

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

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**FORM 20-F**

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- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12 (g) OF THE SECURITIES EXCHANGE ACT OF 1934
- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended August 31, 2017
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_
- SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
Date of event requiring this shell company report \_\_\_\_\_

Commission File Number 001-32500

**TANZANIAN ROYALTY EXPLORATION CORPORATION**

*(Exact Name of Registrant as Specified in Its Charter)*

**ALBERTA, CANADA**

*(Jurisdiction of Incorporation or Organization)*

**82 Richmond Street East**

**Toronto, Ontario**

**M5C 1P1**

*(Address of Principal Executive Offices)*

**James Sinclair**

**Chief Executive Officer**

**Tanzanian Royalty Exploration Corporation**

**82 Richmond Street East**

**Toronto, Ontario**

**M5C 1P1**

**Telephone: 1.844.364.1830**

**Fax: 860.799.0350**

*(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)*

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Common Shares, without Par Value

*(Title of Class)*

NYSE MKT LLC

*Name of Each Exchange on Which Registered*

Securities registered or to be registered pursuant to Section 12(g) of the Act: NONE

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: NONE

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 121,784,619. (as of August 31, 2017)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.  Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued by the International Accounting Standards Board

Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the Company has elected to follow.

Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  Yes  No

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## Cautionary Note to U.S. Investors Concerning Estimates of Mineral Resources

As an Alberta corporation, Tanzanian Royalty Exploration Corporation (the “*Company*”) is subject to certain rules and regulations issued by Canadian Securities Administrators. The *Company* files this Annual Report on Form 20-F as its Annual Information Form (“*AIF*”) with the British Columbia, Alberta and Ontario Securities Commissions via the System for Electronic Document Analysis and Retrieval (“*SEDAR*”). Under the filing requirements for an *AIF*, the *Company* is required to provide detailed information regarding its properties including mineralization, drilling, sampling and analysis, security of samples, and mineral resource and mineral reserve estimates, if any. Further, the *Company* may describe its properties utilizing terminology such as “measured mineral resources”, “indicated mineral resources” and “inferred mineral resources” that are permitted by Canadian securities regulations, but are not recognized by the SEC. For clarification, the *Company* has no properties that contain “mineral reserves” as defined by either the SEC or Canadian securities regulations.

The “*Company*” advises U.S. investors that while the terms “measured mineral resources”, “indicated mineral resources” and “inferred mineral resources” are recognized and required by Canadian securities regulations, the SEC and its regulations do not recognize them. U.S. investors are cautioned not to assume that any part or all of mineral resources in these categories will ever be converted into mineral reserves. Further, these terms are not defined terms under SEC Industry Guide 7 and are not recognized in reports and registration statements filed with the SEC. In addition, National Instrument 43-101, “Standards of Disclosure for Mineral Projects”, as adopted by the Canadian Securities Administrators (“*NI 43-101*”) permits disclosure of “contained ounces” of mineralization. In contrast, the SEC only permits issuers to report mineralization as in place tonnage and grade without reference to unit measures.

For clarification, the *Company* has no properties that contain “mineral reserves” as defined by either the SEC or Canadian securities regulations.

## Currency

All references to dollar amounts are expressed in the lawful currency of Canada, unless otherwise specifically stated.

## Foreign Private Issuer Filings

As a foreign private issuer registered under section 12(b) of the *Securities Exchange Act of 1934* (the “*Exchange Act*”), the *Company* is subject to section 13 of the *Exchange Act*, and is required to file an Annual Report on Form 20-F and Reports of Foreign Private Issuer on Form 6-K with the SEC. However, the *Company* is exempt from the proxy rules under section 14 of the *Exchange Act*, and the short-swing profit and other rules under section 16 of the *Exchange Act*.

## Glossary of Technical Terms

<i>alteration</i>	Mineralogical change at low pressures due to invading fluids or the influence of chemical reactions in a rock mass resulting from the passage of hydrothermal fluids.
<i>anomaly</i>	Any concentration of metal noticeably above or below the average background concentration.
<i>assay</i>	An analysis to determine the presence, absence or quantity of one or more components.
<i>Au</i>	The elemental symbol for gold.
<i>background</i>	Traces of elements found in sediments, soils, and plant material that are unrelated to any mineralization and which come from the weathering of the natural constituents of the rocks.
<i>Barrick</i>	Barrick Gold Corp.
<i>BLEG</i>	Acronym for “bulk leach extractable gold” sampling.
<i>dyke</i>	A tabular body of igneous rock that has been injected while molten into a fissure.
<i>exploration information</i>	Geological, geophysical, geochemical, sampling, drilling, trenching, analytical testing, assaying, mineralogical, and metallurgical and other similar information concerning a particular property that is derived from activities undertaken to locate, investigate, define or delineate a mineral prospect or mineral deposit.
<i>fault</i>	A planar fracture or discontinuity in a volume of rock, across which there has been significant displacement.
<i>feasibility study</i>	Is a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of realistically assumed mining, processing, metallurgical, economic, marketing, legal, environmental, social and governmental considerations together with any other relevant operational factors and detailed financial analysis, that are necessary to demonstrate at the time of reporting that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a Pre-Feasibility Study.
<i>fracture</i>	Any local separation or discontinuity plane in a geologic formation, such as a joint or a fault that are commonly caused by stress exceeding the rock strength.
<i>grade</i>	The concentration of each ore metal in a rock sample, usually given as weight percent. Where extremely low concentrations are involved, the concentration may be given in grams per tonne (g/t or gpt) or ounces per ton (oz/t). The grade of an ore deposit is calculated, often using sophisticated statistical procedures, as an average of the grades of a very large number of samples collected from throughout the deposit.

<b><i>hectare or ha</i></b>	An area totalling 10,000 square metres.
<b><i>hydrothermal</i></b>	Hot fluids, usually mainly water, in the earth's crust which may carry metals and other compounds in solution to the site of ore deposition or wall rock alteration.
<b><i>IP</i></b>	Induced polarization survey, a form of geophysical survey used in the exploration for minerals.
<b><i>intrusive</i></b>	A rock mass formed below earth's surface from magma which has intruded into a pre-existing rock mass.
<b><i>JORC</i></b>	The Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.
<b><i>JV</i></b>	A joint venture, which is a term for a contractual relationship between parties, usually for a single purpose, which is not a partnership.
<b><i>kilometres or km</i></b>	Metric measurement of distance equal to 1,000 metres (or 0.6214 miles).
<b><i>mill</i></b>	A facility for processing ore to concentrate and recover valuable minerals.
<b><i>mineral reserve</i></b>	That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination.
<b><i>mineralization</i></b>	The hydrothermal deposition of economically important metals in the formation of ore bodies or "lodes".
<b><i>net smelter or NSR royalty</i></b>	Payment of a percentage of net mining profits based on returns from the smelter, after deducting applicable smelting charges.
<b><i>NI 43-101</i></b>	National Instrument 43-101, " <i>Standards of Disclosure for Mineral Projects</i> ", as adopted by the Canadian Securities Administrators, as the same may be amended or replaced from time to time, and shall include any successor regulation or legislation.
<b><i>ore</i></b>	A mineral or an aggregate of minerals from which a valuable constituent, especially a metal, can be profitably mined or extracted.
<b><i>outcrop</i></b>	An exposure of rock at the earth's surface.
<b><i>overburden</i></b>	A general term for any material covering or obscuring rocks from view.
<b><i>porphyry</i></b>	A variety of igneous rock consisting of large-grained crystals, such as feldspar or quartz, dispersed in a fine-grained feldspathic matrix or groundmass.
<b><i>ppm or parts per million</i></b>	A unit of measurement which is 1000 times larger than parts per billion (i.e. ppb); 1 ppm is equivalent to 1000 ppb, and is also equivalent to 1 gram/tonne.

<b><i>prefeasibility study and preliminary feasibility study</i></b>	Each mean a comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on mining, processing, metallurgical, economic, marketing, legal, environmental, social and governmental considerations and the evaluation of any other relevant factors which are sufficient for a Qualified Person, acting reasonably, to determine if all or part of the Mineral Resource may be classified as a Mineral Reserve.
<b><i>Pyrrhotite</i></b>	A bronze coloured mineral of metallic lustre that consists of ferrous sulphide and is attracted by a magnet.
<b><i>pyrite</i></b>	Iron sulphide mineral.
<b><i>Qualified Person</i></b>	An individual who is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these; has experience relevant to the subject matter of the mineral project and the technical report; and is a member or licensee in good standing of a professional association.
<b><i>quartz</i></b>	Silica or SiO <sub>2</sub> , a common constituent of veins, especially those containing gold and silver mineralization.
<b><i>RAB</i></b>	Rotary air blast drilling.
<b><i>RC</i></b>	Reverse circulation drilling.
<b><i>reef</i></b>	A geological discontinuity which served as a trap or conduit for hydrothermal mineralizing fluids to form an ore deposit.
<b><i>silicification</i></b>	Replacement and or impregnation of the constituent of a rock by quartz rich hydrothermal fluids or (silica).
<b><i>Sloane</i></b>	Sloane Developments Ltd., a corporation based in the United Kingdom.
<b><i>Songshan</i></b>	Songshan Mining Company.
<b><i>Stamico</i></b>	State Mining Corporation of Tanzania.
<b><i>Tancan</i></b>	Tancan Mining Company Limited, a wholly-owned Tanzanian subsidiary of the Company.
<b><i>Tanzam</i></b>	Tanzania American International Development Corporation 2000 Limited, a wholly-owned Tanzanian subsidiary of the Company.
<b><i>test pits</i></b>	Shallow holes dug at spots along the strike of any mineralization or, if it is disseminated, anywhere in the area where the shallow holes might reach mineralized bedrock.
<b><i>ton</i></b>	Imperial measurement of weight equivalent to 2,000 pounds (sometimes called a “short ton”).

<i>tonne</i>	Metric measurement of weight equivalent to 1,000 kilograms (or 2,204.6 pounds).
<i>tuff</i>	A rock comprised of fine fragments and ash particles ejected from a volcanic vent.
<i>veins</i>	Distinct sheetlike body of crystallized mineral constituents carried by hydrothermal aqueous solutions that are deposited through precipitation within the host country rock. These bodies are often the source of mineralisation either in or proximal to the veins.

### **Canadian Terminology**

The following terms may be used in the Company's technical reports to describe its mineral properties and have been used in this Annual Report (see "*Cautionary Note to U.S. Investors Concerning Estimates of Measured and Indicated Mineral Resources*"). These definitions have been published by the Canadian Institute of Mining, Metallurgy and Petroleum (the "*CIM*") as the CIM Standards on Mineral Resources and Reserves Definitions and Guidelines adopted by the CIM Council on November 27, 2010, and have been approved for use by Canadian reporting issuers by the Canadian Securities Administrators under NI 43-101, and as those definitions may be amended:

***Measured Mineral Resource*** That part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological grade and continuity.

***Indicated Mineral Resource*** That part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

***Inferred Mineral Resource*** That part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

Confidence in the estimate is insufficient to allow the meaningful application of technical and economic parameters or to enable an evaluation of economic viability worthy of public disclosure.

***Mineral Reserve***

A Mineral Reserve is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.

Mineral resources are sub-divided in order of increasing confidence into Probable Mineral Reserves and Proven Mineral Reserves. A Probable Mineral Reserve has a lower level of confidence than a Proven Mineral Reserve. The term “mineral reserve” need not necessarily signify that extraction facilities are in place or operative or that all governmental approvals have been received. It does signify that there are reasonable expectations of such approvals.

***Mineral Resource***

A concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals in or on the Earth’s crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.

A Mineral Resource is an inventory of mineralization that under realistically assumed and justifiable technical and economic conditions might become economically extractable.

***Probable Mineral Reserve***

Is the economically mineable part of an Indicated and, in some circumstances, a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

***Proven Mineral Reserve***

Is the economically mineable part of a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

The term should be restricted to that part of the deposit where production planning is taking place and for which any variation in the estimate would not significantly affect potential economic viability.

## PART I

### Item 1. Identity of Directors, Senior Management and Advisers

#### A. Directors and Senior Management:

Not applicable.

#### B. Advisers

Not applicable.

### Item 2. Offer Statistics and Expected Timetable

Not applicable.

### Item 3. Key Information

#### A. Selected Financial Data

The audited financial statements for the Company's fiscal years ended August 31, 2017, 2016, 2015, 2014 and 2013 are prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board. The following selected financial data is based on financial statements prepared in accordance with IFRS and is presented for the five most recent financial years. Unless stated otherwise, reference to dollar amounts shall mean Canadian dollars.

For each of the years in the five year periods ended August 31, the information in the tables was extracted from the more detailed audited financial statements of the Company.

The selected financial data should be read in conjunction with Item 5, "*Operating and Financial Review and Prospects*" and in conjunction with the consolidated financial statements of the Company and the notes thereto contained elsewhere in this Annual Report. The Company's fiscal period ends on August 31 of each year.

The following is a summary of certain selected financial information for the Company's five most recently completed fiscal years (in Canadian dollars, except number of shares):

	2017(\$)	2016(\$)	2015 (\$)	2014 (\$)	2013 (\$)
<b>Operations:</b>					
Revenues	\$ --	\$ --	\$ --	\$ --	\$ -
Net loss	(6,434,112)	(12,781,902)	(8,995,697)	(2,416,265)	(3,225,998)
Basic and diluted loss per share	(0.05)	(0.12)	(0.09)	(0.02)	(0.03)

	2017	2016	2015	2014	2013
<b>Balance sheet:</b>					
Working Capital (deficiency)	(6,552,376)	(11,836,214)	(4,684,253)	1,325,667	5,416,104
Total Assets	51,353,088	49,885,545	53,108,859	52,792,901	58,193,340
Net Assets	36,254,043	35,156,483	46,072,190	51,503,996	52,319,699
Share Capital	125,174,377	122,380,723	120,532,634	117,153,440	115,614,202
Number of Shares	121,784,619	109,068,492	107,853,554	101,325,880	100,922,582
Deficit	96,566,577	90,600,819	77,970,955	69,095,649	67,117,263

### Exchange Rates

The following table sets forth information as to the period end, average, the high and the low exchange rate for Canadian Dollars (“*CDN*”) and U.S. Dollars for the periods indicated based on the noon buying rate in New York City for cable transfers in Canadian Dollars as certified for customs purposes by the Federal Reserve Bank of New York (Canadian dollar = US\$1):

Year Ended: August 31	Average	Period End	High	Low
2017	1.3205	1.2535	1.3726	1.2471
2016	1.3261	1.3122	1.4592	1.2544
2015	1.2109	1.3223	1.3301	1.0862
2014	1.0777	1.0858	1.1251	1.0237
2013	1.011	1.0554	1.0578	0.971

The following table sets forth the high and low exchange rate for the past six months. As of August 31, 2017, the exchange rate was CDN \$1.2535 for each US\$1.00.

Month	High	Low
October 2017	1.2893	1.2472
September 2017	1.2480	1.2128
August 2017	1.2755	1.2482
July 2017	1.2982	1.2447
June 2017	1.3504	1.2977
May 2017	1.3743	1.3446

### B. Capitalization and Indebtedness

Not applicable.

### **C. Reasons for the Offer and Use of Proceeds**

Not applicable.

### **D. Risk Factors**

*An investment in the Company's common shares involves a high degree of risk and should be considered speculative. You should carefully consider the following risks set out below and other information before investing in the Company's common shares. If any event arising from these risks occurs, the Company's business, prospects, financial condition, results of operations or cash flows could be adversely affected, the trading price of common shares could decline and all or part of any investment may be lost.*

*The operations of the Company are highly speculative due to the high-risk nature of its business, which include the acquisition, financing, exploration and, if warranted, development of mineral properties. The risks and uncertainties set out below are not the only ones facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems immaterial, may also impair the Company's operations. If any of the risks actually occur, the Company's business, financial condition and operating results could be adversely affected. As a result, the trading price of the Company's common shares could decline and investors could lose part or all of their investment. The Company's business is subject to significant risks and past performance is no guarantee of future performance.*

#### **Risks relating to the Company**

##### **Risks Relating to the Company**

*The Company has decided to begin production at the Buckreef Project after preparing an NI43-101 compliant Mining Feasibility Report published in April 2017. The production plans contained therein include process plant schedule and financial analysis projections for the Buckreef encompassing the Buckreef Main, South, Eastern Porphyry, Bingwa and Tembo deposits. Management has recommended immediate implementation of the mining and processing plan once the renewal certificate has been received from the Ministry of Mines. The Mining Feasibility report as published is the bankable feasibility study that may be subject to future unforeseen risks.*

The Company has decided to begin production at the Buckreef Project based on the latest and comprehensive pit-design optimized mining feasibility study or bankable feasibility study, which is a more common practice within the mining industry, and therefore may subject it to some unforeseen business risks. The Company's decision to begin production at the Buckreef Project was based on prior historical and current information, drilling programs, modeling, and positive metallurgical testing. Therefore, its decision to begin production at the Buckreef Project was based on detailed information which may or may not be representative of information regarding the mine based on the latest independent and comprehensive study results that were published in April 2017. In addition, basing its decision to begin production on this updated information may make the Company susceptible to risks, including:

- certain difficulties in obtaining expected metallurgical recoveries when scaling up to production scale;
- the preliminary nature of mine plans and processing concepts and applying them to full scale production;

- determining operating/capital costs estimates and possible variance associated with constructing, commissioning and operating the Buckreef facilities based on limited information;
- that metallurgical testing is always in development and may not be representative of results of all the deposits that make up the Buckreef Project; and
- that the Company may have underestimated capital and operating costs despite the independent and comprehensive bankable mining feasibility study.

***The Company has incurred net losses since its inception and expects losses to continue.***

The Company has not been profitable since its inception. For the fiscal year ended August 31, 2017, the Company had a net loss of \$6,434,112 and an accumulated deficit on August 31, 2017 of \$96,566,577. The Company has never generated revenues and does not expect to generate revenues from operations until one or more of its properties are placed in production. There is a risk that none of the Company's properties will be placed in production.

***The Company's exploration activities are highly speculative and involve substantial risks.***

All of the Company's properties are in the exploration stage and no proven mineral reserves have been established. The Company's exploration work may not result in the discovery of mineable deposits of ore in a commercially economical manner. There may be limited availability of water, which is essential to milling operations, and interruptions may be caused by adverse weather conditions. The Company's future operations, if any, are subject to a variety of existing laws and regulations relating to exploration and development, permitting procedures, safety precautions, property reclamation, employee health and safety, air quality standards, pollution and other environmental protection controls.

***The Company has uninsurable risks.***

The Company may be subject to unforeseen hazards such as unusual or unexpected formations and other conditions. The Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material adverse effect on the Company's financial position.

***The Company depends on key management personnel.***

The success of the operations and activities of the Company is dependent to a significant extent on the efforts and abilities of its management including James E. Sinclair, President and Director, former Chief Executive Officer. Investors must be willing to rely to a significant extent on their discretion and judgment. The Company does not have employment contracts with the President and Chief Executive Officer. The Company maintains key-man life insurance on the President and Chief Executive Officer.

***The Company will need additional capital.***

As at August 31, 2017, the Company had cash and cash equivalents of \$1,011,293 costs to fund its plan of operations and may need to raise additional capital. Ultimately, the Company's ability to continue its exploration activities depends in part on the Company's ability to commence operations and generate revenues or to obtain financing through joint ventures, debt financing, equity financing, production sharing agreements or some combination of these or other means. Further the raising of additional capital by the Company may dilute existing shareholders.

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

Based on the Company's current funding sources and taking into account the working capital position and capital requirements at August 31, 2017, these factors indicate the existence of a material uncertainty that raises substantial doubt about the Company's ability to continue as a going concern and is dependent on the Company raising additional debt or equity financing. The Company must obtain additional funding in 2018 in order to continue development and construction of the Buckreef Project. Furthermore, the Company is currently negotiating project financing terms with a number of lending institutions, which the Company believes will result in the Company obtaining the project financing required to fund the construction of the Buckreef Project. However there is no assurance that such additional funding and/or project financing will be obtained or obtained on commercially favourable terms.

***The Company has no cash flow from operations and has historically depended on the proceeds from equity financings for its operations.***

The Company's current operations do not generate any cash flow. Any work on the Company's properties may require additional equity financing. If the Company seeks funding from existing or new joint venture partners, its project interests will be diluted. If the Company seeks additional equity financing, the issuance of additional shares will dilute the current interests of the Company's current shareholders. The Company may not be able to obtain additional funding to allow the Company to fulfill its obligations on existing exploration properties. The Company's failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development and the possible partial or total loss of the Company's potential interest in certain properties or dilution of the Company's interest in certain properties.

***The Company's former auditor communicated deficiencies to its Audit Committee regarding the 2015 impairment assessment and financial statement closing process.***

In connection with the audit investigation of the Company's 2015 financial statements, the Company's former auditor identified to the Audit Committee significant deficiencies in the impairment assessment and financial statement closing process. The Audit Committee considered the auditors' position and concluded there was no deficiency in the impairment assessment and that the financial statement closing process for 2015 was consistent with prior year audits, and the audit opinion delivered by the auditor on the 2015 financial statements was not qualified.

***The Company may be characterized as a passive foreign investment company.***

The Company may be characterized as a passive foreign investment company ("**PFIC**"). If it is determined to be a PFIC, its U.S. shareholders may suffer adverse tax consequences. Under the PFIC rules, for any taxable year that the Company's passive income or its assets that produce passive income exceed specified levels, it will be characterized as a PFIC for U.S. federal income tax purposes. This characterization could result in adverse U.S. tax consequences for the U.S. shareholders, which may include having certain distributions on the Company's common shares and gains realized on the sale of its common shares treated as ordinary income, rather than as capital gains income, and having potentially punitive interest charges apply to the proceeds of sales of the Company's common shares and certain distributions.

Certain elections may be made to reduce or eliminate the adverse impact of the PFIC rules for holders of the Company's common shares, but these elections may be detrimental to the shareholder under certain

circumstances. The PFIC rules are extremely complex and U.S. investors are urged to consult independent tax advisers regarding the potential consequences to them of our classification as a PFIC. See “Taxation – Material United States Federal Income Tax Considerations”.

### **Risks relating to the Mining Industry**

***The Company cannot accurately predict whether commercial quantities of ores will be established.***

Whether an ore body will be commercially viable depends on a number of factors beyond the control of the Company, including the particular attributes of the deposit such as size, grade and proximity to infrastructure, as well as mineral prices and government regulations, including regulations relating to permitting, prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The Company cannot accurately predict the exact effect of these factors, but the combination of these factors may result in a mineral deposit being unprofitable. The Company has no mineral producing properties at this time. Although the mineralized material estimates included herein have been prepared by the Company, or, in some instances have been prepared, reviewed or verified by independent mining experts, these amounts are estimates only and there is a risk that a particular level of recovery of gold or other minerals from mineralized material will not in fact be realized or that an identified mineralized deposit, if any, will ever qualify as a commercially mineable or viable reserve.

***The exploration for and development of mineral deposits involves significant risks.***

Mineral resource exploration is a speculative business and involves a high degree of risk. The Company has completed a diamond drilling program on the Buckreef Project and has been reviewing the results of the drilling program in the context of analyzing the economic significance of the deeper resources at the Buckreef Project using current gold prices. However, the exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Although the discovery of a resource may result in substantial rewards, few explored properties are ultimately developed into producing mines. Significant expenditures may be required to locate and establish reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site.

***The Company may not be able to establish the presence of minerals on a commercially viable basis.***

The Company’s ability to generate revenues and profits, if any, is expected to occur through exploration and development of its existing properties as well as through acquisitions of interests in new properties. The Company will need to incur substantial expenditures in an attempt to establish the economic feasibility of mining operations by identifying mineral deposits and establishing ore reserves through drilling and other techniques, developing metallurgical processes to extract metals from ore, designing facilities and planning mining operations. The economic feasibility of a project depends on numerous factors beyond the Company’s control, including the cost of mining and production facilities required to extract the desired minerals, the total mineral deposits that can be mined using a given facility, the proximity of the mineral deposits to a user of the minerals, and the market price of the minerals at the time of sale. The Company’s existing or future exploration programmes or acquisitions may not result in the identification of deposits that can be mined profitably.

***The Company depends on consultants and engineers for its exploration programmes.***

The Company has relied on and may continue to rely upon consultants for exploration development, construction and operating expertise. Substantial expenditures are required to construct mines, to establish ore reserves through drilling, to carry out environmental and social impact assessments, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the exploration infrastructure at any site chosen for exploration. The Company may not be able to discover minerals in sufficient quantities to justify commercial operation, and the Company may not be able to obtain funds required for exploration on a timely basis.

***The Company may not have clear title to its properties.***

Acquisition of title to mineral properties is a very detailed and time-consuming process, and the Company's title to its properties may be affected by prior unregistered agreements or transfers, or undetected defects. Several of the Company's prospecting licenses are currently subject to renewal by the Ministry of Energy and Minerals of Tanzania. There is a risk that the Company may not have clear title to all its mineral property interests, or they may be subject to challenge or impugned in the future. See "*Mineral Properties*".

***Mining exploration, development and operating activities are inherently hazardous.***

If the Company experiences mining accidents or other adverse conditions, the Company's mining operations could be materially adversely affected. The Company's exploration activities may be interrupted by any or all of the following mining accidents such as cave-ins, rock falls, rock bursts, pit wall failures, fires or flooding. In addition, exploration activities may be reduced if unfavourable weather conditions, ground conditions or seismic activity are encountered, ore grades are lower than expected, the physical or metallurgical characteristics of the ore are less amenable than expected to mining or treatment, dilution increases or electrical power is interrupted. Occurrences of this nature and other accidents, adverse conditions or operational problems in future years may result in the Company's failure to achieve current or future exploration and production estimates.

***Development of the Company's projects is based on estimates and the Company cannot guarantee that its projects, if any, will be placed into production.***

Any potential production and revenues based on production from any of the Company's properties are estimates only. Estimates are based on, among other things, mining experience, resource estimates, assumptions regarding ground conditions and physical characteristics of ores (such as hardness and presence or absence of certain metallurgical characteristics) and estimated rates and costs of mining and processing. The Company's actual production from the Buckreef Project, if it ever achieves production, may be lower than its production estimates. Each of these factors also applies to future development properties not yet in production at the Company's other projects. In the case of mines the Company may develop in the future, it does not have the benefit of actual experience in its estimates, and there is a greater likelihood that the actual results will vary from the estimates. In addition, development and expansion projects are subject to unexpected construction and start-up problems and delays.

***The Company's exploration activities are subject to various federal, state and local laws and regulations.***

Laws and regulation govern the development, mining, production, importing and exporting of minerals; taxes; labor standards; occupational health; waste disposal; protection of the environment; mine safety; toxic substances; and other matters. The Company requires licenses and permits to conduct exploration and mining operations. Amendments to current laws and regulations governing operations and activities of mining companies or more stringent implementation thereof could have a substantial adverse impact on the Company. Applicable laws and regulations will require the Company to make certain capital and operating

expenditures to initiate new operations. Under certain circumstances, the Company may be required to close an operation once it is started until a particular problem is remedied or to undertake other remedial actions.

The Company's mineral interests in Tanzania are held under prospecting licenses granted pursuant to the *Mining Act, 2010* (Tanzania) for a period of up to four years, and are renewable two times for a period of up to two years each. There are initial preparation fees and annual rental fees for prospecting licenses based on the total area of the license. Renewals of prospecting licenses can take many months and possibly even years to process by the regulatory authority in Tanzania and there is no guarantee that they will be granted. With each renewal at least 50% of the licensed area, if greater than 20 square kilometres, must be relinquished and if the Company wishes to keep the relinquished one-half portion, it must file a new application for the relinquished portion. There is no guarantee on the timing for processing the new application and whether it will be successful.

### **Risks relating to the Market**

#### ***The Company's competition is intense in all phases of the Company's business.***

The mining industry in which the Company is engaged is in general, highly competitive. Competitors include well-capitalized mining companies, independent mining companies and other companies having financial and other resources far greater than those of the Company. The Company competes with other mining companies in connection with the acquisition of gold and other precious metal properties. In general, properties with a higher grade of recoverable mineral and/or which are more readily mineable afford the owners a competitive advantage in that the cost of production of the final mineral product is lower. Thus, a degree of competition exists between those engaged in the mining industries to acquire the most valuable properties. As a result, the Company may eventually be unable to acquire attractive gold mining properties.

#### ***The Company is subject to the volatility of metal and mineral prices.***

The economics of developing metal and mineral properties are affected by many factors beyond the Company's control, including, without limitation, the cost of operations, variations in the grade ore or resource mined, and the price of such resources. The market prices of the metals for which the Company is exploring are highly speculative and volatile. Depending on the price of gold or other resources, the Company may determine that it is impractical to commence or continue commercial production. Gold prices fluctuate widely and are affected by numerous factors beyond the Company's control, including central bank purchases and sales, producer hedging and de-hedging activities, expectations of inflation, the relative exchange rate of the U.S. dollar with other major currencies, interest rates, global and regional demand, political and economic conditions, production costs in major gold-producing regions, speculative positions taken by investors or traders in gold and changes in supply, including worldwide production levels. The price of gold and other metals and minerals may not remain stable, and such prices may not be at levels that will make it feasible to continue the Company's exploration activities, or commence or continue commercial production. The aggregate effect of these factors is impossible to predict with accuracy.

#### ***The Company's business activities are conducted in Tanzania.***

The Company's principal exploration and development properties are currently located in the United Republic of Tanzania, Africa. Although the Company believes that the Tanzania government is a stable, multi-party democracy, there is no guarantee that this will continue. Tanzania is surrounded by unstable countries enduring political and civil unrest, and in some cases, civil war. There is no guarantee that the surrounding unrest will not affect the Tanzanian government and people, and therefore, the Company's mineral exploration activities. Any such effect is beyond the control of the Company and may materially adversely affect its business.

The Company may be affected in varying degrees by political stability and government regulations relating to the mining industry and foreign investment in Tanzania. The government of Tanzania may institute regulatory policies that adversely affect the exploration and development (if any) of the Company's properties. Any changes in regulations or shifts in political conditions in this country are beyond the control of the Company and may materially adversely affect its business. Investors should assess the political and regulatory risks related to the Company's foreign country investments. The Company's operations in Tanzania are also subject to various levels of economic, social and other risks and uncertainties that are different from those encountered in North America. The Company's operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, restrictions on foreign exchange and repatriation, income taxes, expropriation of property, environmental legislation and mine safety. Other risks and uncertainties include extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, risks of war or civil unrest, government and civil unrest, regional expropriation and nationalization, renegotiation or nullification of existing concessions, licences, permits and contracts, artisanal mining, corruption, hostage taking, civil war and changing political conditions and currency controls. Infectious diseases (including Ebola virus, malaria, HIV/AIDS and tuberculosis) are also major health care issues where the Company operates.

***Mineral exploration in Tanzania is affected by local climatic and economic conditions.***

The Company's properties in Tanzania have year round access, although seasonal winter rains from December to March may result in flooding in low lying areas, which are dominated by mbuga, a black organic rich laustrine flood soil. Further, most lowland areas are under active cultivation for corn, rice, beans and mixed crops by subsistence farmers. As a result, the area has been deforested by local agricultural practices for many years. The seasonal rains and deforested areas can create a muddy bog in some areas, which can make access more difficult, and could impede or even prevent the transport of heavy equipment to the Company's mineral properties at certain times of the year between December and March.

***The Company's operations are subject to issues relating to security and human rights.***

Civil disturbances and criminal activities such as trespass, artisanal mining, theft and vandalism may cause disruptions at the Company's operations in Tanzania which may result in the suspension of operations. There is no guarantee that such incidents will not occur in the future. Such incidents may halt or delay exploration, increase operating costs, result in harm to employees or trespassers, decrease operational efficiency, increase community tensions or result in criminal and/or civil liability for the Company or its employees and/or financial damages or penalties. The manner in which the Company's personnel respond to civil disturbances and criminal activities can give rise to additional risks where those responses are not conducted in a manner that is consistent with international standards relating to the use of force and respect for human rights. The failure to conduct security operations in accordance with these standards can result in harm to employees or community members, increase community tensions, reputational harm to the Company and its partners or result in criminal and/or civil liability for the Company or its employees and/or financial damages or penalties. It is not possible to determine with certainty the future costs that the Company may incur in dealing with the issues described above at its operations.

**Risks relating to the Securities of the Company**

***As a foreign private issuer, the Company is subject to different U.S. securities laws and rules than a domestic U.S. issuer, which may limit the information publicly available to U.S. shareholders.***

The Company is a foreign private issuer under applicable U.S. federal securities laws. As a result, the Company does not file the same reports that a U.S. domestic issuer would file with the SEC, although the

Company is required to file with or furnish to the SEC the continuous disclosure documents that the Company is required to file in Canada under Canadian securities laws. In addition, the Company's officers, directors, and principal shareholders are exempt from the reporting and "short swing" profit rules of Section 16 of the Exchange Act. Therefore, shareholders may not know on as timely a basis when the Company's officers, directors and principal shareholders purchase or sell common shares, as the reporting dates under the corresponding Canadian insider reporting requirements are longer. In addition, as a foreign private issuer, the Company is exempt from the proxy rules under the Exchange Act.

***The Company may lose its foreign private issuer status in the future, which could result in significant additional costs and expenses.***

In order to maintain the Company's current status as a foreign private issuer, a majority of its common shares must be either directly or indirectly owned by non-residents of the United States, unless the Company also satisfies one of the additional requirements necessary to preserve this status. The Company may in the future lose its foreign private issuer status if a majority of its common shares is held in the United States and it fails to meet the additional requirements necessary to avoid loss of foreign private issuer status. The regulatory and compliance costs under U.S. federal securities laws as a U.S. domestic issuer may be significantly more than the costs incurred as a Canadian foreign private issuer eligible to use the multijurisdictional disclosure system ("MJDS"). If the Company is not a foreign private issuer, it would not be eligible to use the MJDS or other foreign issuer forms and would be required to file periodic and current reports and registration statements on U.S. domestic issuer forms with the SEC, which are more detailed and extensive than the forms available to a foreign private issuer. In addition, the Company may lose the ability to rely upon certain exemptions from NYSE Mkt corporate governance requirements that are available to foreign private issuers.

***United States investors may not be able to obtain enforcement of civil liabilities against the Company.***

The enforcement by investors of civil liabilities under the United States federal or state securities laws may be affected adversely by the fact that the Company is governed by the *Business Corporations Act* (Alberta), that some of the Company's officers and directors are residents of Canada or otherwise reside outside the United States, and that all, or a substantial portion of their assets and a substantial portion of the Company's assets, are located outside the United States. It may not be possible for investors to effect service of process within the United States on certain of the Company's directors and officers or enforce judgments obtained in the United States courts against the Company, certain of its directors and officers based upon the civil liability provisions of United States federal securities laws or the securities laws of any state of the United States.

***Common Share prices will likely be highly volatile, and investment could decline in value or the entire investment may be lost.***

The market price of the common shares is likely to be highly volatile and may fluctuate significantly in response to various factors and events, many of which the Company cannot control. The stock market in general, and the market for mining company stocks in particular, has historically experienced significant price and volume fluctuations. Volatility in the market price for a particular issuer's securities has often been unrelated or disproportionate to the operating performance of that issuer. Market and industry factors may depress the market price of the Company's securities, regardless of operating performance. Volatility in the Company's securities price also increases the risk of securities class action litigation.

***The Company's common shares must meet the requirements of the NYSE MKT.***

The NYSE MKT rules provides that the NYSE MKT may, in its discretion, at any time, and without notice, suspend dealings in or remove any security from listing or unlisted trading privileges, if, among other things, where the financial condition and/or operating results of the issuer appear to be unsatisfactory or it appears

that the extent of public distribution or the aggregate market value of the security has become so reduced as to make further dealings on the NYSE MKT inadvisable. Although the Company has received no indication or notification that its common shares may be delisted, in light of the current per common share price, there is no assurance that the Company's common shares will continue to be listed on the NYSE MKT.

*Offers or availability for sale of a substantial number of common shares may cause the price of our common shares to decline.*

Sales of a significant number of the Company's common shares in the public market could harm the market price of its common shares and make it more difficult for the Company to raise funds through future offerings of common shares. The Company's shareholders may sell substantial amounts of its common shares in the public market. The availability of these common shares for resale in the public market has the potential to cause the supply of its common shares to exceed investor demand, thereby decreasing the price of the common shares.

In addition, the fact that the Company's shareholders can sell substantial amounts of its common shares in the public market, whether or not sales have occurred or are occurring, could make it more difficult for the Company to raise additional financing through the sale of equity or equity-related securities in the future at a time and price that it deems reasonable or appropriate.

#### **Item 4. Information on the Company**

##### **A. History and Development of the Company**

The Company was originally incorporated under the name "424547 Alberta Ltd." in the Province of Alberta on July 5, 1990, under the *Business Corporations Act* (Alberta). The name was changed to "Tan Range Exploration Corporation" on August 13, 1991. The name of the Company was again changed to "Tanzanian Royalty Exploration Corporation" on February 28, 2006. The Company is also registered in the Province of British Columbia as an extra-provincial company under the *Business Corporations Act* (British Columbia) and in the Province of Ontario as an extra-provincial company under the *Business Corporations Act* (Ontario).

The principal executive office of the Company is located at 82 Richmond Street East, Toronto, Ontario, M5C 1P1, Canada, and its telephone number is (860) 355-3253.

For the year ended August 31, 2017, the Company reported a net loss of \$6,434,112. Included in the net loss is \$124,717 of mineral properties and deferred exploration expenses that was written off relating to abandoned mineral properties. The Company incurred deferred exploration expenditures of \$1,242,162 during the year ended August 31, 2017.

In connection with the Company's disclosure of mineral resources and the cut-off grade associated with each mineral resource, it has made certain assumptions for mineral pricing and cost associated with each cut-off grade to determine the reasonable prospects for economic extraction as discussed below.

##### **Significant Acquisitions and Significant Dispositions**

The Company's principal capital expenditures and divestitures (including interests in other companies and amounts invested) for the last three fiscal years are described as follows:

The Company awarded a contract to Venmyn Independent Projects (Pty) Limited, a subsidiary of Venmyn Rand (Pty) Limited, to undertake an update of the 21 August 2012 National Instrument 43-101 Independent Technical Report on the Buckreef Project in Tanzania. The updated report is dated February 24, 2014 (the

“*Updated Buckreef Technical Project*”) and it was filed on SEDAR on February 24, 2014. See “*Mineral Properties*”. Further to this, the Company awarded another contract to MaSS Resources Pvt Ltd of Tanzania to undertake an NI43-101 Compliant updated Buckreef Pit Optimized Resource Technical Mining Feasibility Report that was completed and published on 5<sup>th</sup> April 2017. Major Assumptions in the report included a gold price of \$1250/oz, an effective Tax Rate of 15.25%; a Royalty Rate of 4.3%; transport refining cost of \$15.00/oz Au and discount rate of 5%.

The Company wound down the pilot heap leach and Carbon-in-Column pilot ore processing program at its Buckreef redevelopment gold project, located in the Lake Victoria Goldfields of Tanzania in September 2016. In addition, the Company has also completed a significant portion of the Buckreef main Pit preparation, including grade control drill-hole marking and surveying, road detour surveys and cost estimations, Tailings Storage Facility site preparation, installation of the process plant crusher circuit, Carbon-in-Column process plant designs and site plan designs. The Company also produced an updated internal report on the financial projections for the Buckreef Mine Closure Conceptual Plan.

## **B. Business Overview**

The Company is a mineral resource company with exploration stage properties, which engages in the acquisition of interests in and the exploration of natural resource properties in the future and the possible development of those properties where warranted. The Company commits its own resources to the initial evaluation of mineral properties and in select situations, if and when warranted, the Company enters into joint venture agreements with other corporations to further the exploration of such properties, in exchange for annual rental/option payments and post-production royalty payments or with a view to direct development of a mine for the purpose of earning income from the sale of gold and other mined materials. At present, the Company’s natural resource activities do not generate any income from production.

The Company’s main area of interest has been in the exploration and development of gold properties, with a primary focus on exploring for and developing gold properties in Tanzania. Tanzania remains the focus of the Company’s exploration and development activities.

In the Company’s view, its use of a joint venture and royalty strategy in addition to its planned direct exploration and development offers investors leverage to precious and base metal prices with lower risk and shareholder dilution. Future production royalties from any producing properties discovered by joint venture partners would provide the Company with a direct interest in the mine’s cash flow, with exposure to any benefits from new discoveries and production growth, but without the capital obligations, and environmental and social liabilities, associated with direct ownership.

## **Plan of Operations**

### *Exploration Activities*

All of the properties in which the Company holds an interest are in the exploration, preliminary economic assessment or extraction (pre-production) stages of mining. Mineral exploration and extraction involves a high degree of risk and few properties, which are explored, are ultimately developed into producing mines. There is no assurance that the Company’s mineral exploration activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company’s operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors beyond the control of the Company.

By way of general description of the Company's operating activities, the Company's business operations involve using known or published geological and geophysical data to locate mineral resource properties meriting further exploration or development. Once identified, the Company must stake and apply for registration to title of the mineral properties, or negotiate the acquisition of such properties from any third party owners. Upon registration or acquisition of title, the Company then designs a program of preliminary exploration which can involve grid mapping, geophysical and magnetic surveying, geochemical surveying, geological mapping and sampling, grab sampling, assaying and other forms of prospecting as circumstances may require. Based on the preliminary results, mineral properties are ranked according to merit for further exploration work, which may involve further mapping, more detailed geophysical and geochemical surveying, and trenching to identify potential drill targets. If mineralization is indicated which merits further investigation, drill targets are selected and a preliminary RC drilling program commences for underground sampling and assaying. If the results are positive, then a diamond drilling program will commence mainly to check, verify and confirm the mineralization potential of the prospect.

