\$11.2 million) being amortized with effective interest over the remaining life of the loan. As the timing of the scheduled repayment of the loan has been shortened from 2021 to October 2019 this bifurcated amount is being recognized more quickly resulting in a higher effective interest rate of 32% at August 31, 2018. The actual interest rate on the outstanding loan has remained at LIBOR plus 9.5%.

Current Terms of the Liberty Loan

There have been a number of modifications to the LMM Facility. At August 31, 2018, only the loan facility remains to be repaid. On May 11, 2018 the Company announced the following loan amendments where the Company must:

- Raise a minimum of US\$15 million in financings of subordinated debt, common shares and/or securities convertible into common shares (the “**Required Financing**”) before May 31, 2018. This was satisfied with by the completion of both a private placement and a public offering of common shares on May 15, 2018 for combined gross proceeds of US\$19.88 million. See details in Note 10 below.

- Apply the first US\$12 million of gross proceeds from the Required Financing to reduce indebtedness under the LMM Facility before May 31, 2018. This was satisfied with proceeds from the May 15, 2018 unit financing
- Not otherwise be in default under the LMM Facility. The Company was not in default of any covenants on the LMM Facility at August 31, 2018

Having satisfied the above conditions, the LMM Facility maturity date has been (a) extended to October 31, 2019 (from September 30, 2018), (b) interest will continue to accrue and be capitalized until the maturity date (previously, interest became payable quarterly after June 30, 2018).

Brokerage Fees

As outlined in Note 6 there are brokerage fees still connected to the sale of Maseve. These fees become due when the amounts due to Liberty are repaid in full. As these fees are now contingent on the repayment of the debt they are grouped with the debt as follows:

	LMM Facility	\$	39,465
	Brokerage Fees		2,826
	Loan Payable	\$	42,291

9. CONVERTIBLE NOTES

On June 30, 2017, the Company closed a private placement of \$20 million aggregate principal amount of convertible senior subordinated notes (“**Convertible Notes**”) due 2022. The Convertible Notes bear interest at a rate of 6 7/8% per annum, payable semi-annually on January 1 and July 1 of each year, beginning on January 1, 2018, in cash or at the election of the Company, in common shares of the Company or a combination of cash and Common Shares, and will mature on July 1, 2022, unless earlier repurchased, redeemed or converted. An additional interest charge of 0.25% for the period January 1, 2018 to March 31, 2018, plus a further 0.25% for the period April 1, 2018 to July 1, 2018, was added to the coupon rate of the Notes at the Company’s election to not file a prospectus and a registration statement for the Notes with Canadian securities regulatory authorities and with the U.S. Securities and Exchange Commission. After July 1, 2018, at which time the Notes became freely tradable by holders other than affiliates, the Notes once again bear interest at the coupon rate of 6 7/8% per annum.

The Convertible Notes will be convertible at any time at the option of the holder, and may be settled, at the Company’s election, in cash, Common Shares, or a combination of cash and Common Shares. If any Convertible Notes are converted on or prior to the three and one half year anniversary of the issuance date, the holder of the Convertible Notes will also be entitled to receive an amount equal to the remaining interest payments on the converted notes to the three and one half year anniversary of the issuance date, discounted by 2%, payable in Common Shares. The initial conversion rate of the Convertible Notes will be 1,001.1112 Common Shares per \$1,000 principal amount of Convertible Notes, which is equivalent to an initial conversion price of approximately \$0.9989 per Common Share, representing a conversion premium of approximately 15% above the NYSE American closing sale price for the Company’s Common Shares of \$0.8686 per share on June 27, 2017.

The Convertible Notes contain multiple embedded derivatives (the “**Convertible Note Derivatives**”) relating to the conversion and redemption options. The Convertible Note Derivatives were valued upon initial recognition at fair value using partial differential equation methods at \$5,381 (see below). At inception, the debt portion of the Convertible Notes were reduced by the estimated fair value of the Convertible Note Derivatives of \$5,381 and transaction costs relating to the Convertible Notes of \$1,049 resulting in an opening balance of \$13,570. The Convertible Notes are measured at amortized cost and will be accreted to maturity over the term using the effective interest method.

On July 20, 2017, a holder of the Convertible Notes converted \$10 of the principal resulting the Company choosing to issue 13,190 common shares to settle the principal and accrued interest.

