

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 20-F

- 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, 2018
- 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, Suite 200,
Toronto, Ontario**

MSC 1P1

(Address of Principal Executive Offices)

**James Sinclair
President and Director**

Tanzanian Royalty Exploration Corporation

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MSC 1P1

Telephone: 1.844.364.1830

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(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 American
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: 125,162,803 (as of August 31, 2018).

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 2.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer
Emerging Growth Company

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 "Proven Mineral Reserve" or "Probable Mineral Reserve" or "Measured Mineral Resources", "Indicated Mineral Resources" and "Inferred Mineral Resources" that are permitted by Canadian securities regulations.

U.S. investors are cautioned not to assume that any part of the mineral deposits, if any, in the "Proven Mineral Reserve" or "Probable Mineral Reserve" or "Measured Mineral Resources", "Indicated Mineral Resources" and "Inferred Mineral Resources" categories will ever be converted into reserves. Further, these terms are not defined terms under SEC Industry Guide 7 and are not permitted to be used in reports and registration statements filed with the United States Securities and Exchange Commission ("SEC"). The definitions of proven and probable reserves used in NI 43-101 differ from the definitions in SEC Industry Guide 7. Under SEC Industry Guide 7, as interpreted by the staff of the SEC, mineralization may not be classified as a "reserve" for United States reporting purposes unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Among other things, all necessary permits would be required to be in hand or issuance imminent in order to classify mineralized material as reserves under the SEC guidelines. In addition, 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.

United States investors are cautioned not to assume that any part or all of the mineral deposits identified as an "indicated mineral resource," "measured mineral resource" or "inferred mineral resource" will ever be converted to reserves as defined in SEC Industry Guide 7. Further, "inferred mineral resources" have a great amount of uncertainty as to their existence and economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian securities legislation, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, or economic studies. U.S. investors are cautioned not to assume that part or all of an inferred mineral resource exists, or is economically or legally mineable.

For clarification, the Company has no properties that contain "Proven (Measured) Reserves" or "Probable (Indicated) Reserves" as defined by SEC securities regulations.

Currency

All references to dollar amounts are expressed in the 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 regarding disclosures of directors, officers and principal stockholders 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>dyke</i> | A tabular body of igneous rock that has been injected while molten into a fissure. |
| <i>fault</i> | A planar fracture or discontinuity in a volume of rock, across which there has been significant displacement. |
| <i>feasibility study</i> | A feasibility study is a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable modifying factors 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. |
| <i>hectare or ha</i> | An area totalling 10,000 square metres. |

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| <i>hydrothermal</i> | 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. |
| <i>IP</i> | Induced polarization survey, a form of geophysical survey used in the exploration for minerals. |
| <i>intrusive</i> | A rock mass formed below earth's surface from magma which has intruded into a pre-existing rock mass. |
| <i>JORC</i> | The Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia. |
| <i>JV</i> | A joint venture, which is a term for a contractual relationship between parties, usually for a single purpose, which is not a partnership. |
| <i>kilometres or km</i> | Metric measurement of distance equal to 1,000 metres (or 0.6214 miles). |
| <i>mill</i> | A facility for processing ore to concentrate and recover valuable minerals. |
| <i>mineral reserve</i> | That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. |
| <i>mineralization</i> | The hydrothermal deposition of economically important metals in the formation of ore bodies or "lodes". |
| <i>net smelter or NSR royalty</i> | Payment of a percentage of net mining profits based on returns from the smelter, after deducting applicable smelting charges. |
| <i>NI 43-101</i> | 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. |
| <i>ore</i> | A mineral or an aggregate of minerals from which a valuable constituent, especially a metal, can be profitably mined or extracted. |
| <i>outcrop</i> | An exposure of rock at the earth's surface. |
| <i>porphyry</i> | A variety of igneous rock consisting of large-grained crystals, such as feldspar or quartz, dispersed in a fine-grained feldspathic matrix or groundmass. |
| <i>Pre-feasibility study (preliminary feasibility study)</i> | A pre-feasibility study is 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 an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on the modifying factors 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 converted to a Mineral Reserve at the time of reporting. A pre-feasibility study is at a lower confidence level than a feasibility study. |

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| <i>Pyrrhotite</i> | A bronze coloured mineral of metallic lustre that consists of ferrous sulphide and is attracted by a magnet. |
| <i>pyrite</i> | Iron sulphide mineral. |
| <i>Qualified Person</i> | 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. |
| <i>quartz</i> | Silica or SiO ₂ , a common constituent of veins, especially those containing gold and silver mineralization. |
| <i>RAB</i> | Rotary air blast drilling. |
| <i>RC</i> | Reverse circulation drilling. |
| <i>reef</i> | A geological discontinuity which served as a trap or conduit for hydrothermal mineralizing fluids to form an ore deposit. |
| <i>silicification</i> | Replacement and or impregnation of the constituent of a rock by quartz rich hydrothermal fluids or (silica). |
| <i>Sloane</i> | Sloane Developments Ltd., a corporation based in the United Kingdom. |
| <i>Songshan</i> | Songshan Mining Company. |
| <i>Stamico</i> | State Mining Corporation of Tanzania. |
| <i>Tancan</i> | Tancan Mining Company Limited, a wholly-owned Tanzanian subsidiary of the Company. |
| <i>Tanzam</i> | Tanzania American International Development Corporation 2000 Limited, a wholly-owned Tanzanian subsidiary of the Company. |
| <i>ton</i> | 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 May 10, 2014, 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:

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.

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.

Indicated Mineral Resource

An Indicated Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit.

Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation.

An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve.

Measured Mineral Resource

A Measured Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit.

Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation.

A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve or to a Probable Mineral Reserve.

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.

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, 2018, 2017, 2016, 2015 and 2014 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):

| | 2018(\$) | 2017(\$) | 2016(\$) | 2015(\$) | 2014(\$) |
|----------------------------------|-------------|-------------|--------------|-------------|-------------|
| Operations: | | | | | |
| Revenues | \$ — | \$ — | \$ — | \$ — | \$ — |
| Net loss | (6,897,397) | (6,434,112) | (12,781,902) | (8,995,697) | (2,416,265) |
| Basic and diluted loss per share | (0.06) | (0.05) | (0.12) | (0.09) | (0.02) |

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|------------------------------|--------------|-------------|--------------|-------------|-------------|
| Balance sheet: | | | | | |
| Working Capital (deficiency) | (12,010,685) | (6,552,376) | (11,836,214) | (4,684,253) | 1,325,667 |
| Total Assets | 53,235,140 | 51,353,088 | 49,885,545 | 53,108,859 | 52,792,901 |
| Net Assets | 34,326,005 | 36,254,043 | 35,156,483 | 46,072,190 | 51,503,996 |
| Share Capital | 127,003,132 | 125,174,377 | 122,380,723 | 120,532,634 | 117,153,440 |
| Number of Shares | 125,162,803 | 121,784,619 | 109,068,492 | 107,853,554 | 101,325,880 |
| Deficit | 103,263,959 | 96,566,577 | 90,600,819 | 77,970,955 | 69,095,649 |

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 |
|--------------------------|---------|------------|--------|--------|
| 2018 | 1.2771 | 1.3055 | 1.3310 | 1.2129 |
| 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 |

The following table sets forth the high and low exchange rate for the past six months. As of August 31, 2018, the exchange rate was CDN \$1.3055 for each US\$1.00.

| Month | High | Low |
|----------------|--------|--------|
| October 2018 | 1.2893 | 1.2472 |
| September 2018 | 1.3187 | 1.2905 |
| August 2018 | 1.3153 | 1.2917 |
| July 2018 | 1.3256 | 1.3017 |
| June 2018 | 1.3310 | 1.2913 |
| May 2018 | 1.3012 | 1.2775 |

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

We intend to begin production at the Buckreef Project without preparing a bankable feasibility study which may subject us to more risks.

We intend to begin production at the Buckreef Project without preparing a bankable feasibility study which is a more common practice within the mining industry and therefore may subject us to more business risks. Our decision to intend to begin production at the Buckreef Project was based on limited prior historical information, drilling programs, modeling, positive metallurgical testing, and a pre-feasibility study. Therefore, our decision to intend to begin production at the Buckreef Project was based on limited information which may or may not be representative of information regarding the mine had we otherwise prepared a more comprehensive study. In addition, basing our decision to intend to begin production on limited information may make us susceptible to risks, including, but not limited to:

- 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 in development and may not be representative of results of the Buckreef Project; and
- that we may underestimate capital and operating costs without a comprehensive bankable 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, 2018, the Company had a comprehensive loss of \$6,897,397, and an accumulated deficit of \$103,263,959. The Company has never generated revenues and does not expect to generate revenues until one of its properties are placed in production. There is a risk that none of the Company's properties will be placed into production.

The Company needs additional capital.

As at August 31, 2018, the Company had cash of approximately \$426,062 and working capital deficiency of approximately \$12,010,685. The Company will continue to incur exploration and development costs to fund its plan of operations and will need to raise capital to build a mining plant at the Buckreef Mine. 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. Traditionally, the Company has relied on issuing equity securities and debt securities that may be converted into equity securities to raise capital. No assurance can be given that the Company can continue to raise capital in this manner. Further, the issuance of equity securities or debt securities that may be convertible into equity securities will have a dilutive effect.

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, 2018, 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 fiscal 2019 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 a mill at 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 revenues or cash flow. Any work on the Company's properties will 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.

We are subject to litigation which could cause a dilutive effect to our shareholders and require us to incur legal expenses.

On January 19, 2018, Crede CG III, LTD (“Crede”) filed suit against us in the Supreme Court of the State of New York, County of New York, claiming, among other things, breach of contract for failure to allow Crede to exercise 1,300,000 Series A Warrants to acquire 3,100,751 common shares. The Series A Warrants were issued, along with Series B Warrants (the Series A Warrants and Series B Warrants, collectively “Warrants”), in connection with a Securities Purchase Agreement entered into on September 1, 2016. In response to the complaint, our attorneys initiated correspondence with Crede’s attorneys regarding Crede’s January 19, 2018 complaint. On February 27, 2018, Crede dismissed its complaint against us without prejudice. On March 12, 2018, Crede filed suit against us in the Supreme Court of the State of New York, County of New York (Index No. 651156/2018), claiming breach of contract (including specific performance and injunctive relief); declaratory judgment that the Securities and Purchase Agreement and Warrants are binding obligations; and, in the event injunctive and declaratory relief is not ordered, awarding compensatory and punitive damages, and attorney fees and costs for failure to allow Crede to exercise 500,000 Series B Warrants to acquire 1,332,222 common shares. On May 10, 2018, we filed a complaint in the United States District Court Southern District of New York (Case No. 18–Civ-4201) against Crede and certain of its principals, and Wellington Shields & Co who acted as the broker in the sale of securities pursuant to the Securities Purchase Agreement alleging, among other things, violation of Section 10 and Rule 10b-5 promulgated thereunder of the Exchange Act, violation of Section 13(d) and Rule 13d-1 promulgated thereunder of the Exchange Act, and breach of contract. On July 17, 2018, we filed a first amended complaint in the United States District Court Southern District of New York, seeking, in addition to the relief sought in the initial complaint, declaratory relief that Securities Purchase Agreement and related agreements, including the Warrants, are void based on a violation of Section 29(b) of the Exchange Act. The litigation is in its initial stage and no discovery has yet been conducted. In the event that we are forced to allow Crede to exercise the Warrants and/or are subject to damages, we may be required to issue additional common shares under the Securities Purchase Agreement. The issuance of additional common shares will have a dilutive effect to our shareholders and the payment of damages and legal expenses may adversely affect our financial condition.

The Company has issued a number of gold and cash loans which at the option of holder are convertible into our common shares, may be repaid through the issuance of gold, are secured by our assets and may be subject to annual renewal.

To finance our operations and prior exploration, as of August 31, 2018, we have issued \$7,497,771 loans in the aggregate. Of this amount, \$4,622,351 were in the form of gold bullion loans. The principal and interest on the gold bullion loans may be, at the election of the holder, repaid in cash, gold bullion or convertible into our common shares. In the event the gold loan holder elects repayment in gold bullion and we do not have the gold bullion, we may be required to purchase gold bullion on the open market in order to repay the loans. As a result, the Company may be at risk in the event the price of gold increases and we are required to purchase gold bullion to repay the loan. Further, the holders of the gold bullion loans may elect to convert the principal and interest of such loans into our common shares at exercise prices ranging from US\$0.26 and US\$0.3446 per share which has the effect of diluting the ownership of existing shareholders.

In addition, as of August 31, 2018, the Company has issued \$2,875,420 in convertible loans. The principal and interest on the convertible loans may be, at the election of the holder, repaid in cash or convertible into our common shares at exercise prices ranging from US\$0.26 to US\$0.3469 per share. In the event that the holder of the convertible loans elects to convert the principal and interest of such loans into our common shares, such conversion will have the effect of diluting the ownership of existing shareholders.

Further, the gold and cash loans are secured by certain assets of the Company, including its CIL plant, pad loadings, gold on pads, gold in form of dore, gold in plan process and gold at refinery. In the event of default, the Company may lose its rights to these assets which could adversely affect its operations.

Finally, these loans are subject to annual renewal. Although many of these holders of loan have renewed the loans on an annual basis, no assurance can be given they will continue to annually renew the loans.

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

With the exception of one project, the Buckreef Project, all of the other 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, Executive Chairman. Investors must be willing to rely to a significant extent on their discretion and judgment. The Company does not have an employment contract with the Executive Chairman. The Company does not maintain key-man life insurance on the Executive Chairman.

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

We may be characterized as a passive foreign investment company ("PFIC"). If we are determined to be a PFIC, our U.S. shareholders may suffer adverse tax consequences. Under the PFIC rules, for any taxable year that our passive income or our assets that produce passive income exceed specified levels, we will be characterized as a PFIC for U.S. federal income tax purposes. This characterization could result in adverse U.S. tax consequences for our U.S. shareholders, which may include having certain distributions on our common shares and gains realized on the sale of our 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 our common shares and certain distributions. Certain elections may be made to reduce or eliminate the adverse impact of the PFIC rules for holders of our 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 "Certain United States Federal Income Tax Considerations."

Foreign corrupt practices legislation.

The Company is subject to the Foreign Corrupt Practices Act (the "FCPA"), the Corruption of Foreign Public Officials Act (Canada) ("CFPOA"), and other laws that prohibit improper payments or offers of payments to foreign governments and their officials and political parties by persons and issuers as defined by the statutes, for the purpose of obtaining or retaining business. It is our policy to implement safeguards to discourage these practices by our employees; however, our existing safeguards and any future improvements may prove to be less than effective and our employees, consultants, sales agents or distributors may engage in conduct for which the Company might be held responsible.

Risks Relating to the Mining Industry

The Company cannot accurately predict whether commercial quantities of ores as estimated or projected in the pre-feasibility study will be established once commercial production commences.

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 mineral resource 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 mineral resource will not in fact be realized or that an identified mineralized deposit, if any, will never 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 several diamond and reverse circulation drilling programs on the Buckreef Project and independent qualified persons have reviewed the results of the drilling program in the context of analyzing the economic significance of the open-pit mineable mineral 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. Significant expenditures will be required to locate further and/or upgrade mineral resources from inferred category to measured and Indicated category, to revise and/or upgrade the recently established mineral reserves, to develop metallurgical processes, to purchase, construct and run a test 60tph pilot process plant and to finalize on a bankable feasibility study to construct mining and processing facilities at the Buckreef Project 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 programs 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 programs.

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, their licenses may not be renewed or they may be subject to challenge or impugned in the future. See "Mineral Properties". In other instances, the Company might not have immediate access to some of its mineral properties due to the ever revolving statutory requirements and regulations as enacted by the Government of Tanzania and enforced by the various ministries.

The Company's properties have been and may continue to be subject to illegal mining.

During 2015, illegal miners, consisting primarily of artisanal miners, invaded and forced occupation at the Buckreef property. As a result, these illegal miners disrupted our activities. As a result of these illegal miners' activities, we provided a notice of force majeure under our agreement with Stamico and did not allow Tanzam, our joint venture operator, to continue mining activities at our property until this issue was resolved. Although we worked out an agreement with Deputy Minister of Energy and Minerals to provide an area for artisanal mining, no assurance can be given that no more illegal mining activities will occur at our properties or disrupt our operations.

Mining exploration, development and operating activities are inherently hazardous.

We have not paid all annual license fees on our properties and we may be subject to penalties.

In order to maintain the existing site of mining and exploration licenses, we are required to pay annual license fees. We have not paid certain of its annual license fees since October 2014 with exception of Buckreef mining licenses. As at August 31, 2018 an accrual of \$260,000 has been recorded relating to unpaid license fees. Note that these licenses remain in good standing until a letter of demand is received from Ministry of Energy and Minerals requesting payment of any unpaid license fees plus 50% penalty, and the Company fails to respond within 30 days. The Company has not received a letter of demand. If we fail to pay our annual license fees, we may lose our properties.