Based on the drilling program results, the Company will develop models of the underlying geology and mineralized zones for more detailed testing. After further drilling, some mineralized zones will then be modeled using relevant geological software and ultimately be classified as inferred or indicated mineral resources. With sufficient infill drilling, these inferred or indicated mineral resources can be confirmed as a measured mineral resource, upon which a pre-feasibility study can be prepared by a qualified, independent mining engineer or geologist to determine whether mining activities are economic in the circumstances of the particular property. A pre-feasibility study must be completed under the requirements of NI 43-101 in Canada in order for mineral reserves to be designated and to confirm the appropriate mining and mineral processing method based on the geological and metallurgical studies of the ore. A final or bankable feasibility study must be completed for the designation of reserves under the SEC's Industry Guide 7. If the bankable feasibility study is favorable, the Company can then use the feasibility study to seek out the necessary financing from a merchant banker or other financial institution for mine construction and development.

The Company continued its efforts for the "farming-out" of identified properties for royalty agreements with other mining companies, and continues to examine and review other exploration opportunities in Tanzania.

### **Highlights for the year ended August 31, 2017**

#### *Financial:*

- Subsequent to the period, the Company received loans in the amount of US\$339,710 maturing in 1 year with a right to extend by 1 additional year by mutual consent, carrying an 8% interest rate payable quarterly. The convertible loans may be repaid in cash or common shares of the Company at the option of the lender. The convertible loan may be converted into common shares of the Company at the sole discretion of the lender at an exercise price of US\$0.36 per share. Interest is payable quarterly, either in cash or in shares at the option of the lender at a price of US\$0.36 per share.
- In connection with the loans, the Company paid a finder's fee via the issuance of an aggregate of 214,864 common shares.
- The Company also entered into extension agreements in regards to USD\$1,530,000 in gold loans closed on June 22, 2015, extending the term by one year to June 22, 2018, but modifying no other terms of the 2015 loans.
- During the year ended August 31, 2017, the Company received loans in the amount of US\$884,078 with a one year term with a right to extend by 1 additional year by mutual consent, carrying an 8%

interest rate payable quarterly. The convertible loans may be repaid in cash or common shares of the Company at the option of the lender. The convertible loans may be converted into common shares of the Company at the sole discretion of the lender at an exercise price of US\$0.36 – US\$0.38 per share. Interest is payable quarterly, either in cash or in shares at the option of the lender at a price of US\$0.34 – US\$0.36 per share.

In connection with the loans, the Company paid a finder's fee via the issuance of an aggregate of 132,577 common shares with a value of \$92,805.

- On July 19, 2017, the Company settled \$63,075 (US\$50,000) of principal amount of outstanding loans through the issuance of 83,333 shares with a value of \$49,166 resulting on a gain on settlement of \$13,909.
- On September 1, 2016, the Company closed the first tranche of a \$5 Million private placement of securities with Crede CG III, Ltd.

In the initial round of financing, the Company privately placed 1,840,400 shares of its common stock and warrants for US\$1.25 million. The common stock issued in the first tranche of the financing, which closed on September 1, 2016, was priced at US\$0.6792 per share. The investor also received five-year warrants to purchase 1,840,400 shares of Common Stock with an exercise price of US\$0.8291 per share. The common stock issued in the first tranche of the financing or issued upon exercise of the warrants issued in the first tranche of the financing will be restricted until a valid registration for such common stock becomes effective.

On September 26, 2016, the Company closed the second tranche of the \$5 million private placement of securities with Crede CG III, Ltd.

In the second round of the financing, the Company privately placed convertible notes and warrants for US\$3.75 million. The convertible notes were issued in the principal amount of US\$3.75 million, carried a coupon of 2.0% and matured on September 26, 2046. The Company immediately exercised its right to cause the conversion of the convertible notes, resulting in the cancellation of the notes and the issuance of 5,357,143 shares of common stock to the investor. The investor also received five-year warrants to purchase 4,017,857 shares of common stock at an exercise price of US\$1.10 per share. The closing of the second tranche of the financing was conditioned upon a valid registration statement for the common stock issued or issuable to the investor upon exercise of warrants being declared effective by the U.S. Securities and Exchange Commission. The Commission declared the Company's Form F-3 Registration Statement registering the stock effective on September 23, 2016.

### ***Buckreef Project: Mine Development and Operations***

#### ***Q1\_2017 (September 2016 – November 2016)***

- The Company successfully completed the renewal application process for the 12 Buckreef\_Buziba project Prospecting Licenses (PLs). Renewal certificates for all 12 PLs were received after successful payment of the annual rental fee payments for the period 2016-2017.
- The company also successfully engaged with the Mining Commissioner on requested additional technical information related to the renewal application for the Buckreef Special Mining License (SML04/92).
- The company also engaged a local Tanzanian consultant group, MaSS Resources Consulting Company who commenced the Review and Update of the Buckreef Preliminary Economic

Assessment Report (published in 2012 & 2014) by Venmyn Deloitte Resource Consultants Ltd. of SA into an NI43-101 compliant Buckreef Technical Mining Feasibility Report.

#### ***Q2\_2017 (December 2016 – February 2017)***

- The Company received the Buckreef Gold Mine Company Environmental Management Plan Upgrade certification from NEMC.
- The company also received the Buckreef SML04/92 Special Mining Licence Renewal offer letter from the Ministry of Energy & Minerals. Renewal period was for a further 10 years to 2027. Annual rental fees for the SML were paid upfront to June 2018 as per regulations.
- MaSS Resources in consultation with company qualified technical persons, continued work on updating the Buckreef Technical Mining Feasibility Report.
- The National Audit Office of Tanzania (NAOT) team led by the Deputy Auditor General and in the company of senior personnel from Stamico audited the Buckreef Project JV working partnership and current status.
- Stamico MD made a presentation to the relevant Parliamentary Committee overseeing all government related JV projects in Tanzania to brief the government on project status.
- Emisha Mining Solutions, a South African based consultant company continued work on the new CIL process plant design.

#### ***Q3\_2017 (March 2017 – May 2017)***

- The Company received a letter of notification requesting the presence of Chairman and CEO to attend the official signing ceremony for the Buckreef renewal certificate issuance which was scheduled to be held at Dodoma on 7th March 2017. Ceremony was however postponed indefinitely as the Minister was busy with other issues.
- In addition, the company hosted a delegation of MPs that make up the Parliamentary Mining Audit Committee (PMAC) on Energy & Minerals at Buckreef on 22nd March 2017 whose task was to assess the Buckreef Gold project re-development progress since the signing of the Tanzam2000 and State Mining Corporation Joint Venture Agreement in October 2011.
- Ground-work on the Buckreef project resumed with the main activity being marking and initial clearing of the site covered by the Buckreef main pit outline.
- Site marking and survey pick-ups of the planned Grade Control drill-holes commenced.
- The company also completed and successfully published the NI43-101 Compliant updated Buckreef Pit Optimized Resource Technical Mining Feasibility Report during the quarter.

#### ***Q4\_2017 (June 2017 – August 2017)***

- Tanzania suspended granting of new mining licenses and froze the renewal of expired mining permits until further notice under their new legislative changes that seek to enable the government to re-negotiate of Mining Developments Agreements among other things.
- The company successfully completed ground clearing and surveying the demarcated Buckreef mega-pit outline.
- In addition, all the proposed Grade Control drill collars were marked and surveyed covering the entire Buckreef mega-pit site.
- The company also commenced ground clearing of the two sites proposed for the construction of the tailings storage facility (TSF) for the Buckreef mining operation.
- The company also commenced work on an updated internal report on the financial projections for the Buckreef Mine Closure Conceptual Plan.

- Artisanal mining activities at the Buziba, Eastern Porphyry Prospect, Bingwa Prospect, Kihesa Area and Tembo North have persisted throughout the 4th quarter as efforts to evict the artisanal miners from these areas have been unsuccessful and/or tied up by local government authorities to the issue of the outstanding land compensation for house-holders within the special mining license.

### Exploration

Following the Company's decision to include mine development to its strategy of generating maximum revenue from its extensive portfolio of properties and with the rising costs of maintaining prospecting and other licenses in Tanzania, management decided to review, revamp and clean up the TRX PL portfolio with a view to discard certain licenses and/or alternatively farm them out in JV packages.

A detailed in-house geological review reports on each respective project area and its potential for discovery of gold mineralization were reviewed by the Executive Technical team and their recommendations are now being implemented. The in-house review of all the company's various Prospecting License (PL) holdings established three project categories **Retention, Joint venture & Discard/Abandon** as described in the respective sections below:

#### **Projects/Licenses to Retain (Mining projects)**

- *Buckreef – 12 PLs & 1 SML*
- *Buziba – 1 PL*
- *Itetemia – 8 PLs & 1 ML (Application)*
- *Kigosi – 13 PLs & 1 ML*
- *Luhala – 2 PLs*

Five (5) critical target projects were identified as Buckreef project, Buziba project, Kigosi project, Itetemia project and Luhala project. The Buziba project was traditionally lumped up under Buckreef project in previous annual reports but will now be treated as a standalone project. Brief descriptions of PL holdings and financial obligation status for each respective project area as of 31<sup>st</sup> August 2017 are summarized in the sections below.

#### **Buckreef Project**

The Buckreef Project is in the Geita District of the Geita Region south of Lake Victoria, some 110km southwest of the city of Mwanza (see Figure, overleaf). The project area can be accessed by ferry across Smiths Sound, via tarred national road and thereafter via unpaved but well-maintained gravel roads. The Project comprises five prospects namely Buckreef, Bingwa, Tembo, Eastern Porphyry and Buziba. The Buckreef prospect encompasses three ore zones namely Buckreef South, Buckreef Main and Buckreef North. The Project is fully-licensed for mining and extraction of gold.

The following cumulative work was completed up to 31st August 2017:

- No mining or ore processing activities conducted at the Buckreef project during the year. Status of the project for the year-ended 31<sup>st</sup> August 2017 is still care and maintenance while we wait for the issuance of the renewed SML certificate.
- Historical cumulative total ore mined from the Buckreef South pilot pit as of 31<sup>st</sup> August 2017 remains at **119,725.59t** averaging **1.86g/t Au** with total contained metal ounces of **7,161.24**.
- The disposition of the Ore stockpiled as of 31<sup>st</sup> August 2017, remains as follows: **ROMPAD: 72,315.66t @1.39g/t Au (3,237.96 Ozs); Pad#1: 20,931.75t @2.29g/t Au (1,541.77 Ozs); Pad#2: 12,943.78t @2.78g/t Au (1,155.55 Ozs); Pad#3: 9,237.90t @ 3.85g/t Au (1,143.49 Ozs) & Crusher Pad: 4,245t @ 3.86 g/t Au (526.62 Ozs).**

- An NI43-101 Compliant updated Buckreef Pit Optimized Resource Technical Mining Feasibility Report was completed and published. Major Assumptions in the report included a gold price of \$1250/oz, an effective Tax Rate of 15.25%; a Royalty Rate of 4.3%; transport refining cost of \$15.00/oz Au and discount rate of 5%.

The Study results reflect the continued refinement of pit optimized mining reserves, mine production schedule, process plant ore feed schedule and financial projections & analysis based on comprehensive cost estimations for process plant (design, fabrication, construction and operation) and mining (equipment purchase and mine production) on the Buckreef Project. Major highlights are:

- *Conventional open pit mining methods selected in pit designs.*
- *Over LoM, a total of 17.49Mt of ore with a strip ratio of 8.1:1 will be mined.*
- *Pre-existing stockpile (ROMPAD) ore totaling 119,726t grading 1.89g/t to be used for process plant commissioning.*
- *1.064Moz of gold mined over the life of the project.*
- *Recoveries of 89% for primary ore and 93% for saprolite ore, utilizing a simple EDS comminution, flotation and leaching process with gravity recovery circuit for free Au component collection.*
- *0.91Moz of gold will be produced over the life of the project.*
- *Initial capital cost outlay estimated at US 32.5 Million with a Life of mine cost over the three phases of \$59.6 million and sustaining capital, excluding closure costs.*
- *Cash operating costs of \$696/oz produced equivalent US \$35.95 per tonne milled.*
- *Generation of a positive NPV of \$243 million at a 5% discount rate and an IRR of 53.7%*

### Buziba Project

The Buziba Project comprises a single prospecting license (PL6545/2010) located some 25km east of the Buckreef project in the Geita district (see Figure, overleaf). The project area can be accessed from Buckreef via unpaved and poorly maintained gravel roads. The Project is a pre-development stage medium grade gold deposit and principal host lithologies include basalt, co-magmatic dolerite and a suite of intrusive quartz-albite felsic porphyries. Gold mineralization associated with shear-hosted vein quartz arrays in meta-basalts and as extensive stock works in the felsic porphyries. Geometry of the mineralization is highly irregular, forming a zone 200m thick and extending E-W for at least 2,500m.

Based on an NI43-101 compliant Preliminary Economic Report published in 2012 and subsequently in 2014, the global gold resources (Measured, Indicated & Inferred) estimated over approximately 2.5km strike length and to a depth of 230 metres below surface amounts to 29Mt@ 1.04g/t containing 984,144ozs of gold.

During the reporting period, no fieldwork was conducted in the project area.

### License Holding and Status (Buckreef & Buziba)

At the end of Q4\_2017, the Buckreef and Buziba projects had 13 PLs and 1 SML covering a surface area of 95.40km<sup>2</sup>. The license status and statutory liabilities for the two projects are as shown in the table below:

Book #	License Name	PL_ID	Application Date	Granted Date	Rent Paid To	Renewal Submission Date	Expiry Date	Area (km <sup>2</sup> )	Status	Company_ID	Application Fee (US\$)	Preparation Fee (US\$)	Annual Rent (US\$-2014/15)	Annual Rent (US\$-2015/16)	Annual Rent (US\$-2016/17)	Annual Rent (US\$-2017/18)	Total (US\$)	Comment	
288	Nyambale (2) Busanda	PL6427/10	12-Mar-10	21-Jun-10	20-Jun-17	20-May-18	20-Jun-18	2.1	Active	Buckreef							0.0	Paid up to 2018	
289	Mabamba	PL6428/10	12-Mar-10	21-Jun-10	20-Jun-17	20-May-18	20-Jun-18	3.0	Active	Buckreef							0.0	Paid up to 2018	
295	Rwamagaza North	PL6429/10	12-Mar-10	21-Jun-10	20-Jun-17	20-May-18	20-Jun-18	20.0	Active	Buckreef							0.0	Paid up to 2018	
291	Rwamagaza West	PL6430/10	12-Mar-10	21-Jun-10	20-Jun-17	20-May-18	20-Jun-18	8.9	Active	Buckreef							0.0	Paid up to 2018	
290	Nyamalimbe (2) Geita	PL6431/10	12-Mar-10	21-Jun-10	20-Jun-17	20-May-18	20-Jun-18	2.7	Active	Buckreef							0.0	Paid up to 2018	
294	Rwamagaza South	PL6432/10	12-Mar-10	21-Jun-10	20-Jun-17	20-May-18	20-Jun-18	2.0	Active	Buckreef							0.0	Paid up to 2018	
293	Rwamagaza South	PL6544/10	30-Mar-10	12-Jul-10	11-Jul-17	11-Jun-18	11-Jul-18	2.6	Active	Buckreef							0.0	Paid up to 2018	
284	Buziba	PL6545/10	30-Mar-10	12-Jul-10	11-Jul-17	11-Jun-18	11-Jul-18	5.3	Active	Buckreef							0.0	Paid up to 2018	
292	Rwamagaza	PL6546/10	30-Mar-10	12-Jul-10	11-Jul-17	11-Jun-18	11-Jul-18	17.4	Active	Buckreef							0.0	Paid up to 2018	
285	Buseresere	PL6547/10	30-Mar-10	12-Jul-10	11-Jul-17	11-Jun-18	11-Jul-18	5.3	Active	Buckreef							0.0	Paid up to 2018	
287	Nyambare Boss-Reef	PL6548/10	30-Mar-10	12-Jul-10	11-Jul-17	11-Jun-18	11-Jul-18	1.9	Active	Buckreef							0.0	Paid up to 2018	
286	Nyamalimbe	PL6549/10	30-Mar-10	12-Jul-10	11-Jul-17	11-Jun-18	11-Jul-18	2.7	Active	Buckreef							0.0	Paid up to 2018	
381	Rwamagaza N., Geita	PL9968/14	21-Oct-13	10-Jul-14	9-Jul-17	9-Jun-23	9-Jul-23	5.6	Active	Buckreef							0.0	Paid up to 2018	
296	Buckreef SML	SML04/92	12-Jun-00	12-Jun-00	11-Jun-17	11-Jun-26	11-Jun-27	16.0	Active (No SML cert)	Buckreef							0.0	Paid up to 2018	
TOTAL								95.38			0.00	0.00	0.00	0.00	0.00	0.00	0.00		
PENALTY (50%)											0.00	0.00							
GRAND TOTAL								95.38			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

- *PL and SML annual fees for 2017/2018 paid up.*

- The Buckreef Renewal Licence SML04/92 certificate issuance ceremony was postponed indefinitely by the Ministry of Energy and Minerals (MEM) after the Minister failed to sign the document as planned on 7th March 2017.

## Itetemia Project

The Itetemia gold deposit includes the mineral resources of the Golden Horseshoe Reef (“GHR”), and is an advanced stage exploration project focusing on the development of the GHR. A total of 9,833m of diamond core drilling (51 holes) and 8,339m of RC drilling (138 holes) was completed on the project. Modeling and processing of assay results from both the core drilling and RC drilling so far completed over the GHR and surrounding areas culminated in the estimation of the following Mineral Resources by CSA Australia Pty (Ltd) (“CSA”). The gold resource numbers for the GHR are as at 30th May 2016 using a cut-off grade of 1.0g/t: -

DOMAIN	CLASSIFICATION	VOLUME (m <sup>3</sup> )	TONNES (t)	GRADE (g/t)	OUNCES oz
Main Lode	Indicated	816,000	2,390,000	3.14	241,000
	Inferred	355,000	1,053,000	3.68	125,000
<b>TOTAL MAIN LODE</b>		<b>1,171,000</b>	<b>3,443,000</b>	<b>3.31</b>	<b>366,000</b>
Footwall Lode	Indicated	141,000	409,000	1.92	25,000
	Inferred	128,000	380,000	2.57	31,000
<b>TOTAL FOOTWALL LODE</b>		<b>269,000</b>	<b>789,000</b>	<b>2.23</b>	<b>57,000</b>
<b>TOTAL INDICATED</b>		<b>957,000</b>	<b>2,799,000</b>	<b>2.96</b>	<b>266,000</b>
<b>TOTAL INFERRED</b>		<b>483,000</b>	<b>1,433,000</b>	<b>3.39</b>	<b>156,000</b>
<b>GRAND TOTAL</b>		<b>1,440,000</b>	<b>4,232,000</b>	<b>3.11</b>	<b>422,000</b>

Rounding results in computational discrepancies

The process to convert the PL covering the Horseshoe Gold Prospect at Itetemia into a Mining License (ML) commenced on 4<sup>th</sup> November 2015. The Company re-submitted all documentation required for the conversion of the Itetemia PL into a Mining License at the request of the relevant authorities in the Ministry of Mines. A follow up on the Mining License renewal shows that the application is still under review.

As of the 31<sup>st</sup> August 2017, the retained portion of the Itetemia project area has 8 active PLs and 1 ML application all covering a surface area of 41.23km<sup>2</sup>. The Itetemia Project license status and statutory liabilities are as shown in the table below:

Book #	Licence Name	PL_ID	Application Date	Granted Date	Rent Paid To	Renewal Submission Date	Expiry Date	Area (km <sup>2</sup> )	Status	Company_ID	Application Fee (US\$)	Preparation Fee (US\$)	Annual Rent (US\$-2014/15)	Annual Rent (US\$-2015/16)	Annual Rent (US\$-2016/17)	Annual Rent (US\$-2017/18)	Total (US\$)	Comment
	Itetemia ML	App no/01722	04-Nov-15					4.99	Application	Tancan						14,970.00	14,970.00	Application under review
253	Itetemia	PL6059/2009	18-May-07	03-Dec-09	30-Dec-16	30-Nov-17	30-Dec-17	9.24	Active	Tancan					1,848.00		1,848.00	Renewal Applic due Nov 2017
261	Itetemia	PL6520/2010	01-Nov-07	13-Aug-10	12-Aug-16	12-Jul-16	12-Aug-16	4.32	Pending Renewal	Tanzam		500.00			648.00		1,148.00	Renewal Applic submitted
104	Itetemia	PL8638/2012	02-Nov-10	21-Dec-12	20-Dec-15	20-Nov-16	20-Dec-16	4.21	Pending Renewal	Tancan		500.00		421.00	421.00		1,342.00	Renewal Applic submitted
322	Itetemia	PL8661/2012	18-May-09	24-Dec-12	23-Dec-16	23-Nov-16	23-Dec-16	4.62	Pending Renewal	Tancan		500.00		462.00	462.00		1,424.00	Renewal Applic submitted
341	Itetemia	PL8958/2013	14-Jun-10	08-Feb-13	7-Feb-16	07-Jan-17	07-Feb-17	2.27	Pending Renewal	Tancan		500.00			227.00		727.00	Renewal Applic submitted
84	Itetemia	PL9198/2013	19-Sep-11	21-Jun-13	20-Jun-16	20-May-17	20-Jun-17	4.62	Active	Wakawaka	300.00				462.00		762.00	Renewal Applic overdue May 2017
357	Itetemia	PL9229/2013	16-Jun-08	21-Jun-13	20-Jun-16	20-May-17	20-Jun-17	4.69	Active	Tancan	300.00				469.00		769.00	Renewal Applic overdue May 2017
166	Itetemia	PL9374/2013	15-Oct-12	04-Oct-13	3-Oct-16	03-Sep-17	03-Oct-17	2.27	Active	Tanzam	300.00				227.00		527.00	Renewal Applic due Sept 2017
								TOTAL			900.00	2,000.00	0.00	883.00	4,764.00	14,970.00	22,990.00	
								PENALTY (50%)					0.00	441.50	2,382.00		11,495.00	
								GRAND TOTAL			900.00	2,000.00	0.00	1,324.50	7,146.00	14,970.00	34,485.00	

- All the Itetemia PLs nominated for retention by the company have outstanding annual fee payments as shown above.
- Two (2) PLs expired in June 2017 and applications for renewal are now overdue while one (1) PL will expire in October 2017 and is now due for renewal application submission.

- *Renewal applications for 4 of the critical licenses are still being processed and application fee payment was completed and posted online. We now await offer letters.*
- *The ML application is still under review for close to 2 years now and no response on the delayed application have been received from MEM offices. The ML application covers three (3) licenses viz 9198/2013, 9229/2013 & 9374/2013 that have now also expired or are soon to expire.*

### **Kigosi Project**

Kigosi Project area remains subject to a Game Reserve Declaration Order. Upon repeal or amendment of that order by the Tanzanian Government, the Kigosi Mining Company will be legally entitled to exercise its rights under the Mineral Rights and Mining Licence. The procedures for de-gazetting the Kigosi mining licence project area from a game reserve area to a mining area on the government gazette has not been completed by government of Tanzania.

Gold Mine development plans at Kigosi continue to be shelved mainly since under the 2010 Mining Act, only exploration and mining of energy minerals, including uranium, gas and petroleum is permitted in any game reserve. Historical exploration on the project established a resource as shown in table below.

*Kigosi Gold Project: Historical published Resource/Reserve results*

<b>PROSPECT / LOCATION</b>	<b>REEF</b>	<b>RESOURCE CATEGORY</b>	<b>VOLUME (m<sup>3</sup>)</b>	<b>SG (t/m<sup>3</sup>)</b>	<b>IN SITU TONNAGE</b>	<b>AVE GRADE (g/t)</b>	<b>GOLD CONTENT (kg)</b>	<b>GOLD CONTENT (Troy oz)</b>	
Luhwaika	Main	Measured	1,475,233	2.50	3,692,508	1.42	5,256	168,987	
		Indicated	373,866	2.50	935,000	1.14	1,065	34,252	
	<b>TOTAL / AVE MAIN REEF</b>		<b>1,849,099</b>	<b>2.50</b>	<b>4,627,508</b>	<b>1.37</b>	<b>6,321</b>	<b>203,239</b>	
	West	Measured	1,438,190	2.49	3,579,401	0.60	2,152	69,189	
		Indicated	234,857	2.49	584,000	0.57	333	10,694	
	<b>TOTAL / AVE WEST REEF</b>		<b>1,673,047</b>	<b>2.49</b>	<b>4,163,401</b>	<b>0.60</b>	<b>2,485</b>	<b>79,883</b>	
	Quartz rubble	Measured	-	-	-	-	-	-	-
		Indicated	1,486,862	2.62	3,889,000	0.83	3,225	103,681	
	<b>TOTAL / AVE QUARTZ RUBBLE</b>		<b>1,486,862</b>	<b>2.62</b>	<b>3,889,000</b>	<b>0.83</b>	<b>3,225</b>	<b>103,681</b>	
	<b>TOTAL / AVE LUHWAIKA</b>			<b>5,009,008</b>	<b>2.53</b>	<b>12,679,909</b>	<b>0.95</b>	<b>12,031</b>	<b>386,803</b>
Igunda	A	Measured	-	-	-	-	-	-	
		Indicated	64,415	2.80	180,000	3.68	662	21,288	
	<b>TOTAL / AVE A REEF</b>		<b>64,415</b>	<b>2.79</b>	<b>180,000</b>	<b>3.68</b>	<b>662</b>	<b>21,288</b>	
	B	Measured	-	-	-	-	-	-	
		Indicated	-	-	-	-	-	-	
	<b>TOTAL / AVE B REEF</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>TOTAL / AVE IGUNDA</b>			<b>64,415</b>	<b>2.79</b>	<b>180,000</b>	<b>3.68</b>	<b>662</b>	<b>21,288</b>	
<b>TOTAL / AVE KIGOSI MEASURED &amp; INDICATED</b>			<b>5,073,423</b>	<b>2.53</b>	<b>12,859,909</b>	<b>0.99</b>	<b>12,693</b>	<b>408,091</b>	

The table below shows the status (as of 31<sup>st</sup> August 2017) of the Kigosi Project license portfolio (identified as critical to the project) has 13 active PLs and 1 ML all covering a surface area of 177.01km<sup>2</sup>. The license status and statutory liabilities are as shown in the table below:

*Kigosi Gold Project PL Portfolio Status – PLs Proposed for Retaining*

Book #	Licence Name	PL_ID	Application Date	Granted Date	Rent Paid To	Renewal Submission Date	Expiry Date	Area (km2)	Status	Company_ID	Application Fee (US\$)	Preparation Fee (US\$)	Annual Rent (US\$ 2014/15)	Annual Rent (US\$ 2015/16)	Annual Rent (US\$ 2016/17)	Annual Rent (US\$ 2017/18)	Total (US\$)	Comment	
368	Kigosi	ML 496/2013	09-Nov-12	11-Oct-13	10-Oct-14	10-Oct-21	10-Oct-23	9.91	Active	Tanzam						29,730.00	29,730.00	Paid up?	
379	Kigosi	PL 9712/2014	25-Feb-11	08-May-14	7-May-15	07-Apr-18	07-May-18	13.97	Active	Pamwe Tufafika			2,794.00	2,794.00	2,794.00	2,794.00	8,382.00	Outstanding payments	
162	Kigosi	PL10140/2014	22-Aug-12	29-Aug-14	28-Aug-15	28-Jul-18	28-Aug-18	2.49	Active	Tancan			498.00	498.00	498.00	498.00	1,494.00	Outstanding payments	
382	Kigosi	PL10169/2014	02-May-13	29-Aug-14	28-Aug-15	28-Jul-18	28-Aug-18	12.16	Active	Tancan			2,432.00	2,432.00	2,432.00	2,432.00	7,296.00	Outstanding payments	
20	Kigosi	PL10170/2014	15-Oct-13	29-Aug-14	29-Aug-15	28-Jul-18	28-Aug-18	14.9	Active	Tanzam			2,980.00	2,980.00	2,980.00	2,980.00	8,940.00	Outstanding payments	
385	Kigosi	PL10171/2014	13-Dec-13	29-Aug-14	28-Aug-15	28-Jul-18	28-Aug-18	22.69	Active	Tanzam			4,538.00	4,538.00	4,538.00	4,538.00	13,614.00	Outstanding payments	
216	Kigosi	PL10184/2014	15-Oct-13	29-Aug-14	28-Aug-15	28-Jul-18	28-Aug-18	19.5	Active	Tanzam			3,900.00	3,900.00	3,900.00	3,900.00	11,700.00	Outstanding payments	
159	Kigosi	PL10277/2014	22-Aug-12	25-Sep-14	26-Sep-15	24-Aug-18	24-Sep-18	21.18	Active - In Default	Tancan				4,236.00	4,236.00	8,472.00	8,472.00	Outstanding payments	
45	Kigosi	PL6273/2009	05-Dec-08	31-Dec-09	30-Dec-14	30-Nov-17	30-Dec-17	5.44	Active	Tanzam			1,088.00	1,088.00	1,088.00		3,264.00	Renewal Applic due Nov 2017	
264	Kigosi	PL0564/2010	22-Apr-08	13-Aug-10	12-Aug-15	12-Jul-16	12-Aug-16	20.46	Active	Tancan	300.00	500.00	4,092.00	4,092.00			8,984.00	Renewal Applic overdue July 2016	
339	Kigosi	PL8921/2013	22-Apr-10	08-Feb-13	7-Feb-15	07-Jan-17	07-Feb-17	2.95	Active-Expired	Tancan	300.00	500.00	590.00	590.00			1,980.00	Renewal Applic overdue Jan 2017	
338	Kigosi	PL8925/2013	22-Apr-10	08-Feb-13	7-Feb-15	07-Jan-17	07-Feb-17	21.65	Active-Expired	Tancan	300.00	500.00	4,330.00	4,330.00			9,460.00	Renewal Applic overdue Jan 2017	
330	Kigosi	PL8938/2013	22-Apr-08	08-Feb-13	7-Feb-15	07-Jan-17	07-Feb-17	5.51	Active-Expired	Tancan	300.00	500.00	1,102.00	1,102.00			3,004.00	Renewal Applic overdue Jan 2017	
96	Kigosi	PL9785/2014	01-Mar-12	05-Jun-14	4-Jun-15	04-May-18	04-Jun-18	4.2	Active	Tancan			840.00	840.00	840.00	840.00	2,520.00	Outstanding payments	
								TOTAL				1,200.00	2,000.00	1,088.00	25,194.00	33,420.00	51,948.00	66,892.00	
								PENALTY (50%)						15,409.00	14,592.00	16,710.00		46,711.00	
								GRAND TOTAL				1,200.00	2,000.00	16,497.00	43,776.00	50,130.00	51,948.00	115,603.00	

- All the Kigosi PLs nominated for retention by the company have outstanding annual fee payments.
- Kigosi ML payments all up to date and the 2017/2018 annual fees are due in October 2017.
- PLs highlighted in red text have technically expired and no renewal application has been submitted due to the outstanding annual fee payments and prevailing uncertainty with the new laws enacted recently with especial reference to game reserves.

### Luhala Project

The Luhala Project is an advanced stage exploration project focusing on the development of the Luhala gold deposit which consists of five anomalous hilltops. The mineralization is stratabound shear-zone hosted gold mineralization (stratigraphic and structural control) within a distinct unit of felsic rocks with associated ferruginized mafic and felsic rocks.

Drilling at the Luhala Project has been concentrated on the Luhala Hills (Luhala Hill, Kisunge Hill, Shilalo Hill South and Shilalo Hill West). A total of 3,279m of diamond core drilling (26 holes) and 8,665m of RC drilling (144 holes) was completed on the project. Modeling and processing of assay results from both the core drilling and RC drilling conducted over the various deposits at Luhala, has to-date resulted in the estimation, by CSA, of the following Mineral Resources for Luhala as at 8th March 2011 using a cut-off grade of 1.0g/t:

Luhala Gold Project: Historical published exploration results

DOMAIN / ZONE	CLASSIFICATION	VOLUME (m <sup>3</sup> )	TONNES (t)	GRADE (g/t)	OUNCES oz
Kisunge Central	Inferred	410,000	870,000	1.76	48,900
Kisunge East		110,000	240,000	2.15	16,800
Kisunge South		60,000	120,000	1.68	6,300
Shilalo South		100,000	200,000	2.47	15,900
Shilalo West		200,000	430,000	1.73	23,900
<b>TOTAL INFERRRED</b>		<b>880,000</b>	<b>1,860,000</b>	<b>1.87</b>	<b>112,000</b>

Rounding results in computational discrepancies  
 TRX have a 100% interest in Luhala, and consequently 100% of these resources accrue to TRX

The process of selecting a consultant to carry out feasibility study at the Luhala gold project has been completed and once funds are available the contract to engage the consultant to carry out the study will be signed to initiate the FS study works.

At the end of this reporting quarter critical Luhala project area had 2 PLs covering a surface area of 17.31km<sup>2</sup>. The Luhala Project license status and statutory liabilities are as shown in the table below:

*Luhala Gold Project PL Portfolio Status - PLs Proposed for Retaining*

Book #	License Name	PL_ID	Application Date	Granted Date	Rent Paid To	Renewal Submission Date	Expiry Date	Area (km2)	Status	Company_ID	Application Fee (US\$)	Preparation Fee (US\$)	Annual Rent (US\$-2014/15)	Annual Rent (US\$-2015/16)	Annual Rent (US\$-2016/17)	Annual Rent (US\$-2017/18)	Total (US\$)	Status
340	Luhala	PL8937/2013	14-Jun-10	08-Feb-13	07-Feb-15	07-Jan-17	07-Feb-17	3.45	Pending Renewal	Tanzam		500.00					500.00	Application submitted
102	Luhala	PL5278/2009	15-Jun-10	13-Feb-09	12-Feb-15	12-Jan-17	12-Feb-17	13.86	Pending Extension	Tancan		500.00					500.00	Application submitted
								<b>TOTAL</b>										
											0.00	1,000.00	0.00	0.00	0.00	0.00	1,000.00	
														0.00	0.00		0.00	
														0.00	0.00		0.00	
								<b>GRAND TOTAL</b>									1,000.00	

- Payment of outstanding annual fees for the critical Luhala PLs was completed as one of the conditions to submit renewal or extension applications.
- Online renewal application for PL8937/2013 was successfully lodged on the MEM portal. Application fee payment has been done and posted inline.
- Response from MEM awaited.

As of 31<sup>st</sup> August 2017, the **Projects to Retain** license portfolio's outstanding and current financial liabilities and obligations arising from unpaid rents including the penalties are US\$125,974 as summarized in the table below.

*Liabilities - PLs to Retain (Mining Projects)*

Project_ID	Application Fee (US\$)	Preparation Fee (US\$)	Annual Rent (US\$- 2014/15)	Annual Rent (US\$- 2015/16)	Annual Rent (US\$- 2016/17)	Annual Rent (US\$- 2017/18)	Total (US\$)
Buckreef	0	0	0	0	0	0	0
Itetemia	900	2,000	0	1,325	7,146	14,970	26,341
Kigosi	1,200	2,000	16,497	43,776	50,130	51,948	113,603
Luhala	0	1,000	0	0	0	0	1,000
<b>GRAND TOTAL</b>	<b>2,100</b>	<b>5,000</b>	<b>16,497</b>	<b>45,101</b>	<b>57,276</b>	<b>66,918</b>	<b>125,974</b>

**Projects Licenses to Joint Venture**

- Biharamulo – 6 PLs
- Lunguya – 8 PLs
- Manonga – 6 PLs
- Ushiroombo – 2 PLs

Prospecting Licenses within four project areas, identified as Biharamulo project, Lunguya project, Manonga project and Ushiroombo project were selected as possible licenses to farm out in JV agreements. Brief descriptions of PL holdings and financial obligation status for each respective project area as of 31st August 2017 are summarized in the section below.

**Biharamulo project area**

No work done during the reporting period. Biharamulo Gold Prospect is a green-fields to brown-fields stage project focusing on the defining the mineralization along a regional WNW-ESE trending shear. Historical preliminary exploration results show a very high potential for gold mineralization associated and/or controlled by the prominent NW-SE parallel structures over a strike length of >600m covered by the cluster of 5 contiguous PLs. Joint Venture Partner for the Project are being sought.

The Biharamulo Project license status and statutory liabilities are as shown in the table below:

*Biharamulo Gold Project PL Portfolio Status - PLs Proposed for JV partnerships*

Book No	License Name	PL_ID	Application Date	Grant Date	Rent Paid To	Renewal Submission Date	Expiry Date	Area km2	Status	Company_ID	Application Fee (US\$)	Preparation Fee (US\$)	Surrender Fee (US\$)	Annual Rent (US\$-2013/14)	Annual Rent (US\$-2014/15)	Annual Rent (US\$-2015/16)	Annual Rent (US\$-2016/17)	Annual Rent (US\$-2017/18)	Total (US\$)	Comment
254	Biharamulo	PL6222/2009	10-May-07	31-Dec-08	30-Dec-14	30-Nov-17	30-Dec-17	25.6	Active	Tanzam				5,120.00	5,120.00	5,120.00			15,360.00	Renewal Applic due Nov 2016
9	Biharamulo	PL8914/2013	26-Mar-10	08-Feb-13	7-Feb-15	07-Jan-17	07-Feb-17	17.56	Active	Tanzam					3,512.00	3,512.00			7,024.00	Expired
378	Biharamulo	PL9672/2014	11-May-09	24-Apr-14	23-Apr-15	23-Mar-18	23-Apr-18	25.61	Active - In Default	Tanzam					5,122.00	5,122.00	5,122.00		15,366.00	Notice of default received
380	Biharamulo	PL9777/2014	02-May-11	05-Jun-11	4-Jun-15	04-May-18	04-Jun-18	24.96	Active - In Default	Tanzam					4,992.00	4,992.00	4,992.00		14,976.00	Notice of default received
34	Biharamulo	PL9781/2014	10-Sep-13	05-Jun-14	4-Jun-15	04-May-18	04-Jun-18	25.59	Active	Tanzam					5,118.00	5,118.00	5,118.00		15,354.00	Overdue payments
								<b>TOTAL</b>						0.00	5,120.00	23,864.00	23,864.00	15,232.00	68,080.00	
															0.00	2,560.00	11,932.00	11,932.00	26,424.00	
								<b>GRAND TOTAL</b>						0.00	7,680.00	35,796.00	35,796.00	15,232.00	94,504.00	

- All the Biharamulo PLs nominated for potential JV partnerships by the company have outstanding annual fee payments as shown in the table above.
- PL highlighted in red technically expired on 7<sup>th</sup> February 2017. No renewal application was submitted due to the outstanding annual fee payments. PL still considered by MEM as still registered to the company.
- PL highlighted in purple expire in mid-2018 but due to non-payment of annual fees, we have received Notice of Default letters from MEM. The licenses will forfeit to the state if no payments are made with the statutory 3-month period.

## Lunguya project area

No work done during the reporting period. Based on historical in-house exploration data, three zones were identified and are associated with extensive artisanal workings ( $\pm 30$  m depth), with more extensive workings at Nyamakwenge. These known gold prospects include the Nyamakwenge Reefs (NE corner of PL 6941/11); the Nyikoboko Reefs (NE corner of PL 5289/08) & NW-SE trending Shilela reef system (PLs 8940/13, 10145/14 & 9626/14). Gold occurs principally as free gold within multiple quartz veins or stock-works, often associated with felsic intrusives.

The Lunguya Project license status and statutory liabilities are as shown in the table below:

Lunguya Gold Project PL Portfolio Status - PLs Proposed for JV partnerships

Book No	License Name	PL_ID	Application Date	Grant Date	Rent Paid To	Renewal Submission Date	Expiry Date	Area km2	Status	Company_ID	Application Fee (US\$)	Preparation Fee (US\$)	Surrender Fee (US\$)	Annual Rent (US\$) 2013/14	Annual Rent (US\$) 2014/15	Annual Rent (US\$) 2015/16	Annual Rent (US\$) 2016/17	Annual Rent (US\$) 2017/18	Total (US\$)	Comment			
183	Lunguya	PL10145/2014	30-Dec-12	29-Aug-14	28-Aug-15	28-Jul-18	28-Aug-18	8.53	Active	Tanzam						1,706.00	1,706.00	1,706.00	5,118.00	Overdue payments			
384	Lunguya	PL10150/2014	28-Dec-11	29-Aug-14	28-Aug-15	28-Jul-18	28-Aug-18	5.68	Active	Panwe Tutafika						1,136.00	1,136.00	1,136.00	3,408.00	Overdue payments			
229	Lunguya	PL5289/2008	12-Mar-07	28-Aug-08	27-Aug-15	27-Jul-16	27-Aug-16	19.9	Active	Tanzam						3,880.00			3,880.00	Expired			
28	Lunguya	PL6941/2011	15-Aug-08	28-Feb-11	28-Aug-15	27-Jan-18	27-Feb-18	17.59	Active	Tanzam						3,518.00	3,518.00	3,518.00	10,554.00	Overdue payments			
332	Lunguya	PL8940/2013	31-Aug-09	08-Feb-13	7-Feb-15	07-Jan-17	07-Feb-17	8.53	Active	Tanzam						1,706.00	1,706.00		3,412.00	Expired			
358	Lunguya	PL9228/2013	09-Aug-10	21-Jun-13	20-Jun-15	20-May-17	20-Jun-17	8.88	Active	Tanzam						1,776.00	1,776.00		3,552.00	Expired			
37	Lunguya	PL9626/2014	11-Jul-11	14-Mar-14	13-Mar-15	13-Feb-18	13-Mar-18	12.79	Active	Chomoza						2,558.00	2,558.00	2,558.00	7,674.00	Overdue payments			
									TOTAL				0.00	0.00	0.00	0.00	16,380.00	12,900.00	8,918.00	37,698.00			
									PENALTY (50%)										0.00	0.00	6,200.00	18,840.00	
									GRAND TOTAL				0.00	0.00	0.00	0.00	24,570.00	18,600.00	8,918.00	56,547.00			

- All the Lunguya PLs nominated for potential JV partnerships by the company have outstanding annual fee payments as shown in the table 11a above.
- PL highlighted in red technically expired and no renewal applications were submitted due to the outstanding annual fee payments. PL still considered by MEM as registered to the company.

## Manonga project area

No work done. The Manonga Project licences are located within the Nzega Greenstone Belt of the southern margin of Lake Victoria Gold Fields. Manonga Gold Project is a greenfield gold exploration project focusing on identification of potential Golden Pride mine type mineralization in the Nzega East Goldfield and the Chomachankola artisanal workings to the south. Geophysical anomalies to the North of the Resolute Golden Pride closed mine and that at Igurubi (PL8957/2013, PL8964/13) could turn out prospective if more detailed prospecting work is completed on the area to the east.