On January 2, 2018, the Company issued 2,440,629 common shares in settlement of \$691.11 of bi-annual

interest payable on \$19.99 million of outstanding Convertible Notes.

On July 3, 2018, the Company issued 7,579,243 common shares in settlement of \$724.78 of bi-annual interest payable on \$19.99 million of outstanding Convertible Notes.

The components of the Convertible Notes are as follows:

Face value convertible notes	\$ 20,000
Transaction costs	(1,049)
Embedded Derivative fair value at inception	(5,381)
Value attributed to debt portion of convertible notes	\$ 13,570
Accretion and interest	365
Redemption	(10)
Convertible Note balance August 31, 2017	\$ 13,925
Transaction costs incurred during the year	(95)
Interest payments	(1,416)
Accretion and interest incurred during the year	2,378
Debt portion of the convertible notes August 31, 2018	14,792
Embedded Derivatives balance August 31, 2018 (see below)	\$ 61
Convertible Note balance August 31, 2018	\$ 14,853

Embedded Derivatives

The Convertible Note Derivatives was valued upon initial recognition at a fair value of \$5,381 using partial differential equation methods and is subsequently re-measured at fair value at each period-end through the consolidated statement of net loss and comprehensive loss. The fair value of the Convertible Note Derivatives was measured at \$3,300 at August 31, 2017, then \$61 at year end resulting in a gain of \$3,218 for the year. Combined with the gain on the warrant derivative (Note 11) of \$508, this results in net gain of \$3,726.

The assumptions used in the valuation model used at August 31, 2018 and August 31, 2017 include:

Valuation Date	August 31, 2018	August 31, 2017
Share Price (USD)	\$0.10	\$0.52
Volatility	72.43%	56.17%
Risk free rate	2.71%	1.68%
Credit spread	11.58%	13.59%
All-in rate	14.30%	15.27%
Implied discount on share price	- %	20%

The Convertible Note derivative is classified as a level 2 financial instrument in the fair value hierarchy.

10. SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value.

(b) Issued and outstanding

At August 31, 2018, the Company had 291,034,110 shares outstanding.

Fiscal 2018

On May 11, 2018 the Company announced a private placement offering of 15,090,999 units at a price of US\$0.15 per unit for gross proceeds of \$2.3 million. Each unit consisted of one common share and one common share purchase warrant, with each common share purchase warrant allowing the holder to purchase a further common share at a price of US\$0.17. The private placement was contingent on the

closure of the public offering that closed May 15, 2018 outlined below. See note 11 for valuation of the warrants.

On May 15, 2018 the Company announced it had closed a public offering of 117,453,862 units at a price of US\$0.15 per unit for gross proceeds for \$17.6 million. Each unit consisted of one common share and one common share purchase warrant, with each common share purchase warrant allowing the holder to purchase a further common share at a price of US\$0.17. See note 11 for valuation of the warrants. Total unit issuance costs of \$2.5 million were incurred for the private placement and public offering

On January 2, 2018 and July 3, 2018, the Company issued 2,440,629 and 7,579,243 respectively in settlement of \$691.11 and \$724,78 of bi-annual interest payable on \$19.99 million of outstanding convertible notes. See Note 9 for further details.

Fiscal 2017

On September 19, 2016, both Sprott and LMM were each issued 801,314 shares with a fair value of \$2.0 million each based on the five-day volume weighted average price on the TSX of C\$3.66 per share (less a ten percent discount), converted to US dollars as consideration for the September 30, 2016 amendment to the outstanding working capital facilities.

On October 12, 2016, upon drawdown of an additional \$5 million from the Amended and Restated Sprott Facility, Sprott was issued 113,963 shares with a value of \$250 as a drawdown fee.

On November 1, 2016, the Company announced the closing of an offering of 22,230,000 common shares at a price of \$1.80 per share resulting in gross proceeds of \$40.0 million. Net proceeds to the Company after fees, commissions and costs were approximately \$36.9 million.

On January 13, 2017, Sprott was issued 275,202 shares and Liberty was issued 293,616 shares with a value of \$878,440 based on the ten-day volume weighted average price on the TSX of C\$2.253 per share (less a ten percent discount), as consideration for the January 13, 2017 amendment to the outstanding working capital facilities.