We may be subject to additional payments to the Tanzanian government because we have not brought the Buckreef Property into production by a certain date.

Our joint venture agreement with Stamico contains an obligation clause regarding the commissioning date for the plant. The clause becomes effective only in the event the property is not brought into production before a specified future date which was originally estimated to be in December 2015. Under the agreement, the Company is entitled to extend the date for one additional year: (i) for the extension year, on payment to Stamico of US\$500,000; (ii) for the second extension year, on payment to Stamico of US\$625,000; and (iii) for each subsequent extension year, on payment to Stamico of US\$750,000.

The Company has received a request letter from Stamico regarding the status of the penalty payment and has responded that no penalty is due at this time. The Company has received a subsequent letter from Stamico regarding request for payment. It remains the Company's position that no penalty is due at this time, but the Company and Stamico have been engaged in settlement discussions to resolve this issue, and a payment of \$172,330 has been made in connection with the settlement discussions to be applied towards the amount owing with the remainder to be paid out of proceeds of production.

No assurance can be given that Stamico will not demand additional money from the Company because the Company has not brought the Buckreef Project into production by a certain date.

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 unfavorable 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 exploration, mining development, mine 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 Buckreef Project is held through a special mining license expiring October 2026 granted pursuant to the Mining Act, 2010 (Tanzania). The Company's has other mineral interests in Tanzania that are held under prospecting licenses granted under that Act. There are initial application fees, registration fees, 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 kilometers, 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.

In addition, any new license (PL, ML & SML) applications and renewals are also now subject to the recently enacted of the Ministry of Mines Local Content Regulations GN 3 of 2018 that is enforced by the newly enacted and established 6-member Tanzanian Mining Commission that now oversees the Mining Commissioner and all license applications. The new regulations reflect a strong will to foster diversification and linkages to the local economy, create jobs through the use of Tanzanian expertise, goods and services, businesses and financing in the mining value chain. Not only does it force licensees and contractors to use indigenous Tanzanian companies for the procurement of goods and services, but also requires a physical presence in Tanzania.

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 mine development properties are currently located in the United Republic of Tanzania, Africa under which the Company has obtained a license to explore, develop and operate the property. 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.

Further, the operator of the Buckreef project is Tanzam, a joint venture that is 55% owned by one of our subsidiaries and 45% is owned by the Stamico, a governmental agency of the Tanzania. Therefore, the government of Tanzania will have a substantial input at our operations at the Buckreef project.

Additionally, 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 mine 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, labor unrest, risks of war or civil unrest, government and civil unrest, regional expropriation and nationalization, renegotiation or nullification of existing concessions, licenses, permits and contracts, illegal 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, illegal 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 American corporate governance requirements that are available to foreign private issuers.

U.S. 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 your investment could decline in value or be lost entirely.

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.

Our common shares must meet the requirements of the NYSE American.

The NYSE American rules provides that the NYSE American 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 American 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 and the Company's financial losses, there is no assurance that the Company's common shares will continue to be listed on the NYSE American.

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

In the future, in connection with current and future financings, we could have sales of a significant number of our common shares in the public market which could harm the market price of our common shares and make it more difficult for us 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, 2018, the Company reported a net loss of \$6,897,397. Included in the net loss is nil of mineral properties and deferred exploration expenses that was written off relating to abandoned mineral properties. The Company incurred deferred exploration expenditures of \$2,992,551 during the year ended August 31, 2018.

In connection with the Company's disclosure of mineral resources/mineral reserves and the cut-off grade associated with each mineral resource/reserve, 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.

During fiscal 2018, the Company focused on the Buckreef Project. In October 2017, the Company awarded another contract to Virimai Project Resources Pvt Ltd of Zimbabwe to undertake an amendment of the NI 43-101 Compliant updated Buckreef Pit Optimized Resource Technical Mining Feasibility Report previously published on 5th April 2017. On July 30, 2018, the Company filed the Amended National Instrument 43-101 Independent Technical Report Mineral Reserves Estimate and Pre-Feasibility Study on the Buckreef Gold Mine Project, Tanzania, East Africa with an effective date of June 26, 2018 on Form 6-K for July 2018 with the SEC.

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 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

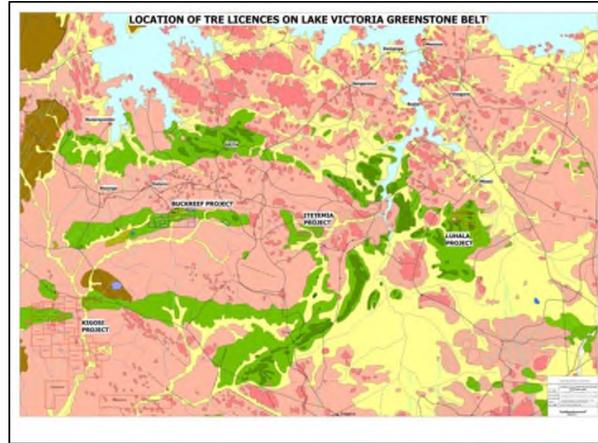
Exploration Activities

All of the properties in which the Company holds an interest are in the exploration and preliminary economic assessment stages of mining. Mineral exploration 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.

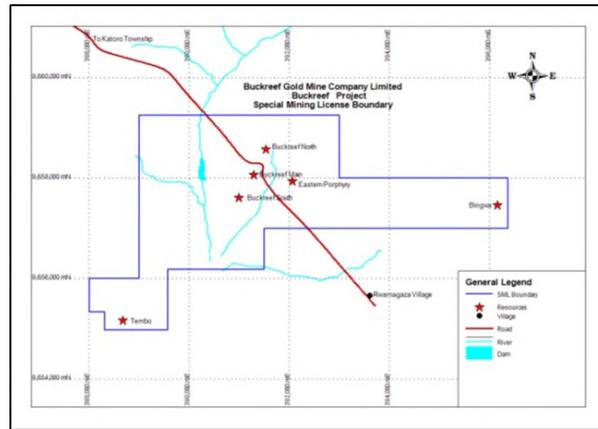
By way of general description of the Company's operating activities, the Company's business operations involve using known or published geological and geophysical data to locate mineral resource properties meriting further exploration or development. Once identified, the Company must stake and apply 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 map below shows the regional location of our primary properties with historical and/or current published mineral resource estimate in Tanzania.



The map below shows the location of mainstay prospects that make up the Company's Buckreef project with a published Mineral resource and Mineral reserve estimate in Geita District, Tanzania



Highlights for the year ended August 31, 2018

Financial:

- During the year ended August 31, 2018, the Company received loans in the amount of \$1,754,291 (US\$1,389,710) with a one year term with a right to extend by one 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 exercise prices ranging between US\$0.274 and US\$0.3469 per common share. Interest is payable quarterly, either in cash or in shares at the option of the lender at exercise prices ranging between US\$0.274 and US\$0.3469 per common share.

In connection with the gold loans described in note 21 to the Company's financial statements and the convertible loans, the Company paid a finder's fee via the issuance of an aggregate of 466,504 common shares with a value of \$234,752.

- During the year ended August 31, 2018, the Company received \$1,310,660 (US \$1,027,727) in gold loans.

Under the terms of the loan agreements, the bullion loans are for a period of one year, are subject to renewal, and carry an 8% interest rate payable quarterly. At the sole discretion of the Lender, the bullion loans may be repaid in cash or common shares of the Company or gold in specified form at the option of the lender. If the bullion loans are paid back by bullion, the valuation date for such bullion will be the date of the loan agreements. The bullion loans may be converted into common shares of the Company at the sole discretion of the lenders at exercise prices ranging between US\$0.267 and US\$0.3446 per common share. Interest is payable quarterly, either in cash or in shares at the option of the lender at exercise prices ranging between US\$0.267 and US\$0.3446 per common share. There is no prepayment penalty.

On June 8, 2018, the Company repriced the exercise price to convert the loans and interest into common shares at a price of US\$0.26.

On August 27, 2018, the Company settled \$324,475 (US\$250,000) of principal amount of outstanding loans through the issuance of 961,538 shares with a value of \$605,769 resulting on a loss on settlement of \$281,294.

- The Company entered into extension agreements in regards to US\$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 a US\$1.25 million 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 shares and warrants for US\$1.25 million. The common shares 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 common shares of with an exercise price of US\$0.8291 per share. The common shares 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 share becomes effective.

On September 26, 2016, the Company closed on the US\$3.75 million 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 common shares to the investor. The investor also received five-year warrants to purchase 4,017,857 common shares 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 shares issued or issuable to the investor upon exercise of warrants being declared effective by the SEC. The SEC declared the Company's Form F-3 Registration Statement registering the common shares effective on September 23, 2016. The Company is currently in litigation with Crede CG III, Ltd.

Buckreef Project: Mine Development and Operations

- No mining or ore processing activities conducted at South Pit and Plant during the year ended 31st August 2018. Status is still care and maintenance while we wait for the resolution of the land compensation issue and issuance of the renewed SML certificate.
- The cumulative Total Ore mined from the Buckreef South Pit (ROMPad + Pad#1-Pad#3+Crusher pad) as of 30th August 2018 remains at 119,725.59 tonnes averaging 1.86g/t Au with total contained metal ounces of 7,161.24.
- The disposition of the Ore stockpiled as of 30th August 2018, 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).

Q1_2018 (September 2017 – November 2017)

- The Company hosted the newly appointed Minister for Minerals, Honourable Angellah Kairuki (MP) and her Deputy Minister who paid a visit to our Buckreef Gold Company in company of the Stamico Board Chairman and the acting DG for Stamico. The team was given a detailed brief on the project. In attendance was Mr. Duval (acting CEO), Mr. Volo (Financial Advisor) with Mr. Zizhou (GM) doing the PowerPoint presentation.

- The Company was engaged with the Ontario Securities Commission in order to comply with NI 43-101 requirements for Technical report disclosures on SEDAR (MaSS Resources report review).
- The Company also continued with its efforts to engage the Minister of Tourism and Natural Resources with regards to the limited access to our Kigosi gold project area located in a restricted game reserve commenced during the quarter.
- PMCG consulting auditors commenced and completed the year-end audit inventory during the quarter.
- End of year Occupational Health and Safety (OSHA) audits were conducted by the responsible government officials at Buckreef site towards the end of the quarter. The officials were informed the operations were on care & maintenance status till mining licence renewal issues were resolved.

Q2_2018 (December 2017 – February 2018)

- The Company engaged a Zimbabwean consultant group, Virimai Projects (pvt) Ltd who commenced the review and amendment of the Buckreef Project Mining and Feasibility Technical Report in compliance with directives from the Ontario Securities Commission in order to comply with NI 43-101 requirements for Technical report disclosures on SEDAR.
- Our JV partner, Stamico, dispatched a special technical and legal audit team of three officials Ms.Zena (Leader-Stamico); Ms. Khadija (Advocate-Ministry of Mines) & Mr Alex (Geologist-Stamico). The team was joined up at Buckreef by Peter (GM) & Pius (CA) for an audit meeting on the Buckreef Gold Company which started on 11th February and ended on 13th February 2018.
- The Company also paid up all annual fees for the legal statutory requirements (Water permit, Fire permit, OSHA chemical storage permit) for the Buckreef Gold Company during this quarter.
- The Company also submitted applications to renew work and residence permit for Peter Zizhou (GM) during this period.

Q3_2018 (March 2018 – May 2018)

- Virimai Projects of Zimbabwe (QP), has successfully queried, evaluated and validated the Buckreef project Mineral resource as published by Venymn in 2014. The QP successfully submitted a letter to the OSC accepting responsibility for the Mineral resource.
- Virimai Projects also successfully completed and submitted the amended and updated Buckreef Pre-Feasibility Independent Technical Report (ITR) that now complies with the Canadian NI43-101 reporting standards of mineral projects technical reports as requested by the OSC.
- The list of TRX license holdings portfolio and liabilities was updated during the quarter. All field work still suspended on all projects with operations still focused on care & maintenance of the Buckreef Special Mining License and camp till the company receives the renewed SML certificate.
- TRX management is also still awaiting feedback from the Hon. Minister's offices on their final determination on the outstanding issue of compensation to villagers within the extended SML area who will be affected when open-pit mining operations commence.
- The Company made concerted efforts to resolve the access issue into our Kigosi Project camp and licenses but received no further response from the Director General of the Kigosi-Moyowosi game reserve.
- The Company continued its follow up efforts on the issuance of the Itetemia Mining License (Applic. #01722), applied for on 4th November 2015 and reportedly still under review. Efforts to get feedback on progress was again met with a stone-wall from the responsible officers at the Ministry of Mines despite the fact that the long awaited 6-man Mining Commission, who now award MLs, officially commenced duties during this reporting quarter.

- Application to renew work and residence permit for Peter Zizhou (GM) successfully completed during the reporting quarter period. Both permits were renewed for a further 2 years effective from 4th April 2018.

Q4_2018 (June 2018 – August 2018)

- The Company successfully published on SEDAR, the amended and updated Buckreef Pre-Feasibility Independent Technical Report (ITR) by Virimai Projects (QP) with effective date of 28th June 2018.
- The Company commenced detailed planning and proposals for Mineral resource upgrade drilling as well as deep drilling to further assess the underground mineral potential on the main Buckreef prospect with Virimai Projects as main consultant.
- A review of the Buckreef SML renewal certification process by the newly established Mining Commission commenced. The Commission circulated the Local Content Regulation documentation and The Pledge that are both mandatory for submission as the last critical part of their review process.
- Tenure on 12 Buckreef Project PLs (PL6427/10 – PL6432/10 & PL6544/10 - PL6549/10) expired on 20th June & 11th July 2018 respectively. The Company plans to submit new PL applications (after a 4 month grace period) on 21st October & 12th November 2018 respectively, as per the Mining Act of 2010. The PLs are however still reflected as part of the TRX license portfolio on the Ministry of Energy and Minerals Portal as of 31st August 2018.
- SML04/92 annual fees (US\$80,200) for 2018/2019 were successfully paid on 2nd September 2018 within the 3 month grace period that ended on 11th September 2018.
- The Company was served with a 7-day Ministerial eviction order to vacate the Kigosi project base camp while negotiations for renewed access are finalized. This was part of enforcing the law barring mining and exploration for gold and base metals in game reserve areas after the Minister of Natural Resources & Tourism visited the area on 26th July 2018.
- The Company successfully relocated all pertinent equipment and drill-cores from the Kigosi camp to Buckreef mine site as part of compliance with the Ministerial order to vacate Luhwaika camp.

Exploration

There was no exploration work done in any of the company's project licenses in Tanzania during the year-ended 31st August 2018. This was essentially due to the company strategy where all efforts are directed on the Buckreef project following the Company's decision to pursue and promote mine development as its main strategy of generating maximum revenue from its extensive portfolio of properties.

The Company also continued to review, revamp and clean up the TRX license portfolio with a view to discard certain licenses and/or alternatively farm them out in JV packages and also to closely monitor and reduce its liabilities arising from statutory payments such as annual fees and JV option payments to underlying vendors.

In line with the established prospecting license project categories of PLs to Retain, PLs to Joint Venture & PLs to Discard/Abandon, the company license holdings as of 31st August 2018 comprises a total of 64 active licenses split into the three main categories as follows:

- Licenses to Retain – 29 PLs, 1 SML, 1 ML & 1 ML application
- Licenses to JV – 9 PLs
- Licenses to Discard – 23 PLs

Brief description of the licenses grouped by project names under each of the three above categories is summarized in the section below.

Projects/Licenses to Retain (Mining projects)

- Buckreef – 12 PLs & 1 SML
- Buziba – 1 PL
- Itetemia – 6 PLs & 1 ML (Application)
- Kigosi – 8 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 31st August 2018 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 four prospects namely Buckreef, Bingwa, Tembo, and Eastern Porphyry. 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 2018:

- No mining or ore processing activities conducted at the Buckreef project during the year. Status of the project for the year-ended 31st August 2018 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 31st August 2018 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 31st August 2018, 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 amended and updated NI43-101 Compliant Independent Technical Report on the Buckreef Pit Optimized Resource Technical Mining Pre-Feasibility Report was completed by Virimai Projects as QP and subsequently published on SEDAR effective June 2018.