The Manonga Project license status and statutory liabilities are as shown in the table below:

Manonga Gold Project PL Portfolio Status - PLs Proposed for JV partnerships

Book No	License Name	PL_ID	Application Date	Grant Date	Rent Paid To	Renewal Submission Date	Expiry Date	Area km2	Status	Company_ID	Application Fee (US\$)	Preparation Fee (US\$)	Surrender Fee (US\$)	Annual Rent (US\$) 2013/14	Annual Rent (US\$) 2014/15	Annual Rent (US\$) 2015/16	Annual Rent (US\$) 2016/17	Annual Rent (US\$) 2017/18	Total (US\$)	Comment				
310	Manonga	PL8458/2012	17-Mar-09	16-Nov-12	16-Nov-13	15-Oct-16	15-Nov-16	5.36	Active	Tanzam				536.00	536.00	536.00			1,608.00	Expired				
314	Manonga	PL8475/2012	23-Dec-08	10-Dec-12	10-Dec-14	09-Nov-16	09-Dec-16	2.9	Active	Tanzam					290.00	290.00			580.00	Expired				
312	Manonga	PL8485/2012	18-Jul-08	10-Dec-12	10-Dec-13	09-Nov-16	09-Dec-16	13.64	Active	Tanzam				1,364.00	1,364.00				4,092.00	Expired				
	Manonga	PL8957/2013	19-Jul-10	08-Feb-13			07-Feb-17	2.37	Active	Tanzam				237.00	237.00	237.00			711.00	Expired				
347	Manonga	PL8964/2013	12-Jul-10	08-Feb-13	08-Feb-14	07-Jan-17	07-Feb-17	13.93	Active - In Default	Tanzam				1,398.00	1,398.00	1,398.00			4,194.00	Expired, default notice				
355	Manonga	PL9035/2013	31-Dec-09	08-Apr-13	08-Apr-14	07-Mar-17	07-Apr-17	4.87	Active	Tanzam				487.00	487.00	487.00			1,461.00	Expired				
									TOTAL				0.00	0.00	0.00	2,137.00	4,312.00	4,312.00	1,685.00	0.00	12,646.00			
									PENALTY (50%)											1,068.50	2,156.00	2,156.00	942.50	6,323.00
									GRAND TOTAL				0.00	0.00	0.00	3,205.50	6,468.00	6,468.00	2,827.50	0.00	19,969.00			

- All the Manonga PLs nominated for potential JV partnerships by the company have outstanding annual fee payments as shown in the table above.
- PL highlighted in red technically expired and no renewal applications were submitted due to the outstanding annual fee payments. PL still considered by MEM as registered to the company.
- One of the PLs is also under a default notice and will forfeit as the default notice period has also matured.

## Ushirombo project area

No work done. Ushirombo Gold Project is a brown field stage gold project focusing on the finding of gold deposit in the 12km long x 6km wide Ushirombo Gold Corridor in the Ushirombo area. Historical exploration work indicates that gold prospectivity in the area include anomalous au-in-soil, RAB drilling, pit sample, grab sample localities established by BEAL and TRE previous works within the Ushirombo Gold Corridor (UGC).

The Ushirombo Project license status and statutory liabilities are as shown in the table below:

### Ushirombo Gold Project PL Portfolio Status - PLs Proposed for JV

Book No	License Name	PL ID	Application Date	Grant Date	Rent Paid To	Renewal Submission Date	Expiry Date	Area km2	Status	Company ID	Application Fee (US\$)	Preparation Fee (US\$)	Surrender Fee (US\$)	Annual Rent (US\$- 2013/14)	Annual Rent (US\$- 2014/15)	Annual Rent (US\$- 2015/16)	Annual Rent (US\$- 2016/17)	Annual Rent (US\$- 2017/18)	Total (US\$)	Comment	
	Ushirombo	PL8642/2012	19-Oct-10	24-Dec-12	23-Dec-14	23-Nov-16	23-Dec-16	2.37	Active	Tanzan				237.00	237.00				474.00	Expired	
359	Ushirombo	PL9227/2013	11-Mar-09	21-Jun-13	20-Jun-14	20-May-17	20-Jun-17	18.27	Active-in-default	Tanzan				3,654.00	3,654.00	3,654.00			10,962.00	Expired, default notice	
								TOTAL			0.00	0.00	0.00	3,891.00	3,891.00	3,654.00	0.00		11,416.00		
								PENALTY (50%)						0.00	1,945.50	1,945.50	1,827.00			5,718.00	
								GRAND TOTAL			0.00	0.00	0.00	5,836.50	5,836.50	5,481.00	0.00		17,154.00		

- All the Ushirombo PLs nominated for potential joint venture agreements by the company have outstanding annual fee payments as shown in the table above.
- PL highlighted in red technically expired and no renewal applications were submitted due to the outstanding annual fee payments. PL still considered by MEM as registered to the company.

One of the PLs is also under a default notice and will forfeit as the default notice period has also matured.

As of 31<sup>st</sup> August 2017, the **Projects to JV** license portfolio's outstanding and current financial liabilities and obligations arising from unpaid rents including the penalties are US\$182,715 as summarized in the table below.

### Liabilities - PLs to JV (Exploration Projects)

Project ID	Application Fee (US\$)	Preparation Fee (US\$)	Surrender Fee (US\$)	Annual Rent (US\$- 2013/14)	Annual Rent (US\$- 2014/15)	Annual Rent (US\$- 2015/16)	Annual Rent (US\$- 2016/17)	Annual Rent (US\$- 2017/18)	Total (US\$)
Biharamulo	0	0	0	0	7,680	35,796	35,796	15,232	94,504
Lunguya	0	0	0	0	0	24,570	18,600	8,918	52,088
Manonga	0	0	0	3,206	6,468	6,468	2,828	0	18,969
Ushirombo	0	0	0	0	5,837	5,837	5,481	0	17,154
GRAND TOTAL	0	0	0	3,206	19,985	72,671	62,705	24,150	182,715

### Projects Licenses to Discard/Abandon

- Biharamulo – 2 PLs
- Kabanga – 2 PLs
- Kanengele – 10 PLs & 1 Application
- Kigosi – 19 PLs
- Kibara – 3 PLs
- Kongwa- 1 PL
- Luhala – 2 PLs
- Mwadui – 4 PLs
- Nzega – 2 PLs
- Nyanzaga – 2 PLs
- Tulawaka – 4 PLs
- Shinyanga – 1 PL

Prospecting Licenses within the eleven (11) project areas, identified as above were selected as possible licenses to discard and surrender back to the Ministry of Mines or respective original JV partners. Brief

descriptions of PL holdings and financial obligation status for each respective project area as of 31st August 2017 are summarized in the section below.

### Biharamulo project area

No work done. Historical preliminary exploration results showed a very low to negligent potential for gold mineralization within some of the PLs that make up the regional Biharamulo project. Consequently, it has been recommended that these licenses be abandoned or returned to original owners to cut liabilities. The license status and statutory liabilities for these PLs are as shown in the table below:

*Biharamulo Gold Project PL Portfolio Status - PLs Proposed for Discard*

Book #	PL ID	Application Date	Grant Date	Rent Paid To	Renewal Submission Date	Expiry Date	Area km2	Status	Company ID	Preparation Fee (US\$)	Surrender Fee (US\$)	Annual Rent (US\$-2013/14)	Annual Rent (US\$-2014/15)	Annual Rent (US\$-2015/16)	Annual Rent (US\$-2016/17)	Annual Rent (US\$-2017/18)	Total (US\$)	Comment
7	PL890/2013	24-Dec-09	08-Feb-13	7-Feb-14	07-Jan-17	07-Feb-17	22.15	Active-in default	Tanzam		500.00		4,430.00	4,430.00	4,430.00		13,790.00	Expired, default notice
360	PL929/2013	23-Feb-09	02-Aug-13	1-Aug-14	01-Jul-17	01-Aug-17	19.72	Active	Tanzam		500.00		3,944.00	3,944.00	3,944.00		12,332.00	Expired
							TOTAL			0.00	1,000.00	0.00	8,374.00	8,374.00	8,374.00	0.00	26,122.00	
							PENALTY (50%)						4,187.00	4,187.00	4,187.00		13,061.00	
							GRAND TOTAL			0.00	1,000.00	0.00	12,561.00	12,561.00	12,561.00	0.00	39,183.00	

- The two (2) Biharamulo PLs nominated for discarding or surrender to MEM by the company have outstanding annual fee payments as shown in the table above.
- Both PLs have technically expired as per the dates in the table above. No renewal applications were submitted due to the outstanding annual fee payments. PL still considered by MEM as registered to the company.

### Kabanga Nickel project area

No work done. Though the Kabanga Nickel project was abandoned some years back, two licenses have been pending surrender to the Ministry of Energy and Minerals since 2013. The license status and statutory liabilities for these PLs are as shown in the table below:

*Kabanga Nickel Project PL Portfolio Status - PLs Proposed for Discard*

Book #	PL ID	Application Date	Grant Date	Rent Paid To	Renewal Submission Date	Expiry Date	Area km2	Status	Company ID	Preparation Fee (US\$)	Surrender Fee (US\$)	Annual Rent (US\$-2013/14)	Annual Rent (US\$-2014/15)	Annual Rent (US\$-2015/16)	Annual Rent (US\$-2016/17)	Annual Rent (US\$-2017/18)	Total (US\$)	Comment
230	PL5290/2008	25-Jul-11	27-Aug-08	28-Aug-14		28-Aug-14	96.76	Pending Surrender	NWBM		500.00						500.00	Expired
232	PL5292/2008	26-Jul-11	28-Aug-08	27-Aug-14		27-Aug-14	97.74	Pending Surrender	NWBM		500.00						500.00	Expired
							TOTAL			0.00	1,000.00	0.00	0.00	0.00	0.00	0.00	1,000.00	
							PENALTY (50%)					0.00	0.00	0.00			0.00	
							GRAND TOTAL			0.00	1,000.00	0.00	0.00	0.00	0.00	0.00	1,000.00	

- Surrender fees for the two remaining Kabanga PLs were never paid.
- The two PLs have since technically expired though they still appear under our portfolio on the MEM portal.

### Kanegele project area

No work done. Kanegele Gold Prospect is a green stage exploration project that just barely got off the ground. Historical preliminary exploration results showed a very low to negligent potential for gold mineralization within some of the PLs that make up the regional Kanegele project. Consequently, it has been recommended that these licenses be abandoned or returned to original owners to cut liabilities. However, an Australian based company, Liontown Company that has since closed shop in Tanzania had initiated talks with TRX top management on the possible takeover/JV of the entire project.

The license status and statutory liabilities for these PLs are as shown in the table below:

*Kanegele Gold Project PL Portfolio Status - PLs Proposed for Discard*

Book #	PL_ID	Application Date	Grant Date	Rent Paid To	Renewal Submission Date	Expiry Date	Area km2	Status	Company_ID	Preparation Fee (US\$)	Surrender Fee (US\$)	Annual Rent (US\$-2013/14)	Annual Rent (US\$-2014/15)	Annual Rent (US\$-2015/16)	Annual Rent (US\$-2016/17)	Annual Rent (US\$-2017/18)	Total (US\$)	Comment
383	PL10141/2014	12-Oct-12	29-Aug-14	28-Aug-15	28-Jul-18	28-Aug-18	9.5	Active	Tanzan		500.00			1,900.00	1,900.00	1,900.00	4,300.00	Overdue payments
99	PL10186/2014	30-Mar-12	29-Aug-14		28-Jul-18	28-Aug-18	2.32	Active	Tanzam		500.00				464.00	464.00	968.00	Overdue payments
35	PL18171/2012	20-Oct-08	23-Aug-12		22-Jul-16	22-Aug-16	9.25	Active	Tanzam			1,850.00	1,850.00	1,850.00			5,550.00	Expired
317	PL18664/2012	17-Sep-09	21-Dec-12	20-Dec-14	20-Nov-16	20-Dec-16	3.19	Active	Tanzam			638.00	638.00	638.00			1,914.00	Expired
319	PL18665/2012	02-Oct-09	24-Dec-12	23-Dec-14	23-Nov-16	23-Dec-16	1.3	Active	Tanzan			260.00	260.00	260.00			780.00	Expired
318	PL18676/2012	05-Jul-05	31-Dec-12	30-Dec-14	30-Nov-16	30-Dec-16	2.36	Active	Tanzam			472.00	472.00	472.00			1,416.00	Expired
99	PL19037/2013	30-Nov-07	27-Mar-13		26-Feb-17	26-Mar-17	5.23	Active	Tanzam		500.00		1,046.00	1,046.00	1,046.00		3,638.00	Expired
363	PL19224/2013	10-Mar-08	01-Jul-13	30-Jun-15	30-May-17	30-Jun-17	16.16	Active	Tanzam		500.00		3,232.00	3,232.00	3,232.00		6,964.00	Expired
369	PL19361/2013	18-May-09	04-Oct-13		03-Sep-17	03-Oct-17	14.74	Active-in-default	Tanzam		500.00		2,948.00	2,948.00	2,948.00		9,344.00	Default notice received
370	PL19373/2013	02-Oct-07	04-Oct-13	3-Oct-14	03-Sep-17	03-Oct-17	2.83	Active	Tanzan		500.00		566.00	566.00	566.00		2,198.00	Renewal applic due Sep 2017
373	PL19465/2013	10-Mar-08	01-Nov-13	31-Oct-14	30-Sep-17	31-Oct-17	12.0	Active-in-default	Tanzam		500.00		2,580.00	2,580.00	2,580.00		8,240.00	Default notice received
					TOTAL		79.78			0.00	3,500.00	0.00	10,368.00	15,492.00	15,956.00	2,364.00	45,308.00	
					PENALTY (50%)							0.00	5,180.00	7,746.00	7,978.00		20,904.00	
					GRAND TOTAL		79.78			0.00	3,500.00	0.00	15,548.00	23,238.00	23,934.00	2,364.00	66,212.00	

- All the Kanegele PLs nominated for potential discard by the company have outstanding annual fee payments as shown in the table above.
- PL highlighted in red technically expired and no renewal applications were submitted due to the outstanding annual fee payments. PL still considered by MEM as registered to the company.
- PLs highlighted in purple are active but officially notified to us as being in default. The default notice gives us 3 months in which to pay all outstanding fees failure to do that will result in automatic forfeiture of the license.

## Kigosi Project

Gold Mine development plans at Kigosi continue to be shelved mainly since under the 2010 Mining Act, only exploration and mining of energy minerals, including uranium, gas and petroleum is permitted in any game reserve. Historical preliminary exploration results showed a very low to negligent potential for gold mineralization within some of the PLs that make up the regional Kigosi project. Consequently, it has been recommended that these licenses be abandoned or returned to original owners to cut liabilities.

The license status and statutory liabilities for these PLs are as shown in the table below:

### Kigosi Gold Project PL Portfolio Status - PLs Proposed for Discard

Book No	License Name	PL_ID	Application Date	Grant Date	Rent Paid To	Renewal Submission Date	Expiry Date	Area km2	Status	Preparati on Fee (US\$)	Surrende r Fee (US\$)	Annual Rent (US\$-2013/14)	Annual Rent (US\$-2014/15)	Annual Rent (US\$-2015/16)	Annual Rent (US\$-2016/17)	Annual Rent (US\$-2017/18)	Total (US\$)		
18	Kigosi	PL10185/2014	23-Jun-11	29-Aug-14	28-Aug-15	28-Aug-18	28-Aug-18	8.42	Active		500.00			1,684.00	1,684.00	1,684.00	1,684.00	3,868.00	
157	Kigosi	PL10187/2014	13-Apr-12	29-Aug-14	29-Aug-15	28-Jul-18	28-Aug-18	4.89	Active		500.00			978.00	978.00	978.00	978.00	2,456.00	
386	Kigosi	PL10605/2015	23-Feb-15	07-May-15		06-Apr-19	06-May-19	36.51	Active		500.00					7,302.00	7,302.00	7,302.00	7,802.00
242	Kigosi	PL5369/2008	19-Feb-07	24-Oct-08	23-Oct-14	23-Sep-16	23-Oct-16	36.11	Active_Expired			7,222.00	7,222.00	7,222.00					21,666.00
258	Kigosi	PL6449/2010	14-Dec-07	21-Jun-10	20-Jun-15	20-May-16	20-Jun-16	9.94	Active_Expired				1,988.00						1,988.00
259	Kigosi	PL6455/2010	06-Dec-07	08-Jun-10	7-Jun-15	07-May-16	07-Jun-16	21.5	Active_Expired				4,300.00						4,300.00
16	Kigosi	PL8300/2012	11-Sep-08	28-Sep-12	27-Sep-15	27-Aug-16	27-Sep-16	10.02	Active_Expired				2,004.00	2,004.00					4,008.00
315	Kigosi	PL8476/2012	23-Feb-09	10-Dec-12	9-Dec-14	09-Nov-16	09-Dec-16	8.64	Active_Expired			1,728.00	1,728.00	1,728.00					5,184.00
17	Kigosi	PL8477/2012	04-Oct-08	10-Dec-12	9-Dec-14	09-Nov-16	09-Dec-16	21.33	Active_Expired			4,266.00	4,266.00	4,266.00					12,798.00
320	Kigosi	PL8663/2012	07-Dec-09	21-Dec-12	20-Dec-14	20-Nov-16	20-Dec-16	14.71	Active_Expired			2,942.00	2,942.00	2,942.00					8,826.00
321	Kigosi	PL8667/2012	30-Oct-09	24-Dec-12	23-Dec-14	23-Nov-16	23-Dec-16	4.35	Active_Expired			870.00	870.00	870.00					2,610.00
15	Kigosi	PL8675/2012	02-Nov-09	31-Dec-12	30-Dec-14	30-Nov-16	30-Dec-16	20.7	Active_Expired			4,140.00	4,140.00	4,140.00					12,420.00
19	Kigosi	PL8922/2013	29-Mar-10	08-Feb-13	7-Feb-15	07-Jan-17	07-Feb-17	35.65	Active		500.00			7,130.00	7,130.00	7,130.00		14,760.00	
157	Kigosi	PL8962/2013	14-Dec-09	08-Feb-13	13-Dec-11	07-Jan-17	07-Feb-17	4.88	Active		500.00	976.00	976.00	976.00	976.00				3,428.00
349	Kigosi	PL9030/2013	09-Aug-10	27-Mar-13	26-Mar-15	26-Feb-17	26-Mar-17	4.9	Active		500.00			980.00	980.00	980.00			2,460.00
364	Kigosi	PL9225/2013	30-Oct-07	01-Jul-13	30-Jun-15	30-May-17	30-Jun-17	8.65	Active		500.00		1,730.00	1,730.00	1,730.00				3,960.00
371	Kigosi	PL9338/2013	09-Sep-10	04-Oct-13	3-Oct-14	03-Sep-17	03-Oct-17	44.18	Active		500.00	8,836.00	8,836.00	8,836.00	8,836.00				27,008.00
376	Kigosi	PL9565/2014	16-Apr-10	27-Jan-14	26-Jan-15	26-Dec-17	26-Jan-18	21.4	Active-in default				4,280.00	4,280.00	4,280.00	4,280.00			8,560.00
244	Kigosi	PL9956/2014	02-May-12	10-Jul-14	9-Jul-15	09-Jun-18	09-Jul-18	17.06	Active		500.00			3,412.00	3,412.00	3,412.00			7,324.00
					TOTAL		333.84			0.00	4,500.00	30,980.00	59,466.00	60,480.00	37,308.00	17,656.00	155,426.00		
					PENALTY (50%)							15,490.00	29,733.00	30,240.00	18,654.00	8,828.00	94,117.00		
					GRAND TOTAL		333.84			0.00	4,500.00	46,470.00	89,199.00	90,720.00	55,962.00	26,484.00	249,543.00		

- All the Kigosi PLs nominated for discard or surrender to MEM by the company have outstanding annual fee payments as shown in the table above.
- PLs highlighted in blue technically expired between 7<sup>th</sup> June 2016 to 30<sup>th</sup> December 2016. No renewal applications were submitted due to the outstanding annual fee payments. PLs still considered by MEM as still registered to the company.

- *PLs highlighted in red expired on 7<sup>th</sup> February 2017 and 26<sup>th</sup> March 2017 respectively.*
- *PL highlighted in purple is active but officially notified to us as being in default. The default notice gives us 3 months in which to pay all outstanding fees failure to do that will result in automatic forfeiture of the license.*

## Kibara project area

No work done. Kibara Gold Prospect is a green field exploration project focusing on the finding of gold prospects like those in the Mara-Musoma belt which are mostly located near the major NE and NW regional shear structures. Historical preliminary exploration results showed a limited potential for gold mineralization within some of the PLs that make up the regional Kibara project. Gold prospectivity target areas on the Kibara Project should be located within the two-major regional structural shears, namely the NE-SW shears and the NW-SE shears, with most favorable loci where the two structures crosscut e.g. Suguti, Sirori Simba, Maji Moto and Buhemba prospects areas.

Consequently, it has been recommended that these licenses be abandoned or returned to original owners to cut liabilities.

The license status and statutory liabilities for these PLs are as shown in the table below:

*Kibara Gold Project PL Portfolio Status - PLs Proposed for Discard*

Book #	PL_ID	Application Date	Grant Date	Rent Paid To	Renewal Submission Date	Expiry Date	Area km2	Status	Company ID	Preparation Fee (US\$)	Surrender Fee (US\$)	Annual Rent (US\$-2013/14)	Annual Rent (US\$-2014/15)	Annual Rent (US\$-2015/16)	Annual Rent (US\$-2016/17)	Annual Rent (US\$-2017/18)	Total (US\$)	Comment
146	PL8920/2013	21-Apr-10	08-Feb-13	07-Feb-14	07-Feb-17	07-Feb-17	25.08	Active-in default	Tanzan			5,016.00	5,016.00	5,016.00			15,048.00	Expired, default note received
132	PL9201/2013	06-Sep-10	21-Jun-13	20-Jun-14	20-Jun-17	20-Jun-17	13.06	Active-in default	Tanzan			2,612.00	2,612.00	2,612.00			7,836.00	Expired, default note received
160	PL9231/2013	30-Oct-09	21-Jun-13	20-Jun-14	20-Jun-17	20-Jun-17	22.48	Active-in default	Tanzan			4,496.00	4,496.00	4,496.00			13,488.00	Expired, default note received
					TOTAL	60.62				0.00	0.00	0.00	12,124.00	12,124.00	12,124.00	0.00	36,772.00	
					PENALTY (50%)							0.00	6,062.00	6,062.00	6,062.00	0.00	18,186.00	
					GRAND TOTAL	60.62				0.00	0.00	0.00	18,186.00	18,186.00	18,186.00	0.00	54,958.00	

- *All the Kibara PLs nominated for potential discard by the company have outstanding annual fee payments as shown in the table above.*
- *PLs highlighted in red technically expired and no renewal applications were submitted due to the outstanding annual fee payments. PL still considered by MEM as registered to the company.*
- *All the PLs under a default notice and will forfeit as the default notice period has also matured.*

## Kongwa Gold project area

As of 31st August 2017, Ministry of Energy and Minerals (MEM) portal posting shows that, the single remaining Kongwa PL has forfeited to the ministry.

## Luhala Project

No work done during the reporting period. Historical preliminary exploration results showed a very low to negligent potential for gold mineralization within some of the PLs that make up the regional Luhala project. Consequently, it has been recommended that these licenses be abandoned or returned to original owners to cut liabilities. The license status and statutory liabilities for these PLs are as shown in the table below:

*Luhala Gold Project PL Portfolio Status - PLs Proposed for Discard*

Book No	License Name	PL_ID	Application Date	Grant Date	Rent Paid To	Renewal Submission Date	Expiry Date	Area km2	Status	Preparation Fee (US\$)	Surrender Fee (US\$)	Annual Rent (US\$-2013/14)	Annual Rent (US\$-2014/15)	Annual Rent (US\$-2015/16)	Annual Rent (US\$-2016/17)	Annual Rent (US\$-2017/18)	Total (US\$)
109	Luhala	PL6402/2010	11-Jul-07	05-May-10	4-May-15	04-Apr-16	04-May-16	10.23	Active_Expired								2,046.00
108	Luhala	PL6759/2010	11-Jul-07	21-Oct-10	20-Oct-14	20-Sep-16	20-Oct-16	8.96	Active_Expired				1,792.00	1,792.00			3,584.00
					TOTAL	19.19				0.00	0.00	0.00	1,792.00	3,838.00	0.00	0.00	5,630.00
					PENALTY (50%)							0.00	896.00	1,919.00			2,815.00
					GRAND TOTAL	19.19				0.00	0.00	0.00	2,688.00	5,757.00	0.00	0.00	8,445.00

- *All the Luhala PLs nominated for discarding or surrender to MEM by the company have outstanding annual fee payments as shown in the table above.*
- *PLs highlighted in red technically expired between 4<sup>th</sup> May 2016 and 20<sup>th</sup> October 2016. No renewal applications were submitted due to the outstanding annual fee payments. PLs still considered by MEM as still registered to the company.*

## Mwadui project area

No work done during the reporting period. The Mwadui Diamond Project is a brown field exploration project that focused on the initial identification of regional-scale targets for the development of diamondiferous kimberlite pipes in the Mwadui area kimberlite province. Preliminary drilling completed on some of the high magnetic dipolar signatures on kimberlitic pipes along the NE & NW dykes in the Mwadui Project area resulted in the identification of areas with potential diamondiferous gravels that could be further tested for economic kimberlite pipes.

Consequently, it has been recommended that these licenses be abandoned or returned to original owners to cut liabilities. The license status and statutory liabilities for these PLs are as shown in the table below:

### Mwadui Diamond Project PL Portfolio Status - PLs Proposed for Discard

Book #	PL ID	Application Date	Grant Date	Rent Paid To	Renewal Submission Date	Expiry Date	Area km2	Status	Company ID	Preparation Fee (US\$)	Surrender Fee (US\$)	Annual Rent (US\$-2013/14)	Annual Rent (US\$-2014/15)	Annual Rent (US\$-2015/16)	Annual Rent (US\$-2016/17)	Annual Rent (US\$-2017/18)	Total (US\$)	Comment	
323	PL8871/2012	18-May-09	31-Dec-12	30-Dec-13	30-Nov-16	30-Dec-16	1.88	Active	Tanzam			188.00	188.00	188.00	188.00		752.00	Expired	
324	PL8673/2012	06-Nov-09	31-Dec-12	30-Dec-13	30-Nov-16	30-Dec-16	17.91	Active	Tanzam			1,791.00	1,791.00	1,791.00	1,791.00		7,164.00	Expired	
348	PL9847/2013	12-Jul-10	27-Mar-13	26-Mar-14	26-Feb-17	26-Mar-17	25.58	Active - In Default	Tanzam		500.00	2,558.00	2,558.00	2,558.00			8,174.00	Expired, default note received	
367	PL9284/2013	20-Sep-10	02-Aug-13	1-Aug-15	01-Jul-17	01-Aug-17	99.28	Active	Tanzam		500.00			9,928.00	9,928.00		20,156.00	Expired	
							TOTAL			0.00	1,000.00	1,979.00	4,537.00	14,465.00	14,465.00	0.00	36,446.00		
							PENALTY (50%)					989.50	2,268.50	7,232.50				17,721.00	
							GRAND TOTAL			0.00	1,000.00	2,968.50	6,805.50	21,697.50	21,697.50	0.00		54,167.00	

- All the Mwadui PLs nominated for potential discard by the company have outstanding annual fee payments as shown in the table above.
- PL highlighted in red technically expired and no renewal applications were submitted due to the outstanding annual fee payments. PL still considered by MEM as registered to the company.
- One of the PLs is also under a default notice and will forfeiture as the default notice period has also matured.

## Nzega Gold project area

No work done during the reporting period. The Nzega gold project is a greenfield stage project focused on looking for the Golden Pride mine style of mineralization on the anomalous gold areas defined by soils, BGC, Auger drilling and grab sampling. Historical preliminary exploration results showed a very low to negligent potential for gold mineralization within the remaining PLs that make up the regional Nzega project. Consequently, it has been recommended that these licenses be abandoned or returned to original owners to cut liabilities.

The license status and statutory liabilities for these PLs are as shown in the table below:

### Nzega Gold Project PL Portfolio Status - PLs Proposed for Discard

Book #	PL ID	Application Date	Grant Date	Rent Paid To	Renewal Submission Date	Expiry Date	Area km2	Status	Company ID	Preparation Fee (US\$)	Surrender Fee (US\$)	Annual Rent (US\$-2013/14)	Annual Rent (US\$-2014/15)	Annual Rent (US\$-2015/16)	Annual Rent (US\$-2016/17)	Annual Rent (US\$-2017/18)	Total (US\$)	Comment	
	PL8480/2012	14-Dec-12						Application recommended	Tanzam								0.00	Application approved	
325	PL8677/2012	29-Jul-09	31-Dec-12	30-Dec-13	30-Nov-16	30-Dec-16	20.03	Active	Tanzam			2,103.00	2,103.00	2,103.00			6,309.00	Expired	
							TOTAL			0.00	0.00	2,103.00	2,103.00	2,103.00	0.00	0.00	6,309.00		
							PENALTY (50%)					1,051.50	1,051.50	1,051.50				3,154.50	
							GRAND TOTAL			0.00	0.00	3,154.50	3,154.50	3,154.50	0.00	0.00		9,463.50	

- The single Nzega PL nominated for potential discard by the company has outstanding annual fee payments as shown in the table above. The PL has technically expired and no renewal applications were submitted due to the outstanding annual fee payments. PL still considered by MEM as registered to the company.
- The renewal application for PL8480/2012 was approved by MEM but despite Tanzam not taking up the offer, it remains on our portfolio.

## Nyanzaga Gold project area

No work done during the reporting period. The Nyanzaga gold project is a brownfield stage project focusing on the finding of a gold resource like the recently established Nyanzaga Mine now under development. Historical preliminary follow-up RC drilling intercepted the potential strike extension of the regional shear

zone but the assay results returned very sporadic anomalous gold values (<1.0g/t Au). Consequently, it has been recommended that these licenses be abandoned or returned to original owners to cut liabilities. The license status and statutory liabilities for these PLs are as shown in the table below:

#### Nyanzaga Gold Project PL Portfolio Status - PLs Proposed for Discard

Book #	PL_ID	Application Date	Grant Date	Rent Paid To	Renewal Submission Date	Expiry Date	Area km2	Status	Company_ID	Preparation Fee (US\$)	Surrender Fee (US\$)	Annual Rent (US\$-2013/14)	Annual Rent (US\$-2014/15)	Annual Rent (US\$-2015/16)	Annual Rent (US\$-2016/17)	Annual Rent (US\$-2017/18)	Total (US\$)	Comment
100	PL103/2012	18-Jul-08	05-Jul-12	04-Jul-13	04-Jul-16	04-Jul-16	9.1	Active	Tanzan		500.00	910.00	910.00	910.00			2,730.00	Expired
113	PL866/2013	19-Jul-10	08-Feb-13	07-Feb-14	07-Feb-17	07-Feb-17	8.99	Active	Tanzan			899.00	899.00	899.00			3,197.00	Expired
					TOTAL		18.09			0.00	500.00	910.00	1,809.00	1,809.00	899.00	0.00	5,627.00	
					PENALTY (50%)							455.00	904.50	904.50	449.50		2,713.50	
					GRAND TOTAL		18.09			0.00	500.00	1,365.00	2,713.50	2,713.50	1,348.50	0.00	6,640.50	

- All the Nyanzaga PLs nominated for potential discard by the company have outstanding annual fee payments as shown in the table above.
- Both PLs highlighted in red technically expired and no renewal application were submitted due to the outstanding annual fee payments. PLs still considered by MEM as still registered to the company.

#### Shinyanga Gold project area

No work done during the reporting period. The Shinyanga gold project is a brownfield stage project focusing on the finding of remnant greenstone slivers that could host gold deposits. Historical preliminary exploration results showed a very low to negligent potential for gold mineralization within the remaining PLs that make up the regional Shinyanga project. Consequently, it has been recommended that these licenses be abandoned or returned to original owners to cut liabilities.

The license status and statutory liabilities for these PLs are as shown in the table below:

#### Shinyanga Gold Project PL Portfolio Status - PLs Proposed for Discard

Book #	PL_ID	Application Date	Grant Date	Rent Paid To	Renewal Submission Date	Expiry Date	Area km2	Status	Company_ID	Preparation Fee (US\$)	Surrender Fee (US\$)	Annual Rent (US\$-2013/14)	Annual Rent (US\$-2014/15)	Annual Rent (US\$-2015/16)	Annual Rent (US\$-2016/17)	Annual Rent (US\$-2017/18)	Total (US\$)	Comment
110	PL894/2013	28-Apr-10	08-Feb-13	7-Feb-14	07-Jan-17	07-Feb-17	29.71	Active-In default	Tanzan			0.00	5,942.00	5,942.00	5,942.00		17,826.00	Expired, Default note received
					TOTAL		29.71			0.00	0.00	5,942.00	5,942.00	5,942.00	0.00		17,826.00	
					PENALTY (50%)							0.00	2,971.00	2,971.00	2,971.00		8,913.00	
					GRAND TOTAL		29.71			0.00	0.00	8,913.00	8,913.00	8,913.00	0.00		26,739.00	

- The remaining Shinyanga PL nominated for potential discard by the company has outstanding annual fee payments as shown in the table above.
- The PL highlighted in purple is active but officially notified to us as being in default. The default notice gives us 3 months in which to pay all outstanding fees failure to do that will result in automatic forfeiture of the license.

#### Tulawaka Gold project area

No work done during the reporting period. The Tulawaka Gold Project is a green stage project that was aimed at generating similar deposits to the Tulawaka Gold mine (now operated as Stamigold). Historical preliminary exploration results showed a very low to negligent potential for gold mineralization within the remaining PLs that make up the regional Tulawaka project. Consequently, it has been recommended that these licenses be abandoned or returned to original owners to cut liabilities.

The license status and statutory liabilities for these PLs are as shown in the table below:

#### Tulawaka Gold Project PL Portfolio Status - PLs Proposed for Discard

Book #	PL_ID	Application Date	Grant Date	Rent Paid To	Renewal Submission Date	Expiry Date	Area km2	Status	Company_ID	Preparation Fee (US\$)	Surrender Fee (US\$)	Annual Rent (US\$-2013/14)	Annual Rent (US\$-2014/15)	Annual Rent (US\$-2015/16)	Annual Rent (US\$-2016/17)	Annual Rent (US\$-2017/18)	Total (US\$)	Comment	
	PL10331/2014	06-Sep-10	20-Oct-14		19-Sep-18	19-Oct-18	8.85	Active - In Default	Tanzam				885.00	885.00	885.00		3,540.00	Default notice received	
113	PL847/2012	01-Aug-08	10-Dec-12	9-Dec-14	09-Nov-16	09-Dec-16	6.48	Active	Tanzan				648.00	648.00			1,296.00	Expired	
2	PL847/2012	03-Oct-08	10-Dec-12	9-Dec-14	09-Nov-16	09-Dec-16	6.31	Active	Tanzan				611.00	611.00			1,222.00	Expired	
131	PL995/2014	02-Aug-10	22-Jul-14	21-Jul-15	21-Jun-18	21-Jul-18	6.03	Active	Tanzan		500			603.00	603.00	603.00		1,706.00	Overdue payments
					TOTAL		18.62			0.00	500.00	0.00	1,259.00	1,862.00	803.00	603.00	4,225.00		
					PENALTY (50%)							0.00	629.50	931.00	301.50		1,862.00		
					GRAND TOTAL		18.62			0.00	500.00	0.00	1,888.50	2,793.00	904.50	603.00	6,087.00		

- All the Tulawaka PLs nominated for potential discard by the company have outstanding annual fee payments as shown in the table above.
- PL highlighted in red technically expired and no renewal applications were submitted due to the outstanding annual fee payments. PL still considered by MEM as registered to the company.

All the PLs also under a default notice and will forfeit as the default notice period has also matured.

As of 31<sup>st</sup> August 2017, the **Projects to Discard/Abandon** license portfolio's outstanding and current financial liabilities and obligations arising from unpaid rents including the penalties are US\$572,841 as summarized in the table below.

*Liabilities - PLs to Discard/Abandon (Exploration Projects)*

Project_ID	Preparation Fee (US\$)	Surrender Fee (US\$)	Annual Rent (US\$- 2013/14)	Annual Rent (US\$- 2014/15)	Annual Rent (US\$- 2015/16)	Annual Rent (US\$- 2016/17)	Annual Rent (US\$- 2017/18)	Total (US\$)
Biharamulo	0	1,000	0	12,561	12,561	12,561	0	38,683
Itetemia	500	1,000	0	0	1,719	1,146	1,146	5,511
Kabanga	0	1,000	0	0	0	0	0	1,000
Kanengele	0	3,500	0	15,540	23,238	23,934	2,364	68,576
Kigosi	0	8,000	38,796	78,543	83,046	54,498	26,484	289,367
Kibara	0	0	0	18,186	18,186	18,186	0	54,558
Luhala	0	1,000	0	2,688	5,757	0	0	9,445
Mwadui	0	1,000	2,969	6,806	21,698	21,698	0	54,169
Nyanzaga North	0	500	1,365	2,714	2,714	1,349	0	8,641
Nzega	0	0	3,155	3,155	3,155	0	0	9,464
Tulawaka	0	500	0	1,889	2,793	905	603	6,689
Shinyanga	0	0	0	8,913	8,913	8,913	0	26,739
<b>GRAND TOTAL</b>	<b>500</b>	<b>17,500</b>	<b>46,284</b>	<b>150,993</b>	<b>183,779</b>	<b>143,189</b>	<b>30,597</b>	<b>572,841</b>

**License Relinquishment**

Following the Company's decision to include mine development to its strategy of generating maximum revenue from its extensive portfolio of properties and with the rising costs of maintaining prospecting and other licenses in Tanzania, management decided review, revamp and clean up the TRX PL portfolio with a view to discard certain licenses and/or alternatively farm them out in JV packages.

A detailed in-house geological reviews of each respective project area and its potential for discovery of gold mineralization was submitted to a technical team that review the merits and de-merits of each project in Tanzania.

This exercise culminated in the establishment of all outstanding, current and future financial liabilities and obligations arising from our total land-holdings as summarized in the above sections.

*Exploration*

The Company's principal exploration properties are currently all located in the United Republic of Tanzania, Africa. The government of Tanzania is a stable, multi-party democracy. Mineral exploration in Tanzania is affected by local climatic, political, and economic conditions. The Company's properties have year round access, although seasonal summer rains from December to March may result in flooding in low lying areas, which are dominated by mbuga (black organic rich laustrine flood soils). Further, most lowland areas are under active cultivation for corn, rice, beans and mixed crops by subsistence farmers. As a result, the area has been deforested by local agricultural practices for many years. The seasonal rains and deforested areas can create a muddy bog in some areas, which can make access more difficult, and could impede or even prevent the transport of heavy equipment to the Company's mineral properties at certain times of the year between December and March.

*Competition*

The mining industry in which the Company is engaged is in general, highly competitive. Competitors include well-capitalized mining companies, independent mining companies and other companies having financial and other resources far greater than those of the Company. The Company competes with other mining companies in connection with the acquisition of gold and other precious metal properties. In general, properties with a

higher grade of recoverable mineral and/or which are more readily mineable afford the owners a competitive advantage in that the cost of production of the final mineral product is lower. Thus, a degree of competition exists between those engaged in the mining industry to acquire the most valuable properties. As a result, the Company may eventually be unable to acquire attractive gold mining properties.

#### *Dependence on Customers and Suppliers*

The Company is not dependent upon a single or few customers or supplier for revenues or its operations.

#### **Governmental Regulations**

As of November 1, 2010, the *Tanzania Mining Act, 2010* (“**Mining Act, 2010**”) came into effect. The Tanzania Ministry of Energy and Minerals announced changes to fees effective July 27, 2012.

The Company’s mineral interests in Tanzania are initially held under prospecting licenses granted pursuant to the Mining Act, 2010 for a period of up to four years, and are renewable two times for a period of up to two years each. The Company must pay annual rental fees for its prospecting licenses based on the total area of the license measured in square kilometres, multiplied by US\$100/sq.km for the initial period, \$150/sq.km for the first renewal and \$200/sq.km for the second renewal. There is also an initial one-time “preparation fee” of US\$500 per license. Upon renewal, the Company must pay a renewal fee of US\$300 per license. Renewals of its prospecting licenses can take many months and even years to process by the regulatory authority in Tanzania.

All prospecting licenses in Tanzania also require the holder to expend funds which are set out in the Mining Act, 2010. At each renewal, at least 50% of the Company’s licensed area must be relinquished on prospecting licences in excess of 20 square kilometres. On relinquishing the ground, the area is automatically returned to the Mining Commissioner’s jurisdiction for a period of 4 months after which it will be declared vacant or otherwise by the Commissioner. If the Company still has an interest in the relinquished one-half portion, it must then file a new application in competition with other interested companies for the relinquished portion 4 months after the relinquishment date. If more than one application is lodged on the same day at the Mining Commissioner’s office, then the Commissioner may award the ground by tender. There is no guarantee on the timing for processing the new application and whether it will be successful.

The Company must hold a mining license or special mining licence to carry on mining activities. Pursuant to the Mining Act, 2010 a mining license is granted for a maximum initial period of 10 years. It is renewable 6 months prior to expiry for a period the applicant will state but not exceeding 10 years. A special mining licence is granted for the estimated life of the ore body indicated in the feasibility study report, or such period as the applicant may request whichever period is shorter. It is renewable for a period not exceeding the estimated life of the remaining ore body.

Prospecting and special mining and mining license holders must submit regular reports in accordance with mining regulations. Upon commercial production, the government of Tanzania imposes a royalty on the gross value of all production at the rate of 4% of all gold produced. The applicable regulatory body in Tanzania is the Ministry of Energy and Minerals.