On January 31, 2017, the Company announced the closing of an offering of 19,693,750 common shares at a price of \$1.46 per share resulting in gross proceeds of \$28.8 million. Net proceeds to the Company after fees, commissions and costs were approximately \$26.3 million.

On April 18, 2017, the Company announced the closing of an offering of 15,390,000 common shares at a price of \$1.30 per share resulting in gross proceeds of \$20.0 million. Net proceeds to the Company after fees, commissions and costs were approximately \$18.3 million.

On July 25, 2017, the Company issued 13,190 shares upon the conversion of \$10 of the Convertible Notes. See Note 9 for further details.

(c) Incentive stock options

The Company has entered into Incentive Stock Option Agreements (“**Agreements**”) under the terms of its stock option plan with directors, officers, consultants and employees. Under the terms of the Agreements, the exercise price of each option is set, at a minimum, at the fair value of the common shares at the date of grant. Certain stock options of the Company are subject to vesting provisions, while others vest immediately. All exercise prices are denominated in Canadian Dollars.

The following tables summarize the Company’s outstanding stock options:

	Number of Shares	Average Exercise Price
Options outstanding at August 31, 2016	2,977,275	C\$ 7.31
Granted	2,305,000	2.00
Forfeited	(900,000)	6.46
Options outstanding at August 31, 2017	4,382,275	C\$ 4.65

Forfeited	(1,296,775)	4.15
Options outstanding at August 31, 2018	3,085,500	C\$ 4.52

Number Outstanding at August 31, 2018	Number Exercisable at August 31, 2018	Exercise Price	Average Remaining Contractual Life (Years)
2,024,500	1,888,375	C\$ 2.00	3.05
598,000	598,000	6.50	1.46
463,000	463,000	13.00	0.37
3,085,500	2,949,375		2.25

During the year ended August 31, 2018 the Company did not grant any options. Stock based compensation of \$80 (\$3 capitalized to mineral properties and \$77 expensed), was incurred during the year relating to options that vested during the year but were granted in a previous year.

During the year ended August 31, 2017 the Company granted 2,305,000 stock options. These stock options vested immediately. The Company recorded \$1,867 (\$723 capitalized to property plant and equipment and mineral properties and \$1,144 expensed).

11. WARRANT DERIVATIVE

The exercise price of the Company's outstanding warrants is denominated in US Dollars; however, the functional currency of PTM Canada (where the warrants are held) is the Canadian Dollar. Therefore, the warrants are required to be recognized and measured at fair value at each reporting period. Any changes in fair value from period to period are recorded as non-cash gain or loss in the consolidated statement of loss and comprehensive loss.

The warrants were issued May 15, 2018 and were initially valued using the residual value method. An initial valuation of \$1,171 was attributed to the warrants which included \$157 of unit issuance costs being attributed to the value of the warrants. As the warrants are publicly traded the value of the warrants at each period will be estimated by using price on the last day of trading in the applicable period. The warrants were trading at US\$0.005 resulting in a value of \$663 and gain of \$508. When combined with the gain on the embedded derivatives in the convertible notes (see Note 9) this results in a net gain of \$3,726 on derivatives.

12. NON-CONTROLLING INTEREST

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

Company	Proportion of ownership and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
	2018	2017	2018	2017	2018	2017
Maseve Investments 11 (Pty) Ltd	17.1%	17.1%	\$2,342	\$47,956	\$ -	\$(16,463)
Mnombo Wethu Consultants (Pty) Limited	50.1%	50.1%	-	-	5,768	4,555
Waterberg JV Co ¹	62.95%	54.35%	-	-	5,384	-
				Total	\$ 11,152	\$(11,908)

¹Includes the net book value of mineral properties sold to Impala Platinum Holdings Ltd.

13. RELATED PARTY TRANSACTIONS

Transactions with related parties are as follows:

- (a) During the year ended August 31, 2018 \$184 (\$235 – August 31, 2017) was paid or accrued to independent directors for directors’ fees and services.
- (b) During the year ended August 31, 2018, the Company accrued or received payments of \$56 (\$55 – August 31, 2017) from West Kirkland Mining Inc. (“**West Kirkland**”), a company with two directors in common, for accounting and administrative services. Amounts receivable at the end of the year include an amount of \$41 (\$28 – August 31, 2017) due from West Kirkland.
- (c) On May 15, 2018 the Company closed a private placement for 15,090,999 units with Hosken Consolidated Investments Limited (“**HCI**”). Also on May 15, 2018, HCI participated for an additional 24,909,000 units in the Company’s separate public offering. See “Recent Equity Financings” at item 3. A above for more details. By way of the private placement HCI acquired a right to nominate one person to the board of directors of the Company and a right to participate in future equity financings of the Company to maintain its pro-rata interest. As of July 5, 2018, including shares purchased on the open market, HCI owned approximately 15.07% of the Company’s outstanding common shares.
- (d) During fiscal 2016 the Company entered into a loan facility agreement with its largest shareholder at the time, LMM. The loan was negotiated and entered into at commercial terms. LMM presently remains one of the Company’s largest shareholders. For full details on this transaction please refer to Note 8 above.

All amounts receivable and accounts payable owing to or from related parties are non-interest bearing with no specific terms of repayment. These transactions are in the normal course of business and are recorded at consideration established and agreed to by the parties.

Key Management Compensation

The remuneration the CFO, CEO, COO and other key management personnel and the directors during the years ended August 31, 2018 to 2016 is as follows:

Year ended	August 31, 2018	August 31, 2017	August 31, 2016
Salaries	\$ 963	\$ 1,093	\$ 1,274
Directors fees	184	235	235
Share-based payments – management	13	396	72
Share-based payments - directors	12	504	61
Total	\$ 1,172	\$ 2,228	\$ 1,642

14. CONTINGENCIES AND COMMITMENTS

The Company’s remaining minimum payments under its office and equipment lease agreements in Canada and South Africa total approximately \$888 to August 31, 2020.

Contractor payments are based on approximate costs to complete services remaining at Waterberg.

From year end the Company’s aggregate commitments are as follows:

Payments Due By Year					
	< 1 Year	1 – 3 Years	4 – 5 Years	> 5 Years	Total
Lease Obligations	\$ 485	\$ 403	\$ -	\$ -	\$ 888
Contractor payments	3,552	-	-	-	3,552
Convertible Note ¹	1,474	2,949	21,464	-	25,887
LMM Facility (Note 8)	-	54,746	-	-	54,746
Totals	\$ 5,511	\$ 58,098	\$ 21,464	\$ -	\$ 85,073

¹The convertible note and related interest can be settled at the Company's discretion in cash or shares

The Company reports that it is in receipt of a summons issued by Africa Wide whereby Africa Wide has instituted legal proceedings in South Africa against PTM RSA, RBPlat and Maseve in relation to the Maseve Sale Transaction. Africa Wide is seeking, at this very late date, to set aside or be paid increased value for, the closed Maseve Sale Transaction. Africa Wide held a 17.1% interest in Maseve prior to the Maseve Sale Transaction. RBPlat consulted with senior counsel, both during the negotiation of the Maseve Sale Transaction and in regard to the current Africa Wide legal proceedings. The Company has received legal advice to the effect that the Africa Wide action, as issued, is ill-conceived and is factually and legally defective.

15. SUPPLEMENTARY CASH FLOW INFORMATION

Net change in non-cash working capital:

Year ended	August 31, 2018	August 31, 2017
Amounts receivable, prepaid expenses and other assets	\$ (42)	\$ 3,603
Accounts payable and accrued liabilities	3,007	(1,070)
	\$ 2,965	\$ 2,533

16. SEGMENTED REPORTING

Segmented information is provided on the basis of geographical segments as the Company manages its business and exploration activities through geographical regions – Canada, South Africa-Maseve, South Africa-Waterberg, South Africa-Other. The Company's other South African divisions that do not meet the quantitative thresholds of IFRS 8 Operating segments, are included in the segmental analysis under South Africa-Other. The Chief Operating Decision Makers ("**CODM**") reviews information from the below segments separately so the below segments are separated. This represents a change from prior years and comparative information has been represented to reflect the way the CODM currently reviews the information

The Company evaluates performance of its operating and reportable segments as noted in the following table:

At August 31, 2018	Assets	Liabilities
Canada	\$ 3,333	\$ 58,396
South Africa – Waterberg	29,406	1,575
South Africa – Other	9,110	1,408
	\$ 41,849	\$ 61,379

At August 31, 2017	Assets		Liabilities	
Canada	\$	4,087	\$	109,379
South Africa – Maseve		71,816		11,853
South Africa – Waterberg		22,705		-
South Africa – Other		1,920		2,562
	\$	100,528	\$	123,794