The Study results again confirmed and 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 19.20Mt of ore with a strip ratio of 9.5:1 will be mined.
- Pre-existing stockpile (ROMPAD) ore totaling 119,726t grading 1.89g/t to be used for process plant commissioning.
- 950,746.87oz 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.
- 822,000oz of gold will be produced over the life of the project.
- Initial capital cost outlay estimated at US\$76.5 million with a life of mine sustaining capital of \$22.95 million and closure costs of US\$4.5 million.
- Cash operating costs of \$735/oz .
- Generation of a positive after tax NPV of \$130.96 million at a 5% discount rate and an IRR of 74%

The Buckreef Gold project mineral resources as at 31st August 2018 using a cut-off grade of 0.5g/t is as summarized in the table below:

Buckreef Gold Project Mineral Resource Estimate as of 31st August 2018 (Source Virimai Projects, 2018)

| Prospect | MEASURED | | | INDICATED | | | INFERRED | | | MEASURED + INDICATED | | |
|------------------|-------------|-------------|-----------------|--------------|-------------|-----------------|-------------|-------------|-----------------|----------------------|-------------|------------------|
| | Tonnes | Grade | In Situ Content | Tonnes | Grade | In Situ Content | Tonnes | Grade | In Situ Content | Tonnes | Grade | In Situ Content |
| | (Mt) | Au (g/t) | Au (Oz) | (Mt) | Au (g/t) | Au (Oz) | (Mt) | Au (g/t) | Au (Oz) | (Mt) | Au (g/t) | Au (Oz) |
| Buckreef | 8.90 | 1.72 | 491,368 | 13.09 | 1.41 | 594,097 | 7.52 | 1.33 | 322,819 | 21.99 | 1.54 | 1,085,465 |
| Eastern Porphyry | 0.09 | 1.20 | 3,366 | 1.02 | 1.17 | 38,339 | 1.24 | 1.39 | 55,380 | 1.10 | 1.18 | 41,705 |
| Tembo | 0.02 | 0.99 | 531 | 0.19 | 1.77 | 10,518 | 0.27 | 1.92 | 16,461 | 0.20 | 1.70 | 11,048 |
| Bingwa | 0.90 | 2.84 | 82,145 | 0.49 | 1.48 | 23,331 | 0.22 | 1.49 | 10,541 | 1.39 | 2.36 | 105,477 |
| Total | 9.90 | 1.81 | 577,411 | 14.79 | 1.40 | 666,285 | 9.25 | 1.36 | 405,201 | 24.69 | 1.57 | 1,243,696 |

The Buckreef Gold project pit-optimized mineral reserves as at 31st August 2018 using a cut-off grade of 0.38g/t (oxides) to 0.41g/t (fresh rock) is as summarized in the table below:

Buckreef Gold Project Mineral Reserve Estimate as of 31st August 2018 (Source Virimai Projects, 2018)

| Pits Design Reserves Summary | | COG: Oxide & Trans = 0.38, Fresh = 0.41 | | | |
|----------------------------------|------------------------|--|-------------|----------------------|-------------------|
| | | Virimai 22 nd June 2018 Pit Design Reserves Summary | | | |
| Prospect | Reserves | Tonnes | Grade | In Situ Gold Content | |
| Name | Category | (Mt) | Au (g/t) | Kg | oz |
| Buckreef | Proven | 8,174,415 | 1.64 | 13,374.06 | 429,985.66 |
| | Probable | 8,174,147 | 1.40 | 11,435.72 | 367,666.58 |
| | Waste | 160,217,840 | | | |
| Total (Proven + Probable) | | 16,348,562 | 1.52 | 24,809.78 | 797,652.24 |
| Eastern Porphyry | Proven | 79,385 | 1.17 | 93 | 2,982 |
| | Probable | 976,281 | 1.03 | 1,003 | 32,242 |
| | Waste | 9,823,917 | 0.02 | | |
| Total (Proven + Probable) | | 1,055,666 | 1.04 | 1,096 | 35,224 |
| Tembo | Proven | - | - | - | - |
| | Probable | 70,183 | 2 | 165 | 5,312 |
| | Waste | 1,354,468 | - | | |
| Total (Proven + Probable) | | 70,183 | 2.35 | 111 | 3,582 |
| Bingwa | Proven | 1,098,383 | 2.39 | 2,366 | 76,074 |
| | Probable | 510,154 | 1.30 | 377 | 12,108 |
| | Waste | 10,311,734 | | | |
| Total (Proven + Probable) | | 1,608,536 | 2.04 | 2,743 | 88,182 |
| Grand Total | Proven | 9,352,183 | 1.72 | 16,092 | 517,358 |
| | Probable | 9,730,764 | 1.36 | 13,265 | 426,492 |
| | Proven+Probable | 19,082,947 | 1.54 | 16,749 | 943,851 |

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 Buziba 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.

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

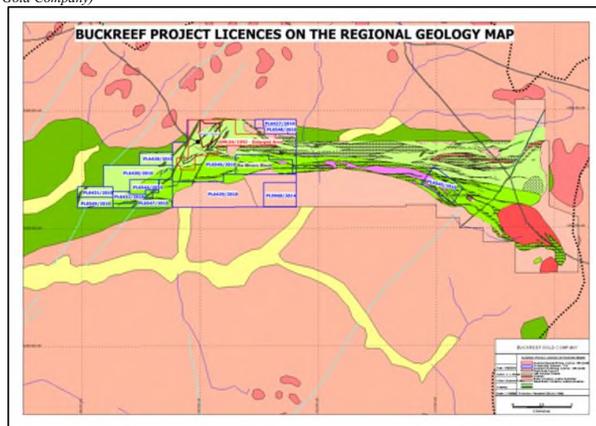
License Holding and Status (Buckreef & Buziba)

At the end of Q4_2017, the Buckreef and Buziba projects had 13 PLs and 1 SML covering a surface area of 95.40km². The license status and statutory liabilities for the two projects are as shown in the table below:

Buckreef-Buziba Gold Projects PL Portfolio Status – License Status and Liabilities as of 31st August 2018

| Block # | License Name | PL_ID | Application Date | Grant Date | Grant Valid To | Renewal Submission Date | Expiry Date | Area (km ²) | Status | Company_ID | Appraisal Fee (US\$) | Prepaid Fee Fee (US\$) | Annual Rent (US\$ 2015/16) | Annual Rent (US\$ 2016/17) | Annual Rent (US\$ 2017/18) | Annual Rent (US\$ 2018/19) | Total (US\$) | Comment | | | |
|---------------|--------------|-----------|------------------|------------|----------------|-------------------------|-------------|-------------------------|--------|------------|----------------------|------------------------|----------------------------|----------------------------|----------------------------|----------------------------|--------------|---|--|--|--|
| 288 | Buckreef | PL6427/10 | 12-Mar-10 | 21-Jun-10 | 20-Jun-17 | 20-May-18 | 20-Jun-18 | 2.1 | Active | Buckreef | | | | | | | 0.0 | 2nd Renewal Tenure Expires 20 June 2018 | | | |
| 289 | Buckreef | PL6428/10 | 12-Mar-10 | 21-Jun-10 | 20-Jun-17 | 20-May-18 | 20-Jun-18 | 3.0 | Active | Buckreef | | | | | | | 0.0 | 2nd Renewal Tenure Expires 20 June 2018 | | | |
| 290 | Buckreef | PL6429/10 | 12-Mar-10 | 21-Jun-10 | 20-Jun-17 | 20-May-18 | 20-Jun-18 | 29.0 | Active | Buckreef | | | | | | | 0.0 | 2nd Renewal Tenure Expires 20 June 2018 | | | |
| 291 | Buckreef | PL6430/10 | 12-Mar-10 | 21-Jun-10 | 20-Jun-17 | 20-May-18 | 20-Jun-18 | 8.9 | Active | Buckreef | | | | | | | 0.0 | 2nd Renewal Tenure Expires 20 June 2018 | | | |
| 292 | Buckreef | PL6431/10 | 12-Mar-10 | 21-Jun-10 | 20-Jun-17 | 20-May-18 | 20-Jun-18 | 2.7 | Active | Buckreef | | | | | | | 0.0 | 2nd Renewal Tenure Expires 20 June 2018 | | | |
| 293 | Buckreef | PL6432/10 | 12-Mar-10 | 21-Jun-10 | 20-Jun-17 | 20-May-18 | 20-Jun-18 | 2.0 | Active | Buckreef | | | | | | | 0.0 | 2nd Renewal Tenure Expires 20 June 2018 | | | |
| 294 | Buckreef | PL6441/10 | 30-Mar-10 | 12-Jul-10 | 11-Jul-17 | 11-Jun-18 | 11-Jul-18 | 2.6 | Active | Buckreef | | | | | | | 0.0 | 2nd Renewal Tenure Expires 11 July 2018 | | | |
| 295 | Buckreef | PL6442/10 | 30-Mar-10 | 12-Jul-10 | 11-Jul-17 | 11-Jun-18 | 11-Jul-18 | 5.3 | Active | Buckreef | | | | | | | 0.0 | 2nd Renewal Tenure Expires 11 July 2018 | | | |
| 296 | Buckreef | PL6443/10 | 30-Mar-10 | 12-Jul-10 | 11-Jul-17 | 11-Jun-18 | 11-Jul-18 | 17.4 | Active | Buckreef | | | | | | | 0.0 | 2nd Renewal Tenure Expires 11 July 2018 | | | |
| 297 | Buckreef | PL6447/10 | 30-Mar-10 | 12-Jul-10 | 11-Jul-17 | 11-Jun-18 | 11-Jul-18 | 5.3 | Active | Buckreef | | | | | | | 0.0 | 2nd Renewal Tenure Expires 11 July 2018 | | | |
| 298 | Buckreef | PL6448/10 | 30-Mar-10 | 12-Jul-10 | 11-Jul-17 | 11-Jun-18 | 11-Jul-18 | 3.9 | Active | Buckreef | | | | | | | 0.0 | 2nd Renewal Tenure Expires 11 July 2018 | | | |
| 299 | Buckreef | PL6449/10 | 30-Mar-10 | 12-Jul-10 | 11-Jul-17 | 11-Jun-18 | 11-Jul-18 | 2.7 | Active | Buckreef | | | | | | | 0.0 | 2nd Renewal Tenure Expires 11 July 2018 | | | |
| 300 | Buckreef | PL6449/10 | 30-Mar-10 | 12-Jul-10 | 11-Jul-17 | 11-Jun-18 | 11-Jul-18 | 2.7 | Active | Buckreef | | | | | | | 0.0 | 2nd Renewal Tenure Expires 11 July 2018 | | | |
| 301 | Buckreef | PL9962/14 | 21-Oct-13 | 20-Jul-14 | 9-Jul-17 | 9-Jun-20 | 9-Jul-20 | 5.6 | Active | Buckreef | 300.0 | | | | | | 300.0 | 1st Renewal Apply: 9 June 2018 | | | |
| 302 | Buckreef | SA0049/15 | 12-Jun-09 | 12-Jun-09 | 11-Jun-18 | 11-Jun-20 | 11-Jun-22 | 14.0 | Active | Buckreef | | | | | | | 0.0 | Annual Fee Paid 2nd September 2018 | | | |
| TOTAL | | | | | | | | | 95.38 | | | 300.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 300.00 | | | |
| PENALTY (20%) | | | | | | | | | | | | | | | | | | | | | |
| GRAND TOTAL | | | | | | | | | 95.38 | | | 300.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 300.00 | | | |

- Tenure on 12 PLs expired and new applications only allowed after a 4 month grace period on 20th October 2018 and 11th November respectively as per the Mining Act of 2010. PLs still our TRX MEM Portal portfolio as of 10th September 2018.
- SML04/92 annual fees for 2018/2019 were paid up within the 3-month grace period to 11th September 2018.
- The six-man Mining Commission now responsible for SML certificate issuance commenced work and is still reviewing the Buckreef JV Agreement terms and conditions prior to issuance of the renewal certificate as per announcement by Hon. Minister of Mines during budget deliberations in Parliament in May 2018.
- A review of the Buckreef SML renewal certification process by the newly established Mining Commission is underway. The Commission circulated the Local Content Regulation documentation and The Pledge that are both mandatory for submission as the last critical part of their review process.
- No response and/or directive was received as yet on the proposed land compensation for villagers affected by the proposed mining activity from the Hon. Minister of Mines as yet.



Itetemia Project

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

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. 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 ³) | 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 |
| TOTAL MAIN LODE | | 1,171,000 | 3,443,000 | 3.31 | 366,000 |
| Footwall Lode | Indicated | 141,000 | 409,000 | 1.92 | 25,000 |
| | Inferred | 128,000 | 380,000 | 2.57 | 31,000 |
| TOTAL FOOTWALL LODE | | 269,000 | 789,000 | 2.23 | 57,000 |
| TOTAL INDICATED | | 957,000 | 2,799,000 | 2.96 | 266,000 |
| TOTAL INFERRED | | 483,000 | 1,433,000 | 3.39 | 156,000 |
| GRAND TOTAL | | 1,440,000 | 4,232,000 | 3.11 | 422,000 |

Rounding results in computational discrepancies

The process to convert the PL covering the Horseshoe Gold Prospect at Iteitemia into a Mining License (ML) commenced on 4th November 2015. The Company re-submitted all documentation required for the conversion of the Iteitemia 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 31st August 2018, the retained portion of the Iteitemia project area has 6 active PLs and 1 ML application all covering a surface area of 31.92km2. The Iteitemia Project license status and statutory liabilities are as shown in the table below:

Iteitemia Gold Project PL Portfolio Status – License Status and Liabilities as of 31st August 2018

| Lead # | License Name | PL # | Application Date | Approved Date | Start Date | Renewal Submission Date | Expiry Date | Area (km ²) | Status | Country_ID | Application Fee (USD) | Prepared Fee (USD) | Annual Fee (2018-19) (USD) | Annual Fee (2019-20) (USD) | Annual Fee (2020-21) (USD) | Total (USD) | Comments | |
|---------------|--------------|--------------|------------------|---------------|------------|-------------------------|-------------|-------------------------|-----------------|------------|-----------------------|--------------------|----------------------------|----------------------------|----------------------------|-------------|-----------------------------|--|
| 106 | Iteitemia | Asa na/01722 | 03-Nov-15 | | | | 3-09 | | Application | Tanzania | 0,000.00 | | | | | 2,000.00 | ML Application under review | |
| 255 | Iteitemia | PL6059/09 | 18-May-07 | 05-Dec-09 | 30-Dec-16 | 09-Nov-17 | 9-24 | | Active | Tanzania | | | 1,848.00 | | | 1,848.00 | ML Renewal Tenure expired | |
| 261 | Iteitemia | PL650/2010 | 01-Nov-07 | 18-Aug-10 | 18-Aug-16 | 13-Jul-18 | 11-Aug-18 | | Pending Renewal | Tanzania | 500.00 | | | | | 500.00 | Offer letter awaited | |
| 104 | Iteitemia | PL888/2012 | 02-Nov-10 | 11-Dec-12 | 29-Dec-16 | 20-Nov-18 | 4-23 | | Pending Renewal | Tanzania | 500.00 | | | | | 500.00 | Offer letter awaited | |
| 122 | Iteitemia | PL661/1012 | 18-May-09 | 14-Dec-12 | 13-Dec-18 | 14-Dec-18 | 4-02 | | Pending Renewal | Tanzania | 500.00 | | | | | 500.00 | Offer letter awaited | |
| 341 | Iteitemia | PL858/2013 | 24-Jun-10 | 08-Feb-15 | 7-Feb-16 | 07-Aug-17 | 2-27 | | Pending Renewal | Tanzania | 500.00 | | | | | 500.00 | Offer letter awaited | |
| 188 | Iteitemia | PL974/0818 | 18-Oct-17 | 04-Oct-18 | 3-Oct-18 | 09-Sep-17 | 08-Oct-17 | 2-27 | Active | Tanzania | 840.00 | | 840.00 | | | 1,680.00 | ML Renewal Tenure expired | |
| TOTAL | | | | | | | | | | | 300.00 | 4,000.00 | 0.00 | 2,188.00 | 0.00 | 6,488.00 | | |
| PENALTY (USD) | | | | | | | | | | | | | 0.00 | 1,084.25 | | 1,084.25 | | |
| GRAND TOTAL | | | | | | | | | | | 300.00 | 4,000.00 | 0.00 | 3,272.25 | 0.00 | 7,586.25 | | |

- Two (2) PLs (PL6059/09 & PL9564/14) have both technically expired. One is in the retain folder while the other is designated for discard. Liabilities for both are as shown in table above.
- Four (4) PLs pending renewal after successful judgment of renewal applications. However during the period only 2 PLs (PL8638/12 & PL8661/12) were recommended for offer upon fulfillment of local content doc presentation, payment of 2018/19 annual fees and Integrity pledge doc signing.
- The ML application is still under review for over 2 years now and no response on the delayed application has been received from MoM offices. The ML application covers three (3) licenses registered under Tanzam2000 and one (1) license registered under Tanca Mining.

Kigosi Project

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

The Company was however directed to evacuate the Kigosi camp site by the Minister of Environment and Natural Resources while negotiations to access the site in the future are underway in view of the recent mining regulations barring exploration and/or mining of gold and any other base metals within areas designated as game reserves are pursued. All the company equipment and drill cores and RC samples were evacuated and are now stored at the Buckreef main site.

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.