An environmental impact statement and an environmental management plan must accompany special mining license, mining license and gemstone mining license applications for mineral rights. In addition to the establishment of environmental regulations, the Tanzanian Government has improved management procedures for effective monitoring and enforcement of these regulations by strengthening the institutional capacity, especially in the field offices. The Government has provided rules for the creation of reclamation

funds to reinstate land to alternative uses after mining and it has developed guidelines for mining in restricted areas, such as forest reserves, national parks, sources of water and other designated areas.

### C. Organizational Structure

The Company has the following seven subsidiaries:

Name of Subsidiary	Jurisdiction of Incorporation	Percentage & Type of Securities Owned or Controlled by Company	
		Voting Securities Held	Non-Voting Securities
Iteitemia Mining Company Limited	Republic of Tanzania, Africa	90% <sup>(1)</sup> common shares	N/A
Lunguya Mining Company Ltd.	Republic of Tanzania, Africa	60% <sup>(2)</sup> common shares	N/A
Tancan Mining Company Limited	Republic of Tanzania, Africa	100% common shares	N/A
Tanzania American International Development Corporation 2000 Limited	Republic of Tanzania, Africa	100% common shares	N/A
Buckreef Gold Company Limited (BGCL)	Republic of Tanzania, Africa	55% <sup>(3)</sup> common shares	N/A
Northwest Basemetals Company Limited	Republic of Tanzania, Africa	75% <sup>(4)</sup> common shares	N/A
BGCL/AGC Joint Venture <sup>(6)</sup>	Republic of Tanzania, Africa	40% <sup>(5)</sup> common shares	N/A

(1) The remaining 10% interest is held by State Mining Corporation.

(2) The remaining 40% interest is held by Northern Mining and Consultancy Company Ltd.

(3) The remaining 45% interest is held by State Mining Corporation.

(4) The remaining interest is held 15% by State Mining Corporation and 10% by Songshan.

(5) The remaining interest is held 60% by Allied Gold Corp. of United Arab Emirates.

(6) Joint venture letter of intent signed and subject to final approval.

### D. Property, Plant and Equipment

The Company's business is the acquisition, exploration and development of mineral properties, with a primary focus on exploring for gold properties in Tanzania. From 2011 onwards, the Company also decided to morph into a junior mining company using its Buckreef project as the flagship. Historically, the Company has funded its activities by way of the sale and issuance of its securities. The Company also obtains operating funds through sales of and options to sell its various mineral property interests to other parties, retaining a royalty interest. The activities of the Company within its properties with or without a known body of commercial ore, with or without established mineral reserves, to date have been exploratory and developmental in nature. Feasibility studies have been completed and published on the Buckreef, Kigosi and Iteitemia Projects with all pertinent details.

## Mineral Properties

### Buckreef Project

#### History

The Lake Victoria Goldfields (“LVG”) was discovered in 1894 by German explorers and significant exploitation began in the 1930s at the Geita Gold Mine. Several small gold mines exploiting near surface reefs, operated throughout the Rwamagaza Greenstone Belt (“RGB”), particularly near the village of Rwamagaza. By 1940, Tanzania was producing 4.5tpa of gold (Au).

Gold bearing quartz veins were reported from the current Buckreef Mine area in 1945 and reports from the 1950s attest to ongoing production at a number of localities near Rwamagaza, including the Buckreef area. The extent of the small scale local and colonial mining activities is evident from the numerous pits and adits covering the entire Buckreef tenement; however, no production figures are available.

#### **Buckreef Exploration History Synopsis**

<b>Year</b>	<b>Operator</b>	<b>Work Performed</b>
1959	Tanzania Mineral Resources Division (TMRD) & UNDP	UN-sponsored regional airborne geophysical survey over Rwamagaza Greenstone Belt.
1960-1965	Tanzania Mineral Resources Division (TMRD) & UNDP	Ground based geophysical surveys (magnetics, IP) follow up on regional targets. Discovery of Buckreef Quartz Vein and follow up drilling commenced. 13 diamond drill holes by UNDP (12 in current database, UNBR01-12) identified a “possible ore zone 107m long, 8m wide and extending to 122m depth
1968	Tanzania Mineral Resources Division (TMRD)	13 diamond drill holes by Tanzanian Mineral Resources Division (MRD01-13)
1972	Tanzania Mineral Resources Division (TMRD)	Tanzanian government approved investment decision and Buckreef Gold Mining Company.
Mid-1970s	Williamson Diamonds Ltd	Underground development on 30m and 61m levels by Williamson Diamonds Ltd. Indicated ore reserve of 106,000t @ 8.7g/t Au between 23m and 76m levels using minimum mining width of 1.5m
1973-79	Tanzania Mineral Resources Division?	Further underground development and 3 diamond drill holes (BGMDD01-03) by BGMC.
1973-1981	State Mining Corporation	CIP treatment plant and other facilities established with financial assistance from Swedish International Development Agency
1982-1988	State Mining Corporation	Gold production commenced but reached only 25-40% of forecast targets. Production figure unavailable. Review of operations by British Mining Consultants Ltd. who found Buckreef assay laboratory assays 65% higher than overseas check assays
1990	State Mining Corporation	Mining ceased and workings flooded. Total ore extracted estimated at approximately 100,000t @ 3-4g/t Au

<b>Year</b>	<b>Operator</b>	<b>Work Performed</b>
1992	East African Mining Corporation	Commencement of modern exploration techniques including Aircore, RC and diamond drilling.
1994	East African Gold Mines Ltd	Signing of first Buckreef Gold Mine Re-Development agreement with State Mining Corporation. Additional surface and subsurface gold resources were identified.
1995-2010	East African Gold Mines Ltd / Gallery Gold / Iamgold	Explored 40km of contiguous strike length of the RGB encompassing geophysical surveys (IP, EM & magnetic); 52,737m of RAB & AC drilling; 80,796m RC drilling and 22,197m of Diamond drilling. Several metallurgical test-works for a CIL and/or CIC process plant conducted; Preliminary economic assessment leading to a Feasibility scoping study completed. Project returned to Stamico by IAMGOLD.
2011	Tanzanian Royalty	Second Buckreef Gold mine Re-Development JV Agreement signed between Tanzanian Royalty Exploration Corp and Stamico. Commenced with detailed review of all historical exploration data and results for an updated NI 43-101 report supervised by Venmyn Rand (Pty) Ltd.
2008- 2009	Tanzanian Royalty	Continues with exploration and starts RAB, RC and DC drilling at Kigosi on the Luhwaika and Igunda Prospects. Completed drilling at Luhwaika and Igunda Prospects. 3D modelling completed and resources declared for both.
2010-2011	Tanzanian Royalty	Commenced RAB and RC drilling at Msonga and Commenced and subsequently ceased bulk sampling of Luhwaika quartz rubble deposit (four months later). Completed drilling at Msonga. 3D modelling completed. No resource declared on Msonga.
2012-2013	Tanzanian Royalty	Additional exploration and resource drilling (33,711m diamond core & 4,459m RC) conducted. Preliminary NI 43-101 report completed by Venmyn Rand (Pty) Ltd that showed a 121% increase in mineral resources. Successfully applied for extension of the Special Mining License area (from 3.4km <sup>2</sup> to 16.04km <sup>2</sup> ). Commenced NEMC EIA certification process.
2014	Tanzanian Royalty	Awarded NEMC Environmental EIA certification. Metallurgical testwork for heap leach and/or CIL process plant conducted. Geotechnical test-work conducted. Construction of pilot Heap leach process plant commenced. Pilot Mining on South Pit commenced late October 2014.
2015	Tanzanian Royalty	Pilot mining continued on South pit. Pilot heap leaching operations commenced.
2016	Tanzanian Royalty	Force majeure declared February 2016. First gold pour from heap leach operations. Further Metallurgical testwork for CIL process plant commenced. Buckreef process plant re-dsign into CIL system commenced. Commenced application for an initial 15yr Life of Mine extension for the Special Mining License.

The technical content of the following discussion regarding the Buckreef Project in Tanzania is summarized

from the Buckreef Property technical report dated February 24, 2014 entitled Updated National Instrument 43-101 Independent Technical Report on the Buckreef Project in Tanzania for Tanzanian Royalty Exploration Corporation prepared by Venmyn Rand (Pty) Limited and compiled by Fiona Harper, D. Richards and Andrew Neil Clay (the “**Updated Buckreef Technical Report**”). The Updated Buckreef Technical Report was filed on SEDAR on February 24, 2014. A further updated National Instrument NI43-101 compliant Technical Report dated 27<sup>th</sup> April 2017 and entitled the **Updated Independent Technical Mining Reserve Estimate and Economic Feasibility Study on the Buckreef Gold Mine Project, Tanzania, East Africa** prepared by MaSS Resources was filed on SEDAR on April 5, 2017.

## **Ownership**

### **Prior Ownership**

Originally, the Buckreef Project was an advanced exploration project held by Iamgold Tanzania (“**IAGT**”) prior to July 2009. The Agreement to Redevelop the Buckreef Gold Mine (“**ARBGM**”) between IAGT and the Ministry for Energy and Minerals included at that point, a single Mining Licence and 12 Prospecting Licences covering 98.19km<sup>2</sup>.

In July 2009, IAGT applied to surrender all licenses relating to the ARBGM, effective October 25, 2009 and the Commissioner for Minerals withdraw all license applications relating to the ARBGM.

### **Current Ownership, Property and Location**

In December 2010, the Company signed a binding heads of agreement with Stamico for the Buckreef Project and on October 25, 2011 entered into a Definitive Joint Venture Agreement with Stamico for the development of the project. Through its wholly-owned subsidiary, Tanzam, the Company will hold a 55% interest in the joint venture company, Buckreef Gold Company Limited, with Stamico holding the remaining 45%. The agreement provided for the formation and establishment of a joint venture company, Buckreef Gold Company Limited (“**BGC Ltd.**”). On 24<sup>th</sup> of October 2011, BGC Ltd. was formed and incorporated under certificate of incorporation number 86681.

The Buckreef Project is located in north central Tanzania immediately to the south of Lake Victoria, in the Mwanza Provincial District. The Buckreef Project is situated 110km southwest of Mwanza, in the Geita District and is accessed by ferry across Smiths Sound and then via unpaved roads and an airstrip. The Buckreef Project comprises five gold deposits located within two geographically separated areas approximately 25km apart, termed the Buckreef Mining Area (“**BRMA**”) and the Buziba-Busolwa Mining Area (“**BZMA**”) and the individual gold deposits within these mining areas have been termed Prospects, as summarized below:-

- BRMA: includes the Buckreef Prospect, the Bingwa Prospect, Eastern Porphyry Prospect and the Tembo Prospect; and
- BZMA: includes the Buziba Prospect

An extended mining right was granted to Tanzam (Special Mining Licence 04/1992) encompassing the Buckreef, Bingwa, Eastern Porphyry and Tembo Prospect areas. The Buziba Prospect is held under a prospecting licence which is in the process of being converted into either a retention licence or a special mining. Within the BZMA small-scale miners operate under numerous primary mining licences adjacent to our main prospect.

### **Geology and Mineralisation**

The BRMA and BZMA gold deposits are classified as low to medium grade orogenic gold deposits hosted by mafic volcanic sequences of the eastwest trending Archaean RGB within the L of the Tanzanian Craton. The BRMA gold deposits are hosted by a major steeply dipping, northeast-southwest trending brittle-ductile shear zone and subsidiary shears, with an early phase of iron rich carbonate alteration, re-brecciation, feldspar intrusion and a later phase of auriferous quartz veining.

The BZMA deposit is located 25km east of the Buckreef Prospect in the RGB. The principal host lithologies include magnesium rich basalt, co-magmatic dolerite and a suite of quartz-albite felsic porphyries that have intruded the mafic sequence. Gold mineralisation is associated with quartz vein arrays that occur in altered shear zones in mafic lithologies and as extensive stock works in the felsic porphyries.

### **Regional Geological Setting**

The Buckreef Project is situated within the LVG of northern Tanzania, which consists of a number of eastwest trending, linear, Archaean greenstone belts, which are separate granite-gneiss terrains within the Tanzanian Craton of east Africa. The LVG is the third largest gold producing region of Africa, surpassed only by the Witwatersrand Basin in South Africa and the Tarkwa region of Ghana. Numerous gold occurrences have been identified in the LVG, and new discoveries continue to be made. Since 1998, when the first mine, Golden Pride was commissioned, four additional large scale mines namely, Geita, Bulyanhulu, North Mara, and Tuluwaka have come into production.

The greenstone belts comprise mafic volcanics, pyritic sediments, tuffs, iron formation, chert, and felsic volcanics, collectively known as the Nyanzian Group. The metamorphic grade of the Nyanzian Group is lower to middle greenschist facies, and two major deformational episodes have been identified. Amphibolite facies metamorphic rocks are exposed in the western portions of the belt near Tulawaka Mine, but in general higher grade metamorphic complexes are rare.

The greenstone belt sequences have geological and structural similarities to major gold districts in the Canadian Shield (Val d'Or, Kirkland Lake) and the Yilgarn Craton in Western Australia (Kalgoorlie, Laverton, Leonora, Kambalda and Southern Cross).

Gold mineralisation within the LVG occurs in a number of styles including:-

- quartz veins within minor brittle lineaments, most commonly worked on a small scale by artisanal workers, due to their limited extent and erratic gold distribution;
- mineralisation within major ductile shear zones;
- mineralisation associated with replacement of iron formation and ferruginous sediments; and
- Felsic (porphyry) hosted mineralisation, such as within the RGB.

Regardless of the geological environment, it is accepted that structural control on the emplacement of the mineralisation is critical. The following structural features have proven to be important foci of gold mineralisation:

- structural lineaments trending at 120°;

- flexures and splays to the 120° trend (such as at Golden Pride);
- structural lineaments at 70° (such as at Golden Ridge); and
- Granite-greenstone contacts (such as at the Ushirombo and RGB).

### **Local Geological Setting**

The Buckreef Project area covers the eastern portion of the eastwest trending RGB, which forms part of the Sukumaland Greenstone Belt. The Sukumaland Greenstone Belt is oval shaped and is defined by two intermittently exposed belts of meta-volcanic and meta-sedimentary rocks that surround a core of granitoids and gneisses. The inner belt comprises an older, Lower Nyanzian sequence characterised by basaltic and andesitic lavas and tuffs, whilst the outer, younger, Upper Nyanzian succession consists of iron formation and tuffs. The understanding of the geology in the region has been hampered by the lack of outcrop (less than 2%). Isotopic dating suggests that the sequences are approximately 2.6Ga in age and although no contact between the outer and inner belts is exposed, a general trend of younging outwards is considered valid.

Within the Sukumaland Greenstone Belt, the RGB consists of a sequence of eastwest trending, poorly outcropping basaltic flows and overall the RGB varies in width from 5km to 10km. The mafic sequences consist of komatiitic basalts to the south and tholeiitic basalts in the north, separated by the Rwamagaza Shear Zone. The basalts display well preserved volcanic features such as varioles, pillows, and flow top breccias. Aeromagnetic data and minor outcrop, indicate the presence of a number of elongate discontinuous, serpentinised, sheared ultramafic bodies which parallel the flow stratigraphy and which could represent either intrusive bodies or the cumulate portions of thick, magnesium rich basaltic lava flows.

Two main clusters of felsic intrusions occur throughout the region and comprise large batholithic granites and porphyry intrusions. The RGB could possibly form part of a much larger mafic belt that has been dissected by the intrusion of large batholithic granites. Aeromagnetic surveys over the Project area indicate the presence of granites at depth. The RGB mafic-ultramafic sequence is strained to varying degrees, with the highest strain occurring in the central area of the Buckreef Prospect tenements, where the belt is thinnest. In this area, the dominant rock type is mafic schist. Toward the thicker (less attenuated) eastern and western parts, the schists form thinner more discrete zones of high strain separating areas of relatively unstrained ultramafic lithologies. The granitoids are generally unstrained and hence assumed to be post peak deformation. A large portion of the basalts to the southeast of Nyarugusu are hornfelsed, suggesting the presence of granite at shallow depths beneath them.

The tectonic evolution of the RGB is very poorly understood. Aeromagnetic data reveals several generations of crosscutting, late stage, brittle-ductile faults and shears, which offset flow stratigraphy and have locally been intruded by the felsic porphyries and by a late stage dolerite dykes. Early formed ductile structures are not easily defined in aeromagnetic data and there is evidence of shear zones that parallel the stratigraphy. The Project host rocks comprise meta-basalt, which is generally un-deformed but metamorphosed to lower greenschist facies grades. At Buckreef Prospect interflow units of predominantly pelitic and cherty sediments occur, as well as a variety of porphyritic textured, dyke and vein like felsic intrusions along crosscutting structures or sub-parallel to flow stratigraphy.

The RGB has been subjected to a phase of laterite development, with formation of predominantly iron rich ferricrete caps, which were subsequently extensively eroded and only isolated remnants of laterite remain in situ. The high rainfall and sub-tropical climate has resulted in deep laterisation and although there is evidence of localised gold enrichment in the shallow oxidation profiles in both BRMA or BZMA areas, major zones

of supergene gold enrichment are not developed in either area. The RGB in general is covered by a thin layer of alluvial regolith, which is amenable to standard soil sampling techniques.

A non-penetrative deformation fabric is developed at Buziba, which dips steeply to the south, sub-parallel to the stratigraphy. Individual zones in which this fabric is well developed cannot be traced for distances of more than a few hundred metres on drill sections, but a number of such zones occur throughout the 200m of thickness of stratigraphy, which hosts the mineralisation.

### **Exploration Status**

The Buckreef Gold Mine was an underground mine operated by the Tanzanian State during the late 1980s. Apart from the state, several previous owners of the project undertook numerous exploration programmes including aeromagnetic, helicopter borne IP, ground magnetic and soil geochemistry surveys, as well as extensive RC, Air Circulation (“AC”) and diamond drilling programmes. Iamgold, the most recent historic owner of the project, verified the historic drilling data, undertook additional exploration and defined JORC compliant Mineral Resources in 2006. In total, the exploration programme included approximately 30,000 soil samples, 202,000m of RC drilling, 124,000m of AC drilling and 28,000m of diamond core drilling.

The Company acquired the rights to the Buckreef Project early in 2011 and results of the current metallurgical and geotechnical diamond drilling programs, as well as detailed RC and diamond mineral resource drilling programs, are incorporated in the Updated Buckreef Technical Report. To date, additional mineralisation has been intersected on Buckreef Prospect Main Zone in a wide zone between 150m and 250m vertical depth with assay results of 4.5g/t Au over 26m and 10.58g/t Au over 19m. Additional near surface mineralisation at less than 200m depth, from Buckreef North includes a mineralised zone 46m wide at 2.31g/t Au. Gold mineralisation has also been identified in the Eastern Porphyry deposit 800m east of Buckreef Main Zone, over 500m of strike length with near surface mineralisation ranging between 1.25g/tAu to 6.3g/tAu over widths of 2.25m to 10.5m.

Historic metallurgical testwork programs were undertaken on both the BRMA and BZMA mineralisation types. The testwork on BMRA material indicated that oxide and transitional material are amenable to treatment using typical carbon-in-leach (“CIL”) processing techniques and fresh material may benefit from flotation and a finer grind with recoveries anticipated to be in the low 90%’s. The testwork results for BZMA mineralisation indicated that it is amenable to treatment using gravity and CIL processing techniques. Metallurgical recoveries for BZMA mineralisation were anticipated to be in the low to mid 90%’s. Heap leaching testwork indicated that, at a 25mm to 50mm crushing size fraction in oxide mineralisation, a 75% recovery could be anticipated, whilst transitional and fresh mineralisation recoveries were lower, at 35% to 50%.

Recent heap leach metallurgical testwork indicate positive results from column leach test for the oxide ore resources, at a 6mm crushing size fraction in oxide mineralization, up to 71% recovery was achieved on agglomerated ores during the testing. Testwork on the sulphide and transition resource indicate a recovery of 58% using a 12.5mm crush size and agglomeration using 4kg/t of lime and 3kg/t of cement.

Current (2016) metallurgical testwork indicate positive results from carbon-in-column leach test for all three (3) resources types, oxide; transition and sulphide resources. For the oxide and transition resources overall recovery achieved is in the low 90s while for sulphide resources, recoveries are in the upper 80s.

### **Previous Mineral Resource and Mineral Reserve Estimates**

Hellman & Schofield (Pty) Ltd (“*Hellman and Schofield*”) was retained by the Company to undertake the Mineral Resource estimation for the Buckreef Project reported in the technical report effective June 30, 2011

entitled “*National Instrument 43-101 Technical Report on Tanzanian Royalty Exploration Corporation’s Buckreef Gold Project in Tanzania*” prepared by Venmyn Rand (Pty) Limited and compiled by Fiona Harper, Andrew Neil Clay and Nicholas J. Johnson (the “**Buckreef Technical Report**”).

The Mineral Resource estimates were based partially on a historic dataset that has been verified and deemed suitable for Mineral Resource estimation (Hellman and Schofield 2007), as well as Iamgold exploration data, which is similarly of a standard compliant with National Instrument and JORC reporting requirements. The Mineral Resources were estimated using Multiple Indicator Kriging techniques in GS3 software produced by Hellman and Schofield. The model estimates resources into panels, which approximate the drillhole sample spacing throughout the majority of the study area. The Mineral Resource estimates within each panel were classified according to the distribution of sampling in the kriging neighbourhood and took into account the uncertainty in the estimates related to the proximity and distribution of the informing composites.

### Summary of Mineral Resources of the Buckreef Project (Cut-Off 0.5g/t Au) - Dec 2011

DEPOSIT	MEASURED			INDICATED			INFERRED			MEASURED & INDICATED		
	Tonnes (Mt)	Au Grade (g/t)	Contained Au (Moz)	Tonnes (Mt)	Au Grade (g/t)	Contained Au (Moz)	Tonnes (Mt)	Au Grade (g/t)	Contained Au (Moz)	Tonnes (Mt)	Au Grade (g/t)	Contained Au (Moz)
Buckreef	5.176	2.05	0.341	3.706	1.86	0.222	7.158	1.89	0.435	8.882	1.97	0.563
Buziba-Busolwa				35.270	1.04	1.179	14.350	0.90	0.415	35.27	1.04	1.179
Bingwa							1.120	2.4	0.086			
Tembo							0.725	2.18	0.051			
<b>TOTAL</b>	<b>5.17</b>	<b>2.05</b>	<b>0.34</b>	<b>38.97</b>	<b>1.12</b>	<b>1.40</b>	<b>23.35</b>	<b>1.32</b>	<b>0.98</b>	<b>44.15</b>	<b>1.23</b>	<b>1.74</b>

Source: Hellman and Schofield 2007, 2011; Venmyn 2011.

Mineral Resources inclusive of Mineral Reserves.

Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability

Estimates over variable widths of 3m to 40m

Bulk Density ranges from 2.0g/cm<sup>3</sup> to 2.8g/cm<sup>3</sup>

Inconsistencies in totals are due to rounding down

55% attributable to the Company

Cut-off grade 0.5g/t Au

### **Mineral Resource and Mineral Reserve Estimates: Venmyn 2014**

A Mineral Resource estimate was completed on the BRMA based on the geological models supplied by CAE Mining. The Mineral Resource estimate was informed by both the diamond drilling and reverse circulation drilling results and a Mineral Resource block model was confined by wireframed interpretations of the volumes of the individual prospects as developed by CAE Mining using Datamine™ Studio 3 (version 3.21.7164). Venmyn Deloitte carried out the grade estimation using Ordinary Kriging (OK), using Datamine™ Studio 3 (version 3.20.5321).

The Buckreef Project was modelled for gold grade only using the shell of the wireframe models as hard boundaries. Only data within the wireframes were used in the estimate. The variograms ranges were used to define the search ellipse and each domain was estimated separately. The definition of narrow mineralised stringers which frequently change strike direction posed a difficulty to the estimation process but this issue was solved by the use of local anisotropy Kriging (LAK) for the stringers implemented through Datamine™’s dynamic anisotropy functions. Specific Gravity values from all prospects and the three alteration zones namely; fresh, transitional and oxide are sufficient for the estimation purposes. Topographic surface models were provided by the Company.

## NI 43-101 Compliant Mineral Resource Estimate for BRMA as at 29 November 2013

PROSPECT	MEASURED					INDICATED					INFERRED					EXPLORATION TARGETS - Unclassified				
	Volume (Mm3)	SG	Tonnes (Mt)	Grade (g/t)	Contained Gold (oz Au)	Volume (Mm3)	SG	Tonnes (Mt)	Grade (g/t)	Contained Gold (oz Au)	Volume (Mm3)	SG	Tonnes (Mt)	Grade (g/t)	Contained Gold (oz Au)	Volume (Mm3)	SG	Tonnes (Mt)	Grade (g/t)	Contained Gold (oz Au)
<b>Buckreef Prospect</b>																				
Sub-total	3,260	2.73	8,902	1.72	491,529	4,764	2.75	13,100	1.41	594,456	2,710	2.78	7,528	1.33	322,902	1,577	2.78	4,385	1.10	155,321
<b>Eastern Porphyry</b>																				
Sub-total	0.032	2.69	0.087	1.20	3,366	0.381	2.66	1,016	1.17	38,355	0.474	2.61	1,239	1.39	55,476	0.508	2.61	1,324	1.14	48,664
<b>Tembo Prospect</b>																				
Sub-total	0.006	2.70	0.017	0.99	531	0.074	2.50	0.185	1.77	10,518	0.109	2.45	0.267	1.93	16,521	0.042	2.28	0.095	1.12	3,429
<b>Bingwa Prospect</b>																				
Sub-total	0.387	2.34	0.906	2.83	82,387	0.232	2.45	0.569	1.38	25,274	0.122	2.57	0.312	1.29	12,922	0.019	2.56	0.049	1.25	1,982
Total	3,685	2.69	9,912	1.81	577,813	5,452	2.73	14,870	1.40	668,602	3,416	2.74	9,345	1.36	407,821	2,146	2.73	5,853	1.11	209,397
<b>TOTAL</b>	<b>3,685</b>	<b>2,69</b>	<b>9,91</b>	<b>1,81</b>	<b>578,000</b>	<b>5,45</b>	<b>2,73</b>	<b>14,87</b>	<b>1,40</b>	<b>669,000</b>	<b>3,42</b>	<b>2,74</b>	<b>9,35</b>	<b>1,36</b>	<b>408,000</b>	<b>2,15</b>	<b>2,73</b>	<b>5,85</b>	<b>1,11</b>	<b>209,000</b>

Source: Venmyn Deloitte 2013, CAE Mining 2013 and TRX 2013

Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability

Mineral Resources reported inclusive of Mineral Reserves (although no Mineral Reserves are reported)

Cut-off Grade 0.5 g/t Au

Estimates over variable widths to 1m to 40m

Specific Gravity ranges 2.0 to 2.8

Inconsistencies in totals are due to rounding

55% attributable to TRX

The Company has incurred total net costs (after recoveries, if any) of \$3,064,543 on the Buckreef Project for the year ended August 31, 2017.

The cut-off grade calculations for the Buckreef Project were based on costs from the Buckreef Project PEA and at the June 2011 gold spot price of approximately USD1,500/oz and a three year trailing average of USD1,024/oz. The economic cut-off grade thus calculated ranges from 0.39g/t Au to 0.6g/t Au which shows that reasonable prospects for economic extraction are possible from grade of 0.39g/t and above. TRX made a strategic decision to publish the Mineral Resource estimate at an average of 0.5g/t Au cut-off as a reasonably conservative position.

The Exploration Target estimate column contained in the foregoing chart was prepared in accordance to the NI 43-101 guidelines of the Canadian securities administrators. It should be noted that Exploration Targets are conceptual in nature and there has been insufficient exploration to define them as Mineral Resources, and, while reasonable potential may exist, it is uncertain whether further exploration will result in the determination of a Mineral Resource under NI 43-101. The Exploration Target stated above is not being reported as part of any Mineral Resource or Mineral Reserve.

### **New Mineral Resource and Mineral Reserve Estimates: MaSS Resources 2017**

MaSS Resources (Pvt.) Ltd was commissioned by Tanzam2000, a subsidiary to Tanzanian Royalty Exploration Corporation to produce an independent NI43-101 compliant mine design and costing Feasibility Study on the Buckreef Gold Mine Project located in the Lake Victoria Goldfields, Geita District, in North Central Tanzania. This report provides a technical updated reserve estimate, open pit mine design and financial model Feasibility Study on the gold mineralization at the Buckreef Project, incorporating historical recommendations from previous studies as well as current and future projected economic considerations. This study was completed during November 2016 to April 2017.

The scope of work for this study included the following:

- Estimation of Mineral Reserves
- Mining Method Analysis and Selection
- Development and Production Scheduling with Specialized Mining Software
- Optimization of Production rate and Sequencing
- Estimation of Equipment and manpower requirements
- Mining logistics and infrastructure design
- Project Execution Plan
- Capital and Operating cost estimation
- Benchmarking against current operations
- Financial analysis modeling and valuation
- Identification of opportunities, risks and risk mitigation

This technical mining study is based on the 2014 mineral resource estimate as published by Venymn Deloitte. Mass Resources essentially overhauled and improved on the original overall mining philosophy previously expounded in the 2012 PEA report. This essentially consists of several conventional open pit layouts with access to the orebodies provided via a series of ramps into the pits.

The reserves for Buckreef project as developed by MaSS Resources are NI43-101 compliant. Reserves were calculated by first optimizing pit shells using preliminary economic parameters and then utilizing the optimized pits as templates for design of pit phases and the ultimate pit. Reserves were calculated using Measured and Indicated resources contained inside of the pit designs. Full Grade Ore cut-off grade (FGO) calculations rely on inputs from this study and other sections of the Buckreef Feasibility study. Reserves were based on \$1100/oz-Au; 0.59g/t & 0.63g/t-Au FGO was used for reserve calculation.

MaSS established that, at the 0.59 g/t cut-off base case, the geological resource model yields a global pit design optimized reserve of 17.6Mt grading at 1.89g/t including the existing mined stockpile and containing 1,070,012 troy ounce gold as summarized in the table below.

#### **NI 43-101 Compliant Pit Optimized Mineral Reserve Estimate for BRMA as at 31st August 2017**

Scheduled Reserves Categories - Pit Design						
Description			Measured	Indicated	Inferred	Total
Buckreef	Tonnes (T)	t	12,005,727	3,099,442	461,390	15,566,560
	Mt	t	12.01	3.10	0.46	16
	Au g/t	g/t	1.76	2.08	2.02	1.83
	Au_g	g	21,093,208	6,460,682	932,098	28,485,988
	Au kg	kg	21.09	6.46	0.93	28
	Au oz	Oz	678,162	207,716	29,968	915,846
Eastern Porphyry	Tonnes (T)	t	26,003	309,902	379,818	715,723
	Mt	t	0.03	0.31	0.38	0.72
	Au g/t	g/t	2.38	1.86	1.79	1.85
	Au_g	g	61,827	577,794	681,069	1,320,690
	Au kg	kg	0.06	0.58	0.68	1.32
	Au oz	Oz	1,988	18,577	21,897	42,461
Tembo	Tonnes (T)	t	-	270,846	31,657	302,502
	Mt	t	0.00	0.27	0.03	0.30
	Au g/t	g/t	0.00	2.22	1.86	2.19
	Au_g	g	-	602,301	58,794	661,096
	Au kg	kg	-	0.60	0.06	0.66
	Au oz	Oz	-	19,364	1,890	21,255
Bingwa	Tonnes (T)	t	218,126	576,341	111,846	906,312
	Mt	t	0.22	0.58	0.11	0.91
	Au g/t	g/t	3.14	2.80	2.59	2.86
	Au_g	g	684,864	1,616,218	289,547	2,590,630
	Au kg	kg	0.68	1.62	0.29	3
	Au oz	Oz	22,019	51,963	9,309	83,291
Total - Pits	Tonnes (T)	t	12,249,856	4,256,531	984,710	17,491,098
	Mt	t	12.25	4.26	0.98	17
	Au g/t	g/t	1.78	2.17	1.99	1.89
	Au_g	g	21,839,900	9,256,995	1,961,509	33,058,404
	Au kg	kg	21.84	9.26	1.96	33
	Au oz	Oz	702,169	297,619	63,064	1,062,852
Total - Stockpile incl	Tonnes (T)	t	12,369,582	4,256,531	984,710	17,610,824
	Mt	t	12.37	4.26	0.98	17.61
	Au g/t	g/t	1.78	2.17	1.99	1.89
	Au_g	g	22,062,590	9,256,995	1,961,509	33,281,094
	Au kg	kg	22.06	9.26	1.96	33
	Au oz	Oz	709,329	297,619	63,064	1,070,012

Source: MaSS Resources 2017  
Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability  
Mineral Resources reported inclusive of Mineral Reserves  
Cut-off Grade 0.59 g/t Au  
Estimates over variable widths to 1m to 40m  
Specific Gravity ranges 2.0 to 2.8  
Inconsistencies in totals are due to rounding  
55% attributable to TRX

The major highlights from the Technical Mining Feasibility report include the following:

- Conventional open pit mining methods selected in pit designs.
- Over LoM, a total of 17.49Mt of ore with a strip ratio of 8.1:1 will be mined.
- Pre-existing stockpile (ROMPAD) ore totaling 119,726t grading 1.89g/t to be used for process plant commissioning.
- 1.064Moz of gold mined over the life of the project.
- Recoveries of 89% for primary ore and 93% for saprolite ore, utilizing a simple EDS comminution, flotation and leaching process with gravity recovery circuit for free Au component collection.
- 0.91Moz of gold will be produced over the life of the project.
- Initial capital cost outlay estimated at US 32.5 Million with a Life of mine cost over the three phases of \$59.6 million and sustaining capital, excluding closure costs.
- Cash operating costs of \$696/oz produced equivalent US \$35.95 per tonne milled.
- Generation of a positive NPV of \$243 million at a 5% discount rate and an IRR of 53.7%

The Company has incurred total net costs (after recoveries, if any) of \$3,064,543 on the Buckreef Project for the year ended August 31, 2017.

## **Kigosi Project**

### ***Property Description and Location***

The Kigosi Project area is principally located within the Kigosi Game Reserve controlled area. Through prospecting and mining option agreements, the Company has options to acquire interests in several Kigosi prospecting licenses. A comprehensive report summarizing exploration work done and results to date was submitted to the Director of Wildlife and Nature Conservation as part of the requisite and mandatory requirements for an application to renew the Kigosi game reserve access permit. It is a statutory requirement to have an access permit to conduct any exploration activities in an area designated as a forest and/or game reserve. On May 31<sup>st</sup>, 2012, the Company was granted a two year permit from the Ministry of Wildlife and Nature Conservation to enter the Kigosi Game Reserve and continue with exploration activities. The Company is evaluating various alternatives for advancing the Kigosi Project by focusing on an area of near surface mineralization.

In December 2012, the Kigosi Access Agreement between the Company (through its subsidiary Tanzam) and the Director of Wildlife, Wildlife Division, Ministry of Natural Resources and Tourism was signed, and in February 23, 2013, the Company (through Tanzam), was awarded the Environmental Impact Assessment Certificate for the Kigosi gold project. Stamico has a 15% carried interest in the Kigosi Project.

On May 30, 2013 the Company announced it had been granted a Mineral Rights and Mining Licence through its wholly owned subsidiary, Tanzam. The Mineral Rights and Mining Licence covers the entire area applied for of 9.91 square kilometres of the Kigosi Project. The area remains subject to a Game Reserve Declaration Order. Upon repeal or amendment of that order by the Tanzanian government, the Company will be legally entitled to exercise its rights under the Mineral Rights and Mining Licence.

### ***Accessibility, Climate, Local Resources, Infrastructure and Physiography***

The property is accessed via air from the city of Dar Es Salaam on the Indian Ocean coast to the city of Mwanza on the southern shoreline of Lake Victoria. From Mwanza, a moderately maintained tar road accesses the town of Ushirombo, via the towns of Shinyanga and Kahama, around the southern part of the Lake, referred to as Smith Sound. This trip is approximately 400 km and takes some 5 hours. From the town of Ushirombo one keeps heading east along the main Burundi tar road for approximately 6 km, where a dirt track allows access into the Kigosi Game Reserve.

The southern bulk of the Kigosi Project area is wholly located within the northern sector of the Kigosi game reserve with a third of the licenses being located in the adjacent Nikonga-Ushirombo Forestry reserves further north. As per legal and mandatory requirements, the Company acquired respective renewable permits from the Departments of Game Reserves and Forestry Reserves of the Ministry of Wildlife and Tourism to conduct exploration activities in both the game and forestry reservation areas throughout the year. Access to the main Kigosi exploration camp via the dirt track has been substantially improved by the Company to allow access by four wheel drive vehicles during the rainy season.

The exploration camp at Kigosi is predominantly a tented facility with larger semi-permanent structures employed for offices and storage facilities. Recent construction included the installation of metal containers which will be utilized as living and office quarters. Communications at the camp are via satellite, internet and telephone.

The access track passes over the Shiperege River, a tributary to the Nikonga River and both are perennial rivers, typically dry in the winter months and overflowing during the October-May rainy season. Three (3) large ponds located on the Nikonga River were the only close source of water until recently when the company

drilled a highly productive water borehole located some 5km northwest of the camp. Drinking water for the camp is pumped via pipeline from the borehole to the camp. The Nikonga and Shiperenge rivers have played a major part in structuring the physiographic landscape in the area. These rivers drain southwards into the Moyowosi and Njingwe Swamps. Small undulating granite hills form the topographic highs, and generally trend northwest. These hills make up approximately 5% of the project area. The climate is typical of an African tropical climate, being hot during the day and cooling down in the evenings. Winters are very mild, but a blanket is needed in the early hours of the mornings. Kigosi falls within a malaria area, and precautions are necessary. Tsetse flies are also present in some parts of the project area. The region is heavily forested, but has only limited wildlife, chiefly small gazelle and baboons.

### ***Geology and Mineralization***

The Kigosi-Miyabi granite-greenstone belt and the Ushirombo greenstone belt, form part of two of the greenstone belts within the Nyanzian Archaean greenstone terrain in northwestern Tanzania. These belts host small-scale artisanal workings at Luhwaika and Igunda within the core project area at Kigosi and further to the southeast. The Ushirombo Greenstone Belt has been extensively explored by geologists and small scale miners over the past decade. It consists predominantly of mafic volcanics with lesser meta-sedimentary rocks across an east-west trending belt some 50 kilometres in strike. Gold mineralization generally occurs in narrow quartz veins. The Kigosi-Miyabi Greenstone Belt has been less explored, mainly because of the location within the Kigosi Game Reserve.

Several prominent regional scale NW trending structural lineaments, interpreted as regional shear zones, appear to be the major conduits and controls for the localization of gold mineralization in the Kigosi area. There is also a prominent NNW trending set of regional scale lineaments that are believed to be deep seated sources of the gold bearing fluids.

The Company previously discovered three previously undocumented shear-zone hosted gold mineralized targets and it has also established the presence of a surface to sub-surface horizon of unconsolidated residual in-situ auriferous vein quartz rubble on the Kigosi Property, forming a part of the Company's Lake Victoria Goldfield Properties held through its subsidiary, Tanzam.

The Company received an updated NI 43-101 technical report dated September 1, 2011 from Venmyn Rand (Pty) Limited of South Africa (the "***Kigosi Technical Report***"). A quartz rubble area of mineralization has been identified which is of particular interest due to its tabular extent and unconsolidated nature. The 43-101 Technical Report has defined a surface area of 3.36km<sup>2</sup> and an average thickness of 1.15m which contains an Indicated Mineral Resource of 3.89 million tons at an in-situ grade of 0.83g/t Au and an Inferred Mineral Resource of 6.30 million tons at a grade of 0.34g/t Au.

The Kigosi Mineral Resource estimate September 2009 includes Mineral Resources from several prospects each with primary mineralisation in shears and secondary mineralisation in alluvial gravels. No cut-off grade was applied to the shear hosted mineralisation and a cut-off of 0.1g/t Au was applied in the case of the gravels just as nominal indicator of the presence of mineralisation. The Kigosi prospect is an early exploration project and no specific costing exercises have been yet been conducted that could be used in an economic cut-off grade calculation. Nonetheless, the effect of introducing and changing cut-off grades was provided in the document as an indicative exercise. The parameters pertaining to prospects for economic extraction in the Victoria Goldfields are well known, and the grades and style of mineralisation reported for the Kigosi prospect were considered relative to this benchmark.

For additional information regarding the Kigosi Property see the Technical Report entitled "*National Instrument 43-101F Technical Report on the Kigosi Project in the Lake Victoria Greenstone Belt, Tanzania*" prepared for Tanzanian Royalty Exploration Corporation by Venmyn Rand (Pty) Limited and compiled by

C.A. Telfer, N. McKenna, J. Glanvill and R.M. Tayelor dated September 1, 2011 and filed on SEDAR December 13, 2011.

### ***Luhwaika Quartz Rubble Deposit***

A brief summary of the work done on the Luhwaika Quartz Rubble Deposit and the Msonga Prospect during the year are briefly summarized. Historical summaries for Luhwaika and Igunda Prospects are also briefly described.

During a previous detailed vertical RC-drilling program on the Luhwaika Prospect, the company established the presence of a consistent and sizeable near-surface quartz-rubble bed with a potentially significant economic potential. The Luhwaika Prospect is host to a potentially economic quartz rubble deposit which is likely a direct result of surface collapse and erosion of the Luhwaika Main and West reefs. Artisanal mining activity has concentrated on this loose quartz rubble deposit which is easily accessible for mining. High grade quartz rubble has so far been identified in three areas: the Luhwaika West reef, the Luhwaika Main reef and the Luhwaika East area.

The Company completed a detailed bulk sampling program on this potentially economic quartz rubble bed.

### ***Bulk Sampling Program***

The Company initiated a pit bulk sampling campaign between September 2010 and February 2011. The nature of this exploration was the collection of composite channel sampling from the pit side walls as a way of providing an indication of the in-situ grade. The bulk sample itself was fed through a mobile modular gravity separation plant located at the main camp. The extent of the exploration was on a small scale and included 43 excavated and channel sampled pit bulk samples. Only 18 of these pit bulk samples underwent the full excavation, channel sampling and pilot plant testing within the four month period. The objective of the pit bulk sampling campaign was to provide confidence in the gold grades for the already finalised resource model for the quartz rubble deposit and to ascertain the free gold recoverability using a rudimentary pilot plant as a low cost exercise.