Comprehensive Loss (Income) for the year ended	August 31, 2018		August 31, 2017	
Canada	\$	23,401	\$	7,689
South Africa – Maseve		11,932		536,019
South Africa – Waterberg		-		-
South Africa – Other		(16,186)		(12,423)
	\$	19,147	\$	531,285

17. GENERAL AND ADMINISTRATIVE EXPENSES

GENERAL AND ADMINISTRATIVE EXPENSES	Year Ending August 31, 2018		Year Ending August 31, 2017	
Salaries and benefits	\$	1,772	\$	1,750
Professional/consulting fees		1,672		1,585
Onerous lease accrual		752		-
Depreciation		347		508
Rent		305		247
Insurance		373		273
Travel		255		307
Regulatory Fees		232		242
Accretion		-		159
Other		376		678
Total	\$	6,084	\$	5,749

18. CAPITAL RISK MANAGEMENT

The Company's objectives in managing its liquidity and capital are to safeguard the Company's ability to continue as a going concern and provide financial capacity to meet its strategic objectives. The capital structure of the Company consists of share capital, contributed surplus, accumulated other comprehensive loss and accumulated deficit.

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 issue new shares, issue new debt, acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company regularly updates the Board of Directors with regard to budgets, forecasts, results of capital deployment and general industry conditions. The Company does not currently declare or pay out dividends.

As at August 31, 2018, the Company is subject to externally imposed capital requirements under the LMM Facility. Please see Note 8 for further details.

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company examines the various financial risks to which it is exposed and assesses the impact and likelihood of occurrence. These risks may include credit risk, liquidity risk, currency risk, interest rate risk and other price risks.

(a) Credit risk

Credit risk arises from the risk that the financial asset counterparty, may default or not meet its obligations timeously. The Company minimizes credit risk by monitoring the reliability of counterparties to settle assets. The maximum exposure to the credit risk is represented by the carrying amount of all the financial assets. There is no material concentration of credit risk in cash and cash equivalents, trade and other receivables and loans.

(i) Amounts receivable

Total credit risk is limited to the carrying amount of amounts receivable.

(ii) Cash and cash equivalents and restricted cash

In order to manage credit and liquidity risk the Company invests only in term deposits with Canadian Chartered and South African banks that have maturities of three months or less.

(iii) Performance Bonds

In order to explore and develop its properties in South Africa, the Company was required to post performance bonds as financial guarantees against future reclamation work. These funds are held with Standard Bank of South Africa Limited with the DMR as beneficiary in accordance with the Mineral and Petroleum Resources Development Act (the "MPRDA") and the Company's environmental management programme.

(b) Liquidity risk

The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements and its exploration and development plans. The Company regularly updates the Board of Directors with regard to budgets, forecasts, results of capital deployment and general industry conditions.

The Company may be required to source additional financing by way of private or public offerings of equity or debt or the sale of project or property interests in order to have sufficient cash to make debt repayments and working capital for continued exploration on the Waterberg Projects, as well as for general working capital purposes.

Any failure by the Company to obtain additional required financing on acceptable terms could cause the Company to delay development of its material projects or could result in the Company being forced to sell some of its assets on an untimely or unfavourable basis. Any such delay or sale could have a material and adverse effect on the Company's financial condition, results of operations and liquidity. Also refer to Note 1 for discussion of going concern risk.

(c) Currency risk

The Company's functional currency is the Canadian dollar, while the consolidated presentation currency is the United States Dollar. The functional currency of all South African subsidiaries is the Rand. The Company's operations are in both Canada and South Africa; therefore, the Company's results are impacted by fluctuations in the value of foreign currencies in relation to the Canadian and United States dollar. The Company also held material USD denominated cash balances. The Company's significant foreign currency exposures on financial instruments comprise cash and cash equivalents, loans payable, convertible notes, accounts payable and accrued liabilities. The Company has not entered into any agreements or purchased

any instruments to hedge possible currency risks at this time.