Table 67 : Kigosi Project Resource Statement - 1st September 2009

| PROSPECT / LOCATION | REEF | RESOURCE CATEGORY | VOLUME (m ³) | SG (t/m ³) | IN SITU TONNAGE | AVE GRADE (g/t) | GOLD CONTENT (kg) | GOLD CONTENT (Troy oz) | |
|--|----------------------------------|-------------------|--------------------------|------------------------|-------------------|-------------------|-------------------|------------------------|----------------|
| 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 | |
| | TOTAL / AVE MAIN REEF | | 1,849,099 | 2.50 | 4,627,508 | 1.37 | 6,321 | 203,239 | |
| | 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 | |
| | TOTAL / AVE WEST REEF | | 1,673,047 | 2.49 | 4,163,401 | 0.60 | 2,485 | 79,883 | |
| | Quartz rubble | Measured | - | - | - | - | - | - | - |
| | | Indicated | 1,486,862 | 2.62 | 3,889,000 | 0.83 | 3,225 | 103,681 | |
| | TOTAL / AVE QUARTZ RUBBLE | | 1,486,862 | 2.62 | 3,889,000 | 0.83 | 3,225 | 103,681 | |
| | TOTAL / AVE LUHWAIKA | | | 5,009,008 | 2.53 | 12,679,909 | 0.95 | 12,031 | 386,803 |
| Igunda | A | Measured | - | - | - | - | - | - | |
| | | Indicated | 64,415 | 2.80 | 180,000 | 3.68 | 662 | 21,288 | |
| | TOTAL / AVE A REEF | | 64,415 | 2.79 | 180,000 | 3.68 | 662 | 21,288 | |
| | B | Measured | - | - | - | - | - | - | |
| | | Indicated | - | - | - | - | - | - | |
| | TOTAL / AVE B REEF | | - | - | - | - | - | - | |
| TOTAL / AVE IGUNDA | | | 64,415 | 2.79 | 180,000 | 3.68 | 662 | 21,288 | |
| TOTAL / AVE KIGOSI MEASURED & INDICATED | | | 5,073,423 | 2.53 | 12,859,909 | 0.99 | 12,693 | 408,091 | |

The table below shows the status (as of 31st August 2018) of the Kigosi Project license portfolio (identified as critical to the project) has 9 active PLs and 1 ML all covering a surface area of 121km2. The Kigosi license status and statutory liabilities is as shown in the table below:

Kigosi Gold Project PL Portfolio Status – License Status and Liabilities as of 31st August 2018

| Block # | License Name | PL_ID | Application Date | Granted Date | Renewal Date To | Renewal Submission Date | Expiry Date | Area (km2) | Status | Comments | Comptrol ID | Applicant (US\$) | Proposed (US\$) | Annual Fees (US\$) 2015/16 | Annual Fees (US\$) 2016/17 | Annual Fees (US\$) 2017/18 | Annual Fees (US\$) 2018/19 | Total (US\$) | Comments | |
|----------------------|--------------|--------------|------------------|--------------|-----------------|-------------------------|-------------|------------|---------------------|----------------|-------------|------------------|-----------------|----------------------------|----------------------------|----------------------------|----------------------------|--------------|--|--|
| 100 | Aligosi | ML 855/2013 | 28-Nov-12 | 12-Oct-13 | 30-Oct-14 | 18-Oct-15 | 30-Oct-15 | 9.91 | Active | Tanzania | | | | | | | | 28,730.00 | Payment certificate for license fees received. 50% penalty due on renewal fee. | |
| 578 | Aligosi | PL 9712/2014 | 25-Feb-11 | 08-May-14 | 7-May-15 | 07-Apr-16 | 07-May-16 | 11.87 | Active | Famawa Tutuika | | | 2,897.00 | 1,397.00 | 1,397.00 | | | 4,191.00 | 1st Renewal Fee due 7 May 2018 | |
| 182 | Aligosi | PL10160/2014 | 23-Aug-12 | 28-Aug-14 | 28-Aug-15 | 28-Jul-16 | 28-Aug-16 | 2.89 | Active | Tanzania | | | 249.00 | 249.00 | 249.00 | | | 747.00 | 1st Renewal Appln. due 28 July 2018 | |
| 20 | Aligosi | PL10150/2014 | 02-May-13 | 28-Aug-14 | 28-Aug-15 | 28-Jul-16 | 28-Aug-16 | 11.18 | Active | Tanzania | | | 3.00 | 3.00 | 3.00 | | | 9.00 | 1st Renewal Appln. due 28 July 2018 | |
| 20 | Aligosi | PL10170/2014 | 15-Oct-13 | 28-Aug-14 | 28-Aug-15 | 28-Jul-16 | 28-Aug-16 | 14.79 | Active | Tanzania | | | 2,490.00 | 1,490.00 | 1,490.00 | | | 4,470.00 | 1st Renewal Appln. due 28 July 2018 | |
| 885 | Aligosi | PL10111/2014 | 13-Dec-13 | 28-Aug-14 | 28-Aug-15 | 28-Jul-16 | 28-Aug-16 | 22.69 | Active | Tanzania | | | 2,269.00 | 2,269.00 | 2,269.00 | | | 6,807.00 | 1st Renewal Appln. due 28 July 2018 | |
| 218 | Aligosi | PL10194/2014 | 15-Oct-13 | 28-Aug-14 | 28-Aug-15 | 28-Jul-16 | 28-Aug-16 | 19.51 | Active | Tanzania | | | 3,800.00 | 2,900.00 | 2,900.00 | | | 9,600.00 | 1st Renewal Appln. due 28 July 2018 | |
| 159 | Aligosi | PL10277/2014 | 22-Aug-12 | 28-Sep-14 | 28-Sep-15 | 28-Aug-16 | 28-Sep-16 | 21.18 | Active - In Default | Tanzania | | | | 2,118.00 | 2,118.00 | | | 4,236.00 | 1st Renewal Appln. due 28 Aug 2018 | |
| 98 | Aligosi | PL10155/2014 | 03-Mar-12 | 05-Jun-14 | 4-Jun-15 | 04-May-16 | 04-Jun-16 | 8.2 | Active | Tanzania | | | 420.00 | 420.00 | 420.00 | | | 1,260.00 | 1st Renewal Fee Default 4 June 2018 | |
| TOTAL | | | | | | | | | | | | 121.88 | 0.00 | 7,775.00 | 9,605.00 | 10,423.00 | 0.00 | 0.00 | 27,803.00 | |
| PENALTY (50%) | | | | | | | | | | | | | | 3,807.50 | 4,802.50 | 19,411.50 | 0.00 | 0.00 | 28,021.50 | |
| GRAND TOTAL | | | | | | | | | | | | 121.88 | 0.00 | 11,582.50 | 14,407.50 | 29,834.50 | 0.00 | 0.00 | 55,824.50 | |

- 7 of the Kigosi PLs nominated for retention by the company have outstanding annual fee payments.
- Kigosi ML 2017/2018 annual fees were due in October 2017 but have been withheld due to finalization of access negotiations or pending de-gazetting of the area into a forestry reserve.
- Access to the project area is still difficult due to the prevailing uncertainty with the new laws enacted recently with especial reference to game reserves.

Luhala Project

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

The Luhala Project is an exploration project focusing on the development of the Luhala gold deposit which consists of five anomalous hilltops. The mineralization is stratatound 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 resulted in the estimation 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

Table 21: NI43-101 Mineral Resource Statement for the Luhala Project – 1.0g/t cut-off at 31st January 2012

| DOMAIN / ZONE | CLASSIFICATION | VOLUME (m ³) | 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 |
| TOTAL INFERRED | | 880,000 | 1,860,000 | 1.87 | 112,000 |

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 period critical Luhala project area had 2 PLs covering a surface area of 17.31km². The Luhala Project license status and statutory liabilities are as shown in the table below:

Luhala Gold Project PL Portfolio Status – License Status and Liabilities as of 31st August 2018

| Book # | License Name | PL ID | Application Date | Granted Date | Rent Paid To | Renewal Submission Date | Expiry Date | Area (km ²) | Status | Company ID | Application Fee (US\$) | Preparation Fee (US\$) | Annual Rent (US\$ 01/01/18) | Annual Rent (US\$ 02/01/18) | Annual Rent (US\$ 03/01/18) | Annual Rent (US\$ 04/01/18) | Annual Rent (US\$ 05/01/18) | Total (US\$) | Status |
|--------|--------------|-------------|------------------|--------------|--------------|-------------------------|-------------|-------------------------|-------------------|------------|------------------------|------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|--------------|-----------------------|
| 181 | Luhala | PL8937/0613 | 16 Jan 10 | 06 Feb 11 | 07 Feb 15 | 07 Jan 17 | 07 Feb 17 | 3.45 | Pending Renewal | Tanzania | 500.00 | | | | | | | 500.00 | Application submitted |
| 182 | Luhala | PL1578/2009 | 15 Jan 10 | 11 Feb 09 | 12 Feb 15 | 12 Jan 17 | 12 Feb 17 | 13.86 | Pending Extension | Tanzania | 500.00 | | | | | | | 500.00 | Application submitted |
| | | | | | | | | TOTAL | | | 0.00 | 1,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,000.00 | |
| | | | | | | | | PENALTY (US\$) | | | | | | | | | | 0.00 | |
| | | | | | | | | GRAND TOTAL | | | 0.00 | 1,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 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.
- Offer letters from the Mining Commission await.

As of 31st August 2018, the Projects to Retain license portfolio's outstanding and current financial liabilities and obligations arising from unpaid rents including the penalties for a total of 32 licenses stands at US\$94,819.25 as summarized in the table below.

PLs to Retain (Mining Projects): License Liabilities as of 31st August 2018

| Project_ID | Total Retain | Total Annual Fees (US\$) | Total Penalty US\$ | Comment |
|--------------------|--------------|--------------------------|--------------------|--|
| Buckreef | 14 | \$300.00 | \$0.00 | 1st Renewal application fee for 1PL |
| Itetemia | 7 | \$6,488.50 | \$1,094.25 | ML applic fee, anticipated offer letters for 3 PLs and outstanding annual fees |
| Kigosi | 9 | \$57,291.00 | \$28,645.50 | Outstanding ML applic fee & penalty and outstanding annual fees & penalties |
| Luhala | 2 | \$1,000.00 | \$0.00 | Anticipated Prep fees on receipt of offer letters |
| Total | 32 | \$65,079.50 | \$29,739.75 | |
| Grand Total | | \$94,819.25 | | |

Projects Licenses to Joint Venture

- Biharamulo – 4 PLs
- Lunguya – 4 PLs
- Manonga – 1 PLs

Prospecting Licenses within three project areas, identified as Biharamulo project, Lunguya project and Manonga 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 2018 are summarized in the section below.

Biharamulo project area

There was no filed-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 4 contiguous PLs. Joint Venture Partners for the Project are being sought.

The Biharamulo Project license status and statutory liabilities as of 31st August 2018 are as shown in the table below:

Biharamulo Gold Project JV PL Portfolio Status – License Status and Liabilities as of 31st August 2018

| Book No | License Name | PL_ID | Application Date | Grant Date | Rev'd Paid To | Renewal Submission Date | Expiry Date (Area km2) | 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 | Value (US\$) | Comment |
|---------|--------------|-------------|------------------|------------|---------------|-------------------------|------------------------|----------|---------------------|------------|------------------------|------------------------|----------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|--------------|---|
| 254 | Biharamulo | PL6212/2008 | 19-May-07 | 31-Oct-09 | 30-Dec-14 | 30-Nov-17 | 30-Oct-17 | 25.8 | Active | Tanzania | | | | 3,640.00 | 5,120.00 | 5,120.00 | | | 14,880.00 | 2nd Renewal Term Expired 30 Dec 2017 |
| 178 | Biharamulo | PL367/2014 | 11-May-09 | 24-Apr-14 | 23-Apr-15 | 23-Mar-18 | 23-Apr-18 | 25.81 | Active - In Default | Tanzania | | | | | 2,561.00 | 2,561.00 | 2,561.00 | | 7,683.00 | Initial Period Term Expired 23 April 2018 |
| 180 | Biharamulo | PL1777/2014 | 02-May-11 | 05-Jun-14 | 4-Jun-15 | 04-May-18 | 04-Jun-18 | 24.96 | Active - In Default | Tanzania | | | | | 2,496.00 | 2,496.00 | 2,496.00 | | 7,488.00 | Initial Period Term Expired 4 June 2018 |
| 181 | Biharamulo | PL1781/2014 | 30-Sep-13 | 05-Jun-14 | 4-Jun-15 | 04-May-18 | 04-Jun-18 | 25.59 | Active | Tanzania | | | | | 2,558.00 | 2,558.00 | 2,558.00 | | 7,674.00 | Initial Period Term Expired 4 June 2018 |
| | | | | | | TOTAL | | 105.75 | | | 0.00 | 0.00 | 0.00 | 0.00 | 10,805.00 | 12,796.00 | 12,736.00 | 7,615.00 | 38,916.00 | |
| | | | | | | PENALTY (2018) | | | | | 0.00 | 0.00 | 0.00 | 0.00 | 1,521.00 | 4,348.00 | 5,568.00 | 8,814.00 | 16,454.00 | |
| | | | | | | GRAND TOTAL | | 105.75 | | | 0.00 | 0.00 | 0.00 | 0.00 | 12,326.00 | 17,144.00 | 18,304.00 | 16,429.00 | 55,370.00 | |

- All the Biharamulo PLs nominated for potential JV partnerships by the company have outstanding annual fee payments as shown in the table above.
- All the PLs have technically expired (30th Dec. 2017, 23rd Apr. 2018 & 4th Jun 2018) but they are still reflected on the MEM portal as part of our portfolio.

Lunguya project area

There was 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 (±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 as of 31st August 2018 are as shown in the table below:

Lunguya Gold Project JV PL Portfolio Status – License Status and Liabilities as of 31st August 2018

| 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\$) | Summender 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 | 20-Dec-12 | 29-Aug-14 | 28-Aug-15 | 28-Jul-18 | 28-Aug-18 | 8.53 | Active | Tanzam | | | | | | 853.00 | 853.00 | 853.00 | 1,559.00 | 1st Renewal Apply due 28 July 2018 |
| 284 | Lunguya | PL10150/2014 | 28-Dec-11 | 29-Aug-14 | 28-Aug-15 | 28-Jul-18 | 28-Aug-18 | 1.40 | Active | Primer Tutafika | | | | | | 568.00 | 568.00 | 568.00 | 1,704.00 | 1st Renewal Apply due 28 July 2018 |
| 322 | Lunguya | PL8940/2013 | 21-Aug-09 | 08-Feb-13 | 7-Feb-15 | 07-Jan-17 | 07-Feb-17 | 8.53 | Active | Tanzam | | | | | | 853.00 | 853.00 | | 1,706.00 | Initial Period Tenure Expired 7 Feb 2017 |
| 37 | Lunguya | PL9626/2014 | 10-Jul-11 | 14-Mar-14 | 13-Mar-15 | 13-Feb-18 | 13-Mar-18 | 12.39 | Active | Chamozia | | | | | | 1,279.00 | 1,279.00 | 1,279.00 | 3,837.00 | Initial Period Tenure Expired 13 Mar 2018 |
| | | | | | TOTAL | 85.53 | | | | | 0.00 | 0.00 | 0.00 | 0.00 | 1,693.00 | 1,693.00 | 2,290.00 | 4,676.00 | | |
| | | | | | PENALTY (50%) | | | | | | 0.00 | 0.00 | 0.00 | 0.00 | 1,736.50 | 1,736.50 | 1,350.00 | 4,823.00 | | |
| | | | | | GRAND TOTAL | 85.53 | | | | | 0.00 | 0.00 | 0.00 | 0.00 | 5,129.50 | 5,129.50 | 4,640.00 | 14,309.00 | | |

- All the Lunguya PLs nominated for potential JV partnerships by the company have outstanding annual fee payments as shown in the table above.
- All the PLs have technically expired (7th Feb. 2017, 13th Mar. 2018 & 28th Aug 2018) but they are still reflected on the MEM portal as part of our portfolio.

Manonga project area

There was no field-work done during the reporting period. The Manonga Project licence is located within the Nzeza 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 Nzeza East Goldfield and the Chomachankola artisanal workings to the south.

The Manonga Project license status and statutory liabilities as of 31st August 2018 are as shown in the table below:

Manonga Gold Project JV PL Portfolio Status – License Status and Liabilities as of 31st August 2018

| 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\$) | Summender 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 |
|---------|--------------|-------------|------------------|------------|---------------|-------------------------|-------------|----------|--------|------------|------------------------|------------------------|----------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|--------------|---|
| 330 | Manonga | PL1858/2012 | 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 | 0.00 | 0.00 | 1,608.00 | Initial Period Tenure Expired 15 Nov 2016 |
| | | | | | TOTAL | 5.36 | | | | | 0.00 | 0.00 | 0.00 | 536.00 | 536.00 | 536.00 | 0.00 | 0.00 | 1,608.00 | |
| | | | | | PENALTY (50%) | | | | | | 268.00 | 268.00 | 268.00 | 0.00 | 0.00 | 0.00 | 0.00 | 804.00 | | |
| | | | | | GRAND TOTAL | 5.36 | | | | | 0.00 | 0.00 | 0.00 | 804.00 | 804.00 | 804.00 | 0.00 | 0.00 | 2,412.00 | |

- The Manonga PL nominated for potential JV partnerships by the company has outstanding annual fee payments as shown in the table above.
- The PL technically expired (15th Nov. 2017) but still reflected on the MEM portal as part of our portfolio.