The Company utilised an in-house geologist and field assistants to carry out the pit bulk sampling. Excavation was conducted with a small excavator and a single dump truck. Excavation was monitored by the geologist to ensure uniformity of the excavation and to stop the hole once the mottled zone had been reached. The mottled zone was also dug out as part of the bulk sample to a further depth of ~0.5m below the quartz rubble.

The location of the bulk sampling pits was defined by the then Senior VP, Mr. R. Van Der Westhuizen, based on the earlier RAB drilling and various other requirements. The pit co-ordinates were emailed to the field geologist who then located the pit using a hand-held GPS and staked the limits on an east-west orientation. A 5.0m x 2.5m x 2.5m pit was measured out with tape and staked. The sizing of each pit was targeted to yield approximately 80t of bulk sample. No specific grid size or spacing was used for the pit location.

### ***Luhwaika Prospect***

Gold mineralization at the Luhwaika Prospect occurs in a series of sub-parallel and variably auriferous shear zones. The geological setting of the Luhwaika Gold Prospect shows many characteristics that are typical of classic mesothermal lode gold deposits.

At Luhwaika, two principal shear zones have been identified: the Luhwaika Main and Luhwaika West reefs. These reefs carry significant gold mineralization as evidenced by strike extensive small-scale mining and exploration shafts, and more recent drill results. The gold mineralization in the Luhwaika Main reef is

structurally controlled, consisting mostly of lodes of laminated quartz veins impregnated in strongly sheared and altered quartz sericite schist with occasional massive tabular whitish-grey quartz vein blow-outs. These veins are shear hosted, with lesser extensional veins noted in outcrop in the granite host rock.

The Luhwaika West reef, located 100-200m in the hanging-wall and sub-parallel to the Luhwaika Main reef, consists mainly of shear-zone hosted tabular quartz veins that often contain irregular hematite filled fracture surfaces.

### ***Igunda Prospect***

The structural setting of the Igunda Gold Prospect is similar to that of the Luhwaika Prospect with the exception that the former is hosted in mafic greenstone rocks intruded by lenses of felsic granitoids including quartz-feldspar porphyry. At Igunda, two principal shear zones have been identified: the Igunda A and B reefs. Closely associated with the reefs are sub parallel quartz feldspar porphyry units.

Gold mineralization is structurally controlled and the Igunda Reefs are localized in two sub-vertical dipping northwest striking shear zones, dipping steeply (75° – 85°) to the northeast. Gold mineralization also occurs in the host wall rock up to over a meter and is not confined to the veins.

### ***Msonga Prospect***

#### ***Drilling***

The Msonga Prospect is situated in the far northeast of the Kigosi license area. The earlier geochemical and structural studies covering this area had identified the presence of a substantial (7 km long) Au-in-soil anomaly hosted in mafic greenstone rocks. Dominant regional structures in the area (Ushiroombo greenstone belt) generally trend east-west and are associated with the development of swarms of auriferous quartz veins such as those being currently mined by small-scale miners in the Katente area at Ushiroombo. The Msonga Prospect is located ~3-5km along strike from these artisanal workings, and as such it was considered conceivable that the Msonga Prospect represented a similar setting to the Igunda Prospect (i.e., a greenstone and shear zone hosted gold deposit).

During the period mid-2009 to early-2011, the Company conducted a single phase of widely spaced RAB drilling covering the 7km-long Au-in-soil anomaly outline. From early 2010 to June 2011, the Company conducted two phases of RC drilling. The first phase of RC drilling comprised short vertical RC drill-holes mainly investigating the area's potential for gold mineralization in a distinctive auriferous surficial lateritic quartz rubble deposit. The second phase of RC drilling comprised inclined RC drill-holes to mainly investigate the east-west strike extension of the auriferous quartz veins associated with the nearby Katente Prospect. A total of 148 inclined RC holes were drilled on the Msonga Prospect.

Subsequent modelling and krigging was conducted on the deposit. However, no mineral resources could be declared for Msonga Prospect due to the very low average grade, the paucity of sampling and a lack of geological control for mineralisation. The current targets at Msonga prospect are therefore, classified as minor gold occurrences only.

### ***Kigosi Exploration History***

The exploration history of the Kigosi Property from 2006 to 2017 is summarized as follows:

### Kigosi Exploration History Synopsis

Year	Operator	Work Performed
1990	Barth	Production of the regional geological map of granite-greenstone belt south of Lake Victoria
Early 1990s	Pangea Goldfields Inc/ Iscor	Rotary Air Blast (RAB) drilling in Msonga prospect area (Kigosi North). No records available
Early 1990s	Artisinal Miners	First evidence of artisanal working in the Kigosi area. No records available for gold extracted by the artisnals.
1994	Tan Range	Acquires gold properties for exploration in Tanzania.
1998	AngloGold	Acquired rights to nine licenses associated with the Kigosi area.
1999	Geodass	Conducted regional geophysical survey (airborne magnetics, radiometric and VLF-EM) over Ushirombo greenstone belt, including the Kigosi area.
1999	Tan Range	Helicopter visit to Luhwaika and Igunda artisanal workings. Signed option agreement with Anglo for the Kigosi North Property.
2003	Geoscientific and Explora Services Ltd (Geoscientific)	Conducted a regional LandSat interpretation on the Kigosi Project area.
2003	J Klein (Independent Consultant)	Reviewed and interpreted 1999 geophysical survey data
2003	AngloGold Ashanti	Detailed regional airborne geophysical survey and soil sampling survey
2004	AngloGold Ashanti & Tan Range	Follow up of anomalies with soil and termite mound sampling. Identification of Msonga, Bungoni, Luhwaika and Igunda Prospect area. Geological and regolith mapping conducted. Limited sampling from pits, streams and trenches.
2005-2006	AngloGold Ashanti & Tan Range	Temporary suspension of exploration activities due to permitting issues for access into Kigosi Game reserve area. JV arrangement maintained.
2007	Tan Range/ Tanzania Royalty	JV agreement with AngloGold Ashanti terminated & Tan Range changes name to Tanzanian Royalty Exploration Corp. Commenced with exploration at Kigosi in September. Exploration included biogeochemistry and induced polarisation surveys.
2008- 2009	Tanzanian Royalty	Continues with exploration and starts RAB, RC and DC drilling at Kigosi on the Luhwaika and Igunda Prospects. Completed drilling at Luhwaika and Igunda Prospects. 3D modelling completed and resources declared for both.
2010-2011	Tanzanian Royalty	Commenced RAB and RC drilling at Msonga and Commenced and subsequently ceased bulk sampling of Luhwaika quartz rubble deposit (four months later). Completed drilling at Msonga. 3D modelling completed. No resource declared on Msonga.

<b>Year</b>	<b>Operator</b>	<b>Work Performed</b>
2012	Tanzanian Royalty	NI 43-101 report prepared by Venmyn Rand (Pty) Ltd. Significant resource defined for Luhwaika and Igunda prospects.
2013	Tanzanian Royalty	Applied for and granted Mining License (ML496/2013) covering Luhwaika and Igunda Prospects
2014-2016	Tanzanian Royalty	Kigosi game reserve access permitting issues forced a stop to all activities on the project.

The Company has incurred total net costs (after recoveries, if any) of \$87,507 on the Kigosi Project for the year ended August 31, 2017.

## **Lunguya Project Area**

### ***Property Description and Location***

The Lunguya Property is located in the Kahama District of Tanzania. The Lunguya Property is situated in the Lake Victoria Greenstone Belts, approximately 100 kms by air to the southwest of Mwanza and about 15 kms south of Bulyanhulu. With respect to Lunguya PL 1766/01 in January, 2003, a Shareholder's Agreement was entered into wherein a new company, Lunguya Mining Company Limited ("**LMC**"), was created to form a joint venture between Northern Mining and Consultancy Company Limited ("**NMCCL**"), Tanzam and LMC. Tanzam has a 60% shareholding and NMCCL has the remaining 40% shareholding in LMC.

In February 2010, the Company entered into an Option and Royalty Agreement with Joseph Magunila and Partners ("**JMP**") over an area in the Kahama District of the Shinyanga Region in Tanzania 100% owned by JMP. The agreement grants the Company an option to acquire up to 90% of JMP's interest and/or, at the sole discretion of the Company, to enter into a mining and exploration services agreement. The Company paid US\$90,000 for this option.

In late 2015, the Option and Royalty Agreement between Joseph Magunila and the company became null and void as the Company relinquished its interest in the Primary Mining Licenses.

### ***Accessibility, Climate, Local Resources, Infrastructure and Physiography***

The Lunguya Property can be reached by plane from Mwanza to an airstrip accommodating Bulyanhulu or by road via Geita up to the Bulyanhulu/Kahama road intersection. From Kahama, the property is located approximately 8 kms to the south, toward Lunguya village. Secondary roads and trails traverse the property. The Nyamakwenge Reef, located in the northeastern part of the property, can be accessed using a 12 kms dirt tract passing to the north of the property. Climate and elevation are similar to the Luhala Property.

Very little outcrop (less than 1%) has been identified at Lunguya. The entire property is flat and covered largely by granitic sands and grey orange laterites derived from granitic sources. Like Luhala, Lunguya is actively cultivated, but also is being actively mined by a few score artisanal miners along the trend of the Nyamakwenge Reefs. No significant infrastructure, power or water is available on site. However, the entire infrastructure of the region including electricity, air transport, health clinics, schools, and improved road networks, have been greatly improved due to the proximity to Barrick's Bulyanhulu mine, some 20 kms to the north.

## History

### Lunguya Exploration History Synopsis

Year	Operator	Work Performed
1999-2001	Tan Range	Acquire prospecting licenses. Review of regional aeromagnetic data as part of regional prospective target identification
2002	Tan Range	Regional scale soil surveys. 4 regional anomalies identified
2003-2004	Tan Range	Follow up detailed soil surveys, ground IP surveys, Biogeochemistry (BGC) surveys identified Luhawika North (Bulynhulu replica?) Shilela, Nyikoboko & Nyamakwenge prospects.
2005-2006	Tan Range	Phase 1 auger drilling, RAB/RC/Core drilling on selected targets on 3 of the 4 prospects.
2007-2008	Tanzanian Royalty	Conducted detailed ground magnetics and IP surveys on Shilela, Nyamakwenge & Nyikoboko prospects
2009	Tanzanian Royalty	Signed Option & Royalty Agreement on Primary Mining Licenses covering the Nyamakwenge prospect
2010-2012	Tanzanian Royalty	Detailed RC and diamond core drilling on Nyamakwenge prospect (Reef and gravel resource definition-internal report). Lost main license over Luhwaika North (Buly-type?) prospect inadvertently.
2013-2015	Tanzanian Royalty	No field work conducted. JV agreement on Nyamakwenge terminated in late 2015.
2016	Tanzanian Royalty	No field work done. Review of project conducted internally.

## Geology

The very limited outcrop exposures on the Lunguya concession necessitate development of a geological and interpretive environment largely based on geophysical interpretations.

Regionally, Lunguya is located near the eastern terminus of the inner volcanic arc, lower Nyanzian, of the Sukumaland Greenstone belt. The succession is dominated by tholeiitic volcanic rocks containing lesser felsic tuffaceous rocks and argillaceous horizons cut by thin quartz porphyry dykes and sills. The thick, banded iron formation and felsic flows characteristic of the outer arc Upper Nyanzian sequence are absent. Most of the map scale granite – greenstone contacts strike north-south. No information is available with respect to the orientation of sub-surface contacts.

At Lunguya, all currently known, auriferous structural zones track at an oblique angle, the eastern granodiorite-mafic volcanic contact. Auriferous veins strike at 020° to 030° with the dominant intrusive volcanic contact trending at approximately 360°. On the property scale, two 330° trending fault structures are interpreted to offset the Lunguya vein into two fault repeated vein segments, having strike lengths of approximately 180 and 300 m. A few score artisanal miners have exploited these veins to a depth not exceeding 30 verticalm subsurface. A second set of auriferous reefs, the Nyikoboko Reefs, are located 12 kilometres to the south. This area is associated with a smaller set of largely inactive artisanal dumps and workings.

Based on the aeromagnetic data a model has been proposed whereby a large NS trending shear zone is believed to exist below a thick black cotton soil (mbuga) cover. The thin veins associated with the Nyikoboko and Nyamakwengwe reefs probably represent secondary structures from the main shear. This idea has been tested using biogeochemistry.

### ***Mineralization***

Lunguya is a mineralized brittle ductile strain zone, developing internal to a major granite-greenstone contact. Gold is associated with one fault offset vein which is likely broken into two segments, the Western and Eastern reefs. Lesser veins are also present. Initial sampling of artisanal vein waste dumps indicated the presence of well mineralized dump samples. The site contained greater than 200 of these small pits-shafts ranging from 1 to 20m deep.

Diamond drill and RC programs at Lunguya have demonstrated geological continuity of the Nyamakwenge West and East Reefs but weaker continuity of grade. The difficulty in obtaining representative gold grades from small core samples of vein material containing coarse particulate gold is a well documented phenomenon. Widths in these boreholes are approximately true widths and the boreholes have been collared roughly perpendicular to the strike and dip of the mineralized structural zones.

### ***Exploration***

In November 2010, the Company announced positive results from laboratory test work on surface quartz rubble collected from its Lunguya Primary Mining Licenses (PMLs) in northern Tanzania. The laboratory test work was intended to establish the mineralogical (physical) characteristics of gold contained within an extensive auriferous (gold bearing) quartz rubble bed identified at Lunguya, along with suitable gravity-based recovery methods to extract gold from the quartz rubble which is essentially broken and fractured surface rock.

Chemical analysis of sample material returned values of 3.58g/t, 5.75g/t, 2.33g/t and 3.31g/t, giving an average "head grade" for gold of 3.74g/t. (The "head grade" refers to the average grade of the material submitted for processing and analysis).

Bulk samples were collected from random pits within the Lunguya PML in February 2010. RC drilling began at Lunguya in June 2011. The program was intended to confirm evidence of reef mineralization identified during the 2002 RC and diamond drilling program in the area. A total of 14 drill holes consisting of 1,247m were completed during the month. A number of narrow, parallel, moderate dipping shear structures hosted in granite were intersected. The shears are possibly related to those hosting gold mineralization in the area.

The RC drilling program continued at Lunguya in August 2011, demonstrating the continuity of Nyamakwenge reefs to the southwest of the prospect. Two sets of quartz vein in sheared granite were identified during the drilling program in 2002, with their thickness ranging from 1 – 8m thick. During 2011 RC program another two sets of quartz reefs were identified, with their thickness ranging from 2 to 20m. These two new sets of quartz reef have similar characteristics with the first sets of quartz veins identified.

A study was completed for the Lunguya project. For additional information regarding the Lunguya Property the reader is referred to the complete text of a technical report prepared in accordance with the requirements of NI 43-101 dated February 8, 2010, entitled, "*Report on the Lunguya Mineral Exploration Property of Tanzanian Royalty Exploration Corporation in the Kahama District, Shinyanga Region of the United Republic of Tanzania, East Africa*" by Martin J. Taylor, P.Geol. The Preliminary Lunguya Report is available online at [www.sedar.com](http://www.sedar.com), filed on February 16, 2010 under the heading, "*Technical Report (NI 43-101)*".

During the period ended August 31, 2017, no direct property work was conducted on the Lunguya property.

**The Lunguya Property is without known mineral reserves and any exploration program is an exploratory search for ore.**

## **Itetemia Property**

### ***Property Description and Location***

The Itetemia Property is located in the Mwanza Region of the Lake Victoria Greenstone Region, Tanzania, approximately 90 kilometres by air southwest of the city of Mwanza, situated on the south shore of Lake Victoria.

### ***Accessibility, Climate, Local Resources, Infrastructure and Physiography***

The property is accessed via local roads from Geita or by plane from Mwanza to an airstrip accommodating the neighbouring Bulyanhulu Mine, owned by Barrick. The Barrick airstrip is 3.75 km west of the western boundary of the Itetemia prospecting license, and approximately 4 km northeast of the Nyamykonze village. Local resources are available at Mwanza, located on the southern shore of Lake Victoria.

The topography in the region and on the property consists of large flat-lying areas surrounded by numerous small hills. The hills have elevations of up to 100 m above local terrain. The hills are thickly vegetated and access is only possible along cut lines. Little outcrop exists on the property. The climate is similar to the rest of the region. The rainy season starts in November and lasts to the middle of April, but precipitation is irregular from one season to another. The dry seasons are usually hot. Mwanza, located along the southern shore of Lake Victoria, can, and has, provided limited supplies for mining and exploration operations in the area. Dwellers in the area of the Itetemia Project, such as the neighbouring Nyamykonze village, are traditionally subsistence farmers and ranchers, and have limited mining experience from the Bulyanhulu operation and numerous small scale activities. Water for the purpose of mining and processing is not readily available in the region; however, a pipeline from Lake Victoria built by Barrick for its Bulyanhulu Mine, provides an adequate supply.

The large, relatively flat terrain surrounding the known gold mineralization may be suitable for potential tailings and waste rock storage and for heap leach pads and a potential processing plant. Electric power is available via the national grid within 5 km; due to the unreliability of such power, alternative forms of residual or back-up power would be necessary for mining or processing operations, such as diesel power generation used by Barrick at its Bulyanhulu mine.

## ***Ownership***

### **Prior Ownership**

With respect to one Itetemia prospecting license, the interest of the Company was acquired from Stamico pursuant to a joint venture agreement dated July 12, 1994 (the “*Stamico Venture Agreement*”). The Stamico Venture Agreement obligated the Company to make two initial payments of TSh\$1,000,000 and US\$7,200 to Stamico, both of which were satisfied.

### The Company's Interest

Through prospecting and mining option agreements, the Company has options to acquire interests in several Itetemia Property prospecting licenses. The prospecting licenses comprising the Itetemia Property are indirectly held by the Company through the Company's subsidiaries, Tancan or Tanzam. In the case of one prospecting license, Tancan acquired its interest pursuant to the Stamico Venture Agreement, as amended June 18, 2001 and July 2005, which provides, among other things, that:

1. Tancan had to pay Stamico, on execution of the Stamico Venture Agreement, the sum of US\$7,200 (as an advance against the 2% gross revenue royalty) and TSh1,000,000.
2. Tancan and Stamico were to form a joint venture company for the purpose of holding the prospecting license that shall be held 10% by Stamico (with no obligation to contribute) and 90% by Tancan, which was effected through the formation of Itetemia Mining Co.
3. Stamico is entitled to acquire an additional 20% interest in the joint venture company by paying a sum equal to 20% of the cost of placing the property into commercial production based on the feasibility study, if and when submitted to the Government of Tanzania for such purpose.
4. Tancan shall assist Stamico in raising the required capital to exercise the right referred to in (3) above.
5. Tancan was to expend the sum of US\$25,000 in the first year and US\$50,000 annually thereafter in relation to the training of Tanzanian personnel.
6. Upon commencement of commercial production, Stamico shall receive a 2% gross revenue royalty, which shall be increased to a 2.5% gross revenue royalty should a mine on the Itetemia prospecting license produce recoverable gold in excess of 12 grams per tonne.
7. Tancan shall pay to Stamico, as an advance against the 2% gross revenue royalty, the sum of US\$7,200 on or before every anniversary of the Stamico Venture Agreement up until the development phase, upon and after which the annual sum of US\$10,000 shall be paid as an advance against such royalty.
8. Tancan shall show preference to Stamico for the provision of local materials and services during the period of mining operations.
9. As amended July 2005, Tancan had to pay to Stamico the sum of US\$15,000 on or before July 12 of 2006 and 2007, and ending upon commercial production, provided that commercial production commences by December 31, 2007, failing which the aforementioned payment shall be revisited. As expected, commercial production did not commence by December 31, 2007. In 2008, the annual option fee was renegotiated to US\$25,000 per annum until commercial production.
10. Tancan may assign its rights under the agreement, subject to the prior written consent of Stamico.

The Itetemia prospecting licences are adjacent to Barrick's Bulyanhulu gold mine.

## History

The exploration history of the Itetemia Property from 2006 to 2015 is summarized as follows:

### Itetemia Exploration History Synopsis

Year	Operator	Work Performed
2006	Tancan	In-house evaluation. 4-hole diamond drill program
2007	Sloane	Planned 2000 m RC drill program and 3000 m infill diamond drilling program.
2008	Sloane	First phase drill program consisted of 10 Reverse Circulation (RC) aggregating 1,489m. Eight diamond drill holes were drilled totalling 2,286.5m.
2009	Sloane	Data analysis
2010	Sloane	Data analysis
2011-2012	Company	NI 43-101 report prepared by Venmyn Rand (Pty) Ltd.
2013	Company	In-house evaluation
2014	Company	Digital Terrain Model (DTM) survey pickups using GPS to create topographical survey over the resource area for resource modelling, completion of study, which was contracted to MaSS Resources Company Ltd., submission of the Final Itetemia Gold Project (IGP) Study by MaSS Resources company, Environmental Impact Assessment (EIA) study on the Itetemia Gold Project (IGP), which was contracted to Efficient Consultants environmental experts. The EIA study is ongoing and completed activities include - Visit to site, conducting consultative meetings with stake holders, consultation with OSHA officials & Lake zone mines officer, project registration with NEMC, submission of brief project report to NEMC for project screening, preparation of Scoping Project Report and Terms of Reference (ToR) for management approval before submission and the submission of the Scoping Report to NEMC for approval.
2015	Company	EIA study report approved and ESIA certificate issued. Application to convert PL into Mining License procedures have commenced
2016	Company	Itetemia Mining License Application no/01722 submitted on 4 <sup>th</sup> November 2015 still under review by the Ministry of Energy and Minerals. No fieldwork conducted pending resolution on application.

## ***Geology***

The Lake Victoria area contains 12 Archean Nyanzian greenstone belts which are surrounded by and have been interrupted by numerous granitic intrusions. The Nyanzian belts comprise a volcano-sedimentary sequence composed of mafic to felsic volcanics (lavas and tuffs), BIF and shales. The greenstone belts have been grouped into locally distinct geographic regions. One of these regions is the Southwest Mwanza Region which includes a large area south of the town of Mwanza, located on the south shore of Lake Victoria. There are five greenstone belts in the Southwest Mwanza Region, one of which is the Ushirombo belt. The Ushirombo belt is an east-west trending belt, the eastern end of which is located approximately 25 km west of the southern end of Smith Sound on Lake Victoria. The eastern end of the belt is arcuate in shape and trends northerly tangential to the northwestern flank of the Siga Hills.

The Itetemia Property is underlain by the northerly trending eastern portion of the Ushirombo Nyanzian greenstone belt. Granite underlies the eastern and northern portions of the property. The greenstone/granite contact trends northerly through the east-central portion of the Itetemia prospecting license and through the central portion of the Itetemia East prospecting license onto the Itetemia Village license; at which point, the contract tends westerly through the Mwingilo license cutting the northeast corner of the Ngula license. Sixty percent of the Itetemia, Itetemia North and Ngula licenses are underlain by the Nyanzian greenstone belt. The remaining 40% is underlain by granite. Granite variably underlies 90 to 100% of the Itetemia East, Itetemia Village and Mwingilo prospecting licenses. The Mbuga soil covers 10 to 40% of the property.

## ***Mineralization***

The sulphide mineralization encountered on the Itetemia Property comprises massive to semi-massive, stringers, veins and veinlets, disseminated and nodular mineralization. The types of mineralization are (i) sulphides associated with volcanism activity; (ii) remobilized sulphides associated with deformation (shear hosted); and (iii) sulphides associated with sedimentation. The gold and metallic contents associated with this mineralization are variable and the relation between the grades and the mineralized type is not well known at this stage.

The massive to semi-massive sulphide mineralization seems to be related to volcanism. It occurs in two areas on the Property. One area is located in the northern part of the licenses and has been intersected by the hole ITDD-06. More than 30 m. of sulphides were intersected at the contact between a QFP and an argillite horizon separating two pillowed basalts. The sulphide content ranges from 10 to 90% pyrrhotite, 2 to 5% pyrite, trace to 5% sphalerite, trace to 1% copper.

The Golden Horseshoe Reef mineralization occurs as massive sulphide veins locally ranging from 15-30 cm wide. Sulphides dominantly appear in veins/veinlets less than 5 cm wide in felsic volcanic rocks. Five to thirty percent pyrite-pyrrhotite is common over sections of 1 to 15 m along the holes. They are sub-concordant and parallel to the schistosity. The strong shearing at the Golden Horseshoe Reef probably represents a remobilization of the sulphides.

## ***Exploration***

The majority of the exploration work in 2007 consisted of RC and diamond drilling, along with limited ground geophysics. Exploration crews were mobilized to the Itetemia Project in August 2007 and drilling commenced in mid-September. The first phase drill program completed 10 RC holes aggregating 1,489m and eight diamond drill holes totaling 2,286.5m. The drill program targeted the shallowest part of the previously established Golden Horseshoe Reef with a view to developing an open pit resource with a notional floor level of 200m below surface. In support of preparation of a resource estimate, drill holes were sited to

provide data at grid points at or below 50 x 50m spacing. A number of deeper holes were also sited to test the extent of the mineralized body at depth and along strike.

The Company is reviewing various alternatives for advancing its Itetemia project. Previous studies have indicated that the Golden Horseshoe Reef (GHR) represents a small, yet robust, medium-grade, near surface gold deposit that warrants further feasibility investigations. A Technical Report dated January 31, 2012 (the “*Itetemia and Luhala Technical Report*”) shows the potential of a small opencast operation, at high gold prices. At lower gold prices, studies show some potential for toll treating the GHR material at the neighbouring Bulyanhulu Mine.

The Itetemia and Luhala Technical Report also includes a Resource Summary for the GHR. Based on a 1.0g/t Au cut-off grade, Itetemia has an Indicated Mineral Resource of 2.80 million tons @ 2.96g/t Au containing 266,000 ounces of gold.

The Itetemia Project concept study positively demonstrated that the chosen cut-off grade of 0.5g/t Au supports not just reasonable but actual, prospects for economic extraction. The original Mineral Resource estimate was published at 1.0g/t Au but this included areas of lower grade which had to be mined in order to access the entire orebody. By lowering the cut-off grade to 0.5g/t Au, it has become possible to incorporate this material into both the Indicated and Inferred categories, effectively making the orebody more continuous and practical to mine. Comparison with the previous Mineral Resource statement indicates a 5% increase in the total tonnage at a 4% reduction in mean grade, resulting in an overall 1% increase in the contained gold. The prospects for economic extraction at 1.0g/t Au and 0.5g/t Au were clearly demonstrated by the concept study.

For additional information regarding the Itetemia Property see the Technical Report entitled “National Instrument 43-101F on the Itetemia and Luhala Gold Projects in the Lake Victoria Greenstone Belt, Tanzania” prepared for the Company by Venmyn Rand (Pty) Limited and compiled by A.N. Clay, N. McKenna, and R.M. Tayelor dated January 31, 2012 and filed on SEDAR February 1, 2012.

During the period ended August 31, 2017, no direct property work was conducted on the Itetemia property.

The Company has incurred total net costs (after any recoveries and write offs) of \$17,738 and written off \$nil of expenditure on the Itetemia Property for the year ended August 31, 2017.

## **Luhala Property**

### ***Property Description and Location***

The Luhala property is located in Misungwi District of Mwanza Region of Tanzania. It lies approximately 70 kilometres south of the city of Mwanza. The Luhala prospecting licenses are in good standing with respect to required filings and payments with the Government of Tanzania.

The target on the Luhala property is gold stockwork mineralization associated with felsic rock units in dilatational structures.

### ***Accessibility, Climate, Local Resources, Infrastructure and Physiography***

Access to the Luhala Property is via the main Mwanza – Shinyanga road, which is a single lane, good to excellent quality, asphalt highway. To access the property, one drives approximately 45km to the south of Mwanza, where a dirt road from a junction at the settlement of Manawa, leads southwest to the town of Misasi. The property has year round access, although seasonal winter rains, December to March, may result in flooding in low lying areas which are dominated by mbuga (black organic rich laustrine flood soils). Most

lowland areas are under active cultivation, corn, rice, beans and mixed crops, by subsistence farmers. Low scrub and thorn bushes cover the small hills. The area has been, for many years, deforested by local agricultural practices.

At Luhala, the mean elevation is approximately 1,200 m above sea level, with a series of small sub-rounded hills, rising up to one hundred meters above the surrounding plain. These hills are typically formed by either resistive iron formations or felsic volcanic rocks. Mafic volcanic rocks weather recessively and are typically only exposed in trenches through well formed laterite profiles. Laterite development is extensive with brick-red laterites overlying weak mottled zones and saprolites at a depth of approximately 3-5m. Deep weathering penetrates 45 - 60m vertically within the subsurface.

An enthusiastic and competent labor force is available through the surrounding villages, and local people have been routinely hired during the trenching, drilling and soil sampling programs conducted on this property. However, no other significant infrastructure is available.

***History***

Luhala has had a significantly more protracted exploration history than Lunguya, beginning with the initial exploration by the then Tanganyikan Geological Survey in 1947. The exploration history of Luhala since 2006 to 2015 is summarized as:

**LUHALA EXPLORATION HISTORY SYNOPSIS**

<b>Year</b>	<b>Operator</b>	<b>Work Performed</b>
2006	Tancan	Diamond drilling, RC drilling
2007	Sloane	Follow-up exploration planning
2008	Sloane	Data analysis
2009	Sloane	Data analysis
2010	Sloane	Data analysis
2011-2012	Company	NI 43-101 report prepared by Venmyn Rand (Pty) Ltd.
2013	Company	In-house evaluation
2014	Company	Continued in-house evaluation
2015	Company	Continued in-house evaluation/property maintenance
2016	Company	No fieldwork conducted. Property maintenance observed.

***Geology***

Luhala is found within the eastern portion of the Buhungukira Belt, a local place name assigned to one of the eight greenstone belts in the Lake Victoria District. These rocks are believed to be the eastern continuation of the Geita Greenstone Belt and consist of dominantly Upper Nyanzian rock sequences.

In the Luhala area, the predominant structural grain is dominated by an early deformational event which has deformed all supracrustal rocks into tight, south to southwest plunging, west overturned, synforms and antiforms. The short limbs of these folds may have east-west strikes and modest, 40 degree south dips. The

long limbs of these folds have north to northeast strikes and generally much steeper, 60 – 80 degree, and east dips.

At Luhala, three principal mineralized zones have been identified. These include Kisunge Hill, Shilalo South, and Shilalo West. All of the three principal mineralized areas are linked by a common southwest plunging antiform, the limbs of which are separated by 500 to 800m and converge just south of Line 6200 E and 3800 N. Mineralization to Kisunge Hill is associated with a chert – felsic volcanic contact. As Shilalo South, structurally controlled gold mineralization closely tracks the position of a massive to locally well-bedded chert or cherty iron formation. The results of diamond drilling in Shilalo West strongly outline the importance of the felsic volcanic - chert – structural sites and gold association. For example, borehole LSD – 08A is collared in the hangingwall to the Shilalo West mineralized zone, traverses the host rhyolite-chert lithology, and terminates in the footwall. This borehole intersected significant gold mineralization of 3.55 g/t Au over 5 m near the hangingwall contact of the felsic volcanic rocks, and is mineralized repeatedly at over one gram ranges throughout much of the felsic host interval, which in this borehole is over 35m thick.

The felsic volcanic rock package at Shilalo West once again presents an excellent structural site for the development of dilatant sites and gold mineralization. As of Shilalo South, a well defined planar, brittle-ductile structural zone was not identified at Shilalo West. Gold distribution is likely related to the presence of extensional and shears extensional veinlets, which are developed within the felsic volcanic rocks at or near, the felsic volcanic “red tuff” contact.

### ***Exploration***

During the period ended August 31, 2017, no site-based exploration work was conducted on the Luhala Property.

At Luhala, three principal mineralized zones have been identified: Kisunge Hill, Shilalo South, and Shilalo West. Gold mineralization is associated with zones of diffuse silicification, localized around small scale fractures within competent chert and felsic volcanic rock units.

### ***Mineralization***

At Luhala, gold mineralization is associated with zones of diffuse silicification, localized around small cm and mm scale fractures within competent chert and felsic volcanic rock units. Major discordant vein structures are not identified and planar high strain zones are absent.

No specific gravity data have been calculated for any of the rocks cored in these intervals and without strong cross sectional control, no reliable resource estimates for any of the principal mineralized zones at Kisunge, Shilalo South and Shilalo West may be calculated.

### ***Historical Drilling***

The Phase 7 drill program at Luhala was completed in August 2006 and consisted of nine diamond drill holes aggregating 991m. All the holes tested the eastern limb of the Kisunge Main Zone. Among the better intercepts reported from this program was 3.07m @ 6.87 g/t. Within this intercept was a 1.44m interval averaging 10.95 g/t. Invaluable structural information was obtained from the Phase 7 diamond drilling program which will be utilized in the planning process for follow-up exploration.

For additional information regarding the Luhala Property see the Technical Report entitled “National Instrument 43-101F on the Itetemia and Luhala Gold Projects in the Lake Victoria Greenstone Belt, Tanzania” prepared for the Company by Venmyn Rand (Pty) Limited and compiled by A.N. Clay, N. McKenna, and

R.M. Tayelor dated January 31, 2012 and filed on SEDAR February 1, 2012 (the "Itetemia and Luhala Technical Report").

The Company has incurred total net costs of \$5,988 and written off \$nil of expenditures on the Luhala Property for the year ended August 31, 2017.

**The Luhala Property is without known mineral reserves and any exploration program is an exploratory search for ore.**

**Item 4A. Unresolved Staff Comments**

None

**Item 5. Operating and Financial Review and Prospects**

This discussion and analysis of the operating results and the financial position of the Company for the years ended August 31, 2017 and 2016, and should be read in conjunction with the consolidated financial statements and the related notes attached hereto.

**Critical Accounting Policies**

*Mineral Properties*

All direct costs related to the acquisition and exploration and development of specific properties are capitalized as incurred. If a property is brought into production, these costs will be amortized against the income generated from the property. If a property is abandoned, sold or impaired, an appropriate charge will be made to the statement of comprehensive loss at the date of such impairment. Discretionary option payments arising on the acquisition of mining properties are only recognized when paid. Amounts received from other parties to earn an interest in the Company's mining properties are applied as a reduction of the mining property and deferred exploration and development costs until all capitalized costs are recovered at which time additional reimbursements are recorded in the statement of comprehensive loss, except for administrative reimbursements which are credited to operations.

Consequential revenue from the sale of metals, extracted during the Company's test mining activities, is recognized on the date the mineral concentrate level is agreed upon by the Company and customer, as this coincides with the transfer of title, the risk of ownership, the determination of the amount due under the terms of settlement contracts the Company has with its customer, and collection is reasonably assured. Revenues from properties earned prior to the commercial production stage are deducted from capitalized costs.

The amounts shown for mining claims and related deferred costs represent costs incurred to date, less amounts expensed or written off, reimbursements and revenue, and do not necessarily reflect present or future values of the particular properties. The recoverability of these costs is dependent upon discovery of economically recoverable reserves and future production or proceeds from the disposition thereof.

The Company reviews the carrying value of a mineral exploration property when events or changes in circumstances indicate that the carrying value may not be recoverable. If the carrying value of the property exceeds its fair value, the property will be written down to fair value with the provision charged against operations in the year of impairment. An impairment is also recorded when management determines that it will discontinue exploration or development on a property or when exploration rights or permits expire.

Ownership in mineral properties involves certain risks due to the difficulties in determining the validity of

certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral interests. The Company has investigated the ownership of its mineral properties and, to the best of its knowledge, ownership of its interests are in good standing.

Capitalized mineral property exploration costs are those directly attributable costs related to the search for, and evaluation of mineral resources that are incurred after the Company has obtained legal rights to explore a mineral property and before the technical feasibility and commercial viability of a mineral reserve are demonstrable. Any costs incurred prior to obtaining the legal right to explore a mineral property are expensed as incurred. Field overhead costs directly related to exploration are capitalized and allocated to mineral properties explored. All other overhead and administration costs are expensed as incurred.

Once an economically viable reserve has been determined for a property and a decision has been made to proceed with development has been approved, acquisition, exploration and development costs previously capitalized to the mineral property are first tested for impairment and then classified as property, plant and equipment under construction.

#### *Impairment of Long-lived Assets*

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) 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 recognized for the asset (or cash-generating unit) in prior years.

The Company's most critical accounting estimate relates to the impairment of mineral properties and deferred exploration costs. During the year ended August 31, 2017, the Company wrote off \$124,717 of costs related to its mineral properties (2016 – \$3,516,268). Management assesses impairment of its exploration prospects quarterly. If an impairment results, the capitalized costs associated with the related project or area of interest are charged to expense.

#### *Asset Retirement Obligations*

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral properties and property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized at its fair value in the period in which it is incurred.

Upon initial recognition of the liability, the corresponding asset retirement obligation is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

## **A. Operating Results**

The following discussion and analysis of the financial condition and operating results of the Company for the years ended August 31, 2017 and 2016 should be read in conjunction with the consolidated financial statements and related notes to the financial statements which have been prepared in accordance with IFRS.

### **Overall Performance**

As at August 31, 2017, the Company had current assets of \$1,922,088, compared to \$1,032,319 on August 31, 2016. The increase is mainly due to the cash inflow of \$5,589,501 (2016 - \$nil) in connection with the proceeds of the private placements, net of issue costs, closed during September 2016 as well as inflows from proceeds of convertible loans issued of \$1,181,993 (2016 - \$221,115). This was offset by outflows in regards to expenditures on exploration of \$1,568,614 (2016 - \$688,296) and cash used in operations of \$4,283,489 (2016 - \$1,914,495). Mineral properties and deferred exploration assets were \$46,920,303 as at August 31, 2017, compared to \$45,802,858 at August 31, 2016.

Net loss for the year ended August 31, 2017 was \$6,434,112, compared to a net loss of \$12,781,902 in the comparable year ended August 31, 2016. The main difference in net loss between the two periods is due to the following fluctuations:

- An increase in consulting fees for the year ended August 31, 2017 to \$805,943, compared to \$432,316 in the comparable year ended August 31, 2016. Consulting expenses increased during the current period as the Company hired consultants in an effort to advance its Buckreef project. The consultants were hired to advise in regards to the status of the processing plant and any modifications and changes to the operational process, and many were hired in replacement of salaried management and personnel that resigned or were let go during the course of the last year resulting in a decrease in salaries and benefits expense amounting to \$458,700 for the year ended August 31, 2017 as compared to \$623,716 for comparable period in 2016.
- An increase in professional fees expense to \$754,738 for the year ended August 31, 2017, compared to \$387,177 for the year ended August 31, 2016. Professional fees increased mainly due to various work surrounding the adoption of the stock option plan as well as continuing legal fees from the resolution of the Force Majeure matters.
- Higher share based payment expense of \$1,772,663 during the year ended August 31, 2017, as compared to a recovery of \$38,996 during the year ended August 31, 2016. The increase is due to the Company adopting a stock option plan during the period and issuing 3,750,000 options (2016 – nil) with a value of \$1,725,000 (2016 - \$nil) offset by the number of RSU's forfeited during the current period resulting in a recovery of RSU expense (see note 6 of the audited consolidated financial statements for the year ended August 31, 2017 and 2016 for details of RSU's and stock options issued).
- A decrease in the loss on the revaluation of derivative liability and change in value of warrant liability to \$nil and \$nil respectively for the year ended August 31, 2017 as compared to a loss of

\$3,905,000 and \$946,600 respectively for the year ended August 31, 2016. During the year ended August 31, 2017, as a result of the change in functional currency, gains and losses on derivative instruments are no longer recognized.

- A decrease in write offs of mineral properties to \$124,717 during the year ended August 31, 2017, compared to \$3,516,268 during the year ended August 31, 2016. See details in note 4 of the audited consolidated financial statements for the years ended August 31, 2017 and 2016 for details.

The remainder of the expenses primarily decreased in comparison to the prior period as the Company looked to be more cost effective as it worked towards securing additional financing and moving its Buckreef project into production. These variances are further discussed below.

**Share Capital:**

During the year ended August 31, 2017, the Company issued 695,991 shares (2016 – 50,000 shares) pursuant to the RSU plan with a value of \$1,040,990 (2016 - \$120,500). The Company issued 814,089 (2016 – 536,137) shares with a value of \$542,447 (2016 - \$372,130) in connection with interest payments related to the bullion loans outstanding. The Company issued 458,329 and 187,321 shares with a value of \$288,747 and \$131,998 respectively for settlement of various leases and amounts due to related parties, respectively. The Company also completed its private placement financing in September 2016 issuing 7,197,543 shares for proceeds, net of issue costs, of \$5,589,501 (2016 - \$nil). In connection with the private placement closed in September 2016, the Company also issued 3,146,944 (2016 – 233,258) shares pursuant to cashless exercise of warrants issued on the private placement. In the current period, capital was utilized for the Buckreef Gold Project development, property acquisition, exploration, capital equipment purchases and general operating expenses as tabulated below. The remaining funds/cash liquid assets, when available, are invested in interest bearing investments, which are highly liquid.

	C\$ (000)
Funds available August 31, 2016	85
Proceeds from private placements, net of issue costs	5,590
Net proceeds from convertible loans	1,182
Net proceeds (repayments) from loans from related parties	(33)
Mineral property expenditures including licences, environmental and exploration, net of recoveries	(1,568)
General corporate expenses	(4,245)
<b>Funds available August 31, 2017</b>	<b>\$1,011</b>

At August 31, 2017, the Company had a working capital deficiency of \$6,552,376 (August 31, 2016 – \$11,836,214 working capital deficiency), had not yet achieved profitable operations, has accumulated losses of \$96,566,577 (August 31, 2016 – \$90,600,819) and expects to incur further losses in the development of its business. The Company will require additional financing in order to conduct its planned work programs on mineral properties, meet its ongoing levels of corporate overhead and discharge its future liabilities as they come due.