The Company is exposed to foreign exchange risk through the following financial instruments denominated in a currency other than Canadian dollars:

Year ended	August 31, 2018		August 31, 2017	
Cash (Rand)	\$	350	\$	1,402
Cash (USD)		2,613		1,964
Accounts receivable (Rand)		802		1,479
Marketable Securities (Rand)		7,084		-
Accounts payable (Rand)		3,074		13,294
Loan Payable (USD)		39,465		90,126
Convertible Note (USD)		14,853		17,225

The Company's comprehensive loss is affected by changes in the exchange rate between its operating currencies and the United States dollar. At August 31, 2018, based on this exposure a 10% strengthening/weakening in the United States dollar versus Rand foreign exchange rate and Canadian dollar would give rise to a decrease/increase in net loss for the year presented of approximately \$6.8 million.

(d) *Interest rate risk*

The Company's interest income earned on cash and cash equivalents and on short term investments is exposed to interest rate risk. At August 31, 2017, based on this exposure a 1% change in the average interest rate would give rise to an increase/decrease in the net loss for the year of approximately \$4.

At August 31, 2017, the carrying amounts of cash and cash equivalents, amounts receivable, performance bonds and accounts payable and accrued liabilities are considered to be reasonable approximations of their fair values due to the short-term nature of these instruments.

20. INCOME TAXES

The income taxes shown in the consolidated earnings differ from the amounts obtained by applying statutory rates to the earnings before provision for income taxes due to the following:

	2018		2017		2016	
Loss before income taxes	\$	40,024	\$	588,716	\$	44,145
Income tax recovery at statutory rates		(10,941)		(153,066)		(11,478)
Difference of foreign tax rates		(231)		(11,774)		(766)
Non-deductible expenses and non-taxable portion of capital gains		358		158,059		44
Changes in unrecognized deferred tax assets and other		10,814		8,436		4,706
Income tax expense (recovery)		-		1,655		(7,494)
Income tax expense (recovery) consists of:						
Current income taxes	\$	-	\$	-	\$	-
Deferred income taxes		-		1,655		(7,494)
	\$	-	\$	1,655	\$	(7,494)

The gross movement on the net deferred income tax account is as follows:

	2018	2017	2016
Deferred tax liability at the beginning of the year	\$ -	\$ -	\$ (6,317)
Tax recovery relating to the loss (income) from continuing operations	(15,527)	(1,655)	7,494
Tax (expense) recovery relating to components of other comprehensive income	-	1,655	(1,177)
Tax (expense) recovery recorded in deficit	15,527	-	-
Deferred tax liability at the end of the year	\$ -	\$ -	\$ -

The tax effects of \$15,717 related to taxable Waterberg transactions in South Africa, offset by tax deductible items and previously unrecognized assessed tax losses.

The significant components of the Company's net deferred income tax liabilities are as follows:

	2018	2017	2016
Mineral properties	\$ (2,434)	\$ (4,635)	(19,692)
Loss carry forwards	2,434	4,635	19,692
	\$ -	\$ -	\$ -

Unrecognized deductible temporary differences, unused tax losses and unused tax credits are attributed to the following:

	2018	2017	2016
<i><u>Tax Losses:</u></i>			
Operating loss carry forwards – Canada	\$ 106,058	\$ 85,898	\$ 60,950
Operating loss carry forwards – South Africa	23,026	204,500	77,069
Net capital loss carry forwards	621	-	1,559
	\$ 129,705	\$ 290,398	\$ 139,578
<i><u>Temporary Differences:</u></i>			
Mineral properties	\$ 7,664	\$ 305,515	\$ 7,628
Financing Costs	18,831	16,481	13,930
Property, plant and equipment	735	692	594
Other	254	368	329
	\$ 27,484	\$ 323,056	\$ 22,481
<i><u>Investment Tax Credits:</u></i>	\$ 318	\$ 331	\$ 317

The Company's Canadian operating loss carry-forwards expire between 2026 and 2037. The Company's South African operating loss carry-forwards do not expire. The Company's Canadian unused investment tax credit carry-forwards expire between 2029 and 2035. The Company's Canadian net capital loss carry-forwards do not expire.

21. SUBSEQUENT EVENTS

On November 20, 2018 the Company announced a consolidation of its common shares on the basis of one new share for ten old shares (1:10), effective at 9:00 a.m. (New York time) on December 13, 2018. The Company's consolidated common shares are expected to begin trading on the Toronto Stock Exchange and NYSE American when the markets open on December 17, 2018. The purpose of the consolidation is to increase the Company's common share price to be in compliance with the NYSE American's low selling price requirement.