As of 31st August 2018, the Projects to JV license portfolio's outstanding and current financial liabilities and obligations arising from unpaid rents including the penalties are US\$72,513 as summarized in the table below.

| Project_ID | Total JV | Total Annual Fees (US\$) | Total Penalty (US\$) | Grand Total (US\$) | Comment |
|--------------------|----------|--------------------------|----------------------|--------------------|---------------------------------------|
| Biharamulo | 4 | \$36,928.00 | \$18,464.00 | \$55,392.00 | Outstanding annual fees and penalties |
| Lunguya | 4 | \$9,806.00 | \$4,903.00 | \$14,709.00 | Outstanding annual fees and penalties |
| Manonga | 1 | \$1,608.00 | \$804.00 | \$2,412.00 | Outstanding annual fees and penalties |
| Grand Total | 9 | \$48,342.00 | \$24,171.00 | \$72,513.00 | |

Projects Licenses to Discard/Abandon

- Biharamulo – 1 PL
- Itetemia – 1 PL
- Kabanga – 2 PLs
- Kanengele – 6PLs & 1 Application
- Kigosi – 6 PLs
- Kibara – 1 PL
- Mwadui – 1 PL
- Nzega – 1 PL
- Tulawaka – 3 PLs

As of 31st August 2018, the Projects to Discard/Abandon license portfolio comprised of a total of 23 licenses.

There was no work done in any of the licenses and historical preliminary exploration results showed a negligible potential for gold mineralization within these PLs hence they were consequently recommended to 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:

Various Projects PLs to Discard Portfolio Status – License Status and Liabilities as of 31st August 2018

| Block # | Project ID | PL No | Application Date | Grant Date | Rent Paid To | Renewal Submission Date | expiry Date | Area (ha) | Status | Company No | License Fee (US\$) | Annual Rent 2015/16 | Annual Rent 2016/17 | Annual Rent 2017/18 | Annual Rent 2018/19 | Annual Rent 2019/20 | Total Rent | Comment |
|---------|------------|-------------|------------------|------------|--------------|-------------------------|-------------|-----------|-------------------------|------------|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|------------|--|
| 7 | Biharamulo | PL008/2014 | 24-Oct-09 | 08-Feb-11 | 2-Feb-14 | 07-Jan-17 | 07-Feb-17 | 22.15 | Active-In-Default | Tanzania | | 2,225.00 | 2,225.00 | | | | 4,450.00 | Initial Period Tenure Expired 7 Feb-2017 |
| 175 | Itetemia | PL054/2014 | 29-Jan-09 | 27-Jan-14 | 26-Jan-15 | 26-Dec-17 | 26-Jan-18 | 1.47 | Active | Tanzania | | 147.00 | 147.00 | | | | 294.00 | Initial Period Tenure Expired 26 Jan-2018 |
| 200 | Kabanga | PL590/2008 | 25-Jul-11 | 27-Aug-08 | 26-Aug-14 | 26-Aug-14 | 06-Jul | 06.76 | Pending Surrender | NWPM | 500.00 | | | | | | 500.00 | 1st Renewal Tenure Expired 26 Aug-2014 |
| 202 | Kabanga | PL592/2008 | 26-Jul-11 | 28-Aug-08 | 27-Aug-14 | 27-Aug-14 | 01-Jul | 01.74 | Pending Surrender | NWPM | 500.00 | | | | | | 500.00 | 1st Renewal Tenure Expired 27 Aug-2014 |
| 383 | Kanengele | PL1041/2014 | 12-Oct-12 | 20-Aug-14 | 08-Aug-15 | 28-Jul-18 | 08-Aug-18 | 9.5 | Active | Tanzania | | 950.00 | 950.00 | 950.00 | | | 2,850.00 | Initial Period Tenure Expires 08 Aug-2018 |
| 99 | Kanengele | PL1038/2014 | 08-Mar-12 | 20-Aug-14 | 08-Aug-15 | 28-Jul-18 | 28-Aug-18 | 2.32 | Active | Tanzania | | 232.00 | 232.00 | 232.00 | | | 696.00 | Initial Period Tenure Expires 28 Aug-2018 |
| 317 | Kanengele | PL086/2012 | 17-Sep-09 | 21-Dec-12 | 20-Dec-14 | 20-Nov-16 | 20-Dec-16 | 1.59 | Active | Tanzania | 319.00 | 319.00 | | | | | 638.00 | Initial Period Tenure Expired 20 Dec-2016 |
| 382 | Kanengele | PL124/2013 | 10-Mar-08 | 07-Jul-11 | 06-Jun-15 | 06-May-17 | 06-Jun-17 | 14.16 | Active | Tanzania | | 1,416.00 | 1,416.00 | | | | 2,832.00 | Initial Period Tenure Expired 06 June-2017 |
| 488 | Kanengele | PL438/2013 | 19-May-09 | 04-Oct-11 | 03-Sep-17 | 03-Oct-17 | 03-Oct-17 | 14.74 | Active-In-Default | Tanzania | | 1,474.00 | 1,474.00 | | | | 2,948.00 | Initial Period Tenure Expired 3 Oct-2017 |
| 676 | Kanengele | PL812/2011 | 02-Oct-07 | 04-Oct-11 | 2-Oct-14 | 02-Sep-17 | 03-Oct-17 | 1.81 | Active | Tanzania | | 281.00 | 281.00 | 281.00 | | | 843.00 | Initial Period Tenure Expired 3 Oct-2017 |
| 671 | Kanengele | PL946/2011 | 10-Mar-08 | 01-Nov-11 | 31-Oct-14 | 30-Sep-17 | 31-Oct-17 | 12.9 | Active-In-Default | Tanzania | | 1,290.00 | 1,290.00 | | | | 2,580.00 | Initial Period Tenure Expired 30 Oct-2017 |
| 380 | Kibara | PL521/2013 | 30-Nov-09 | 21-Jun-14 | 20-Jun-14 | 20-Jun-17 | 20-Jun-17 | 22.48 | Active-In-Default | Tanzania | | 2,248.00 | 2,248.00 | 2,248.00 | | | 6,744.00 | Initial Period Tenure Expired 20 Jun-2017 |
| 18 | Kigosi | PL1018/2014 | 23-Aug-11 | 25-Aug-14 | 28-Aug-15 | 28-Aug-18 | 28-Aug-18 | 8.42 | Active | Chemotra | | 842.00 | 842.00 | 842.00 | 842.00 | | 3,368.00 | Initial Period Tenure Expired 28 Aug-2018 |
| 157 | Kigosi | PL1019/2014 | 13-Aug-12 | 29-Aug-14 | 29-Aug-15 | 29-Jul-18 | 29-Aug-18 | 4.89 | Active | Tanzania | | 489.00 | 489.00 | 489.00 | | | 1,467.00 | Initial Period Tenure Expired 29 Aug-2018 |
| 386 | Kigosi | PL1996/2015 | 23-Feb-15 | 07-May-15 | 07-May-15 | 09-Apr-18 | 09-May-18 | 16.51 | Active | Tanzania | | 1,651.00 | 1,651.00 | 1,651.00 | 1,651.00 | 1,651.00 | 8,256.00 | Initial Period Tenure Expires 9 May-2019 |
| 371 | Kigosi | PL1161/2015 | 09-Sep-16 | 04-Oct-11 | 1-Oct-14 | 08-Sep-17 | 09-Oct-17 | 14.18 | Active | Tanzania | | 1,418.00 | 1,418.00 | | | | 2,836.00 | Initial Period Tenure Expires 9 Oct-2017 |
| 376 | Kigosi | PL1956/2014 | 16-Sep-16 | 21-Jan-14 | 20-Jan-11 | 20-Dec-17 | 20-Jan-18 | 12.4 | Active-In-Default | Tanzania | | 1,240.00 | 1,240.00 | 1,240.00 | | | 3,720.00 | Initial Period Tenure Expired 20 Jan-2018 |
| 242 | Kigosi | PL1955/2014 | 07-May-12 | 10-Jul-14 | 9-Jul-15 | 09-Jun-18 | 09-Jul-18 | 17.06 | Active | Tanzania | | 1,706.00 | 1,706.00 | 1,706.00 | | | 5,118.00 | Initial Period Tenure Expired 9 July-2018 |
| 489 | Mwadui | PL047/2011 | 12-Jul-09 | 27-Mar-13 | 26-Mar-14 | 26-Feb-17 | 25-Mar-17 | 25.58 | Active-In-Default | Tanzania | | 2,558.00 | 2,558.00 | 2,558.00 | | | 7,674.00 | Initial Period Tenure Expired 26 Mar-2017 |
| 100 | Nzega | PL040/2011 | 14-Dec-12 | | | | | | Application recommended | Tanzania | | | | | | | 0.00 | Offer not taken up |
| 101 | Tulawaka | PL1011/2014 | 06-Sep-10 | 20-Oct-14 | 19-Oct-14 | 19-Sep-18 | 19-Oct-18 | 8.81 | Active-In-Default | Tanzania | | 881.00 | 881.00 | 881.00 | | | 2,643.00 | Initial Period Tenure Expires 19 Oct-2018 |
| 111 | Tulawaka | PL047/2012 | 01-Aug-08 | 10-Dec-12 | 9-Dec-14 | 09-Nov-16 | 09-Dec-16 | 8.48 | Active | Tanzania | | 848.00 | | | | | 848.00 | Initial Period Tenure Expired 9 Dec-2016 |
| 131 | Tulawaka | PL095/2014 | 07-Aug-10 | 22-Feb-14 | 21-Feb-15 | 21-Feb-18 | 21-Feb-18 | 6.61 | Active | Tanzania | | 661.00 | 661.00 | 661.00 | | | 1,983.00 | Initial Period Tenure Expired 21 Feb-2018 |
| | | | | | | | | | TOTAL | | 489.00 | | | | | | 489.00 | |
| | | | | | | | | | PENALTY (50%) | | | | | | | | 244.50 | |
| | | | | | | | | | GROSS TOTAL | | 489.00 | | | | | | 733.50 | |
| | | | | | | | | | | | 1,000.00 | 15,794.00 | 89,214.00 | 17,740.00 | 11,408.00 | 1,953.00 | 149,109.00 | |
| | | | | | | | | | | | 8,862.00 | 31,852.00 | 11,873.00 | 5,100.00 | 1,825.00 | 58,112.00 | | |
| | | | | | | | | | | | 1,000.00 | 25,776.00 | 43,073.00 | 43,400.00 | 17,267.00 | 1,878.00 | 133,393.00 | |

- All the PLs nominated for potential discarding or return back to original vendors by the company have outstanding annual fee payments as shown in the table above.
- 21 of the 23 PLs have all technically expired but still reflected on the MEM portal as part of our portfolio.
- 1 PL (PL10605/2015) in the Kigosi area will expire in May 2019 while for 1 PL (PL8480/2012), we received an offer letter but declined to take up the offer.

As of 31st August 2018, the Projects to Discard license portfolio's outstanding and current financial liabilities and obligations arising from unpaid rents including the penalties are US\$128,614.50 as summarized in the table below.

PLs to Discard/Abandon (Exploration Projects): Total Liabilities up to 31st August 2018

| Project_ID | Total JV | Total Annual Fees (US\$) | Total Penalty (US\$) | Grand Total (US\$) | Comment |
|--------------------|-----------|--------------------------|----------------------|---------------------|---------------------------------------|
| Biharamulo | 1 | \$6,645.00 | \$3,322.50 | \$9,967.50 | Outstanding annual fees and penalties |
| Itetemia | 1 | \$294.00 | \$147.00 | \$441.00 | Outstanding annual fees and penalties |
| Kabanga | 2 | \$1,000.00 | \$500.00 | \$1,500.00 | Outstanding annual fees and penalties |
| Kanegele | 7 | \$16,557.00 | \$8,278.50 | \$24,835.50 | Outstanding annual fees and penalties |
| Kigosi | 6 | \$41,069.00 | \$20,534.50 | \$61,603.50 | Outstanding annual fees and penalties |
| Kibara | 1 | \$6,744.00 | \$3,372.00 | \$10,116.00 | Outstanding annual fees and penalties |
| Mwadui | 1 | \$7,674.00 | \$3,837.00 | \$11,511.00 | Outstanding annual fees and penalties |
| Nzega | 1 | \$0.00 | \$0.00 | \$0.00 | Outstanding annual fees and penalties |
| Tulawaka | 3 | \$5,760.00 | \$2,880.00 | \$8,640.00 | Outstanding annual fees and penalties |
| Grand Total | 23 | \$85,743.00 | \$42,871.50 | \$128,614.50 | |

| Book # | PL_ID | Application Date | Grant Date | Rent Paid To | Renewal Submission Date | Expiry Date | Area (sqz) | Status | Company_ID | Preparation Fee (US\$) | Surrender Fee (US\$) | Annual Rent (US\$) 2012/13 | 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 | PL10605/2015 | 26 Jul 13 | 27 Aug 08 | 26 Aug 14 | | 26 Aug 18 | 96.36 | Pending Surrender | W0984 | 500.00 | | | | | | | | 500.00 | Expired |
| 231 | PL1202/2008 | 26 Jul 13 | 28 Aug 08 | 27 Aug 14 | | 27 Aug 18 | 92.24 | Pending Surrender | W0984 | 500.00 | | | | | | | | 500.00 | Expired |
| | | | | | | | | TOTAL | | 0.00 | 1,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,000.00 | |
| | | | | | | | | PENALTY (US\$) | | | | 0.00 | 0.00 | 0.00 | 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 | 0.00 | 1,000.00 | |

License Relinquishment

The practice within the Tanzanian Mining industry during the previous years was generally accepted that companies would half the size of their active license on 1st renewal period (at the end of the first 4 years of tenure) and 2nd renewal period (at the end of the following 3 years of tenure) periods where the company would retain half of the PL and relinquish the other half to the government but subsequently submit a new application covering the relinquished half to secure ground.

Following the gazetted of the new Mining Regulations (2017) and strict adherence to the statutory directives in the Mining Act of 2010, the relinquished half of the license area now reverts back to the government and has a 4-month lapse period during which no applications are entertained by the Ministry of Mines. At the end of the 4-month period, companies can apply for the ground but now it's up to the government to decide which new players to award the ground in order to maximize exploration activity by more juniors and the previous holder is not automatically guaranteed to be awarded the relinquished ground.

The total number of licenses that expired and/or forfeited to the state during the reporting period amounted to 47 PLs as summarized in the table below.