Based on the Company’s current funding sources and taking into account the working capital position and capital requirements at August 31, 2017, these factors indicate the existence of a material uncertainty that

raises substantial doubt about the Company's ability to continue as a going concern and is dependent on the Company raising additional debt or equity financing. In September 2016, the Company raised US\$5 Million financing. The Company must obtain additional funding in order to continue development and construction of the Buckreef Project. The Company presently does not have adequate resources to maintain its core activities for the next fiscal year or sufficient working capital to fund all of its planned activities. The Company is continuing to pursue additional financing to fund the construction of the Buckreef Project and additional projects. However there is no assurance that such additional funding and/or project financing will be obtained or obtained on commercially favourable terms.

Additional funding may be derived from revenues generated in the future from anticipated completion and operation of its Buckreef mine currently under development. Management continues to explore alternative financing sources in the form of equity, debt or a combination thereof; however, the current economic uncertainty and financial market volatility make it difficult to predict success. Risk factors potentially influencing the Company's ability to raise equity or debt financing include: the outcome of the feasibility study at the Buckreef Project, mineral prices, the risk of operating in a foreign country, including, without limitation, risks relating to permitting, and the buoyancy of the credit and equity markets.

Due to the current low interest rate environment and lack of funds, interest income is not expected to be a significant source of income or cash flow. Management intends to monitor spending and assess results on an ongoing basis and will make appropriate changes as required.

## TRENDS

- There are significant uncertainties regarding the prices of precious and base metals and other minerals and the availability of equity and debt financing for the purposes of mineral exploration and development. The prices of precious and base metals have been subject to extreme volatility over recent periods, as such the Company remains cautious;
- The Company's future performance is largely tied to development of the Buckreef project and other main projects and outcome of future drilling results; and
- Current financial markets are likely to be volatile in Canada and the United States for the remainder of the fiscal year, reflecting ongoing concerns about the stability of the global economy. As well, concern about global growth may lead to future drops in the commodity markets. Uncertainty in the credit markets has also led to increased difficulties in borrowing or raising funds. Companies worldwide have been negatively affected by these trends. As a result, the Company may have difficulties raising equity and debt financing for the purposes of base and precious metals exploration and development.

These trends may limit the Company's ability to discover and develop an economically viable mineral deposit.

## Results of operations

### *Fiscal year ended August 31, 2017 compared to fiscal year ended August 31, 2016*

Net additions to mineral properties and deferred exploration costs for the year ended August 31, 2017 were \$1,242,162 compared to \$1,168,935 for the year ended August 31, 2016. The amount has increased as compared with the prior year due primarily to additions of \$1,900,000 in connection with accrued amounts owing in connection with the Buckreef joint venture, offset by \$1,933,614 (2016 - \$nil) representing a decrease due to foreign exchange in the current period stemming from the change in functional currency from Canadian dollars to US dollars as of September 1, 2016. The increase excluding these amounts saw expenditures of \$1,425,776 year ended August 31, 2017 compared to \$1,168,935 during 2016 is due to the Company's recently closed private placement financing out of which resources were allocated to license fees and other costs to keep properties in good standing and advance them towards production.

Net loss for the year ended August 31, 2017 was \$6,434,112, compared to a net loss of \$12,781,902 for the comparable year ended August 31, 2016. For the three month period ended August 31, 2017 and 2016, there was a net loss of \$1,307,313 compared to a net loss of \$5,509,566, respectively. The main difference in net loss between the comparable periods ended August 31, 2017 and 2016 is mainly due to the variances discussed above.

Variances in the remaining expenditures is set out below:

For the year ended August 31, 2017, depreciation expense was \$421,984, compared to \$478,699 for the year ended August 31, 2016. The decrease of \$56,715 is due to a lower overall capital assets base as there were no additions during the period and prior fiscal year.

Consulting fees for the year ended August 31, 2017 were \$805,943, compared to \$432,316 in the comparable year ended August 31, 2016. Consulting expenses increased during the current period as the Company hired consultants in an effort to advance its Buckreef project. The consultants were hired to advise in regards to the status of the processing plant and any modifications and changes to the operational process, and many were hired in replacement of salaried management and personnel that resigned or were let go during the course of the last year resulting in a decrease in salaries and benefits expenses discussed below. Consulting fees for the three months ended August 31, 2017 were \$272,597 compared to \$204,446 in the comparable period ended August 31, 2016. The reason for the increase for the three month period is the same as above.

Directors' fees for the year ended August 31, 2017 were \$186,826, compared to \$285,188 in the comparable year ended August 31, 2016. The amount decreased as compared to the same period in the prior year due to director resignations during the year as well as lower RSU expense in the current period, driven by lower stock prices for most of the year and a reduction of RSU issuances in favour of the newly adopted stock option plan. For the three month period ended August 31, 2017, director fees amounted to \$27,907 (2016 - \$54,890). The reason for the decrease for the three month period is the same as above.

Office and general expenses for the year ended August 31, 2017 were \$197,456, compared to \$246,938 in the comparable year ended August 31, 2016. Office and general costs decreased between the comparable periods due to continued cost reduction measures across all areas of the Company. For the three month period ended August 31, 2017, office and general expenses were \$44,777 compared to \$87,752 in the comparable period ended August 31, 2016. The reason for the decrease for the three month period is the same as above.

Shareholder information costs for the year ended August 31, 2017 increased to \$476,285 from \$249,645 for

the comparable year ended August 31, 2016. The amounts increased due to higher spending in the current fiscal year on investor relations as the Company hired new investor relations consultants. For the three month period ended August 31, 2017, shareholder information costs were \$113,838 compared to \$99,299 for the three month period ended August 31, 2016. Shareholder information costs were comparable between the two periods.

Professional fees increased by \$367,561 for the year ended August 31, 2017 to \$754,738 from \$387,177 for the year ended August 31, 2016. Professional fees increased mainly due to various work surrounding the adoption of the stock option plan as well as continuing legal fees from the resolution of the Force Majeure matters. For the three month period ended August 31, 2017 professional fees went from \$127,180 for the year ended August 31, 2016 to \$17,001. The decrease is due to various costs incurred in the last quarter of fiscal 2016 as the Company prepared for the financing closed in September 2016.

Salaries and benefits expense decreased to \$458,700 for the year ended August 31, 2017 from \$623,716 for the year ended August 31, 2016. Salaries and benefits decreased as the Company moved towards using consultants in the place of salaried employees which carries a lower cost than having salaried employees as well as the Company reducing its workforce wherever possible in an effort to minimize costs. The expenses for the corresponding three month period ending August 31, 2017 and 2016 were \$116,309 and \$57,788 respectively and increased in the current period as the third and fourth quarters of the prior year saw the largest staffing cuts as the Company was under Force Majeure during the period leading up.

Share based payments for the year ended August 31, 2017 were \$1,772,663, compared to a recovery of \$38,996 in the comparable year ended August 31, 2016. The increase is due to the Company adopting a stock option plan during the period and issuing 3,750,000 options (2016 – nil) with a value of \$1,725,000 (2016 - \$nil) offset by the number of RSU's forfeited during the current period resulting in a recovery of RSU expense (see note 6 of the audited consolidated financial statements for the three and years ended August 31, 2017 and 2016 for details of RSU's and stock options issued).

For the year ended August 31, 2017, travel and accommodation expense decreased by \$30,414 from \$61,881 in 2016 to \$31,267. For the three months ended August 31, 2017 and 2016, travel and accommodation expense decreased by \$43,876 from \$39,773 in 2016 to \$(4,103). Travel and accommodation expense decreased in comparison to the comparable period as various personnel took trips to Tanzania to assess the development of the Buckreef project during the last quarter in 2016 as well as refunds on travel overpayments in the current quarter.

For the year ended August 31, 2017, the foreign exchange gain was \$161,593 compared to an exchange gain of \$111,352 for the same year ended August 31, 2016. The primary reason is the US Dollar exchange rate decreasing from 1.312 at August 31, 2016 to 1.258 at August 31, 2017.

The interest accretion expense for the year ended August 31, 2017 was \$725,696, compared to \$1,028,568 for the year ended August 31, 2016. Interest accretion decreases as loans approach their maturity date.

A loss of \$nil (2016 – \$3,905,000 loss) was recognized during the year ended August 31, 2017, in connection with the revaluation of the derivative liability and \$nil (2016 – \$946,600 loss) was recognized during the year ended August 31, 2017, in connection with the revaluation of the warrant liability. The derivative and warrant liabilities are revalued at every reporting period using the Black-Scholes model. On September 1, 2016, upon the change in functional currency to the U.S. dollar, these derivative liabilities were no longer classified as derivatives and reclassified to reserve for share based payments.

A decrease in write offs of mineral properties to \$124,717 during the year ended August 31, 2017, compared to \$3,516,268 during the year ended August 31, 2016. See details in note 4 of the audited consolidated financial statements for the years ended August 31, 2017 and 2016 for details.

***Fiscal year ended August 31, 2016 compared to fiscal year ended August 31, 2015***

Net additions to mineral properties and deferred exploration costs for the year ended August 31, 2016 were \$1,168,935, net of recoveries from the sale of gold of \$279,203, compared to \$3,331,566 for the year ended August 31, 2015. The amount has decreased as compared with the prior year as the Company has had to allocate limited resources on core and crucial activities at the Buckreef property and other properties to keep the properties in good standing due to the limited financial resources as a result of difficult market conditions. During the comparable period, the Company was in the process of actively bringing the Buckreef into production and as such incurred higher additions as compared to the current period once the financial difficulties hit the Company beginning with the second quarter in 2015. As the Company was under Force Majeure on its Buckreef Project for much of the year, only limited expenditures to keep the project ongoing were incurred.

The Company also incurred property, plant and equipment additions of \$157,862 (2015 - \$668,005). The amount was higher during the comparative period as the Company continued to finalize construction of the heap leach pads and processing plant which began during the year ended August 31, 2014. Exploration activities have reduced as the Company was under Force Majeure on its Buckreef project for much of the year, and is working to continue towards the commencement of production and continue exploration work on other projects in its portfolio and at the same time is conscious about conserving its cash in the current economic downturn.

Net loss for the year ended August 31, 2016 was \$12,781,902, compared to a net loss of \$8,995,697 for the comparable year ended August 31, 2015. For the three month period ended August 31, 2016 and 2015, there was a net loss of \$5,509,566 compared to a net loss of \$2,030,188, respectively. The main difference in net loss between the comparable periods ended August 31, 2016 and 2015 is mainly due to the variances discussed above.

Variances in the remaining expenditures is set out below:

For the year ended August 31, 2016, depreciation expense was \$478,699, compared to \$384,708 for the year ended August 31, 2015. The increase of \$93,991 is due to additions to property, plant and equipment over last year resulting in higher amounts of depreciation on overall capital assets. The capital expenditure for the year ended August 31, 2016 was \$157,862 as compared to \$668,005 in the year ended August 31, 2015. Capital expenditures were higher in the comparable period and commencing from the fourth quarter of fiscal 2014 due to construction of the heap leach pads and processing plant. The processing plant is currently not yet being depreciated as it is currently still under testing and commissioning.

Consulting fees for the year ended August 31, 2016 were \$432,316, compared to \$246,147 in the comparable year ended August 31, 2015. Consulting expenses increased during the current period as the Company hired consultants in an effort to advance its Buckreef project. The consultants were hired to advise in regards to the status of the processing plant and any modifications and changes to the operational process. Consulting fees for the three months ended August 31, 2016 were \$204,446 compared to \$98,337 in the comparable period ended August 31, 2015. The expense for the three month period increased due to the same reason as the increase for the year.

Directors' fees for the year ended August 31, 2016 were \$285,188, compared to \$367,524 in the comparable year ended August 31, 2015. For the three month period ended August 31, 2016, director fees amounted to \$54,890 (2015 - \$129,702). The amount decreased as compared to the same period in the prior year due to director resignations during the year as well as lower RSU expense in the current period, driven by lower stock prices for most of the year.

Office and general expenses for the year ended August 31, 2016 were \$246,938, compared to \$326,088 in the comparable year ended August 31, 2015. Office and general costs decreased between the comparable periods due to cost reduction measures across all areas of the Company in light of the current economic conditions and resources available to the Company. For the three month period ended August 31, 2016, office and general expenses were \$87,752 compared to \$128,983 in the comparable period ended August 31, 2015. The expense for the three month period increased due to the same reason as the increase for the year.

Shareholder information costs for the year ended August 31, 2016 decreased to \$249,645 from \$361,265 for the comparable year ended August 31, 2015. The decrease is due to the additional reporting requirements in connection with the convertible senior note financing and operational updates during the comparable quarter. For the three month period ended August 31, 2016, shareholder information costs were \$99,299 compared to \$17,167 for the three month period ended August 31, 2015. The reason for the increase for the three month period is due to various filings and activity close to the end of the year as the Company lifted force majeure and worked towards the financings closed subsequent to year end.

Professional fees decreased by \$292,871 for the year ended August 31, 2016 to \$387,177 from \$680,048 for the year ended August 31, 2015. Professional fees were higher during the comparable quarter as the Company dealt with tax litigation in Tanzania, increased accounting costs surrounding the convertible senior note financing transaction and various business consulting fees on strategy regarding financings. For the three month period ended August 31, 2016 professional fees went from \$244,297 for the three month period ended August 31, 2015 to \$127,180. The expense for the three month period decreased due to the same reason as the decrease for the year.

Salaries and benefits expense decreased to \$623,716 for the year ended August 31, 2016 from \$1,053,364 for the year ended August 31, 2015. Salaries and benefits decreased as the Company moved towards using consultants in the place of salaried employees which carries a lower cost than having salaried employees as well as the Company reducing its workforce wherever possible in an effort to minimize costs. The expenses for the corresponding three month period ending August 31, 2016 and 2015 were \$57,778 and \$279,072 respectively.

Share based payments for the year ended August 31, 2016 resulted in a recovery of \$38,996, compared to an expense of \$506,747 in the comparable year ended August 31, 2015. Share based payments vary depending on the number of equity based compensation options issued and vesting. See note 6 of the audited consolidated financial statements for the years ended August 31, 2016 and 2015 for details. The decrease is mainly due to RSUs forfeited during the year. Director fee RSU expense was \$157,813 and \$192,468 respectively for the years ended August 31, 2016 and 2015.

For the year ended August 31, 2016, travel and accommodation expense increased by \$3,174 from \$58,507 in 2015 to \$61,681. For the three months ended August 31, 2016 and 2015, travel and accommodation expense increased by \$664 from \$22,562 in 2015 to \$39,773. Travel and accommodation expense increased in the fourth quarter due to timing of travel during the year but remained consistent overall with the previous year.

For the year ended August 31, 2016, the foreign exchange gain was \$111,352 compared to an exchange gain

of \$390,459 for the same year ended August 31, 2015. The Tanzanian Shilling exchange rate increased from 1,587 at August 31, 2015 to 1,635 at August 31, 2016. The US Dollar exchange rate increased from 1.3157 at August 31, 2015 to 1.312 at August 31, 2016.

The interest accretion expense for the year ended August 31, 2016 was \$1,028,568, compared to \$738,134 for the year ended August 31, 2015. Interest accretion in the current period represent interest in connection with the gold loan bullion loans, which increased as compared to the year ended August 31, 2015. Interest accretion in the comparative period mainly represent interest in connection with the convertible senior notes, which were fully converted during the year ended August 31, 2015.

During the nine month period ended May 31, 2016, the Company agreed to abandon and wrote off \$3,516,268 in expenses in various project areas (2015 – wrote off \$2,233,843) (see note 4 of the audited consolidated financial statements for the three and years ended August 31, 2016 and 2015 for details). The Company is continuously evaluating its mineral properties Licenses and Carry Forward Balances and makes adjustments as deemed necessary to reflect current plans to explore and develop licenses into the future.

A loss of \$946,600 (2015 – gain of \$324,000) was recognized during the year ended August 31, 2016 in connection with the revaluation of the warrant liability. Warrant liability is revalued at every reporting period using the Black-Scholes model. See note 6 of the audited consolidated financial statements for the years ended August 31, 2016 and 2015 for details.

A loss of \$3,905,000 (2015 – \$150,000 gain) was recognized during the year ended August 31, 2016, in connection with the revaluation of the derivative liability. The derivative liability is revalued at every reporting period using the Black-Scholes model. See note 19 and 22 of the audited consolidated financial statements for the years ended August 31, 2016 and 2015 for details.

A loss on the amendment of the convertible senior note financing resulting from the amendment of the terms of the financing on March 25, 2015 as described earlier which resulted in a loss of \$nil (2015 - \$2,057,506) for the year ended August 31, 2016.

### ***Inflation***

Historically, inflation has not affected the Company's business in the current locations where it is doing business and the Company does not expect it to affect the Company's operations in the future.

### ***Foreign Exchange***

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company has offices in Canada, USA, and Tanzania, but holds cash mainly in Canadian and United States currencies. A significant change in the currency exchange rates between the Canadian dollar relative to US dollar and Tanzanian shillings could have an effect on the Company's results of operations, financial position, or cash flows. At August 31, 2017, the Company had no hedging agreements in place with respect to foreign exchange rates. As a majority of the funds of the Company are held in Canadian currencies, the foreign currency risk associated with US dollar and Tanzanian Shilling financial instruments is not considered significant at August 31, 2017.

## **B. Liquidity and Capital Resources**

The Company manages liquidity risk by maintaining adequate cash balances in order to meet short term business requirements. Because the Company does not currently derive any production revenue from operations, its ability to conduct exploration and development work on its properties is largely based upon its

ability to raise capital by equity funding. Previously, the Company obtained funding via private placements, public offering and various sources, including the Company's President and former CEO.

Based on the Company's current funding sources and taking into account the working capital position and capital requirements at August 31, 2017, these factors indicate the existence of a material uncertainty that raises substantial doubt about the Company's ability to continue as a going concern and is dependent on the Company raising additional debt or equity financing. The Company must obtain additional funding in order to continue development and construction of the Buckreef Project. The Company is continuing to pursue additional financing to fund the construction of the Buckreef Project and additional projects. However there is no assurance that such additional funding and/or project financing will be obtained or obtained on commercially favourable terms. These consolidated financial statements do not give effect to any adjustment which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the consolidated financial statements.

At August 31, 2017 the Company had a working capital deficiency of \$6,552,376 (August 31, 2016 – \$11,836,214 working capital deficiency), had not yet achieved profitable operations, has accumulated losses of \$96,566,577 (August 31, 2016 – \$90,600,819) and expects to incur further losses in the development of its business. The Company will require additional financing in order to conduct its planned work programs on mineral properties, meet its ongoing levels of corporate overhead and discharge its future liabilities as they come due.

Some of the Company's mineral properties are being acquired over time by way of option payments. It is at the Company's option as to whether to continue with the acquisition of the mineral properties and to incur these option payments.

### **Mineral Property Projects**

As of August 31, 2017, amounts capitalized in respect of mineral properties were \$46,920,303, being an increase from August 31, 2016 when the balance was \$45,802,858.

During the fiscal year ended August 31, 2017, the Company capitalized mineral property exploration costs of \$1,242,162 on its mineral resource properties, compared to fiscal 2016 when the Company capitalized mineral property exploration costs of \$1,168,935.

For information on the Company's commitments for property and rental payments, refer to Item 4.

### **C. Research and Development, Patents and License, etc.**

Not applicable.

### **D. Trend Information**

No known trend.

### **E. Off Balance Sheet Arrangements**

The Company has no material off balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company's financial condition.

## F. Tabular Disclosure of Contractual Obligations

The Company has no contractual obligations as of the latest fiscal year end.

## Item 6. Directors, Senior Management and Employees

### A. Directors and Senior Management

#### Directors and Senior Management

##### A. Directors and Senior Management

The following is a list of the Company's current directors and officers. The directors named below were elected or re-elected by the Company's shareholders on March 16, 2016. There are no family relationships between the directors and officers.

Name, Municipality of Residence and Position With the Company	Principal occupation or employment and, if not a previously elected director, occupation during the past 5 years	Served as a Director Continuously Since
<b>Jeffrey Duval</b> Sharon, Connecticut <i>Acting Chief Executive Officer</i>	Acting CEO of the Company	Officer only
<b>James E. Sinclair</b> Sharon, Connecticut <i>President and Director</i>	President and Director, former CEO of the Company	April 30, 2002
<b>Dr. Norman Betts</b> Fredericton, New Brunswick <i>Director</i>	Associate Professor, Faculty of Business Administration, University of New Brunswick and a Chartered Professional Accountant	January 4, 2005
<b>William Harvey</b> Sharon, Connecticut <i>Director</i>	Psychologist	April 30, 2002
<b>Rosalind Morrow</b> Toronto, Ontario <i>Director</i>	Lawyer; Partner, Borden Ladner Gervais LLP	October 20, 2003
<b>Ulrich E. Rath</b> Toronto, Ontario <i>Director</i>	Formerly President and CEO and Director of Chariot Resources Ltd.	October 7, 2003
<b>Marco Guidi</b> Toronto, Ontario <i>Chief Financial Officer</i>	Chartered Professional Accountant, currently serving as Chief Financial Officer, Controller and Accountant for a number of junior mining companies.	Officer only
<b>Donna M. Moroney</b> Vancouver, BC <i>Corporate Secretary</i>	President and Owner of Wiklow Corporate Services Inc.	Officer only

## **Directors and Senior Management**

**James E. Sinclair**, *President and Director, former Chief Executive Officer*

Mr. Sinclair is the President and Director, former CEO of the Company. Mr. Sinclair, age 74, devotes his full time to the business and affairs of the Company.

Mr. Sinclair is a precious metals specialist, commodities and foreign currency trader, and a respected minerals industry executive. He founded the Sinclair Group of Companies in 1977 which offered full brokerage services in stocks, bonds, and other investment vehicles. The companies, which operated branches in New York, Kansas City, Toronto, Chicago, London and Geneva, were sold in 1983. From 1981 to 1984, Mr. Sinclair served as a Precious Metals Advisor to Hunt Oil and the Hunt family for the liquidation of their silver position as a prerequisite for a \$1 billion loan arranged by the Chairman of the Federal Reserve, Paul Volcker. He was also a General Partner and Member of the Executive Committee of two New York Stock Exchange firms and President of Sinclair Global Clearing Corporation and Global Arbitrage, a derivative dealer in metals and currencies.

Mr. Sinclair has authored numerous magazine articles and three books dealing with a variety of investment subjects including precious metals, trading strategies and geopolitical events, and their relationship to world economics and the markets. He maintains a high public profile and his commentary on gold and other financial issues garners extensive media attention at home and abroad. Mr. Sinclair is Executive Chairman of the Advisory Board to the Singapore Precious Metals Exchange, a physical metal exchange.

**Jeffrey Duval**, *Acting Chief Executive Officer*

Jeffrey Duval, Mr. Duval is a licensed General Engineering Contractor with over a quarter-century of experience working with several construction firms in the US south-west. His experience in corporate executive management, project development, project estimation and management, time-management, excavation, movement of material, earthworks, and related skills is a valuable asset to the Company as it aggressively moves to monetize the in-ground assets on its various licenses. Mr. Duval's management skills, efforts and involvement were instrumental in the Company furthering its planned objectives over the past 12 months. Mr. Duval age 55 devotes 100% of his time in the roll of Acting Chief Executive Officer for the Company.

**Dr. Norman Betts**, Ph.D., *Director*

Dr. Betts is an associate professor, Faculty of Business Administration, University of New Brunswick (UNB) and a Chartered Accountant Fellow (FCA). Dr. Betts serves as a Chair of the board of directors of Starfield Resources Inc. and as a director and member of the audit committees of Tembec Inc., New Brunswick Power Corporation, Export Development Canada and Adex Mining Inc. In June, Dr. Betts was appointed to the Board of Directors of the Bank of Canada. He is also a co-chair of the board of trustees of the UNB Pension Plan for Academic Employees. He is a former Finance Minister and Minister of Business New Brunswick with the Province of New Brunswick. He was awarded a PhD in Management from the School of Business at Queen's University in 1992. Dr. Betts, age 61, devotes approximately 10% of his time to the business and affairs of the Company.

**Dr. William Harvey**, B.A., Ph.D., *Director*

Dr. Harvey is a Clinical Psychologist, who for over thirty years has served as a consultant and technical expert on matters relating to substance abuse prevention and mental health promotion to a wide variety of private

and governmental programs and agencies in the United States. These include the National Institute of Drug Abuse, the National Institute of Alcoholism and Alcohol Abuse, the Office of Juvenile Justice & Delinquency Prevention, and the National Mental Health Association. He was an Adjunct Professor in the Department of Sociology at Washington University, and a Senior Research Scientist at the Missouri Institute of Mental Health, University of Missouri. He continues to be involved in the formulation of new programs and policies aimed at the betterment of society. Dr. Harvey will continue to expand the role which the Company has at the local level to ensure that stakeholder interests are addressed. Dr. Harvey, age 82, devotes approximately 10% of his time to the business and affairs of the Company.

**Rosalind Morrow, B.A., B.Ed., A.R.C.T., LL.B., *Director***

A graduate of Trinity College, Toronto, the Royal Conservatory of Music of Toronto and the University of Toronto Law School, Ms. Morrow specializes in corporate and securities law with a particular emphasis on financings, including government and structured finance, corporate governance and mergers and acquisitions. She has advised Canadian and international corporations on a number of major projects in the financial, communications and resource sectors. Ms. Morrow is a former member of the Securities Advisory Committee to the Ontario Securities Commission. Since the inception of the program in 2001, Ms. Morrow has been lead external counsel to Canada Mortgage and Housing Corporation on over \$250 billion in fully underwritten global bond issuances under its Canada Mortgage Bond Program, and since 2008 has represented the Canadian federal government on its \$125 billion Insured Mortgage Purchase Program, the Canadian equivalent of the U.S. TARP Program. A past president of the Women's Law Association of Ontario and recipient of its President's Award, Ms. Morrow currently serves on the Board of Governors of Trent University where she is a member of its Executive Committee and Chair of its Nominating and Governance Committee. She is also Chair of The Living City Foundation, the charitable arm of the Toronto and Region Conservation Authority, one of the largest environmental organizations in North America, dedicated to the preservation of a green environment in the Toronto region. Ms. Morrow, age 61, devotes approximately 10% of her time to the business and affairs of the Company.

**Ulrich E. Rath, *Director***

Mr. Rath has a wide range of experience in the mining industry, and has specific experience in North America, South America including Argentina, Chile and Peru and in South Africa. Mr. Rath was the President and CEO and Director of Chariot Resources Ltd., a junior resource company focused on the exploration, acquisition and development of copper and precious metal mineral deposits in the Andes region of Latin America. In June 2010, Mr. Rath facilitated the sale of Chariot Resources following a global auction. The sale was approved by over 98% of the shareholders of Chariot Resources. As the former President, CEO and Director of Chimera Gold Corp. (previously known as EAGC Ventures), Ulrich Rath was responsible for facilitating the \$US67 million acquisition of gold operations in the East Rand region of South Africa that now produce more than 200,000 ounces gold per annum. Subsequently, the Board of Chimera agreed to a 1:1 merger with Bema Gold Corp. He was formerly CEO and director of Compania Minera Milpo, a medium sized Peruvian zinc mining company. Mr. Rath was also formerly Vice-President, Corporate Development, for Rio Algom Ltd. from December 1992 to October 1998. Rio Algom Ltd. was a U.S. reporting issuer, whose common shares were listed on the American Stock Exchange. Mr. Rath, age 69, devotes approximately 10% of his time to the business and affairs of the Company.

**Marco Guidi, B.Com (Hons), CPA, CA, *Chief Financial Officer***

Mr. Guidi is a Chartered Professional Accountant and holds an Honours Bachelor degree in Business Administration from Wilfrid Laurier University. Mr. Guidi began his career with an accounting firm where he was as an audit supervisor specializing in serving the audit and tax needs of clients in a variety of industries.

He has worked with publicly listed junior mining companies, technology companies, and privately-owned and entrepreneurial companies. In 2010, Mr. Guidi transitioned out of public accounting and is currently serving as Chief Financial Officer, Controller and Accountant for a number of junior mining companies. Mr. Guidi, age 31, devotes 30% of his time to the business and affairs of the Company.

**Donna M. Moroney, Corporate Secretary:**

Ms. Moroney has over 30 years of experience in regulatory and corporate compliance in both Canada and the United States, and as a senior officer of various public companies. As President and owner of Wiklow Corporate Services Inc. since 2008, she assists companies in the resource, financial and technology sectors in maintaining the securities and exchange demands on public companies, as well as keeping them up-to-date on relevant issues, policies and working practices. Ms. Moroney also assists companies reporting in the U.S. in preparing registration statements, quarterly and annual financial filings and other various facets of meeting U.S. securities requirements. She also leads workshops that provide a practical guide for public companies in meeting their securities regulatory compliance requirements. She currently serves as a director or senior officer for seven public companies. Ms. Moroney, age 55, devotes 30% of her time to the business and affairs of the Company.

**Cease Trade Orders**

No director or executive officer of the Company (or any personal holding corporation of such persons) is, or was within the ten years prior to the date hereof, a director, chief executive officer or chief financial officer of any company, including the Company, that:

- (i) was subject to an order (as defined below) that was issued while the director or executive officer was acting in the capacity as director, chief executive officer, or chief financial officer; or
- (ii) was subject to an order (as defined below) that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer, or chief financial officer.

For the purposes of the above disclosure, “order” means:

- (i) a cease trade order;
- (ii) an order similar to a cease trade order; or
- (iii) an order that denied the relevant company access to any exemption under securities legislation;

that was in effect for a period of more than thirty consecutive days.

**Penalties or Sanctions**

Within the past 10 years no directors or executive officers of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company (or any personal holding corporation of such persons), has been subject to:

- (a) any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or

- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **Personal Bankruptcies**

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to materially affect control of the Company (or any personal holding corporation of such persons):

- (i) is at the date hereof, or has been within the last ten years, a director or executive officer of any company that while the person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement, or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (ii) has, within the last ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement, or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder

### **Conflicts of Interest**

There is no existing material conflict of interest between the Company or its subsidiaries and a director or executive officer of the Company or its subsidiaries. However, certain directors and officers of the Company are and may continue to be involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors. Situations may arise in connection with potential acquisitions and investments where the other interests of these directors and officers may conflict with the interests of the Company. As required by law, each of the directors of the Company is required to act honestly, in good faith and in the best interests of the Company. Any conflicts which arise shall be disclosed by the directors and officers in accordance with the *Business Corporations Act* (Alberta) and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed on them by law.

## **B. Executive Compensation**

### **Compensation Discussion and Analysis**

The adequacy and form of director and officer compensation is reviewed on an annual basis by the Audit and Compensation Committee of the Board of Directors (the “*Board*”) of the Company. The Audit and Compensation Committee recommends to the Board any adjustments to the compensation payable to directors, officers, and senior staff. The Audit and Compensation Committee is comprised of three directors: Norman Betts (Chair), William Harvey and Ulrich Rath, all of whom are independent for the purposes of National Instrument 58-101 – *Corporate Governance*.

The Audit and Compensation Committee meet to discuss salary matters as required. Its recommendations are reached primarily by comparison of the remuneration paid by the Company with publicly available information on remuneration paid by other reporting issuers that the Audit and Compensation Committee feels are similarly placed within the same stage of business development as the Company. No consultant or advisor has been retained by the Company to assist in determining compensation.

In assessing the compensation of its executive officers, the Company does not have in place any formal objectives, criteria or analysis; instead, it relies mainly on the recommendations of the Audit and Compensation Committee and Board discussion. The Company's executive compensation program has three principal components: base salary, incentive bonus plan, and equity compensation plans.

Base salaries for all employees of the Company are established for each position based on market information obtained through the recruitment process from recruitment consultants and candidates on an ad hoc basis. The Audit and Compensation Committee familiarizes itself with this market information, but does not employ a statistical or formal benchmarking approach in making its compensation recommendations. Individual qualifications and experience, together with the Company's pay scale and any market information obtained, are considered in determining base compensation levels.

Equity compensation plans are designed to provide an incentive to the directors, officers, employees and consultants of the Company to achieve the longer-term objectives of the Company; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Company; and to attract and retain persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Company. The Company awards equity based compensation to its executive officers and employees, based upon the Board's review of the recommendations of the Audit and Compensation Committee. Previous awards of such equity compensation are taken into account when considering new grants. The Company does not currently have an incentive stock option plan and none is contemplated.

Implementation of a new incentive equity based compensation plans and amendments to the existing plans are the responsibility of the Company's Board. The Company's equity compensation plans are discussed in more detail below, under the sub-headings, "*Restricted Stock Unit Plan*" and "*Employee Share Ownership Plan*".

The Company's Code of Ethics and Business Conduct prohibits directors and NEOs (defined below) from entering into transactions to hedge or offset a decrease or protect the value of equity securities of the Company granted as compensation or otherwise directly or indirectly held.

The Company has no other forms of compensation, although payments may be made from time to time to individuals or companies they control for the provision of consulting services. Such consulting services are paid for by the Company at competitive industry rates for work of a similar nature by reputable arm's length services providers.

The Company is required, under applicable securities legislation in Canada to disclose to its shareholders details of compensation paid to its named executive officers (a "***named executive officer***" or "***NEO***"). A named executive officer as defined in Form 51-102F6 – *Statement of Executive Compensation*, prescribed by National Instrument 51-102 - *Continuous Disclosure Obligations*, means an individual who, at any time during the year, was:

- (a) the Company's chief executive officer ("***CEO***");
- (b) the Company's chief financial officer ("***CFO***");
- (c) each of the Company's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year and whose total compensation will be, individually, more than \$150,000 for that financial year; and

- (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of the most recently completed financial year.

Based on the foregoing definition, the Company had six NEOs for the fiscal year ended August 31, 2017: Jeffrey Duval, Acting CEO, James E. Sinclair, President and Director, former CEO; Joseph Kahama, former Chairman and COO (Tanzania); Marco Guidi, CFO, Corporate Accountant, Peter Zizhou, General Manager and Donna M. Moroney, Corporate Secretary.

The following tables set forth particulars concerning the compensation of the named executive officers for the Company's last three fiscal years ended August 31, 2017, 2016 and 2015:

### Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Share-based awards (\$)		Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension Value (\$)	All other compensation (\$)	Total compensation (\$)
			Annual incentive plans (RSU)	Long term incentive plans (ESOP)					
Jeffrey Duval, <i>Acting CEO</i>	2017	222,378 <sup>(1)</sup>	Nil	Nil	460,000 <sup>(12)</sup>	Nil	Nil	Nil	682,378
	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
James Sinclair, <i>President and Director, former CEO</i>	2017	167,624 <sup>(1)</sup>	Nil	Nil	138,000 <sup>(12)</sup>	Nil	Nil	Nil	167,624
	2016	104,987 <sup>(2)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	104,987
	2015	94,395 <sup>(3)</sup>	206,123 <sup>(5)</sup>	Nil	Nil	Nil	Nil	Nil	300,518
Joseph Kahama, <sup>(6)</sup> <i>Former Chairman and COO (Tanzania)</i>	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2016	65,975 <sup>(2)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	65,975
	2015	125,323 <sup>(3)</sup>	206,123 <sup>(7)</sup>	Nil	Nil	Nil	Nil	Nil	331,446
Marco Guidi, <sup>(9)</sup> <i>CFO</i>	2017	75,000	Nil	Nil	27,600 <sup>(12)</sup>	Nil	Nil	Nil	102,500
	2016	75,000	Nil	Nil	Nil	Nil	Nil	Nil	75,000
	2015	77,375	N/A	N/A	N/A	N/A	N/A	N/A	77,375
Donna M. Moroney, <i>Corporate Secretary</i>	2017	60,000	Nil	Nil	13,800 <sup>(12)</sup>	Nil	Nil	Nil	60,000
	2016	60,000	24,100 <sup>(10)</sup>	Nil	N/A	N/A	N/A	N/A	84,100
	2015	60,000	N/A	N/A	N/A	N/A	N/A	N/A	60,000
Peter Zizhou, <sup>(11)</sup> <i>General Manager</i>	2017	213,746	Nil	Nil	Nil	Nil	Nil	Nil	213,746
	2016	214,958 <sup>(2)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	214,958
	2015	88,017	N/A	N/A	N/A	N/A	N/A	N/A	88,017

(1) US\$ exchange average for the year = \$1.3205.

(2) US\$ exchange average for the year = \$1.3269.

(3) US\$ exchange average for the year = \$1.2092.

(4) US\$ exchange = 1.00.

(5) Valued at \$4.89 per RSU granted on April 11, 2012.

(6) Mr. Kahama resigned as a director, Chairman and COO (Tanzania) on February 6, 2016.

(7) Valued at \$6.28 per RSU granted on May 6, 2011.

(8) Valued at \$2.72 per RSU granted on July 3, 2013.

(9) Marco Guidi was appointed as CFO on December 31, 2014.

(10) Valued at \$2.41 per RSU granted on September 5, 2014.

(11) Peter Zizhou was appointed as General Manager on March 21, 2015.

(12) Valued using the Black-Scholes model with the following variables: volatility – 84%, life – 9 years, risk free rate – 0.95%, dividend yield – 0%.

Compensation is determined by the Audit and Compensation Committee as set out under “*Compensation Discussion and Analysis*”. Salary compensation is not tied to a named executive officer’s individual performance, however the grant of restricted share units (“*RSUs*”) may be. The grant date fair value of RSUs is based on the closing price of the Company’s shares on the Toronto Stock Exchange (the “*TSX*”) on the date of grant. All Employee Share Ownership Plan (“*ESOP*”) share purchases are at market prices at the time of each monthly purchase, through the facilities of the TSX using registered representatives. See “*Restricted Stock Unit Plan*” and “*Employee Share Ownership Plan*” below for more information.

## Incentive Plan Awards

### Outstanding share-based awards and option-based awards

Name	Option-based Awards				Share-based Awards		
	Year	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money RSUs (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
<b>Jeffrey Duval,</b> <i>Acting CEO</i>	2017	1,000,000	\$0.71	Nov. 28, 2025	Nil	N/A	N/A
	2016	N/A	N/A	N/A	Nil	N/A	N/A
	2015	N/A	N/A	N/A	36,750 <sup>(1)</sup>	75,000	36,750
<b>James Sinclair,</b> <i>President and Director,</i> <i>former CEO</i>	2017	300,000	\$0.71	Nov. 28, 2025	Nil	N/A	N/A
	2016	N/A	N/A	N/A	Nil	N/A	N/A
	2015	N/A	N/A	N/A	36,750 <sup>(1)</sup>	75,000	36,750
<b>Joseph Kahama,</b> <i>Former Chairman and</i> <i>COO (Tanzania)</i>	2017	N/A	N/A	N/A	Nil	N/A	N/A
	2016	N/A	N/A	N/A	Nil	N/A	N/A
	2015	N/A	N/A	N/A	36,750 <sup>(1)</sup>	75,000	36,750
<b>Marco Guidi,</b> <i>CFO</i>	2017	60,000	\$0.71	Nov. 28, 2025	Nil	N/A	N/A
	2016	N/A	N/A	N/A	Nil	N/A	N/A
	2015	N/A	N/A	N/A	24,500	50,000	24,500
<b>Donna M. Moroney,</b> <i>Corporate Secretary</i>	2017	30,000	\$0.71	Nov. 28, 2025	Nil	N/A	N/A
	2016	N/A	N/A	N/A	Nil	N/A	N/A
	2015	N/A	N/A	N/A	4,900	10,000	4,900
<b>Peter Zizhou,</b> <i>General Manager</i>	2017	Nil			Nil	N/A	N/A
	2016	N/A	N/A	N/A	Nil	N/A	N/A
	2015	N/A	N/A	N/A	24,500	50,000	24,500

(1) Valued at \$0.49 per RSU granted on April 8, 2015.

**Incentive plan awards – Value vested or earned during the year**

<b>Name</b>	<b>Option-based awards – Value vested during the year (\$)</b>	<b>Share-based awards – Value vested during the year (\$)</b>	<b>Non-equity incentive plan compensation – Value earned during the year (\$)</b>
<b>Jeffrey Duval,</b> <i>Acting CEO</i>	Nil	Nil	Nil
<b>James Sinclair,</b> <i>President and Director, former CEO</i>	Nil	Nil	Nil
<b>Joseph Kahama,</b> <i>Former Chairman and COO (Tanzania)</i>	Nil	Nil	Nil
<b>Marco Guidi</b> <i>CFO</i>	Nil	Nil	Nil
<b>Donna M. Moroney,</b> <i>Corporate Secretary</i>	Nil	24,100	Nil
<b>Peter Zizhou,</b> <i>General Manager</i>	Nil	Nil	Nil

**Long Term Incentive Plan Awards to NEOs**

The Company has made long-term incentive plan awards during the fiscal year ended August 31, 2017 to NEOs of the Company. See “*Restricted Stock Unit Plan*” and “*Employee Share Ownership Plan*” below.

**Restricted Stock Unit Plan**

The Restricted Stock Unit Plan (“**RSU Plan**”) is intended to enhance the Company’s and its affiliates’ abilities to attract and retain highly qualified officers, directors, key employees and other persons, and to motivate such officers, directors, key employees and other persons to serve the Company and its affiliates and to expend maximum effort to improve the business results and earnings of the Company, by providing to such persons an opportunity to acquire or increase a direct proprietary interest in the operations and future success of the Company. To this end, the RSU Plan provides for the grant of RSUs. Each RSU represents an entitlement to one common share of the Company, upon vesting.

Any of these awards of RSUs may, but need not, be made as performance incentives to reward attainment of annual or long-term performance goals in accordance with the terms of the RSU Plan. Any such performance goals are specified in the agreement between the Company and the recipient governing the award. The Board implemented the RSU Plan under which employees and directors are compensated for their services to the Company. See “*Director Compensation.*”

On April 26, 2011, the Company’s RSU Plan was amended as the RSU Plan expressly excluded the Chairman and Chief Executive Officer of the Company from participating in the RSU Plan. As the joint office of Chairman and Chief Executive Officer of the Company no longer exists, and was replaced by two new positions, being President and Chief Executive Officer and Chairman and Chief Operating Officer (Tanzania), the Board determined that it would be in keeping with the objects of the RSU Plan and in the best interests of

the Company that each of the offices of President and Chief Executive Officer and Chairman and Chief Operating Officer (Tanzania) be unambiguously included in the category of Service Providers eligible to receive awards of RSUs under the RSU Plan, and that the wording of the RSU Plan be amended as required to effect such result (as so amended, the “*Amended RSU Plan*”). The Amended RSU Plan was presented to shareholders and approved at the Company’s annual general and special meeting held on March 1, 2012.