Various Projects PLs that forfeited and written-off Liabilities as of 31st August 2018

| TANZAMANI ROYALTY LICENSE PORTFOLIO FORFEITED UP TO 31ST AUGUST 2018 | | | | | | | | | |
|--|---------------|-------------------------|------------------|------------------|----------|-----------------------------|-------------|--------------|---------|
| Code | Project ID | Status | Grant Date | Expiry Date | Category | Internal Portfolio Category | Discard | PL | Discard |
| PL 8914/2013 | Biharamulic | Active | 8/1/2013 0:00 | 7/2/2017 0:00 | Tanzam | | | PL 8914/2013 | |
| PL 9295/2013 | Biharamulic | Active | 2/8/2013 0:00 | 1/8/2017 0:00 | Tanzam | | | PL 9295/2013 | |
| PL 8961/2013 | Hetermia | Active | 8/2/2013 0:00 | 7/2/2017 0:00 | Tanzam | | | PL 8961/2013 | |
| App no: 015-21 | Hetermia | Application Recommended | | | Tanzam | | | App | |
| PL 9198/2013 | Hetermia | Active | 21/06/2013 00:00 | 20/06/2017 00:00 | Tanzam | PL 9198/2013 | | | |
| PL 9229/2013 | Hetermia | Active | 21/06/2013 00:00 | 20/06/2017 00:00 | Tanzam | PL 9229/2013 | | | |
| PL 8171/2012 | Kanegale | Active | 23/08/2012 00:00 | 22/08/2016 00:00 | Tanzam | | | PL 8171/2012 | |
| PL 8676/2012 | Kanegale | Active | 31/12/2012 00:00 | 30/12/2016 00:00 | Tanzam | | | PL 8676/2012 | |
| PL 9037/2012 | Kanegale | Active | 17/03/2012 00:00 | 16/03/2016 00:00 | Tanzam | | | PL 9037/2012 | |
| PL 8666/2012 | Kanegale | Active - In Default | 24-Dec-12 | 23-Dec-16 | Tanzam | | | PL 8666/2012 | |
| PL 8920/2013 | Kikosi | Active - In Default | 8/2/2013 0:00 | 7/2/2017 0:00 | Tanzam | | | PL 8920/2013 | |
| PL 9201/2013 | Kihira | Active - In Default | 21/06/2013 00:00 | 20/06/2017 00:00 | Tanzam | | | PL 9201/2013 | |
| PL 5369/2008 | Kigosi | Active | 14/10/2008 00:00 | 13/10/2016 00:00 | Tanzam | | | PL 5369/2008 | |
| PL 6455/2010 | Kigosi | Active | 8/6/2010 0:00 | 7/6/2016 0:00 | Tanzam | | | PL 6455/2010 | |
| PL 6564/2010 | Kigosi | Active | 13/08/2010 00:00 | 12/8/2016 0:00 | Tanzam | PL 6564/2010 | | | |
| PL 8300/2012 | Kigosi | Active | 18/09/2012 00:00 | 17/09/2016 00:00 | Tanzam | | | PL 8300/2012 | |
| PL 8476/2012 | Kigosi | Active | 10/11/2012 00:00 | 9/12/2016 0:00 | Tanzam | | | PL 8476/2012 | |
| PL 8477/2012 | Kigosi | Active | 10/12/2012 0:00 | 9/12/2016 0:00 | Tanzam | | | PL 8477/2012 | |
| PL 8663/2012 | Kigosi | Active | 21/12/2012 00:00 | 20/12/2016 00:00 | Tanzam | | | PL 8663/2012 | |
| PL 8667/2012 | Kigosi | Active | 24/12/2012 00:00 | 23/12/2016 00:00 | Tanzam | | | PL 8667/2012 | |
| PL 8921/2013 | Kigosi | Active | 8/2/2013 0:00 | 7/2/2017 0:00 | Tanzam | PL 8921/2013 | | | |
| PL 8922/2013 | Kigosi | Active | 8/2/2013 0:00 | 7/2/2017 0:00 | Tanzam | | | PL 8922/2013 | |
| PL 8925/2013 | Kigosi | Active | 8/2/2013 0:00 | 7/2/2017 0:00 | Tanzam | PL 8925/2013 | | | |
| PL 8936/2013 | Kigosi | Active | 8/2/2013 0:00 | 7/2/2017 0:00 | Tanzam | PL 8936/2013 | | | |
| PL 9030/2013 | Kigosi | Active | 27/03/2013 00:00 | 26/03/2017 00:00 | Tanzam | PL 9030/2013 | | | |
| PL 9225/2013 | Kigosi | Active | 1/7/2013 0:00 | 30/06/2017 00:00 | Tanzam | | | PL 9225/2013 | |
| PL 6402/2010 | Luhata | Active | 5/5/2010 0:00 | 4/5/2016 0:00 | Tanzam | | | PL 6402/2010 | |
| PL 6759/2013 | Luhata | Active | 21/10/2013 00:00 | 20/10/2016 00:00 | Tanzam | | | PL 6759/2013 | |
| PL 5289/2008 | Lungya | Active | 18/08/2008 00:00 | 17/08/2016 00:00 | Tanzam | | | PL 5289/2008 | |
| PL 9228/2013 | Lungya | Active | 21/06/2013 00:00 | 20/06/2017 00:00 | Tanzam | | | PL 9228/2013 | |
| PL 8475/2012 | Mancoga | Active | 10/12/2012 0:00 | 9/12/2016 0:00 | Tanzam | | | PL 8475/2012 | |
| PL 8485/2012 | Mancoga | Active | 10/12/2012 0:00 | 9/12/2016 0:00 | Tanzam | | | PL 8485/2012 | |
| PL 8957/2013 | Mancoga | Active | 8/2/2013 0:00 | 7/2/2017 0:00 | Tanzam | | | PL 8957/2013 | |
| PL 8964/2013 | Mancoga | Active - In Default | 8/2/2013 0:00 | 7/2/2017 0:00 | Tanzam | | | PL 8964/2013 | |
| PL 9035/2013 | Mancoga | Active | 8/6/2013 0:00 | 7/6/2017 0:00 | Tanzam | | | PL 9035/2013 | |
| PL 8671/2012 | Mwasulu | Active | 11/12/2012 00:00 | 10/12/2016 00:00 | Tanzam | | | PL 8671/2012 | |
| PL 8673/2012 | Mwasulu | Active | 11/12/2012 00:00 | 10/12/2016 00:00 | Tanzam | | | PL 8673/2012 | |
| PL 9294/2013 | Mwasulu | Active | 2/8/2013 0:00 | 1/8/2017 0:00 | Tanzam | | | PL 9294/2013 | |
| PL 8101/2012 | Mwasulu North | Active | 5/7/2012 0:00 | 4/7/2016 0:00 | Tanzam | | | PL 8101/2012 | |
| PL 8900/2013 | Mwasulu North | Active | 8/2/2013 0:00 | 7/2/2017 0:00 | Tanzam | | | PL 8900/2013 | |
| PL 8677/2012 | Mwasulu | Active | 11/12/2012 00:00 | 10/12/2016 00:00 | Tanzam | | | PL 8677/2012 | |
| PL 6273/2009 | Mwasulu | Tanzam | | | Tanzam | | | PL 6273/2009 | |
| PL 8924/2013 | Shiwanga | Active - In Default | 8/2/2013 0:00 | 7/2/2017 0:00 | Tanzam | | | PL 8924/2013 | |
| PL 8479/2012 | Tukwoko | Active | 10/12/2012 00:00 | 9/12/2016 00:00 | Tanzam | | | PL 8479/2012 | |
| PL 8642/2012 | Ushwombo | Active | 24/12/2012 00:00 | 23/12/2016 00:00 | Tanzam | | | PL 8642/2012 | |
| PL 9227/2013 | Ushwombo | Active - In Default | 21/06/2013 00:00 | 20/06/2017 00:00 | Tanzam | | | PL 9227/2013 | |
| PL 6941/2011 | Lungya | Active | 28-Feb-2011 | 27-Feb-2018 | Tanzam | | | PL 6941/2011 | |
| | | | | | | | SUB-TOTAL | 6 | 30 |
| | | | | | | | GRAND TOTAL | 11 | 47 |

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 7.3% 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 |
| Itemia Mining Company Limited | Republic of Tanzania, Africa | 90% ⁽¹⁾ common shares | N/A |
| Lunguya Mining Company Ltd. | Republic of Tanzania, Africa | 60% ⁽²⁾ 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% ⁽³⁾ common shares | N/A |
| Northwest Basemetals Company Limited | Republic of Tanzania, Africa | 75% ⁽⁴⁾ common shares | N/A |
| BGCL/AGC Joint Venture ⁽⁶⁾ | Republic of Tanzania, Africa | 40% ⁽⁵⁾ 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 has focused on the development of the Buckreef project. 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. Pre-feasibility studies have been completed and published on the Buckreef Project.

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

| Year | Operator | Work Performed |
|-------------|---|---|
| 1959 | Tanzania Mineral Resources Division (TMRD) & UNDP | UN-sponsored regional airborne geophysical survey over Rwamgaza 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 (BGMD01-03) 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 |
| 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. |

| Year | Operator | Work Performed |
|------------|--|--|
| 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. |
| 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. |
| 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. |
| 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 ² to 16.04km ²). 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-design into CIL system commenced. Commenced application for an initial 15yr Life of Mine extension for the Special Mining License. |
| 2017-2018 | Tanzanian Royalty | Applied for and received offer letter for a 10-year renewal of the Buckreef Special Mining License. Published NI 43-101 compliant Updated Mining Reserve Estimate and Economic Feasibility report completed by MaSS Resources (Pvt) Ltd of Tanzania. Subsequent amendment on said report by Virimai Projects (QP) as Zimbabwe published on SEDAR on July 2018 as per OSC directives. |

The technical content of the following discussion regarding the Buckreef Project in Tanzania is summarized from an Amended National Instrument 43-101 Independent Technical Report Mineral Reserves Estimate and Pre-Feasibility Study on the Buckreef Gold Mine Project, Tanzania, East Africa with an effective date of June 26, 2018, as filed with the SEC.

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 98.19km².

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 24th 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 Ushiroambo 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 elluvial 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 and Project History

The Buckreef Gold Mine was an underground mine operated by the Tanzanian State during the late 1980s to early 1990s. A brief description of the historical work conducted during periods 1992-2011 (pre-Tanzanian Royalty) and 2011-2018 (Tanzanian Royalty era) is summarized in two sections below.

Pre-TRX era Project History

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 as highlighted below.

1994: Signing of Buckreef Redevelopment Agreement (of the project undertook numerous exploration programmes including aeromagnetic, helicopter borne IP, and ground magnetic.

1996: Spinifex Gold of Australia acquires East Africa Mines Ltd.

2003: Gallery Gold of Australia acquires Spinifex Gold

2006-2010: IAMGOLD Corporation (Canada) acquire Gallery Gold (project incorporated Buckreef, Buziba, Mawe Meru & Busolwa).

Work done includes:

- 65,000m of exploration and reconnaissance drilling
- 70,000m of resource definition, metallurgical and hydrogeological drilling.
- Estimated expenditure of US\$12 million on all four projects.
- Total Buckreef Project mineral resources increased from 1.1 to 1.9 Moz.

2010: IAMGOLD Corporation surrendered project back to Stamico after decision to relocate and concentrate on projects in Mali.

2010: October, TRX Corporation (Canada) signs MOU with Stamico to acquire Buckreef Gold Project.

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. 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%. 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%. 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%.

TRX era Project History and Development

The Company acquired the rights to the Buckreef Project early in 2011 and undertook further exploration work that mainly involved mineral resource confirmation drilling, mineral resource drilling, recent metallurgical and geotechnical diamond drilling programs as tabulated briefly below.

2011:

- October, TRX Corporation (Canada) acquire Buckreef Gold (project incorporated Buckreef, Buziba) through definitive JV Agreement (55/45% equity) with Stamico.
- TRX engaged Hellman & Schofield (Pty) Limited of Australia to prepare an independent Canadian National Instrument 43-101 (NI 43-101) Preliminary Economic Assessment (PEA)-: pathfinder study

2012:

- TRX engaged Venmyn Independent Projects (Pty) Limited of South Africa to prepare an independent Canadian National Instrument 43-101 (NI 43-101) Preliminary Economic Assessment (PEA)-: pathfinder study evaluating all historical technical and economic parameters of the Buckreef Project (Buckreef, Buziba, Busolwa).
- TRX successfully enlarges SML area from 4km² to 16km² to encompass Bingwa and Tembo prospects

2013:

- TRX commences infill exploration & additional resource definition drilling on four main prospects as follows:
 - Buckreef Prospect: 684 drill-holes for 97,287m;
 - Tembo Prospect: 74 drill-holes for 5,713m;
 - Bingwa Prospect: 136 drill-holes for 12,537m &
 - Eastern porphyry: 80 drill-holes for 10,814m.
- TRX engaged ENATA Resources to commence a National Environmental Management Council (NEMC) compliant Environmental Impact Assessment report. Final certification received in October 2014.
- TRX institutes bulk sample heap leach metallurgical testwork on ores from Bingwa and Tembo using SGS of South Africa.

2014:

- TRX engages Venymn to produce an updated NI43-101 compliant Independent Technical and Valuation Report.
- TVR incorporated new technical parameters, exploration results, Mineral Resources to update preliminary mine design, preliminary process design, environmental fatal flaw review and economic analysis on the 2012 PEA report.
- TRX engages contractors to construct Carbon-in-Column process plant and 4 heap leach pads.
- TRX completes 10,000m of Grade control drilling targeting oxide & transition ore on the pilot Buckreef South Prospect (delineated 5 major mineralized zones with a proved reserve of 206,551t @1.54g/t containing 10,225ozs Au within the original mineralization envelope).
- TRX commences pilot mining on Buckreef South (Oct. 2014).

2015/2016:

- TRX continues pilot mining, commences CIC process plant and heap leach pad operation.
- TRX commences the CIC pilot heap leaching on 3 loaded pads in April 2016. Leaching operations run for 9 months and subsequently stopped due to unfavourable un-agglomerated ore conditions.
- Process plant failure leads to Process Plant re-design planning (Emisha Mining Solution engaged).
- Renewal application for SML04/92 submitted (MEM).

2017:

- TRX receives offer letter for the renewal of the Buckreef SML and pays all statutory dues as requested. License extended for a further 10-years to 2027.
- TRX smelts 6.6kg of gold dore¹ from the Carbon-in-Column process plant.
- TRX submits 4-tonne bulk sample for further detailed metallurgical testwork with a laboratory in South Africa. TRX engages MaSS Resources Pvt Ltd of Tanzania to commence and complete an NI43-101 compliant Mining and Economic Feasibility study. The Report titled "Updated Independent Technical Mining Reserve Estimate and Economic Feasibility Study on the Buckreef Gold Mine Project, Tanzania, East Africa" is published on SEDAR with effective date 27th April 2017.)
- Emisha Mining Solutions continues with detailed Carbon-in-Leach (CIL) process plant designs.
- TRX hosts the new Minister of Mines, Hon. Angellah Kairuki at Buckreef Mine site.
- Buckreef mega-pit site area marked, cleared and surveyed as part of mine development.
- Mining and pit pre-development work on the ground halted while awaiting issuance of renewed SML certificate

2018:

- Detailed planning for 10,000m of close-spaced grade control drilling on the Buckreef main pit finalized.
- TRX engages Virimai Projects Pvt Ltd of Zimbabwe to commence and complete Ontario Securities Commission recommended amendments to the NI43-101 compliant Mining and Economic Feasibility study. Report entitleed "ITR Mineral Reserve Estimation and Pre-Feasibility Study for the Buckreef Gold Mine Project" published on SEDAR with effective date 26th June 2018. Reports supercedes all previous ITRs on the Buckreef project.
- TRX commences detailed planning for additional deep drilling (diamond core) and resource upgrade drilling (RC) on the main Buckreef prospect.
- TRX in constant engagement with the Ministry of Mines pertaining to the issuance of the renewed SML certificate.
- Mining and pit pre-development work on the ground still on halt while awaiting issuance of renewed SML certificate

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. 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.

In 2013-2014, heap leach metallurgical testwork indicated 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. During the period 2015 to 2016, the Company conducted a test pilot Carbon-in-Column heap leach operation on un-agglomerated oxide and transition ores.

Current (2016-2017) metallurgical testwork indicate positive results from Carbon-in-Leach (CIL) test for all three (3) resources types, oxide; transition and sulphide resources. Test-results indicated that 36-40% of the gold in all three types of ore recoverable by simple gravity via a Knelson concentrator. Results also indicated that remaining 64-60% of the gold was recoverable by up to 94% through the conventional CIL process plant.

Mineral Resource and Mineral Reserve Estimates: Virimai Projects June 2018

On publication of MaSS' report entitled "Updated Independent Technical Mining Reserve Estimate and Economic Feasibility Study on the Buckreef Gold Mine Project, Tanzania, East Africa", the Ontario Securities Commission (OSC) conducted a routine review of the report's contents and raised some queries that necessitated a review of the original report compiled by MaSS. Virimai Projects was then commissioned by Tanzam2000, to carry out an in-depth review of the original report by MaSS with the objective of amending and recompiling the ITR in compliance with Canadian National Instrument 43-101 "Standards of Disclosure for Mineral Projects" (NI43-101).

Virimai Projects subsequently produced an amended Mining and Economic Analysis Pre-feasibility study of the Buckreef Gold Mine Project titled "ITR Mineral Reserve Estimation and Pre-feasibility Study on the Buckreef Gold Mine Project" that takes into account a number of refinements, optimizations and alternatives that will form the basis for TRX to move to Definitive Feasibility Study and development of the Buckreef Gold Project as an open pit mine, which can be brought rapidly into production to benefit from the current favourable gold market conditions.

The scope of work for this study included the following:

- Confirmation of the Mineral Resources as first published by Venymn
- 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

Virimai carried out a review of the four resource models (Buckreef Main, Eastern Porphyry, Tembo and Bingwa) used in the published estimates and found that the grade estimates were robust. For this reason, Virimai accepted and adopted the resource models for use in the current pre-feasibility study. However, Virimai re-stated the Mineral Resources for two of the resource areas as follows:

- Virimai declared about 10,000 t less Inferred Mineral resources as a result of surface correction &
- 85,000t spread across the categories were removed for the declared Mineral Resources at Bingwa as a result of being located away from the main mineralised zone either located under overburden exceeding 40 m or existing as discrete non-contiguous bodies.

The 85,000 tonnes remains in the Mineral Inventory outside the open-pit-able mineral resource from current Mineral Resource projections as summarized in the table below.

NI 43-101 Compliant Re-stated Mineral Resource Estimate for BRMA as at June 26, 2018

| Prospect | MEASURED | | | INDICATED | | | INFERRED | | | MEASURED + INDICATED | | |
|------------------|-------------|-------------|-----------------|--------------|-------------|-----------------|-------------|-------------|-----------------|----------------------|-------------|------------------|
| | Tonnes | Grade | In Situ Content | Tonnes | Grade | In Situ Content | Tonnes | Grade | In Situ Content | Tonnes | Grade | In Situ Content |
| | (Mt) | Au (g/t) | Au (Oz) | (Mt) | Au (g/t) | Au (Oz) | (Mt) | Au (g/t) | Au (Oz) | (Mt) | Au (g/t) | Au (Oz) |
| Buckreef | 8.90 | 1.72 | 491,368 | 13.09 | 1.41 | 594,097 | 7.52 | 1.33 | 322,819 | 21.99 | 1.54 | 1,085,465 |
| Eastern Porphyry | 0.09 | 1.20 | 3,366 | 1.02 | 1.17 | 38,339 | 1.24 | 1.39 | 55,380 | 1.10 | 1.18 | 41,705 |
| Tembo | 0.02 | 0.99 | 531 | 0.19 | 1.77 | 10,518 | 0.27 | 1.92 | 16,461 | 0.20 | 1.70 | 11,048 |
| Bingwa | 0.90 | 2.84 | 82,145 | 0.49 | 1.48 | 23,331 | 0.22 | 1.49 | 10,541 | 1.39 | 2.36 | 105,477 |
| Total | 9.90 | 1.81 | 577,411 | 14.79 | 1.40 | 666,285 | 9.25 | 1.36 | 405,201 | 24.69 | 1.57 | 1,243,696 |

Source: Virimai Projects 2018
 Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability
 Mineral Resources reported inclusive of Mineral Reserves
 Cut-off Grade 0.5g/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 the Company

Having taken into account a number of economic costing and engineering refinements, optimizations and alternatives, Virimai Projects declared an open-pit optimized Mineral Reserve estimate of 19.08Mt grading at 1.54g/t (excluding the existing mined stockpile) and containing 943,851 troy ounce gold for the Buckreef Project as summarized in the table below.

NI 43-101 Compliant Pit Optimized Mineral Reserve Estimate for BRMA as at June 26, 2018

| Pits Design Reserves Summary | | COG: Oxide & Trans = 0.38, Fresh = 0.41 | | | |
|----------------------------------|--------------------------|---|----------------------------------|----------------------|-------------------|
| Prospect | Reserves | Virima 32% June 2018 | 2018 Pit Design Reserves Summary | | |
| Name | Category | Tonnes | Grade | In Situ Gold Content | |
| | | (Mt) | Au (g/t) | Kg | oz |
| Buckreef | Proven | 8,174,415 | 1.64 | 13,374.06 | 429,985.66 |
| | Probable | 8,174,147 | 1.40 | 11,435.72 | 367,666.58 |
| | Waste | 166,217,840 | | | |
| Total (Proven + Probable) | | 16,348,562 | 1.52 | 24,809.78 | 797,652.24 |
| Eastern Porphyry | Proven | 79,385 | 1.17 | 93 | 2,982 |
| | Probable | 976,281 | 1.03 | 1,003 | 32,242 |
| | Waste | 9,823,917 | 0.02 | | |
| Total (Proven + Probable) | | 1,055,666 | 1.04 | 1,096 | 35,224 |
| Tembo | Proven | - | - | - | - |
| | Probable | 70,183 | 2 | 165 | 5,312 |
| | Waste | 1,354,468 | | | |
| Total (Proven + Probable) | | 70,183 | 2.35 | 111 | 3,582 |
| Bingwa | Proven | 1,098,383 | 2.39 | 2,366 | 76,074 |
| | Probable | 510,154 | 1.30 | 377 | 12,108 |
| | Waste | 10,311,734 | | | |
| Total (Proven + Probable) | | 1,608,536 | 2.04 | 2,743 | 88,182 |
| Grand Total | Proven | 9,352,183 | 1.72 | 16,092 | 517,358 |
| | Probable | 9,730,764 | 1.36 | 13,265 | 426,492 |
| | Proven + Probable | 19,082,947 | 1.54 | 16,749 | 943,851 |

Source: Virimai Projects 2018

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

Mineral Resources reported inclusive of Mineral Reserves

Cut-off Grade: Oxide/Trans 0.38 g/t Au & Fresh rock 0.41g/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 the Company

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 19.08Mt 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.
- 0.944Moz of gold mined over the open-pit 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.
- 0.822Moz of gold will be produced over the open-pit life of the project.
- Initial capital cost outlay estimated at US\$76.5 Million and sustaining capital of US\$22.95 Million, including closure costs.
- Cash operating costs of \$735/oz produced.
- Generation of a positive after-tax NPV of \$130.96 million at a 5% discount rate and an IRR of 74%

The Company has incurred total net costs (after recoveries, if any) of \$2,075,893 on the Buckreef Project for the year ended August 31, 2018.

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 31st, 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 Ushiroambo, 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 Ushiroambo 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-Ushiroambo 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 Shiperege 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 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.

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 (Ushiroambo 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 Ushiroambo. 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 2018 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 artisans. |
| 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 Ushiroambo greenstone belt, including the Kigosi area. |

| Year | Operator | Work Performed |
|------------|--|--|
| 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. |
| 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. |
| 2017-2018 | Tanzanian Royalty | Evacuation of Luhwaika base camp while access negotiations are pursued. |

The Company has incurred total net costs (after recoveries, if any) of \$87,507 on the Kigosi Project for the year ended August 31, 2018. The Kigosi Project is currently in the care and maintenance stage.

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 ("NMCCCL"), Tanzam and LMC. Tanzam has a 60% shareholding and NMCCCL 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 & Nyaamakwenge 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 |

| Year | Operator | Work Performed |
|-----------|-------------------|---|
| 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. |
| 2016-2018 | 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 Nyamakwenge 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.

During the period ended August 31, 2018, no direct property work was conducted on the Lunguya property. The Lunguya Property is currently in the care and maintenance stage.

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 2018 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. |

| Year | Operator | Work Performed |
|-------------|----------|--|
| 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 |
| 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 - 2018 | Company | Itetemia Mining License Application no/01722 submitted on 4 th 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 Ushiroambo belt. The Ushiroambo 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 Ushiroambo 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 contact 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.

During the period ended August 31, 2018, 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, 2018. The Itetemia property is currently in the care and maintenance stage.

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 2018 is summarized as:

LUHALA EXPLORATION HISTORY SYNOPSIS

| Year | Operator | Work Performed |
|-----------|----------|--|
| 2006 | Iancan | Diamond drilling, RC drilling |
| 2007 | Sloane | Follow-up exploration planning |
| 2008 | Sloane | Data analysis |
| 2009 | Sloane | Data analysis |
| 2010 | Sloane | Data analysis |
| 2013 | Company | In-house evaluation |
| 2014 | Company | Continued in-house evaluation |
| 2015 | Company | Continued in-house evaluation/property maintenance |
| 2016-2018 | 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, 2018, 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.

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, 2018. The Luhala Property is currently in the care and maintenance stage.

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, 2018 and 2017, 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, 2018, the Company wrote off nil of costs related to its mineral properties (2017 - \$124,717). 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, 2018 and 2017 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, 2018, the Company had current assets of \$1,322,307, compared to \$1,922,088 on August 31, 2017. The decrease is mainly due to inflows from proceeds of convertible loans issued of \$1,754,291 (2017 - \$1,181,993) and inflows from proceeds of gold loans issued of \$1,312,660 (2017 - \$nil), offset by outflows in regards to expenditures on exploration of \$1,305,094 (2017 - \$1,568,614) and cash used in operations of \$2,351,200 (2017 - \$4,283,489). Mineral properties and deferred exploration assets were \$49,912,854 as at August 31, 2018, compared to \$46,920,303 at August 31, 2017.

Net loss for the year ended August 31, 2018 was \$6,897,397, compared to a net loss of \$6,434,112 in the comparable year ended August 31, 2017. Net loss remained fairly consistent between the two periods. Variances in expenses are discussed below.

The main difference in net loss between the two periods is due to the loss on settlement of debt for shares which increased to \$522,226 (2017 - \$141,108) as the price of the stock increased and interest and principal on the various loans were converted to shares.

Share Capital:

During the year ended August 31, 2018, the Company issued 385,147 shares (2017 – 695,991 shares) pursuant to the RSU plan with a value of \$188,722 (2017 - \$1,040,990). The Company issued 1,172,128 (2017 – 814,089) shares with a value of \$612,900 (2017 - \$542,447) in connection with interest payments related to the convertible loans and gold bullion loans outstanding. The Company issued 1,354,405 shares (2017 – 83,333) with a value of \$792,381 (2017 - \$49,166) for settlement of convertible loans as well. During the comparative period, in September 2016, the Company also completed its private placement financing issuing 7,197,543 shares for proceeds, net of issue costs, of \$5,589,501. In connection with the private placement closed in September 2016, the Company also issued 3,146,944 shares pursuant to cashless exercise of warrants issued on the private placement. The Company also issued, in the comparative period, 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. 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.

| | (000) |
|--|---------|
| Funds available August 31, 2017 | 1,011 |
| Net proceeds from convertible loans and gold bullion loans | 3,067 |
| Mineral property expenditures including licences, environmental and exploration, net of recoveries | (1,305) |
| General corporate expenses | (2,347) |
| Funds available August 31, 2018 | \$ 426 |

At August 31, 2018, the Company had a working capital deficiency of \$12,010,685 (August 31, 2017 – \$6,552,376 working capital deficiency), had not yet achieved profitable operations, has accumulated losses of \$103,263,959 (August 31, 2017 – \$96,566,577) 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, 2018, 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 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, 2018 compared to fiscal year ended August 31, 2017

Net additions to mineral properties and deferred exploration costs for the year ended August 31, 2018 were \$2,992,551 compared to \$1,242,162 for the year ended August 31, 2017. Out of the net additions, \$1,703,323 (2017 - \$1,933,614 decrease) represents an increase/decrease due to foreign exchange in the current period on functional currency. The increase excluding these amounts saw expenditures of \$1,289,228 for the year ended August 31, 2018 compared to \$3,175,776 during 2017. The lower expenditure in 2018 is due to reduced financial resources currently available to the Company and a related reduction in exploration expenditures.

Net loss for the year ended August 31, 2018 was \$6,897,397, compared to a net loss of \$6,434,112 for the comparable year ended August 31, 2017. For the three month period ended August 31, 2018 and 2017, there was a net loss of \$1,876,711 compared to a net loss of \$1,307,313, respectively. Net loss and related expenditures were consistent between the two periods.

Variances in expenditures are set out below:

For the year ended August 31, 2018, depreciation expense was \$386,845, compared to \$421,983 for the year ended August 31, 2017. The decrease of \$35,138 is due to a lower overall capital assets base as there were minimal additions during the period and prior fiscal year.

Consulting fees for the year ended August 31, 2018 were \$938,569, compared to \$805,943 in the comparable year ended August 31, 2017. 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, 2018 were \$241,471 compared to \$272,597 in the comparable period ended August 31, 2017. The amount remained consistent for the three month period.

Directors' fees for the year ended August 31, 2018 were \$111,625, compared to \$186,826 in the comparable year ended August 31, 2017. The amount decreased as compared to the same period in the prior year due to director resignations during the prior year as well as no RSU issuances during the current year. For the three month period ended August 31, 2018, director fees amounted to \$27,906 (2017 - \$27,907). The amount was the same for the three month period.

Office and general expenses for the year ended August 31, 2018 were \$121,757, compared to \$197,457 in the comparable year ended August 31, 2017. 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, 2018, office and general expenses were \$26,819 compared to \$44,777 in the comparable period ended August 31, 2017. The reason for the decrease for the three month period is the same as above.

Shareholder information costs for the year ended August 31, 2018 decreased to \$343,658 from \$476,285 for the comparable year ended August 31, 2017. The amounts decreased due to reduced spending on investor relation services for the period. For the three month period ended August 31, 2018, shareholder information costs were \$58,340 compared to \$113,838 for the three month period ended August 31, 2017. The decrease is due to the same reason as the decrease for the year.

Professional fees increased by \$91,186 for the year ended August 31, 2018 to \$845,924 from \$754,738 for the year ended August 31, 2017. Professional fees increased mainly due to increased work surrounding the adoption of the stock option plan incurred in the comparative period. For the three month period ended August 31, 2018 professional fees went from \$17,001 for the three month period ended May 31, 2017 to \$280,841. The increase is due to an increase in general corporate matters during the period.

Salaries and benefits expense increased to \$605,659 for the year ended August 31, 2018 from \$458,700 for the year ended August 31, 2017. Salaries and benefits increased due to an increase in payroll tax assessment in Tanzania. The expenses for the corresponding three month period ending August 31, 2018 and 2017 were \$124,943 and \$116,309 respectively and remained consistent between the two periods.

Share based payments for the year ended August 31, 2018 were \$1,598,883, compared to \$1,772,663 in the comparable year ended August 31, 2017. The decrease is due to the Company issuing 3,682,000 options (2017 - 3,750,000) with a value vested of \$966,000 (2017 - \$1,725,000) offset by the forfeiture of RSU's of \$65,098 (2017 - \$(123,569)) as well as the repricing of the 3,750,000 options issued in 2016 which resulted in additional compensation of \$240,000 (2017 - \$nil), see note 6 to the audited consolidated financial statements for the years ended August 31, 2018 and 2017 for details of stock options issued.

For the year ended August 31, 2018, travel and accommodation expense were lower at \$24,335 compared to \$31,267 in 2017. Travel and accommodation expense decreased due to cost cutting measures across all areas of the Company. For the three months ended August 31, 2018 and 2017, travel and accommodation went from \$(4,103) in 2017 to \$1,098. Travel and accommodation expense were minimal during the period.

For the year ended August 31, 2018, the foreign exchange gain was \$126,583 compared to an exchange gain of \$161,593 for the same year ended August 31, 2017. The primary reason is the US Dollar exchange rate decreasing from 1.258 at August 31, 2017 to 1.3055 at August 31, 2018.

The interest accretion expense for the year ended August 31, 2018 was \$819,060, compared to \$725,696 for the year ended August 31, 2017. Interest accretion generally decreases as loans approach their maturity date. The amount increased due to additional loans issued during the course of fiscal 2017 and in the first quarter of fiscal 2018.

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 to 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.

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, 2018, 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, 2018.

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, 2018, 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, 2018 the Company had a working capital deficiency of \$12,010,685 (August 31, 2017 – \$6,552,376 working capital deficiency), had not yet achieved profitable operations, has accumulated losses of \$103,263,959 (August 31, 2017 – \$96,566,577) 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, 2018, amounts capitalized in respect of mineral properties were \$49,912,854, being an increase from August 31, 2017 when the balance was \$46,920,303.

During the fiscal year ended August 31, 2018, the Company capitalized mineral property exploration costs of \$2,992,551 on its mineral resource properties, compared to fiscal 2017 when the Company capitalized mineral property exploration costs of \$1,242,162.

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 which have a term of more than one year.

Item 6. Directors, Senior Management and Employees

A. Directors and Senior Management

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 February 28, 2018. 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 |
|--|---|---|
| Jeffrey Duval Sharon, Connecticut <i>Acting Chief Executive Officer</i> | Acting CEO of the Company | Officer only |
| James E. Sinclair Sharon, Connecticut <i>Executive Chairman and Director</i> | Executive Chairman and Director, former CEO of the Company | April 30, 2002 |
| Dr. Norman Betts Fredericton, New Brunswick <i>Director</i> | Associate Professor, Faculty of Business Administration, University of New Brunswick and a Chartered Professional Accountant | January 4, 2005 |
| William Harvey Sharon, Connecticut <i>Director</i> | Psychologist | April 30, 2002 |
| Rosalind Morrow Toronto, Ontario <i>Director</i> | Lawyer; Partner, Borden Ladner Gervais LLP | October 20, 2003 |
| Ulrich E. Rath Toronto, Ontario <i>Director</i> | Formerly President and CEO and Director of Chariot Resources Ltd. | October 7, 2003 |
| Marco Guidi Toronto, Ontario <i>Chief Financial Officer & Corporate Secretary</i> | Chartered Professional Accountant, currently serving as Chief Financial Officer, Controller and Accountant for a number of junior mining companies. | Officer only |

Directors and Senior Management

James E. Sinclair, Executive Chairman and Director

Mr. Sinclair is the Executive Chairman and a Director of the Company. He was also previously served as CEO. 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 85, 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, the University of Toronto Faculty of Education (French immersion specialist) 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 during the financial crisis 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 served on the Board of Governors of Trent University where she was a member of its Executive Committee and Chair of its Nominating and Governance Committee. In 2018, Ms. Morrow chaired Trent University's Special Review Committee on colleges. She is a director and past Chair of The Toronto and Region Conservation 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 64, 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 and Corporate Secretary

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.