As of November 9, 2012, the Board resolved to suspend 1,500,000 common shares of the 2,500,000 common shares previously authorized for issuance under the RSU Plan, such that a maximum of 1,000,000 shares shall be authorized for issuance under the RSU Plan, until such suspension may be lifted or further amended. Subsequently, on January 9, 2014, the Board resolved to decrease the number of common shares suspended to 1,200,000 common shares and on September 29, 2015 the number of RSUs suspended was decreased to 800,000 so that a maximum of 1,700,000 common shares be authorized for issuance under the RSU Plan.

*RSUs Granted to Directors and Named Executive Officers During the Fiscal Year Ended August 31, 2017:*

There were no RSUs granted to directors and Named Executive Officers during the fiscal year ended August 31, 2017.

The following RSUs granted to directors and officers during the fiscal years ended August 31, 2015, August 31, 2014 and August 31, 2013 vested during fiscal year ended August 31, 2017:

Name	Date of Grant	No. of Shares	Cash Compensation Election	Vesting Period	Expiration Date
Rosalind Morrow	April 8, 2015	168,367 <sup>(1)</sup>	\$82,500	3 years	April 8, 2018
Ulrich Rath	April 8, 2015	77,168 <sup>(1)</sup>	\$37,812	3 years	April 8, 2018
Norman Betts	April 8, 2015	87,883 <sup>(1)</sup>	\$43,063	3 years	April 8, 2018
William Harvey	April 8, 2015	77,168 <sup>(1)</sup>	\$37,812	3 years	April 8, 2018
Norman Betts	April 9, 2014	15,949 <sup>(2)</sup>	\$43,062	3 years	April 9, 2017
William Harvey	April 9, 2014	14,004 <sup>(2)</sup>	\$37,811	3 years	April 9, 2017
James Sinclair	April 9, 2014	76,296 <sup>(2)</sup>	\$205,999	3 years	April 9, 2017
Rosalind Morrow	April 9, 2014	12,731 <sup>(2)</sup>	\$34,374	3 years	April 9, 2017
James Sinclair	April 10, 2013	57,577 <sup>(3)</sup>	\$206,126	3 years	April 10, 2016
Rosalind Morrow	April 10, 2013	9,602 <sup>(3)</sup>	\$34,375	3 years	April 10, 2016
Norman Betts	April 10, 2013	11,470 <sup>(3)</sup>	\$41,063	3 years	April 10, 2016

(1) Valued at \$0.49 per RSU

(2) Valued at \$2.70 per RSU

(3) Valued at \$3.58 per RSU

*RSUs Granted to Directors and Named Executive Officers During the Fiscal Year Ended August 31, 2016:*

There were no RSUs granted to directors and Named Executive Officers during the fiscal year ended August 31, 2016.

The following RSUs granted to directors and officers during the fiscal year ended August 31, 2013 vested

during fiscal year ended August 31, 2016:

Name	Date of Grant	No. of Shares <sup>(1)</sup>	Cash Compensation Election	Vesting Period	Expiration Date
Rosalind Morrow	April 10, 2013	9,602	\$34,375	3 years	April 10, 2016
Norman Betts	April 10, 2013	11,470	\$38,000	3 years	April 10, 2016

(4) Valued at \$3.58 per RSU

The following RSUs granted to directors and officers during the fiscal year ended August 31, 2015 vested during fiscal year ended August 31, 2016 (shares have not yet been issued):

Name	Date of Grant	No. of Shares <sup>(1)</sup>	Cash Compensation Election	Vesting Period	Expiration Date
Ulrich Rath	April 8, 2015	77,168	\$37,812	1 year	April 8, 2016
Rosalind Morrow	April 8, 2015	168,367	\$Nil	1 year	April 8, 2016

(5) Valued at \$0.49 per RSU

#### *Outstanding RSUs*

RSUs granted to directors and executive officers during fiscal year 2015 are outstanding as of August 31, 2017.

#### **Employee Share Ownership Plan**

By an agreement dated May 1, 2003, the Company appointed Computershare Trust Company (formerly Olympia Trust Company), as trustee (the “*Trustee*”) to manage and administer the Company’s ESOP. Under the ESOP, eligible employees, directors, and consultants can elect to contribute up to 30% of their salary or compensation on a monthly basis for investment by the Trustee in shares of the Company. The Company will contribute funds equal to 100% of the employee’s contribution up to an amount equal to 5% or less of the employee’s salary. The Company will contribute funds equal to 50% of the employee’s contribution for the next 6% to 30% inclusive of the employee’s salary. All share purchases are at market prices at the time of purchase, through the facilities of the TSX using registered representatives. Due to market conditions and the resultant decline in the Company’s share price, all contributions to the ESOP were suspended as of October 1, 2014.

#### **Pension Plan Benefits**

The Company has not set aside or accrued any funds for pension, retirement or similar benefits.

#### **Equity Compensation Plan Information**

The following table provides information regarding compensation plans under which securities of the Company are authorized for issuance in effect as of the end of the Company’s most recently completed financial year end:

	Number of securities to be issued upon exercise of outstanding RSUs	Weighted average exercise price of outstanding RSUs	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by security holders (Restricted Stock Unit Plan)	520,000	\$0.49	0
<b>Total</b>	<b>520,000</b>	<b>\$0.49</b>	<b>0</b>

## Director Compensation

### *Director Compensation Table*

The following table sets forth the value of all compensation provided to directors not including those directors who are also NEOs, for the Company's most recently completed financial year:

Name	Fees Earned (\$)	RSUs granted <sup>(1)</sup> (#)	Cash Compensation Election (\$)	All Other Compensation (\$)	Total (\$)
Norman Betts	36,000	Nil	36,000	46,000	82,000
William Harvey	37,813	Nil	37,813	46,000	83,813
Rosalind Morrow	Nil	Nil	Nil	46,000	46,000
Abdulkarim Mruma	Nil	Nil	Nil	Nil	Nil
Ulrich Rath	37,813	Nil	37,813	460,000	497,813

Directors who are also members of management do not receive any additional cash compensation for serving on the Board. All directors are granted RSUs as compensation for serving on the Company's Board. Please see the table entitled "RSUs Granted to Directors and Named Executive Officers During the Fiscal Year Ended August 31, 2015" under "Restricted Stock Unit Plan" above.

Annual compensation for outside directors is \$68,750 per year, plus \$6,875 per year for serving on Committees, plus \$3,437.50 per year for serving as Chair of a Committee. On April 11, 2012, the Board approved that at the election of each individual director, up to one half of the annual compensation may be received in cash, paid quarterly. The remainder of the director's annual compensation (at least one half and up to 100%) will be awarded as RSUs in accordance with the terms of the RSU Plan and shall vest within a minimum of one year and a maximum of three years, at the election of the director, subject to the conditions of the Amended RSU Plan with respect to earlier vesting. In 2016, outside directors had the option to elect to receive 100% of their compensation in RSUs. If 100% compensation in RSUs is elected, the compensation on which the number of RSUs granted in excess of the required one half shall be increased by 20%.

There were no RSUs granted to the directors under the Amended RSU Plan during the fiscal year ended August 31, 2017.

### **Termination and Change of Control Benefits**

There are currently no contracts for outside management services. There are currently no employment contracts in place whereby any person is entitled to termination or change of control benefits.

### **C. Board Practices**

The directors of the Company serve a one year term and are elected at the annual general meeting of shareholders. At the last annual general meeting, held on March 16, 2016, the shareholders elected James Sinclair, William Harvey, Rosalind Morrow, Norman Betts and Ulrich Rath as directors. The officers of the Company are elected by the Board and serve at the pleasure of the Board.

The Company has an audit committee consisting of Ulrich Rath, William Harvey and Norman Betts. The roles and responsibilities of the audit committee have been specifically defined as described below under Audit Committee Information, and include responsibilities for overseeing management reporting on internal control. The audit committee has direct communication channels with the external auditors.

The Company also has a compensation committee. The audit committee and compensation committee is collectively referred to as the “*Audit and Compensation Committee*”.

The adequacy and form of director and officer compensation is reviewed on an annual basis by the Audit and Compensation Committee of the Board of Directors of the Company. The Audit and Compensation Committee recommends to the Board any adjustments to the compensation payable to directors, officers, and senior staff. The Audit and Compensation Committee is comprised of three directors: Norman Betts (Chair), William Harvey and Ulrich Rath, all of whom are independent for the purposes of National Instrument 58-101 – *Corporate Governance*. The Audit and Compensation Committee meet to discuss salary matters as required. Its recommendations are reached primarily by comparison of the remuneration paid by the Company with publicly available information on remuneration paid by other reporting issuers that the Audit and Compensation Committee feels are similarly placed within the same stage of business development as the Company.

The Company also has a nominating committee (the “*Nominating Committee*”) comprised of Ulrich Rath, William Harvey and Norman Betts. The Nominating Committee considers the size of the Board each year when it considers the number of directors to recommend to shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board’s duties effectively and to maintain a diversity of view and experience. When a vacancy on the Board arises, the independent directors of the Nominating Committee will be encouraged to bring forward any potential nominees that have the necessary skills and knowledge to serve on the Company’s Board.

The Company has a technical committee (“*Technical Committee*”) currently comprised of Ulrich Rath, Peter Zizhou and Jeff Duval. The Technical Committee has approved a Technical Committee Manual defining Composition and Terms of Reference. Among other things, the Technical Committee reviews with management any exploration, geological, mining, metallurgical and other technical issues and reviews technical and financial issues associated with new and existing projects that require Board approval with respect to their technical and financial impact on the Company. The Technical Committee reports directly to the Board of Directors.

## AUDIT COMMITTEE INFORMATION

Under National Instrument 52-110 – Audit Committees (“*NI 52-110*”) reporting issuers are required to provide disclosure with respect to its Audit Committee including the text of the Audit Committee’s Charter, composition of the Committee, and the fees paid to the external auditor. Accordingly, the Company provides the following disclosure with respect to its Audit Committee:

### **1. The Audit and Compensation Committee’s Charter**

#### **1.0 Purpose of the Committee**

1.1 *The purpose of the Audit and Compensation Committee is to assist the Board in its oversight of the integrity of the Company's financial statements and other relevant public disclosures, the Company's compliance with legal and regulatory requirements relating to financial reporting, the external auditors' qualifications and independence and the performance of the internal audit function and the external auditors.*

#### **2.0 Compensation**

2.1 *The adequacy and form of director and officer compensation is reviewed on an annual basis by the Board. The Audit and Compensation Committee recommends to the Board any adjustments to the compensation payable to directors, officers, and senior staff. The Audit and Compensation Committee meet to discuss salary and bonus incentive matters as required.*

#### **3.0 Members of the Audit and Compensation Committee**

3.1 *All of the members of the Audit and Compensation Committee must be "financially literate" as defined under NI 52-110, Audit Committees, having sufficient accounting or related financial management expertise to read and understand a set of financial statements, including the related notes, that present a breadth and level of complexity of the accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.*

3.2 *The Audit and Compensation Committee shall consist of no less than three Directors.*

3.3 *All of the members of the Audit and Compensation Committee shall be "independent" as defined under NI 52-110.*

#### **4.0 Relationship with External Auditors**

4.1 *The external auditors are the independent representatives of the shareholders, but the external auditors are also accountable to the Board of Directors and the Audit and Compensation Committee.*

4.2 *The external auditors must be able to complete their audit procedures and reviews with professional independence, free from any undue interference from the management or directors.*

4.3 *The Audit and Compensation Committee must direct and ensure that the management fully co-operates with the external auditors in the course of carrying out their professional duties.*

4.4 *The Audit and Compensation Committee will have direct communications access at all times with the external auditors.*

4.5 *The Audit and Compensation Committee will ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law.*

4.6 *The Audit and Compensation Committee will recommend to the Board of Directors policies for the Company's hiring of employees or former employees of the external auditors who participated in any capacity in the audit of the Company.*

#### **5.0 Non-Audit Services**

5.1 *The external auditors are prohibited from providing any non-audit services to the Company, without the express written consent of the Audit and Compensation Committee. In determining whether the external auditors will be granted permission to provide non-audit services to the Company, the Audit and Compensation Committee must consider that the benefits to the Company from the provision of such services, outweighs the risk of any compromise to or loss of the independence of the external auditors in carrying out their auditing mandate.*

5.2 *Notwithstanding section 5.1, the external auditors are prohibited at all times from carrying out any of the following services, while they are appointed the external auditors of the Company:*

- (i) *acting as an agent of the Company for the sale of all or substantially all of the undertaking of the Company; and*
- (ii) *performing any non-audit consulting work for any director or senior officer of the Company in their personal capacity, but not as a director, officer or insider of any other entity not associated or related to the Company.*

#### **6.0 Appointment of Auditors**

6.1 *The external auditors will be appointed each year by the shareholders of the Company at the annual general meeting of the shareholders.*

6.2 *The Audit and Compensation Committee will nominate the external auditors for appointment, such nomination to be approved by the Board of Directors.*

#### **7.0 Evaluation of Auditors**

7.1 *The Audit and Compensation Committee will review the performance of the external auditors on at least an annual basis, and notify the Board and the external auditors in writing of any concerns in regards to the performance of the external auditors, or the accounting or auditing methods, procedures, standards, or principles applied by the external auditors, or any other accounting or auditing issues which come to the attention of the Audit and Compensation Committee.*

#### **8.0 Remuneration of the Auditors**

8.1 *The remuneration of the external auditors will be determined by the Board of Directors, upon the annual authorization of the shareholders at each general meeting of the shareholders.*

8.2 *The remuneration of the external auditors will be determined based on the time required to complete the audit and preparation of the audited financial statements, and the difficulty of the audit and performance of the standard auditing procedures under generally accepted auditing standards and generally accepted accounting principles of Canada.*

#### **9.0 Termination of the Auditors**

9.1 *The Audit and Compensation Committee has the power to terminate the services of the external auditors, with or without the approval of the Board of Directors, acting reasonably.*

#### **10.0 Funding of Auditing and Consulting Services**

10.1 *Auditing expenses will be funded by the Company. The auditors must not perform any other consulting services for the Company, which could impair or interfere with their role as the independent auditors of the Company.*

### **11.0 Role and Responsibilities of the Internal Auditor**

11.1 *At this time, due to the Company's size and limited financial resources, the Chief Financial Officer of the Company shall be responsible for implementing internal controls and performing the role as the internal auditor to ensure that such controls are adequate.*

### **12.0 Oversight of Internal Controls**

12.1 *The Audit and Compensation Committee will have the oversight responsibility for ensuring that the internal controls are implemented and monitored, and that such internal controls are effective.*

### **13.0 Continuous Disclosure Requirements**

13.1 *At this time, due to the Company's size and limited financial resources, the Chief Financial Officer of the Company is responsible for ensuring that the Company's continuous reporting requirements are met and in compliance with applicable regulatory requirements.*

### **14.0 Other Auditing Matters**

14.1 *The Audit and Compensation Committee may meet with the Auditors independently of the management of the Company at any time, acting reasonably.*

14.2 *The Auditors are authorized and directed to respond to all enquiries from the Audit and Compensation Committee in a thorough and timely fashion, without reporting these enquiries or actions to the Board of Directors or the management of the Company.*

### **15.0 Annual Review**

15.1 *The Audit and Compensation Committee Charter will be reviewed annually by the Board of Directors and the Audit and Compensation Committee to assess the adequacy of this Charter.*

### **16.0 Independent Advisers**

16.1 *The Audit and Compensation Committee shall have the power to retain legal, accounting or other advisors to assist the Committee.*

### **17.0 Reports of Fraud and Misconduct**

17.1 *The Audit and Compensation Committee will review, investigate and evaluate all reports of fraud and misconduct. Refer to the Company's Whistle Blower Policy and Procedures.*

### **18.0 Changes in Accounting Policies**

18.1 *The Audit and Compensation Committee will review and maintain Accounting Policies including the selection, documentation and changes in Accounting Policies.*

### **19.0 Nominating Committee**

19.1 *The Nominating Committee considers the size of the Board of Directors each year when it considers the number of directors to recommend to shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of view and experience. When a vacancy on the Board arises, the independent directors of the Nominating Committee will be encouraged to bring forward any potential nominees that have the necessary skills and knowledge to serve on the Company's Board.*

## 2. Composition of the Audit and Compensation Committee

Following are the members of the Audit and Compensation Committee:

Norman Betts (Chair)	Independent <sup>(1)</sup>	Financial expert <sup>(3)</sup>
Ulrich Rath	Independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>
William Harvey	Independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>

<sup>(1)</sup> *A member of an audit committee is independent if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board of Directors, reasonably interfere with the exercise of a member's independent judgment.*

<sup>(2)</sup> *An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.*

<sup>(3)</sup> *An Audit Committee Financial Expert must possess five attributes: (i) an understanding of GAAP and financial statements; (ii) the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves; (iii) experience preparing auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the registrant's financial statements, or experience actively supervising one or more persons engaged in such activities; (iv) an understanding of internal controls and procedures for financial reporting; and (v) an understanding of audit committee functions.*

## 3. Relevant Education and Experience

Dr. Betts is the Chair of the Committee. He is the former Minister of Finance of New Brunswick and current Associate Professor of Business Administration, University of New Brunswick; Mr. Rath was the President and CEO of a Canadian resource company; and Dr. William Harvey is a psychologist and businessman.

### 4.6. Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services), Section 3.3(2) (Controlled Companies), Section 3.6 (Temporary Exemption for Limited and Exceptional Circumstances), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of National Instrument 52-110. Nor has the Company relied on Section 3.8 (Acquisition of Financial Literacy) of NI 52-110.

## 7. Audit and Compensation Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit and Compensation Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

## 8. Pre-Approval Policies and Procedures

The Audit and Compensation Committee is authorized by the Board of Directors to review the performance of the Company's external auditors and approve in advance the provision of services other than auditing and to consider the independence of the external auditors, including a review of the range of services provided in the context of all consulting services bought by the Company. The Audit and Compensation Committee is authorized to approve in writing any non-audit services or additional work which the Chairman of the Audit

and Compensation Committee deems is necessary, and the Chairman will notify the other members of the Audit and Compensation Committee of such non-audit or additional work and the reasons for such non-audit work for the Committee's consideration, and if thought fit, approval in writing.

## 9. External Auditor Service Fees

The fees billed by the Company's external auditors in each of the last two fiscal years for audit and non-audit related services provided to the Company or its subsidiaries are as follows:

Financial Year Ending August 31	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
2017	Canada – \$80,000 Tanzania - \$15,000	Nil Nil	Nil Nil	Nil Nil
2016	Canada – \$88,000 Tanzania - \$14,265	Nil Nil	Nil Nil	Nil Nil

## D. Employees

The Company has 3 full time employee located in Sherman, Connecticut, 11 full time employees located in Buckreef, Tanzania, and 1 full time employees located in Dar es Salaam, Tanzania.

The Company also hires employees on a part time or temporary basis as dictated by the exploration activities on its properties. The full time and temporary employees and consultants of the Company can be grouped according to main category of activity and geographic location as follows:

Location	Category	Full Time Employees	Temporary Employees	Full Time Consultants	Part Time Consultants
Buckreef , Tanzania	Administration	5	Nil	Nil	Nil
	Exploration	7	Nil	Nil	Nil
Dar es Salaam, Tanzania	Administration	1	Nil	Nil	Nil
	Exploration	Nil	Nil	Nil	Nil
Connecticut	Administration	3	Nil	Nil	Nil

## E. Share Ownership

The following table sets forth the share ownership of our directors and named executive officers, held by such persons as of August 31, 2017.

Name of Owner	Number of Shares Owned	Percentage <sup>(1)</sup>
Betts, Norman	125,799	<0.01%
Guidi, Marco	0	N/A
Harvey, William	310,424	0.25%
Moroney, Donna	12,427	<0.01%

Name of Owner	Number of Shares Owned	Percentage <sup>(1)</sup>
Morrow, Rosalind	669,784	0.55%
Rath, Ulrich E.	172,003	0.14%
Sinclair, James E.	1,987,397	1.63%
All directors and named executive officers as a group	<b>3,277,834</b>	<b>2.69%</b>

(1) Calculation based on 121,784,619 shares of common stock outstanding as of August 31, 2017.

The voting rights attached to the common shares owned by our officers and directors do not differ from those voting rights attached to shares owned by people who are not officers or directors of our Company.

## Item 7. Major Shareholders and Related Party Transactions

### A. Major Shareholders

As far as it is known to the Company, it is not directly or indirectly owned or controlled by any other Company or by the Canadian Government, or any foreign government. The Company has no knowledge of any arrangements which at a subsequent date would result in a change of control. All of the Company's issued common shares rank equally as to voting rights, dividends, and any distribution of assets on winding-up or liquidation.

As of August 31, 2017, the Company knows of one shareholder who beneficially own more than 5% of the outstanding shares of the Company's voting securities as set forth in the following table:

Title of Class	Identity of Holder <sup>(2)</sup>	Amount Owned	Percent of Class <sup>(1)</sup>
Common Shares	Van Eck Associates Corporation	7,486,737	6.44%

(1) Based on the issued and outstanding shares of the Company of 121,784,619 shares as at August 31, 2017.

(2) As per information provided pursuant to sec. 2.2 of NI 62-103 an Alternative Monthly Report filed on SEDAR on January 9, 2015.

The following table sets out the portion of common shares of the Company held by registered shareholders in Canada, the United States of America, and all other countries by total number of holders, total shareholdings, percentage of total issued shares, and percentage of total holders as of August 31, 2017:

Jurisdiction of Shareholders of Record	Number of Shareholders	Number of Common Shares	Percentage of Total Issued Shares	Percentage of Total Holders
United States	1,438	59,159,900	48.58%	81.52%
Canada	214	60,488,060	49.67%	12.13%
Other Countries	112	2,136,659	1.75%	6.35%
<b>TOTAL</b>	<b>1,764</b>	<b>121,784,619</b>	<b>100.00%</b>	<b>100.00%</b>

### B. Related Party Transactions

Related parties include the Board of Directors and officers, close family members and enterprises that are controlled by these individuals as well as certain consultants performing similar functions.

(a) Tanzanian Royalty Exploration Corporation entered into the following transactions with related parties:

<i>Years ended,</i>	<b>Notes</b>	<b>August 31, 2017</b>	August 31, 2016
Legal services	(i)	<b>\$82,455</b>	\$10,363
Rent	(ii)	<b>\$Nil</b>	\$15,199
Consulting	(iii)	<b>\$203,274</b>	\$157,637
Consulting	(iv)	<b>\$172,330</b>	\$33,838

(i) The Company engages a legal firm for professional services in which one of the Company's directors is a partner. During the year ended August 31, 2017, the legal expense charged by the firm was \$82,455 (2016 - \$10,363). As at August 31, 2017, \$370,940 remains payable (August 31, 2016 - \$327,766).

(ii) During the year ended August 31, 2017, \$nil (2016 - \$15,199) was paid to a company associated with the Company's former Chairman and COO and his spouse for office rental.

(iii) During the year ended August 31, 2017, \$203,274 (2016 - \$157,637) was paid for heap leach construction consulting and website/data back-up services to companies controlled by individuals associated with the former CEO and current director.

(iv) During the year ended August 31, 2017, \$172,330 (2016 - \$33,838) was paid for grade control drilling, license fees and other consulting services to Stamico, the Company's joint venture partner on the Buckreef Gold Project.

As at August 31, 2017, the Company has a receivable of \$37,247 (August 31, 2016 - \$3,903) from an organization associated with the Company's President and former CEO and current director and from current officers and directors.

As at August 31, 2017, the Company has a receivable of \$nil (August 31, 2016 - \$5,541) from the former general manager of the Company for amounts advanced on his behalf.

During the year ended August 31, 2015, the Company sold automotive and mining equipment in the amount of \$243,805 to directors of the Company and \$333,700 to the Company's former CEO and current director for total proceeds of \$577,505 as described in Note 5. Pursuant to the agreements, the Company entered into 1-year lease agreements on the automotive and mining equipment with effective dates in May 2015. Per the terms of the leases, the Company agrees to purchase back the automotive and mining equipment at the end of the lease periods for a lump sum payment of USD\$74,848. The initial base payments vary between the agreements and range between \$3,500 and \$8,000 payable monthly. The effective interest rate on the capital lease obligation outstanding is between 20% and 30%.

On December 1, 2016, the Company entered into settlement agreements whereby a total of \$343,623 in principal and accrued interest was settled through the issuance of 458,329 shares issued at an average price of \$0.63 per share for total issued value of \$288,747, resulting in a gain on settlement of debt of \$54,876 for the year ended August 31, 2017.

As at August 31, 2017, the remaining balance outstanding under finance lease obligations after the settlements described above is \$56,631 (August 31, 2016 - \$370,103) and is repayable within 1 year, as such, the finance lease obligation is classified as a current liability.

(b) Remuneration of Directors and key management personnel (being the Company's Chief Executive

Officer, Chief Financial Officer and Chief Operating Officer) of the Company was as follows:

<i>Year ended,</i>	<b>August 31, 2017</b>		August 31, 2016	
	<b>Fees, salaries and benefits (1)</b>	<b>Share based payments (2), (3), (4)</b>	Fees, salaries and benefits (1)	Share based payments (2), (3)
Management	\$ 525,102	\$ 1,175,439	\$ 245,962	\$ 130,873
Directors	111,625	673,200	127,375	157,813
<b>Total</b>	<b>\$ 636,727</b>	<b>\$ 1,848,639</b>	<b>\$ 373,337</b>	<b>\$ 288,686</b>

(1) Salaries and benefits include director fees. The board of directors do not have employment or service contracts with the Company. Directors are entitled to director fees and RSU's for their services and officers are entitled to cash remuneration and RSU's for their services.

(2) Compensation shares may carry restrictive legends.

(3) All RSU share based compensation is based on the accounting expense recorded in the year.

(4) All stock option share based compensation is based on the accounting expense recorded in the year.

As at August 31, 2017, included in trade and other payables is \$638,000 (August 31, 2016 - \$576,000) due to these key management personnel with no specific terms of repayment.

The Company's former CEO and current director provided various loans to the Company totaling \$133,632. On December 1, 2016, the Company entered into settlement agreements whereby the remaining balance of \$136,519 was settled through the issuance of 187,321 shares issued at an average price of \$0.705 per share for total issued value of \$131,998, resulting in a gain on settlement of debt of \$4,521 for the year ended August 31, 2017. As at August 31, 2017 \$nil (August 31, 2016 - \$86,000) is outstanding. The balance is payable on demand, interest free, and unsecured.

### **C. Interests of Experts and Counsel**

Not applicable.

## **Item 8. Financial Statements**

### **A. Consolidated Statements and Other Financial Information**

This Form 20-F Annual Report contains the audited consolidated financial statements of the Company for the fiscal years ended August 31, 2017 and 2016 with the Report of Independent Registered Public Accounting Firm, comprised of:

- (a) Consolidated Statements of Financial Position as of August 31, 2017 and 2016;
- (b) Consolidated Statements of Comprehensive Loss for the years ended August 31, 2017 and 2016;
- (c) Consolidated Statements of Changes in Equity for the years ended August 31, 2017 and 2016;
- (d) Consolidated Statements of Cash Flows for the years ended August 31, 2017 and 2016; and
- (e) Notes to the consolidated financial statements.

### *Dividend Policy*

The Company has never paid dividends and does not intend to in the near future.

### *Legal Proceedings*

The Company is not a party to any material legal proceedings.

## **B. Significant Changes**

None.

## **Item 9. The Offering and Listing**

### **A. Offering and Listing Details**

The common shares of the Company are listed on the **TSX** under the symbol “TNX”. The common shares of the Company are also listed on the NYSE MKT LLC (“**NYSE MKT**”) under the symbol “TRX”

As of August 31, 2017, there were 1,438 registered shareholders in the United States holding 48.58% of the Company’s outstanding common shares, representing approximately 81.52% of the total number of registered shareholders. The Company’s common shares are issued in registered form and the percentage of shares reported to be held by registered holders in the United States is taken from the records of the Computershare Trust Company, the registrar and transfer agent for the Company’s common shares.

The number of registered shareholders resident in the United States is attributed as to 0.21% to directors and officers of the Company who are United States residents; a further 0.20% held by United States residents who are immediate family members of a director and officer of the Company; and the balance of 42.80% are United States residents who have purchased shares in the secondary market, through the facilities of the TSX or NYSE MKT.

The following sets forth the high and low prices expressed in U.S. Dollars on the NYSE MKT and in Canadian Dollars on the TSX for the past full six months and through August 31, 2017, for each quarter for the past two fiscal years and for the past five years.

	<b>NYSE MKT</b>		<b>TSX</b>	
	<b>(United States Dollars)</b>		<b>(Canadian Dollars)</b>	
	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>
<b>Last Six Months</b>				
October 2017	0.30	0.25	0.38	0.33
September 2017	0.33	0.25	0.42	0.34
August 2017	0.45	0.32	0.56	0.41
July 2017	0.48	0.38	0.59	0.47
June 2017	0.56	0.40	0.69	0.50
May 2017	0.52	0.44	0.70	0.57
<b>For the Fiscal Quarter Ended</b>				
<b>August 31, 2017</b>	0.56	0.38	0.70	0.47
<b>May 31, 2017</b>	0.59	0.40	0.79	0.52
<b>February 28, 2017</b>	0.63	0.40	0.84	0.54
<b>November 30, 2017</b>	1.13	0.46	1.44	0.62

	NYSE MKT (United States Dollars)		TSX (Canadian Dollars)	
	High	Low	High	Low
August 31, 201	1.49	0.39	1.95	0.51
May 31, 201	0.57	0.21	0.76	0.27
February 29, 201	0.34	0.17	0.45	0.24
November 30, 201	0.38	0.27	0.50	0.35
August 31, 201	0.47	0.25	0.61	0.32
<b>For Fiscal Year Ended</b>				
August 31, 2017	1.13	0.38	1.44	0.47
August 31, 2016	1.49	0.17	1.95	0.24
August 31, 2015	2.45	0.25	2.70	0.32
August 31, 2014	4.06	1.63	4.14	1.75
August 31, 2013	5.34	2.14	5.21	2.20

**B. Plan of Distribution**

Not applicable.

**C. Markets**

The Company's common shares are listed on the TSX under the trading symbol "TNX" and on the NYSE MKT under the trading symbol "TRX".

**D. Selling Shareholders**

Not applicable.

**E. Dilution**

Not applicable.

**F. Expenses of the Issue**

Not applicable.

**Item 10. Additional Information**

**A. Share Capital**

The Company's Restated Articles of Incorporation authorize the Company to issue an unlimited number of common shares. On December 8, 2014, the Board resolved that the Company authorize for issuance up to a maximum of 155,000,000 common shares, subject to further resolutions of the Company's Board of Directors. As of August 31, 2017, there were 121,784,619 shares common shares issued and outstanding.

Each common share has equal dividend, liquidation and voting rights. Voters of common shares are entitled to one vote per share on all matters that may be brought before them. Holders of common shares are entitled to receive dividends when declared by the Board from funds legally available therefor. The common shares are not redeemable, have no conversion rights and carry no pre-emptive or other rights to subscribe for additional shares. The outstanding common shares are fully paid and non-assessable.

The following table reconciles the total number of common shares outstanding for the last three fiscal years:

	No. of Shares	\$ Amount
<b>Total Outstanding as of August 31, 2014</b>	<b>101,325,880</b>	<b>117,153,437</b>
<i>Add:</i> Issued pursuant to Restricted Share Unit Plan	174,608	729,699
Finders fee on convertible senior note financing	400,000	264,000
Shares issued on amendment of convertible senior note financing	500,000	250,000
Redemption of convertible senior notes	5,010,518	1,958,397
Finder's fee on loan agreement	442,548	177,019
<b>Total Outstanding as of August 31, 2015</b>	<b>107,853,554</b>	<b>120,532,634</b>
<i>Add:</i> Issued pursuant to Restricted Share Unit Plan	50,000	120,500
Interest shares on gold loans	536,137	477,609
Finder's fee on loan agreement	320,543	372,130
Bonus shares	75,000	26,250
Cashless exercise of warrants	233,258	851,600
<b>Total Outstanding as of August 31, 2016</b>	<b>109,068,492</b>	<b>122,380,723</b>
<i>Add:</i> Issued for private placements, net of warrants	7,197,543	(1,094,499)
Issued pursuant to Restricted Share Unit Plan	695,991	1,040,990
Shares issued for interest on gold loans	814,089	542,447
Finders fees on convertible loans	132,577	92,805
Shares issued for settlement of lease obligations	458,329	288,747
Shares issued for amounts due to related parties	187,321	131,998
Shares issued for settlement of convertible loans	83,333	49,166
Cashless exercise of warrants	3,146,944	1,742,000
<b>Total Outstanding as of August 31, 2017</b>	<b>121,784,619</b>	<b>\$ 128,787,377</b>

Shares are issued by the Company with the regulatory acceptance of the Toronto Stock Exchange and NYSE MKT, upon resolution of the Board of Directors of the Company. As of August 31, 2017, there are a total of 121,784,619 common shares issued and a further 520,000 common shares reserved for issuance under outstanding RSUs, 3,750,000 common shares reserved for issuance under outstanding share purchase options and 4,562,901 reserved for issuance under share purchase warrants.

## **B. Articles of Association and Bylaws**

The Company was originally incorporated under the corporate name "424547 Alberta Ltd." on July 5, 1990, under the *Business Corporations Act* (Alberta).

The Articles of 424547 Alberta Ltd. were amended on August 13, 1991, as follows:

- the name of the Company was changed to "Tan Range Exploration Corporation";
- the restriction on the transfer of shares was removed; and
- a new paragraph regarding the appointment of additional directors was added as follows:

*“(b) The Directors, may, between annual general meetings, appoint one or more additional directors of the Company to serve until the next annual general meeting, but the number of additional Directors shall not at any time exceed one-third (1/3) of the number of Directors who held office at the expiration of the last annual meeting of the corporation.”*

The Company was registered in the Province of British Columbia as an extra provincial company under the *Company Act* (British Columbia) on August 5, 1994.

The Articles of the Company were further amended on February 15, 1996, as follows:

- the provisions of the Articles authorizing the issue of Class “B” Voting shares, Class “C” Non-Voting shares and Class “D” Preferred shares were deleted;
- Class “A” voting shares were redesignated as common shares; and
- a provision was added to allow meetings of shareholders to be held outside Alberta in either of the cities of Vancouver, British Columbia or Toronto, Ontario.

The Articles of the Company were further amended on February 28, 2006, as follows:

- the name of the Company was changed to its present name, “*Tanzanian Royalty Exploration Corporation*”.

The Articles of the Company were further amended on February 29, 2008 as follows:

- Pursuant to Section 173(1)(l) of the *Business Corporations Act* (Alberta), Item 5 of the Articles of the Company was amended by changing the maximum number of directors from 9 to 11.

## **Common Shares**

All issued and outstanding common shares are fully paid and non-assessable. Each holder of record of common shares is entitled to one vote for each common share so held on all matters requiring a vote of shareholders, including the election of directors. The holders of common shares will be entitled to dividends on a pro-rata basis, if and when as declared by the board of directors. There are no preferences, conversion rights, preemptive rights, subscription rights, or restrictions or transfers attached to the common shares. In the event of liquidation, dissolution, or winding up of the Company, the holders of common shares are entitled to participate in the assets of the Company available for distribution after satisfaction of the claims of creditors.

The rights of shareholders cannot be changed without a special resolution of at least 2/3 of the votes cast by the shareholders who voted in respect of the resolution, and separate classes of shareholders are entitled to separate class votes. Any such alteration of shareholder’s rights would also require the regulatory acceptance of the TSX. There are no provisions of the Company’s Articles or Bylaws that would have the effect of delaying, deferring, or preventing a change of control of the Company, and that would operate only with respect to a merger, acquisition, or corporate restructuring involving the Company (or any of its subsidiaries).

## **2% Convertible Notes and Warrants**

On September 1, 2016, we entered into a Securities Purchase Agreement with Crede, the selling shareholder, pursuant to which we may sell Notes in the aggregate principal amount of up to \$3,750,000 and Series B

Warrants to purchase our common shares. Pursuant to this agreement, we sold \$1,250,000 common shares and Series A Warrants to purchase 1,840,400 common shares at an exercise price of \$0.8291 per common share for an aggregate purchase price of \$1,250,000.

*Notes.* The Notes bear interest at the rate of 2.0% per annum on the outstanding principal amount, with interest-only payments due monthly and all principal and interest due ten years from the issuance date.

*Prepayment.* The Company may not prepay any portion of the principal amount of the Note without the prior written consent of the holder.

*Conversion.* The Notes, and, at the election of the holder, interest thereon, are convertible into our common shares at the election of the holder thereof at a conversion price equal to (a) the lower of: (i) the closing bid price of the common shares on the day prior to the date of the Securities Purchase Agreement, or (ii) the closing bid price of the common shares on the day prior to the Effective Date of this Registration Statement, (b) less five cents per share, subject to anti-dilution provisions, including stock dividends and stock splits, subsequent rights offerings, pro rata distributions, a fundamental transaction and in certain limited instances for a period of ninety (90) days following the Effective Date of this Registration Statement, the issuance of common shares or common share equivalents at a price, or exercise or conversion price, at less than the then current Note conversion price. Notwithstanding the foregoing, the Notes held by a particular holder will not be convertible to the extent that such conversion would result in such holder owning more than (i) 9.9% of the number of common shares outstanding after giving effect to the issuance of common shares issuable upon conversion of the Notes calculated in accordance with Section 13(d) of the Exchange Act; or (ii) 9.9% of the number of common shares outstanding after giving effect to the common shares issuable upon the conversion of the Note calculated in accordance with Section 102 and 102.1 of Part XX of the Securities Act (Ontario). Notwithstanding anything in the Notes to the contrary, the total number of common shares issuable to the holder, including the common shares issuable upon conversion of the Note and all other common shares issued to the holder by virtue of any conversion or exercise or exchange of convertible or exercisable or exchangeable securities into common shares, when aggregated (as calculated pursuant to Section 13(d) of the Exchange Act and Rule 13d-3 promulgated thereunder) shall be limited to 21,704,630 common shares, which was 19.9% of the issued and outstanding common shares as of the date of the Securities Purchase Agreement.

*Redemption.* Upon a change in control, the holder of the Note may require us to redeem the Note for the outstanding principal balance payable in cash or, at the holder's option, common shares at the then conversion price. The Company's right to elect to redeem the Notes with common shares is subject to the satisfaction of certain equity conditions, including the effectiveness of a registration statement covering the resale of such shares, the listing of such shares on a trading market, the holder's lack of material non-public information about the Company, and no event of default.

*Warrants.* In connection with the Securities Purchase Agreement for the common shares and the Notes, the Company issued to the selling shareholder initial Series A Warrants to purchase 1,840,400 common shares and in connection with the purchase of the Notes, Series B Warrants to purchase 3,609,934 common shares. The Series A Warrants and Series B Warrants are exercisable immediately for a period of five years from the date of their issuance for cash, at their respective exercise prices, or if the exercise price exceeds the market price for the common shares, on a cashless exercise basis, based on a formula in the Warrants, subject to adjustment in the event of stock dividends and splits, or sales or grants of common shares. The holder shall not have the ability to exercise the Warrants in the event that upon the exercise, the Warrants, the holder and its affiliates would exceed the Beneficial Ownership Limitations.

## **Powers and Duties of Directors**

The directors shall manage or supervise the management of the affairs and business of the Company and shall have authority to exercise all such powers of the Company as are not, by the *Business Corporations Act* (Alberta) or by the Articles or Bylaws, required to be exercised by the Company in a general meeting.

Directors will serve as such until the next annual meeting. In general, a director who is, in any way, directly or indirectly interested in an existing or proposed contract or transaction with the Company whereby a duty or interest might be created to conflict with his duty or interest director, shall declare the nature and extent of his interest in such contract or transaction or the conflict or potential conflict with his duty and interest as a director. Such director shall not vote in respect of any such contract or transaction with the Company in which he is interested and if he shall do so, his vote shall not be counted, but he shall be counted in the quorum present at the meeting at which such vote is taken. However, notwithstanding the foregoing, directors shall have the right to vote on determining the remuneration of the directors.

The directors may from time to time on behalf of the Company: (a) borrow money in such manner and amount from such sources and upon such terms and conditions as they think fit; (b) issue bonds, debentures and other debt obligations; or (c) mortgage, charge or give other security on the whole or any part of the property and assets of the Company.

At least one-quarter of the directors of the Company should be persons ordinarily resident in Canada and all must be at least 18 years of age. There is no minimum share ownership to be a director. No person shall be a director of the Company who is not capable of managing their own affairs; is an undischarged bankrupt or who is a person who is not an individual.

## **Shareholders**

An annual general meeting shall be held once in every calendar year at such time and place as may be determined by the directors. A quorum at an annual general meeting and special meeting shall be two shareholders or one or more proxy holder representing two shareholders, or one shareholder and a proxy holder representing another shareholder. There is no limitation imposed by the laws of Canada or by the charter or other constituent documents of the Company on the right of a non-resident to hold or vote the common shares, other than as provided in *the Investment Canada Act*, (the "**Investment Act**") discussed below under "*Item 10. Additional Information, D. Exchange Controls.*"

In accordance with Alberta law, directors shall be elected by an "ordinary resolution" which means (a) a resolution passed by the shareholders of the Company in general meeting by a simple majority of the votes cast in person or by proxy, or (b) a resolution that has been signed by all shareholders entitled to vote on the resolution.

Under Alberta law certain items such as an amendment to the Company's articles or entering into a merger, requires approval by a special resolution, which means (a) a resolution passed by a majority of not less than 2/3 of the votes cast by the shareholders of the Company who, being entitled to do so, vote in person or by proxy at a general meeting of the company (b) a resolution consented to in writing by every shareholder of the Company who would have been entitled to vote in person or by proxy at a general meeting of the Company, and a resolution so consented to is deemed to be a special resolution passed at a general meeting of the Company.

### C. Material Contracts

The following are the material contracts of the Company (other than contracts in the ordinary course of business) entered into within the last two years:

<b>Date</b>	<b>Names of Parties</b>	<b>Description of General Nature of the Contract</b>	<b>Consideration Paid; Terms and Conditions</b>
June 1, 2017	New Direction IRA	Secured Gold Loan Agreement	US \$340,210.88 for one year term
June 1, 2017	Wilt Family Trust	Secured Gold Loan Agreement	US \$433,301.99 for one year
March 31, 2017	Witt Family Trust	Secured Gold Loan Agreement	US \$150,000 for one year term
March 31, 2017	New Direction IRA (F. Graziano)	Secured Gold Loan Agreement	US \$100,000 for one year term
March 31, 2017	William Holter	Secured Gold Loan Agreement	US \$100,000 for one year term
March 31, 2017	Structural Logistics	Secured Gold Loan Agreement	US \$100,000 for one year term
May 16, 2016	Structural Logistics, LLC	Secured Gold Loan Agreement	US\$104,540 for one year term, and renewable for one year
October 19, 2016	David Ponelli	Secured Gold Loan Agreement	US\$500,000 for three year term, and renewable for one year
October 19, 2016	Edward F. Marin Family LLC	Secured Gold Loan Agreement	US\$500,000 for three year term, and renewable for one year
June 22, 2015	Hoffman Heritage Ranches LLC	Secured Gold Loan Agreement	US\$1,015,000 in gold for a term of one year, maturing on June 22, 2016
June 22, 2015	William L. Holter	Secured Gold Loan Agreement	US\$515,000 in gold for a term of one year, maturing on June 22, 2016
December 9, 2014	JGB (Cayman) Weston Ltd.	Securities Purchase Agreement	8% Original Issue Discount Senior Convertible Debenture in the principal sum of up to US\$15 Million
December 9, 2014	JGB (Cayman) Weston Ltd.	Registration Rights Agreement	Obligation to file Registration Statement in the US covering the resale of securities under the Securities Purchase Agreement

Date	Names of Parties	Description of General Nature of the Contract	Consideration Paid; Terms and Conditions
December 9, 2014	JGB (Cayman) Weston Ltd.	8% Original Issue Discount Senior Convertible Debenture due December 9, 2016	Principal Sum of up to \$15 Million
December 9, 2014	JGB (Cayman) Weston Ltd. and Wells Fargo Bank, National Association	Escrow Agreement	Deposit of US\$9,115,000 in escrow pursuant to Securities Purchase Agreement
December 9, 2014	JGB (Cayman) Weston Ltd.	Common Stock Purchase Warrant	To purchase up to 982,143 common shares at a price of US\$0.98 per share, on or before December 9, 2019
December 9, 2014	JGB (Cayman) Weston Ltd.	Continuing Guaranty	For Itetemia Mining Company Limited, Lunguya Mining Company Ltd., Tancan Mining Company Limited, Tanzania American International Development Corporation 2000 Limited, Buckreef Gold Company Limited and Northwest Basemetals Company Limited

#### D. Exchange Controls

##### Canada

There is no law, governmental decree or regulation in Canada that restricts the export or import of capital or affects the remittance of dividends, interest or other payments to a non-resident holder of common shares other than withholding tax requirements. Any such remittances to United States residents are subject to withholding tax. See “*Taxation.*”

There is no limitation imposed by the laws of Canada or by the charter or other constituent documents of the Company on the right of a non-resident to hold or vote the common shares, other than as provided in the Investment Act. The following discussion summarizes the principal features of the Investment Act for a non-resident who proposes to acquire the common shares.

The Investment Act generally prohibits implementation of a reviewable investment by an individual, government or agency thereof, corporation, partnership, trust or joint venture (each an “*entity*”) that is not a “Canadian” as defined in the Investment Act (a “*non-Canadian*”), unless after review, the Director of Investments appointed by the minister responsible for the Investment Act is satisfied that the investment is likely to be of net benefit to Canada. An investment in the common shares by a non-Canadian other than a “WTO Investor” (as that term is defined by the Investment Act, and which term includes entities which are nationals of or are controlled by nationals of member states of the World Trade Organization) when the Company was not controlled by a WTO Investor, would be reviewable under the Investment Act if it was an investment to acquire control of the Company and the value of the assets of the Company, as determined in

accordance with the regulations promulgated under the Investment Act, was \$5,000,000 or more, or if an order for review was made by the federal cabinet on the grounds that the investment related to Canada's cultural heritage or national identity, regardless of the value of the assets of the Company. An investment in the common shares by a WTO Investor, or by a non-Canadian when the Company was controlled by a WTO Investor, would be reviewable under the Investment Act if it was an investment to acquire control of the Company and the value of the assets of the Company, as determined in accordance with the regulations promulgated under the Investment Act was not less than a specified amount, which as specified in 2014 was any amount in excess of \$354 million. A non-Canadian would acquire control of the Company for the purposes of the Investment Act if the non-Canadian acquired a majority of the common shares. The acquisition of one third or more, but less than a majority of the common shares would be presumed to be an acquisition of control of the Company unless it could be established that, on the acquisition, the Company was not controlled in fact by the acquirer through the ownership of the common shares.

Certain transactions relating to the common shares would be exempt from the Investment Act, including: (a) an acquisition of the common shares by a person in the ordinary course of that person's business as a trader or dealer in securities; (b) an acquisition of control of the Company in connection with the realization of security granted for a loan or other financial assistance and not for a purpose related to the provisions of the Investment Act; and (c) an acquisition of control of the Company by reason of an amalgamation, merger, consolidation or corporate reorganization following which the ultimate direct or indirect control in fact of the Company, through the ownership of the common shares, remained unchanged.

### **Foreign Investments and Exchange in Tanzania**

The Tanzania Investment Centre (TIC) issues certificates of Approval to Foreign and Local Companies wishing to invest in Tanzania. Possession of Certificate of Approval entitles the investor to the following Tax Incentives under the Income Tax Act.

- (i) maximum Corporate Tax Rate of 30% (Residents and Non Residents)
- (ii) Withholding Tax on Dividends = 10%
- (iii) Withholding Tax on Interest = 10%
- (iv) Carry forward of losses for unlimited period of time.

In 1992, the stringent foreign exchange legislation was repealed and the restriction on foreign commercial banks abolished. Any person whether resident or not may establish foreign currency accounts with any of the commercial banks and transfer foreign currency outside Tanzania without restriction. The Bank of Tanzania regulates commercial banks and approves the establishment of offshore foreign currency accounts by residents. There are no controls on foreign exchange rates or interest rate on loans and overdrafts.

### **E. Taxation**

#### **Material Canadian Federal Income Tax Considerations**

The following is a summary of the principal Canadian federal income tax considerations of the purchase, ownership and disposition of the common shares offered hereunder generally applicable to purchasers of common shares of the Company who, at all relevant times, are residents of the U.S. for the purposes of the Canada-United States Tax Convention (1980), as amended (the "**Convention**"), are not resident in Canada or deemed to be resident in Canada for purposes of the *Income Tax Act* (Canada), as amended to the date hereof (the "**Canadian Tax Act**"), deal at arm's length with and are not affiliated with the Company for the

purposes of the Canadian Tax Act, and do not use or hold and are not deemed to use or hold such common shares in the course of carrying on or being deemed to be carrying on business in Canada (“**U.S. Resident Holders**”). Special rules, which are not discussed in this summary, may apply to a U.S. Resident Holder that is an insurer carrying on business in Canada and elsewhere.

This summary is based upon the current provisions of the Canadian Tax Act, the regulations thereunder, all specific proposals to amend the Canadian Tax Act and regulations thereunder publicly announced by or on behalf of the Minister of Finance of Canada prior to the date hereof (the “**Proposals**”), the provisions of the Convention as in effect on the date hereof, and an understanding, based on publicly available published materials, of the current administrative policies and assessing practices of the Canada Revenue Agency in force as of the date hereof. Other than the Proposals, this summary does not take into account or anticipate any changes in law or in the administrative policies or assessing practices of the Canada Revenue Agency, whether by legislative, governmental or judicial action, nor does it take into account tax laws of any province or territory of Canada or of any jurisdiction outside Canada which may differ significantly from those discussed herein. The summary assumes that the Proposals will be enacted substantially as proposed, but there can be no assurance that the Proposals will be enacted as proposed or at all.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular U.S. Resident Holder, and no representation with respect to the tax consequences to any particular U.S. Resident Holder is made. The tax liability of a U.S. Resident Holder will depend on the holder’s particular circumstances. Accordingly, U.S. Resident Holders should consult with their own tax advisors for advice with respect to their own particular circumstances.

For purposes of the Canadian Tax Act, all amounts relating to the acquisition, holding or disposition of the common shares must be expressed in Canadian dollars using the rate of exchange quoted by the Bank of Canada at noon on the day the amount first arose, or such other rate of exchange as is acceptable to the Canada Revenue Agency.

### ***Dividends***

Dividends paid or credited or deemed under the Canadian Tax Act to be paid or credited to a U.S. Resident Holder on the common shares are subject to Canadian withholding tax equal to 25% of the gross amount of such dividends. Under the Convention and subject to the provisions thereof, the rate of Canadian withholding tax which would apply to dividends paid on the common Shares to a U.S. Resident Holder that beneficially owns such dividends and is fully entitled to the benefits under the Convention is generally 15%, unless the beneficial owner is a company which owns at least 10% of the voting shares of the Company at that time, in which case the rate of Canadian withholding tax is reduced to 5%.

## *Dispositions*

A U.S. Resident Holder will not be subject to tax under the Canadian Tax Act on any capital gain realized by the holder on a disposition or deemed disposition of common shares, provided that the shares do not constitute “taxable Canadian property” of the U.S. Resident Holder for purposes of the Canadian Tax Act. The common shares will generally not constitute taxable Canadian property of a U.S. Resident Holder at the time of disposition provided that the common shares are listed on a designated stock exchange (which includes the TSX and the NYSE MKT) at that time unless at any time during the 60-month period immediately preceding the disposition the following two conditions are met concurrently: (i) the U.S. Resident Holder, persons with whom the U.S. Resident Holder did not deal at arm’s length and partnerships whose members include, either directly or indirectly through one or more partnerships, the U.S. Resident Holder or persons that do not deal at arm’s length with the U.S. Resident Holder, or the U.S. Resident Holder together with all such persons owned 25% or more of the issued shares of any class of the capital stock of the Company, and (ii) more than 50% of the fair market value of such shares was derived directly or indirectly from Canadian real estate, “Canadian resources properties” (as defined in the Canadian Tax Act), “timber resource property” (as defined in the Canadian Tax Act) or an option, an interest or right in such property, whether or not such property exists. Notwithstanding the foregoing, the common shares may otherwise be deemed to be taxable Canadian property to a U.S. Resident Holder for purposes of the Canadian Tax Act in particular circumstances. U.S. Resident Holders to whom common shares constitute taxable Canadian property should consult with their own tax advisors as to the Canadian income tax consequences of a disposition of the common shares.

## **Material United States Federal Income Tax Considerations**

The following summary describes certain material U.S. federal income tax considerations generally applicable to U.S. Holders (as defined below) with respect to the ownership and disposition of the Company’s common shares. It addresses only U.S. Holders that hold common shares as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the “**Code**”) (generally, assets held for investment purposes). The following summary does not purport to be a complete analysis of all of the potential U.S. federal income tax considerations that may be relevant to particular U.S. Holders in light of their particular circumstances, nor does it deal with persons that are subject to special tax rules, such as brokers, dealers in securities or currencies, financial institutions, mutual funds, insurance companies, tax-exempt entities, qualified retirement plans, U.S. Holders that own stock constituting 10% or more of the Company’s voting power (whether such stock is directly, indirectly or constructively owned), regulated investment companies, common trust funds, U.S. Holders subject to the alternative minimum tax, U.S. Holders holding common shares as part of a straddle, hedge or conversion transaction or as part of a synthetic security or other integrated transaction, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, U.S. Holders that have a “functional currency” other than the U.S. dollar, U.S. expatriates, and persons that acquired common shares as part of a compensation transaction. In addition, this summary does not address persons that hold an interest in a partnership or other pass-through entity that holds common shares, or tax considerations arising under the laws of any state, local or non-U.S. jurisdiction or other U.S. federal tax considerations (e.g., estate or gift tax) other than those pertaining to the income tax. Furthermore, this summary does not address the U.S. federal income tax considerations that may be relevant to non-U.S. Holders of common shares.

The following is based on the Code, Treasury regulations promulgated thereunder (“**Treasury Regulations**”), and administrative rulings and court decisions, in each case as in effect on the date hereof, all of which are subject to change, possibly with retroactive effect.

As used herein, the term “U.S. Holder” means a beneficial owner of common shares that is (i) a citizen or individual resident of the U.S., (ii) a corporation (or an entity classified as a corporation for U.S. federal

income tax purposes) created or organized in or under the laws of the U.S. or any political subdivision thereof, (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust if (A) a U.S. court is able to exercise primary supervision over its administration and one or more U.S. persons, within the meaning of Section 7701(a)(30) of the Code, have authority to control all of its substantial decisions or (B) it has properly elected under applicable Treasury Regulations to be treated as a U.S. person.

The tax treatment of a partner in a partnership (or other entity classified as a partnership for U.S. federal income tax purposes) may depend on both the partner's and the partnership's status and the activities of such partnership. Partnerships that are beneficial owners of the Company's common shares, and partners in such partnerships, should consult their own tax advisors regarding the U.S. federal, state, local and non-U.S. tax considerations applicable to them with respect to the ownership and disposition of common shares.

This summary is of a general nature only. It is not intended to constitute, and should not be construed to constitute, a legal or tax opinion or legal or tax advice to any particular U.S. Holder. U.S. Holders should consult their own tax advisors as to the tax considerations applicable to them in their particular circumstances.

### ***Ownership and Disposition of Our Common Shares***

*Distributions.* Subject to the discussion below under "Material United States Federal Income Tax Considerations — Passive Foreign Investment Company Rules," distributions made with respect to the Company's common shares (including any Canadian taxes withheld from such distributions) generally will be included in the gross income of a U.S. Holder as dividend income to the extent of the Company's current and accumulated earnings and profits, as determined under U.S. federal income tax principles. A corporate U.S. Holder will not be entitled to a dividends received deduction that is otherwise generally available upon the receipt of dividends distributed by U.S. corporations.

If any dividends are paid in Canadian dollars, the amount includible in gross income will be the U.S. dollar value of such dividend, calculated by reference to the exchange rate in effect on the date of actual or constructive receipt of the payment, regardless of whether the payment is actually converted into U.S. dollars. If any Canadian dollars actually or constructively received by a U.S. Holder are later converted into U.S. dollars, such U.S. Holder may recognize currency gain or loss on the conversion, which will be treated as ordinary gain or loss. Such gain or loss generally will be treated as gain or loss from sources within the U.S. for U.S. foreign tax credit purposes.

A U.S. Holder may be entitled to deduct or claim a credit for Canadian withholding taxes, subject to applicable limitations in the Code. Dividends paid on common shares are expected to be treated as income from sources outside the U.S. and generally will be "passive category income" for U.S. foreign tax credit limitation purposes. The rules governing the foreign tax credit are complex and the availability of the credit is subject to limitations. U.S. Holders should consult their own tax advisors regarding the availability of the foreign tax credit in their particular circumstances.

Distributions in excess of the Company's current and accumulated earnings and profits, if made with respect to the Company's common shares, will be treated as a return of capital to the extent of the U.S. Holder's adjusted tax basis in such common shares, and thereafter as capital gain recognized on a sale or exchange.

The Company does not anticipate paying distributions on its common shares in the near future.

*Dispositions.* Subject to the discussion below under "Material United States Federal Income Tax Considerations — Passive Foreign Investment Company Rules," upon the sale, exchange or other taxable disposition of the Company's common shares, a U.S. Holder generally will recognize capital gain or loss equal to the difference between (i) the amount of cash and the fair market value of any other property received

upon the sale, exchange or other taxable disposition and (ii) the U.S. Holder's adjusted tax basis in such common shares. Capital gain or loss recognized upon a sale, exchange or other taxable disposition of the common shares will generally be long-term capital gain or loss if the U.S. Holder's holding period with respect to such common shares disposed of is more than one year at the time of the sale, exchange or other taxable disposition. The deductibility of capital loss is subject to limitations. For U.S. foreign tax credit purposes, any capital gain or loss generally will be treated as gain or loss from sources within the U.S.

*Tax Filing Requirements.* The ownership of the Company's common shares may require a U.S. Holder to file certain Internal Revenue Service forms including but not limited to Form 8938.

### ***Passive Foreign Investment Company Rules***

Certain U.S. federal income tax rules generally apply to a U.S. person that owns or disposes of stock in a non-U.S. corporation that is treated as a passive foreign investment company (a "PFIC"). The Company would be a PFIC for U.S. federal income tax purposes in any taxable year if 75% or more of its gross income would be passive income, or on average at least 50% of the gross value of its assets is held for the production of, or produces, passive income. For these purposes, passive income generally includes dividends, interest, certain rents and royalties, and the excess of gains over losses from certain commodities transactions and cash is considered a passive asset. Because the Company generates no revenue, and because of its cash balance, it may be characterized as a PFIC.

If we are a PFIC, and you are a U.S. Holder, then unless you make one of the elections described below, you generally will be subject to special rules with respect to (a) any gain realized on the sale or other disposition of the common shares and (b) any "excess distribution" by us to the U.S. Holder in respect of the common shares (generally, your ratable portion of distributions in any year which are greater than 125% of the average annual distribution received by you in the shorter of the three preceding years or your holding period for the common shares). Under the PFIC rules: (i) the gain or excess distribution would be allocated ratably over the U.S. Holder's holding period for the common shares, (ii) the amount allocated to the taxable year in which the gain or excess distribution was realized or to any year before the Company became a PFIC would be taxable as ordinary income and (iii) the amount allocated to each other taxable year would be subject to tax at the highest tax rate in effect in that year and an interest charge generally applicable to underpayments of tax would be imposed in respect of the tax attributable to each such year. In addition, dividend distributions made to you will not qualify for the lower rates of taxation applicable to long-term capital gains under U.S. tax rules. Because a U.S. Holder that is a direct (and in certain cases indirect) shareholder of a PFIC is deemed to own its proportionate share of interests in any lower-tier PFICs, U.S. Holders should be subject to the foregoing rules with respect to any of the Company's subsidiaries characterized as PFICs, if it was deemed a PFIC.

A U.S. Holder may be able to avoid many of these adverse tax consequences if it elects to mark the common shares to market on an annual basis. However, any such mark-to-market election would not be available for a lower-tier PFIC. If a U.S. Holder makes the mark-to-market election, the U.S. Holder generally will recognize as ordinary income any excess of the fair market value of the common shares at the end of each taxable year over their adjusted tax basis, and will recognize an ordinary loss in respect of any excess of the adjusted tax basis of the common shares over their fair market value at the end of the taxable year (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a U.S. Holder makes the election, the U.S. Holder's tax basis in the common shares will be adjusted to reflect these income or loss amounts. Any gain recognized on the sale or other disposition of common shares in a year when the Company is a PFIC will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). The mark-to-market election is available only if the Company is a PFIC and the common shares are "regularly traded" on a "qualified exchange." The common shares will be treated as "regularly

traded” in any calendar year in which more than a de minimis quantity of the common shares are traded on a qualified exchange on at least 15 days during each calendar quarter (subject to the rule that trades that have as one of their principal purposes the meeting of the trading requirement as disregarded). The NYSE MKT is a qualified exchange for this purpose and, consequently, if the common shares are regularly traded, the mark-to-market election will be available to a U.S. holder. U.S. Holders are urged to consult their tax advisors with respect to the availability and tax consequences of a mark-to-market election with respect to the Company’s common shares.

If the Company is deemed to be a PFIC, it does not currently intend to provide the information necessary for U.S. Holders to make qualified electing fund elections if it was treated as a PFIC for any taxable year. U.S. Holders should consult their tax advisors to determine whether any of these elections would be available and if so, what the consequences of the alternative treatments would be in their particular circumstances.

A U.S. Holder will be required to file Internal Revenue Service Form 8621 if such U.S. Holder owns common shares in any year in which the Company is classified as a PFIC. This filing requirement is in addition to the U.S. Holder’s obligation to file other Internal Revenue Service forms with respect to the Company’s common shares, including Form 8938.

The U.S. federal income tax rules relating to PFICs are complex. Prospective U.S. investors are urged to consult their own tax advisers with respect to the acquisition, ownership and disposition of the common shares, the consequences to them of an investment in a PFIC, any elections available with respect to the common shares and the IRS information reporting obligations with respect to the acquisition, ownership and disposition of the common shares.

### ***Information Reporting and Backup Withholding Tax***

In general, information reporting will apply to dividends in respect of the Company’s common shares and the proceeds from the sale, exchange or redemption of the common shares that are paid to a U.S. Holder within the United States (and in certain cases, outside the United States), unless such U.S. Holder is an exempt recipient. A backup withholding tax may apply to such payments if such U.S. Holder fails to provide a taxpayer identification number or certification of other exempt status or fails to report in full dividend and interest income. Backup withholding tax is not an additional tax. A U.S. Holder subject to the backup withholding tax rules will be allowed a credit of the amount withheld against such U.S. Holder’s U.S. federal income tax liability or, if backup withholding results in an overpayment of U.S. federal income tax, such U.S. Holder may be entitled to a refund, provided that, in each case, the requisite information is correctly furnished to the Internal Revenue Service in a timely manner. U.S. Holders should consult their own tax advisors as to the information reporting and backup withholding tax rules.

### **Tanzania**

#### *Taxation*

Tax in Tanzania is levied based on residence and source. Resident persons are taxed on worldwide income whilst non-residents are only taxed on income sourced in Tanzania. An individual is considered to be Tanzanian resident if he has a permanent home in Tanzania and is present during any part of the year, he was resident in Tanzania during the year of income for periods amounting in aggregate to 183 days or more; or if he was in the United Republic in that year of income and each of the two preceding years of income for periods averaging more than 122 days in each such year of income.

The minimum annual income tax threshold is TShs. 2,040,000 or TShs. 170,000 per month. Income Tax Rates vary from Nil up to 30%. Prevailing corporate income tax rate is 30%.

### Value Added Tax (“VAT”)

<b>Taxable Supplies</b>	<b>Rate</b>
Supply of goods and services in Mainland Tanzania	18%
Import of goods and services in Mainland Tanzania	18%
Export of goods and services from Mainland Tanzania	0%
Special relief to some entities/items	10%

VAT registrable threshold is TShs. 40 Million (or about US\$25,000 at prevailing exchange rates).

### Withholding Tax

Withholding tax is charged at the rates specified below:

	<b>Resident</b>	<b>Non-Resident</b>
Dividend	10%	10%
Dividend from listed on the Dar es Salaam Stock Exchange	5%	5%
Interest	10%	10%
Royalties	0%	15%
Management Fees	5%	15%
Professional Fees	5%	15%
Rent, Premium for Use of Property	10%	15%
Pension/Retirement Annuity	10%	15%
Service fee	5%	15%
Insurance premium	0	5%

### Special Rates for Persons Engaged in “Mining Operations” Rates

	<b>Resident</b>	<b>Non-Resident</b>
Technical Services to Mining Operations	5%	15%
Management Fee	0%	15%

### Capital Gains Taxation

0% applies to capital gains on the sale of shares listed at the DSM Stock Exchange. Normal pay as you earn rates with a marginal rate of 30% applies to capital gains by resident individuals, 30% applies to capital gains by corporations.

### Thin capitalisation

For exempt controlled entities, the interest expense that is allowable for tax purposes is restricted to debt and equity ratio of 7 to 3. Debts and equity are defined terms in the legislation. Any interest expense relating to debts exceeding this ratio is permanently disallowed.

### Stamp duty

Stamp duty is chargeable on various legal documents and agreements (e.g. transfer of shares, issue of shares, etc.) generally at ad valorem rates of up to 1%.

### Customs Duty

There are three import duty rates: 0% for capital goods and raw materials, 10% for semi – finished goods and 25% for finished final consumer goods.

### Mining Sector

The Tax Incentives and Investment allowances are designed to encourage industrial growth and attract foreign investments. They are granted for capital expenditure on hotels and manufacturing and mining operations. The allowance is a deduction in computing taxable income.

For companies investing in the Mining Industries (Mineral mining Rights Holders) specific tax incentives are applicable to their investments. These are:-

- (i) Indefinite carry forward of losses.
- (iii) 15% additional Capital Expenditure on unredeemed qualifying Capital Expenditure for Mining Operators who had entered into Agreement with the Government before 1<sup>st</sup> July 2001, under the Mining Acts.

The government of Tanzania also imposes a royalty on the gross value of all production equal to 5% for diamonds and 4% for metallic minerals (including copper, silver, gold and platinum group minerals).

### Double Taxation Agreement

Tanzania has tax treaties to prevent double taxation with Canada, Denmark, Finland, India, Italy, Norway, South Africa, Sweden and Zambia. Tanzania is also in the process of negotiating treaties with several countries including Belgium, Burundi, Iran, Lebanon, Malaysia, Mauritius, Pakistan, and Rwanda.

### **F. Dividends and Paying Agents**

Not applicable.

### **G. Statement by Experts**

Not applicable.

## H. Documents on Display

The Company files annual reports and other information with the SEC. You may read and copy any document that it files at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for more information about the Public Reference Rooms. The SEC also maintains a website, [www.sec.gov](http://www.sec.gov), where you may obtain our reports. The Company also files certain reports with the Canadian Securities Administrators that you may obtain through access of the SEDAR website, [www.sedar.com](http://www.sedar.com).

Copies of the Company's material contracts are kept in the Company's principal executive office.

## I. Subsidiary Information

Not applicable.

### Item 11. Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to market risk, primarily related to foreign exchange and metals prices (gold in particular). The Company uses the Canadian dollar as its reporting currency, but the Company converts Canadian dollars to U.S. dollars, and then U.S. dollars to Tanzanian schillings. The Company is therefore exposed to foreign exchange movements in Tanzania where the Company is incurring costs in conducting exploration activities. Most of the Company's exploration work is conducted in U.S. dollars; however, some general and administrative expenses are paid in Tanzanian schillings.

The following table sets forth the percentage of the Company's administrative expense by currency for the year ended August 31, 2017.

#### By Currency

	2017
Canadian Dollar	20%
U.S. Dollar	25%
Tanzanian Shilling	55%
<b>Total:</b>	100%

Such administrative expense by currency may change from time to time, but it has been roughly the same year to year. Further, the Company incurred net exploration costs of \$(507,838) and \$1,168,935 for the years ended August 31, 2017 and 2016 respectively, which are primarily paid in U.S. dollars.

The Company has not entered into any material foreign exchange contracts to minimize or mitigate the effects of foreign exchange fluctuations on the Company's operations. Based on prior years, the Company does not believe that it is subject to material foreign exchange fluctuations. However, no assurance can be given that this will continue to be true in the future.

The market prices of most precious metals, including gold, have generally increased over the past three years, but are subject to market fluctuations based primarily on supply and demand.

The following table sets out the cumulative average prices of gold for the past five years, based on the London Metals Market afternoon price fix in U.S. dollars:

2017 (Average to November 30)	2016	2015	2014	2013
\$1,256.31	1,250.74	1,160.06	1,266.40	1,411.23

**Item 12. Description of Securities Other than Equity Securities**

The 2016 Incentive Stock Option Plan of the Company was approved by shareholders at the Annual and Special Meeting of the Company on February 16, 2017.

**Part II**

**Item 13. Defaults, Dividend Arrears and Delinquencies**

None.

**Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds**

At the annual general and special meeting held on March 1, 2012 the shareholders approved the Shareholder Rights Plan (the “*Rights Plan*”).

On November 23, 2011, the Directors of the Company approved the adoption of the Rights Plan designed to encourage the fair and equal treatment of shareholders in connection with any take-over bid for the outstanding common shares of the Company. The Company’s board is not aware of any specific take-over bid for the Company that has been made or is contemplated. In the event that a take-over bid is made for the Company’s common shares in the future, the Rights Plan is intended to provide the Company’s board with adequate time to assess a take-over bid, to consider alternatives to a take-over bid and to provide the Company’s shareholders with time to assess a take-over bid. Under the Rights Plan, offers that satisfy certain standards designed to protect shareholder interests will be considered to be “Permitted Bids”. Specifically, a Permitted Bid must be made to all shareholders of the Company and must be outstanding for a minimum period of 60 days, among other conditions. If a bid does not qualify as a Permitted Bid, shareholders other than the acquiring person and joint actors will become entitled to exercise the rights to acquire the Company’s common shares at a significant discount to the prevailing market.

A complete copy of the Rights Plan can be obtained either by accessing it on SEDAR ([www.sedar.com](http://www.sedar.com)) or upon written request to the Company, free of charge.

**Item 15. Controls and Procedures**

**Disclosure Controls and Procedures**

The Company’s management, with the participation of its Chief Executive Officer and Chief Financial Officer, as of the end of the period covered in this report, evaluated the effectiveness of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) and concluded that they are appropriately designed and operating effectively to ensure that information required to be disclosed by the Company in reports that the Company files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

## **Management’s Annual Report on Internal Control Over Financial Reporting**

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting for the Company as defined in Rule 13a-15(f) under the Exchange Act. Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. The Company’s management, including its Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of its internal control over financial reporting as of August 31, 2017. In making this assessment, the Company’s management used the criteria established in Internal Control – Integrated Framework 2013, issued by the Committee of Sponsoring Organizations of the Treadway Commission (“*COSO*”). The Company’s management has completed their review and testing of the Company’s internal control over financial reporting and concluded that they are appropriately designed and operating effectively as of August 31, 2015.

The Public Company Accounting Oversight Board’s Auditing Standard No. 5 defines a material weakness as a control deficiency, or a combination of control deficiencies, such that there is a reasonable possibility that a material misstatement of the Company’s annual financial statements will not be prevented or detected.

### **Changes in Internal Controls over Financial Reporting**

During the year ended August 31, 2017, there were no changes in the Company’s internal control over financial reporting that have materially affected, or are reasonable likely to materially affect, its internal control over financial reporting.

### **Item 16 A. Audit Committee Financial Expert**

The Company’s Board has determined that Dr. Norman Betts qualified as an Audit Committee financial expert. Dr. Betts is an “independent director”, as defined under NI 52-110 and as defined pursuant to National Association of Securities Dealers (NASD) Rule 4200(a)(15) (as such definition may be modified or supplemented). The SEC has indicated that the designation of an audit committee financial expert does not make that person an “expert” for any purpose, impose any duties, obligations, or liability on that person that are greater than those imposed on members of the audit committee and board of directors who do not carry this designation, or affect the duties, obligations, or liabilities of any other member of the audit committee.

### **Item 16 B. Code of Ethics**

The Company has a Code of Ethics and Business Conduct that applies to the Company’s directors, officers, employees and consultants. In addition, the Company has a Code of Ethical Conduct for Financial Managers that applies to its principal executive officer, principal financial officer, principal accounting officer, controller and other persons performing similar functions. A copy of the Company’s Code of Ethics and Business Conduct and Code of Ethical Conduct for Financial Managers can be found on its website at [www.tanzanianroyalty.com](http://www.tanzanianroyalty.com). The Company will report any amendment or waiver to the Code of Ethics on its website within five business days of such amendment or waiver.

The Company undertakes to provide any person without charge a copy of its code of ethics. Persons requesting a copy should address their request to Corporate Secretary, Tanzanian Royalty Exploration Corporation, Suite 202, 5626 Larch Street, Vancouver, BC, V6M 4E1.

**Item 16 C. Principal Accountant Fees and Services**

The Company's independent auditor for the fiscal year ended August 31, 2017 was Dale Matheson Carr-Hilton Labonte LLP, Chartered Professional Accountants, and the Company's independent auditor for the fiscal year ended August 31, 2015 was Ernst & Young LLP, Chartered Professional Accountants.

The Company's Audit and Compensation Committee pre-approves all services provided by its independent auditors. All of the services and fees described below were reviewed and pre-approved by the audit committee.

The following summarizes the significant professional services rendered by Dale Matheson Carr-Hilton Labonte LLP for the year ended August 31, 2017 and 2016.

<b>Fiscal Year Ending August 31</b>	<b>Audit Fees</b>	<b>Audit Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
2017	Canada – \$80,000 Tanzania - \$15,000	Nil Nil	Nil Nil	Nil Nil
2016	Canada – \$88,000 Tanzania - \$14,265	Nil Nil	Nil Nil	Nil Nil

**Item 16 D. Exemptions from the Listing Standards for Audit Committees**

Not applicable.

**Item 16 E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

Not applicable.

**Item 16 G. Corporate Governance**

The Company's common shares are listed on the NYSE MKT. Section 110 of the NYSE MKT Company Guide permits NYSE MKT to consider the laws, customs and practices of foreign issuers in relaxing certain NYSE MKT listing criteria, and to grant exemptions from NYSE MKT listing criteria based on these considerations. A company seeking relief under these provisions is required to provide written certification from independent local counsel that the non-complying practice is not prohibited by home country law. The following is a description of the significant ways in which the Company's governance practices differ from those followed by domestic companies pursuant to NYSE MKT standards:

*Shareholder Meeting Quorum Requirement.* The NYSE MKT minimum quorum requirement for shareholder meeting is 33 1/3% of the outstanding shares of common stock. In addition, a company listed on NYSE MKT is required to state its quorum requirement in its bylaws. The Company's quorum requirement is set forth in its bylaws. The Company's bylaws provide that a quorum at any meeting of shareholders shall be persons present not being less than two in number and who hold or represent not less than 20% of the total number of the issued shares of the Company.

*Proxy Delivery Requirement.* NYSE MKT requires the solicitation of proxies and delivery of proxy statements for all shareholder meetings, and requires that these proxies be solicited pursuant to a proxy statement that conforms to the proxy rules of the SEC. The Company is a foreign private issuer as defined in Rule 3b-4 under the Exchange Act, and the equity securities of the Company are accordingly exempt from

the proxy rules set forth in Sections 14(a), 14(b), 14(c) and 14(f) of such Act. The Company solicits proxies in accordance with applicable rules and regulations in Canada.

*Shareholder Approval Requirements.* NYSE MKT requires a listed company to obtain the approval of its shareholders for certain types of securities issuances, including private placements that may result in the issuance of common shares (or securities convertible into common shares) equal to 20% or more of presently outstanding shares for less than the greater of book or market value of the shares. In general, there is no such requirement under the rules of the TSX unless the transaction results in a change of control. The Company will seek a waiver from NYSE MKT's shareholder approval requirements in circumstances where the securities issuance does not trigger such a requirement under the rules of the TSX.

The foregoing is consistent with the laws, customs and practices in Canada.

#### **Item 16 H. Mine Safety Disclosure**

The Company is in the exploration stage and its mining properties are located outside the United States.

### **Part III**

#### **Item 17. Financial Statements**

Not applicable.

#### **Item 18. Financial Statements**

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and are expressed in Canadian dollars.

#### **Item 19. Exhibits**

<u>Exhibit No.</u>	<u>Name</u>
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- |     |   |
|-----|---|
| 1.1 | Articles and Bylaws of Tan Range Exploration Corporation, as amended. <sup>(1)</sup>  |
| 1.2 | Certificate of Amendment for Change of Name dated February 28, 2006 <sup>(6)</sup>  |
| 1.3 | Certificate of Amendment and Registration of Restated Articles dated March 7, 2008 for increase in the maximum number of directors to eleven <sup>(6)</sup> |
| 2.1 | Employee Share Ownership Plan (2003) <sup>(1)</sup>   |
| 2.2 | 2001 Stock Option Plan <sup>(1)</sup>   |
| 2.3 | Shareholder Rights Plan <sup>(2)</sup>  |
| 2.4 | 2011 Shareholder Rights Plan <sup>(9)</sup>   |
| 2.5 | Restricted Stock Unit Incentive Plan <sup>(4)</sup>   |
| 2.6 | Amended Restricted Stock Unit Incentive Plan <sup>(8)</sup>   |
| 4.1 | Subscription and Property Option Agreement dated May 31, 1999 between the Company and Barrick Gold Corporation <sup>(2)</sup>                               |

- 4.2 Option Agreement dated December 14, 2001 between Tanzam 2000 Limited and Barrick Exploration Africa Limited <sup>(2)</sup>
- 4.3 Letter of Intent dated January 20, 2003 between the Company and Northern Mining Explorations Ltd., as amended by Letter Agreement dated March 18, 2003 <sup>(2)</sup>
- 4.4 Letter of Intent dated July 21, 2003 between the Company and Ashanti Goldfields (Cayman) Limited <sup>(2)</sup>
- 4.8 Option Agreement dated September 7, 2004 between the Company and Northern Mining Explorations Ltd. <sup>(3)</sup>
- 4.9 Purchase and Sale Agreement dated September 26, 2006 between the Company and Ashanti Goldfields (Cayman) Limited <sup>(4)</sup>
- 4.10 Option and Royalty Agreement dated January 25, 2007 between the Company and Sloane Developments Ltd. <sup>(5)</sup>
- 4.12 March 27, 2009 Subscription Agreement for purchase of 248,139 common shares with James E. Sinclair <sup>(6)</sup>
- 4.13 February 23, 2009 Subscription Agreement for purchase of 189,036 common shares with James E. Sinclair <sup>(6)</sup>
- 4.14 February 1, 2009 Subscription Agreement for purchase of \$3,000,000 of common shares with James E. Sinclair <sup>(6)</sup>
- 4.15 August 24, 2010 Subscription Agreement for purchase of 144,430 common shares with James E. Sinclair <sup>(7)</sup>
- 4.16 Heads of Agreement dated December 16, 2010 between the Company and State Mining Corporation <sup>(8)</sup>
- 4.17 Joint Venture Agreement dated October 25, 2011 between the Company and State Mining Corporation <sup>(8)</sup>
- 4.18 Kigosi Access Agreement dated December 10, 2012 between the Company and The Director of Wildlife, Wildlife Division, Ministry of Natural Resources and Tourism <sup>(10)</sup>
- 4.19 Securities Purchase Agreement dated December 9, 2014 with JGB (Cayman) Weston Ltd. <sup>(11)</sup>
- 4.20 Registration Rights Agreement dated December 9, 2014 with JGB (Cayman) Weston Ltd. <sup>(11)</sup>
- 4.21 8% Original Issue Discount Senior Convertible Debenture to JGB (Cayman) Weston Ltd. <sup>(11)</sup>
- 4.22 Escrow Agreement dated December 9, 2014 with JGB (Cayman) Weston Ltd. and Wells Fargo Bank, National Association <sup>(11)</sup>
- 4.23 Common Stock Purchase Warrant dated Decemer 9, 2014 to JGB (Cayman) Weston Ltd. <sup>(11)</sup>
- 4.24 Continuing Guaranty from Itetemia Mining Company Limited, Lunguya Mining Company Ltd., Tancan Mining Company Limited, Tanzania American International Development Corporation 2000 Limited, Buckreef Gold Company Limited and Northwest Basemetals Company Limited <sup>(11)</sup>
- 4.25 Secured Gold Loan Agreement dated June 22, 2015 with Hoffman Heritage Ranches LLC <sup>(12)</sup>
- 4.26 Secured Gold Loan Agreement dated June 22, 2015 with William L. Holter <sup>(12)</sup>
- 4.27 Secured Gold Loan Agreement dated October 19, 2015 with Edward F. Marin Family LLC \*
- 4.28 Secured Gold Loan Agreement dated October 19, 2015 with David Ponelli \*
- 4.29 Secured Gold Loan Agreement dated May 16, 2016 with Structural Logistics, LLC \*
- 4.30 Secured Loan Agreement dated May 16, 2016 with William L. Holter \*
- 4.31 Secured Gold Loan Agreement dated June 27, 2016 with Edward F. Marin Family LLC \*

- 4.32 Secured Gold Loan Agreement dated June 28, 2016 with David Ponelli \*
- 4.33 Loan Agreement dated June 30, 2016 with David Schectman \*
- 4.34 Securities Purchase Agreement dated September 1, 2016 <sup>(13)</sup>
- 4.35 Registration Rights Agreement <sup>(13)</sup>
- 8.1 List of Subsidiaries \*
- 12.1 Certification of the Principal Executive Officer under the Sarbanes-Oxley Act \*
- 12.2 Certification of the Principal Financial Officer under the Sarbanes-Oxley Act \*
- 13.1 Certification under Section 1350 \*
- 15.1 Consolidated Financial Statements for the years ended August 31, 2017 and 2016 \*
- 15.2 Management's Discussion and Analysis for the years ended August 31, 2017 and 2016 \*
- 15.3 Consent of DMCL Chartered Professional Accountants LLP dated November 25, 2017 \*
- 15.4 Item 16F Confirmation Letter from Ernst & Young LLP, Chartered Professional Accountants, dated November 5, 2016
  
- 15.5 2016 Incentive Stock Option Plan<sup>(14)</sup>

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\* Filed herewith

- (1) Previously filed with the SEC on Form 20-F Registration Statement on March 15, 2004
- (2) Previously filed with the SEC on Amendment No. 1 to Form 20 Registration Statement on June 28, 2004
- (3) Previously filed with the SEC on Form 20-F Annual Report on February 10, 2005
- (4) Previously filed with the SEC on Form 20-F Annual Report on November 30, 2006
- (5) Previously filed with the SEC on Form 20-F Annual Report on November 30, 2007
- (6) Previously filed with the SEC on Form 20-F Annual Report on November 25, 2009
- (7) Previously filed with the SEC on Form 20-F Annual Report on November 30, 2010
- (8) Previously filed with the SEC on Form 20-F Annual Report on December 12, 2011
- (9) Previously filed with the SEC on Form 20-F Annual Report on November 27, 2012
- (10) Previously filed with the SEC on Form 20-F Annual Report on November 15, 2013
- (11) Previously filed with the SEC on Form 6-K filed on December 15, 2014
- (12) Previously filed with the SEC on Form 20-F/A Annual Report on April 11, 2016
- (13) Previously filed with the SEC on Form 6-K filed on September 7, 2016
- (14) Previously filed with the SEC on Form 6-K filed on January 30, 2017

**SIGNATURE**

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

Date November 29, 2017

**TANZANIAN ROYALTY EXPLORATION CORPORATION**

By: “James E. Sinclair”  
James E. Sinclair,  
President and Director  
(Principal Executive Officer”)