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.

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, 2018, 2017 and 2016:

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> | 2018 | 331,599 ⁽¹⁾ | Nil | Nil | 321,000 ⁽¹²⁾ | Nil | Nil | Nil | 652,599 |
| | 2017 | 222,378 ⁽¹⁾ | Nil | Nil | 460,000 ⁽¹²⁾ | Nil | Nil | Nil | 682,378 |
| | 2016 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| James Sinclair, <i>President and Director, former CEO</i> | 2018 | 192,145 ⁽¹⁾ | Nil | Nil | 150,000 ⁽¹²⁾ | Nil | Nil | Nil | 342,145 |
| | 2017 | 167,624 ⁽¹⁾ | Nil | Nil | 138,000 ⁽¹²⁾ | Nil | Nil | Nil | 167,624 |
| | 2016 | 104,987 ⁽²⁾ | Nil | Nil | Nil | Nil | Nil | Nil | 104,987 |
| Joseph Kahama, ⁽⁶⁾ <i>Former Chairman and COO (Tanzania)</i> | 2018 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2017 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2016 | 65,975 ⁽²⁾ | Nil | Nil | Nil | Nil | Nil | Nil | 65,975 |
| Marco Guidi, ⁽⁹⁾ <i>CFO</i> | 2018 | 75,000 | Nil | Nil | 32,000 | Nil | Nil | Nil | 107,000 |
| | 2017 | 75,000 | Nil | Nil | 27,600 ⁽¹²⁾ | Nil | Nil | Nil | 102,500 |
| | 2016 | 75,000 | N/A | N/A | N/A | N/A | N/A | N/A | 75,000 |
| Donna M. Moroney, <i>Corporate Secretary</i> | 2018 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2017 | 60,000 | Nil | Nil | 13,800 ⁽¹²⁾ | N/A | N/A | N/A | 73,800 |
| | 2016 | 60,000 | 24,100 ⁽¹⁰⁾ | Nil | N/A | N/A | N/A | N/A | 84,100 |
| Peter Zizhou, ⁽¹¹⁾ <i>General Manager</i> | 2018 | 213,746 | Nil | Nil | Nil | Nil | Nil | Nil | 213,746 |
| | 2017 | 213,746 | N/A | N/A | N/A | N/A | N/A | N/A | 213,746 |
| | 2016 | 214,958 ⁽²⁾ | N/A | N/A | N/A | N/A | N/A | N/A | 214,958 |

- (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%.*
- (13) *Valued using the Black-Scholes model with the following variables: volatility – 76%, life – 9 years, risk free rate – 1.98%, 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 (\$) |
| Jeffrey Duval, <i>Acting CEO</i> | 2018 | 1,000,000 | \$0.43 | Oct. 11, 2026 | Nil | N/A | N/A |
| | 2017 | 1,000,000 | \$0.40 | Sep. 29, 2026 | Nil | N/A | N/A |
| | 2016 | N/A | N/A | N/A | Nil | N/A | N/A |
| James Sinclair, <i>President and Director, former CEO</i> | 2018 | 467,000 | \$0.43 | Oct. 11, 2026 | Nil | N/A | N/A |
| | 2017 | 300,000 | \$0.40 | Sep. 29, 2026 | Nil | N/A | N/A |
| | 2016 | N/A | N/A | N/A | Nil | N/A | N/A |
| Joseph Kahama, <i>Former Chairman and COO (Tanzania)</i> | 2018 | N/A | N/A | N/A | Nil | N/A | N/A |
| | 2017 | N/A | N/A | N/A | Nil | N/A | N/A |
| | 2016 | N/A | N/A | N/A | Nil | N/A | N/A |
| Marco Guidi, <i>CFO</i> | 2018 | 100,000 | \$0.43 | Oct. 11, 2026 | Nil | N/A | N/A |
| | 2017 | 60,000 | \$0.40 | Sep. 29, 2026 | Nil | N/A | N/A |
| | 2016 | N/A | N/A | N/A | Nil | N/A | N/A |
| Donna M. Moroney, <i>Corporate Secretary</i> | 2018 | Nil | \$0.43 | Oct. 11, 2026 | Nil | N/A | N/A |
| | 2017 | 30,000 | \$0.40 | Sep. 29, 2026 | Nil | N/A | N/A |
| | 2016 | N/A | N/A | N/A | Nil | N/A | N/A |
| Peter Zizhou, <i>General Manager</i> | 2018 | Nil | N/A | N/A | Nil | N/A | N/A |
| | 2017 | N/A | N/A | N/A | Nil | N/A | N/A |
| | 2016 | N/A | N/A | N/A | Nil | N/A | N/A |

Incentive plan awards – Value vested or earned during the year

| Name | Option-based awards – Value vested during the year (\$) | Share-based awards – Value vested during the year (\$) | Non-equity incentive plan compensation – Value earned during the year (\$) |
|--|---|--|--|
| Jeffrey Duval, <i>CEO</i> | Nil | Nil | Nil |
| James Sinclair, <i>President and Director, former CEO</i> | Nil | Nil | Nil |
| Joseph Kahama, <i>Former Chairman and COO (Tanzania)</i> | Nil | Nil | Nil |
| Marco Guidi <i>CFO</i> | Nil | Nil | Nil |
| Donna M. Moroney, <i>Corporate Secretary</i> | Nil | Nil | Nil |
| Peter Zizhou, <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, 2018 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, 2018:

There were no RSUs granted to directors and Named Executive Officers during the fiscal year ended August 31, 2018.

The following RSUs granted to directors and officers during the fiscal years ended August 31, 2015, vested during fiscal year ended August 31, 2018:

| Name | Date of Grant | No. of Shares | Cash Compensation Election | Vesting Period | Expiration Date |
|-----------------|---------------|------------------------|----------------------------|----------------|-----------------|
| Rosalind Morrow | April 8, 2015 | 168,367 ⁽¹⁾ | \$82,500 | 3 years | April 8, 2018 |
| Ulrich Rath | April 8, 2015 | 77,168 ⁽¹⁾ | \$37,812 | 3 years | April 8, 2018 |
| Norman Betts | April 8, 2015 | 87,883 ⁽¹⁾ | \$43,063 | 3 years | April 8, 2018 |
| William Harvey | April 8, 2015 | 77,168 ⁽¹⁾ | \$37,812 | 3 years | April 8, 2018 |

(1) Valued at \$0.49 per RSU

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 year ended August 31, 2015 vested during fiscal year ended August 31, 2017:

| Name | Date of Grant | No. of Shares ⁽¹⁾ | Cash Compensation Election | Vesting Period | Expiration Date |
|-----------------|---------------|------------------------------|----------------------------|----------------|-----------------|
| Norman Betts | April 9, 2014 | 15,949 ⁽²⁾ | \$43,062 | 3 years | April 9, 2017 |
| William Harvey | April 9, 2014 | 14,004 ⁽²⁾ | \$37,811 | 3 years | April 9, 2017 |
| James Sinclair | April 9, 2014 | 76,296 ⁽²⁾ | \$205,999 | 3 years | April 9, 2017 |
| Rosalind Morrow | April 9, 2014 | 12,731 ⁽²⁾ | \$34,374 | 3 years | April 9, 2017 |

(1) Valued at \$2.70 per RSU

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 ⁽¹⁾ | Cash Compensation Election | Vesting Period | Expiration Date |
|-----------------|----------------|------------------------------|----------------------------|----------------|-----------------|
| James Sinclair | April 10, 2013 | 57,577 ⁽³⁾ | \$206,126 | 3 years | April 10, 2016 |
| Rosalind Morrow | April 10, 2013 | 9,602 ⁽³⁾ | \$34,375 | 3 years | April 10, 2016 |
| Norman Betts | April 10, 2013 | 11,470 ⁽³⁾ | \$41,063 | 3 years | April 10, 2016 |

(1) Valued at \$3.58 per RSU

Outstanding RSUs

There are no RSUs outstanding as of August 31, 2018.

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 |
| Total | 520,000 | \$0.49 | 0 |

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 ⁽¹⁾ (#) | Cash Compensation Election (\$) | All Other Compensation (\$) | Total (\$) |
|------------------|------------------|---------------------------------|---------------------------------|-----------------------------|------------|
| Norman Betts | 36,000 | Nil | 36,000 | 80,000 | 116,000 |
| William Harvey | 37,813 | Nil | 37,813 | 80,000 | 117,813 |
| Rosalind Morrow | Nil | Nil | Nil | 80,000 | 80,000 |
| Abdulkarim Mruma | Nil | Nil | Nil | Nil | Nil |
| Ulrich Rath | 37,813 | Nil | 37,813 | 161,000 | 198,813 |

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, 2018 or 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 February 16, 2018, 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 ⁽¹⁾ | Financial expert ⁽³⁾ |
| Ulrich Rath | Independent ⁽¹⁾ | Financially literate ⁽²⁾ |
| William Harvey | Independent ⁽¹⁾ | Financially literate ⁽²⁾ |

(1) 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.

(2) 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.

(3) 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 |
|---------------------------------|---------------------|--------------------|----------|----------------|
| 2018 | Canada – \$88,000 | Nil | Nil | Nil |
| | Tanzania - \$15,000 | Nil | Nil | Nil |
| 2017 | Canada – \$80,000 | Nil | Nil | Nil |
| | Tanzania - \$15,000 | 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, 2018.

| Name of Owner | Number of Shares Owned | Percentage ⁽¹⁾ |
|---|--------------------------|---------------------------|
| Betts, Norman | 125,799 | 0.10% |
| Duval, Jeff | 180,000 | 0.14% |
| Guidi, Marco | 50,000 ⁽²⁾ | 0.04% |
| Harvey, William | 230,424 | 0.18% |
| Morrow, Rosalind | 669,784 | 0.54% |
| Rath, Ulrich E. | 172,003 | 0.14% |
| Sinclair, James E. | 2,593,992 ⁽³⁾ | 2.07% |
| All directors and named executive officers as a group | 4,022,002 | 3.21% |

(1) Calculation based on 125,162,803 shares of common shares outstanding as of August 31, 2018.

(2) 50,000 shares held by ITCA Consulting Inc.

(3) 579,022 shares held by the Estate of Barbara M. Sinclair, James E. Sinclair, Executor

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, 2018, 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 ⁽²⁾ | Amount Owned | Percent of Class ⁽¹⁾ |
|----------------|-----------------------------------|--------------|---------------------------------|
| Common Shares | Van Eck Associates Corporation | 7,486,737 | 6.44% |

(1) As reported on its Schedule 13G filed with the SEC for December 31, 2014. If their ownership was based on the issued and outstanding shares of the Company of 125,162,803 shares as at August 31, 2018, their ownership percentage would be 5.98%.

(2) As per information provided on Schedule 13G as filed with the SEC.

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, 2018:

| Jurisdiction of Shareholders of Record | Number of Shareholders | Number of Common Shares | Percentage of Total Issued Shares | Percentage of Total Holders |
|--|------------------------|-------------------------|-----------------------------------|-----------------------------|
| United States | 1,392 | 62,196,276 | 49.69% | 81.60% |
| Canada | 209 | 60,697,064 | 48.49% | 12.25% |
| Other Countries | 105 | 2,269,463 | 1.82% | 6.15% |
| TOTAL | 1,706 | 125,162,803 | 100.00% | 100.00% |

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>Year ended August 31</i> | Notes | 2018 | 2017 |
|-----------------------------|-------|-----------|-----------|
| Legal services | (i) | \$Nil | \$82,455 |
| Consulting | (ii) | \$215,108 | \$203,274 |
| Consulting | (iii) | \$Nil | \$172,330 |

(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, 2018, the legal expense charged by the firm was \$nil (2017 - \$82,455). As at August 31, 2018, \$335,940 remains payable (August 31, 2017 - \$370,940).

(ii) During the year ended August 31, 2018, \$215,108 (2017 - \$203,274) 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.

(iii) During the year ended August 31, 2018, \$nil (2017 - \$172,330) 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, 2018, the Company has a receivable of \$40,086 (August 31, 2017 - \$37,247) from an organization associated with the Company's President and former CEO and current director and from current officers and directors.

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, 2018, the remaining balance outstanding under finance lease obligations after the settlements described above is \$67,819 (August 31, 2017 - \$56,631) 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 August 31</i> | 2018 | | 2017 | |
|-----------------------------|------------------------------------|---|------------------------------------|--|
| | Fees, salaries and benefits (1) | Share based payments ^{(2), (3), (4)} | Fees, salaries and benefits (1) | Share based payments ^{(2), (3)} |
| Management | \$ 636,744 | \$ 773,348 | \$ 525,102 | \$ 1,175,439 |
| Directors | 111,625 | 414,000 | 111,625 | 673,200 |
| Total | \$ 748,369 | \$ 1,187,348 | \$ 636,727 | \$ 1,848,639 |

- (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, 2018, included in trade and other payables is \$863,000 (August 31, 2017 - \$638,000) 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, 2018 \$nil (August 31, 2017 - \$nil) 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, 2018 and 2017 with the Report of Independent Registered Public Accounting Firm, comprised of:

- (a) Consolidated Statements of Financial Position as of August 31, 2018 and 2017;
- (b) Consolidated Statements of Comprehensive Loss for the years ended August 31, 2018 and 2017;
- (c) Consolidated Statements of Changes in Equity for the years ended August 31, 2018 and 2017;
- (d) Consolidated Statements of Cash Flows for the years ended August 31, 2018 and 2017; 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 American LLC ("*NYSE American*") under the symbol "TRX"

As of August 31, 2018, there were 1,392 registered shareholders in the United States holding 49.69% of the Company's outstanding common shares, representing approximately 81.59% 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 American.

The following sets forth the high and low prices expressed in U.S. Dollars on the NYSE American and in Canadian Dollars on the TSX for the past full six months and through October 31, 2018, for each quarter for the past two fiscal years and for the past five years.

| | NYSE American (United States Dollars) | | TSX (Canadian Dollars) | |
|-------------------------------------|--|------|---------------------------|------|
| | High | Low | High | Low |
| Last Six Months | | | | |
| October 2018 | 0.45 | 0.36 | 0.58 | 0.48 |
| September 2018 | 0.46 | 0.32 | 0.42 | 0.34 |
| August 2018 | 0.47 | 0.35 | 0.56 | 0.41 |
| July 2018 | 0.50 | 0.39 | 0.59 | 0.47 |
| June 2018 | 0.56 | 0.38 | 0.69 | 0.50 |
| May 2017 | 0.68 | 0.54 | 0.70 | 0.57 |
| For the Fiscal Quarter Ended | | | | |
| August 31, 2018 | 0.56 | 0.35 | 0.70 | 0.43 |
| May 31, 2018 | 0.68 | 0.30 | 0.89 | 0.39 |
| February 28, 2018 | 0.52 | 0.24 | 0.63 | 0.31 |
| November 30, 2017 | 0.45 | 0.25 | 0.56 | 0.32 |
| August 31, 2017 | 0.56 | 0.38 | 0.70 | 0.47 |
| May 31, 2017 | 0.59 | 0.40 | 0.79 | 0.52 |
| February 29, 2017 | 0.63 | 0.40 | 0.84 | 0.54 |
| November 30, 2016 | 1.13 | 0.46 | 1.44 | 0.62 |
| August 31, 2016 | 1.49 | 0.39 | 1.95 | 0.51 |
| For Fiscal Year Ended | | | | |
| August 31, 2018 | 0.68 | 0.24 | 0.89 | 0.31 |
| 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 |

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 American 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, 2018, there were 125,162,803 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 |
|--|--------------------|-----------------------|
| Total Outstanding as of August 31, 2015 | 107,853,554 | 120,532,634 |
| <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 |
| Total Outstanding as of August 31, 2016 | 109,068,492 | 122,380,723 |
| <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 |
| Total Outstanding as of August 31, 2017 | 121,784,619 | \$ 125,174,377 |
| <i>Add:</i> Issued pursuant to Restricted Share Unit Plan | 385,147 | 188,722 |
| Shares issued for interest on gold loans and convertible loans | 1,172,128 | 612,900 |
| Finders fees on convertible loans and gold loans | 466,504 | 234,752 |
| Shares issued for settlement of convertible loans | 1,354,405 | 792,381 |
| Total Outstanding as of August 31, 2018 | 125,162,803 | \$ 127,003,132 |

Shares are issued by the Company with the regulatory acceptance of the Toronto Stock Exchange and NYSE American, upon resolution of the Board of Directors of the Company. As of August 31, 2018, there are a total of 125,162,803 common shares issued and a further 7,432,000 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).

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 as a 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 three years.

A. Secured Gold Loan Agreements

| Date | Name of Lender | Interest Rate | Terms | Conversion Rate | Loan Amount |
|------------------|----------------------------|---------------|---|-----------------|----------------|
| June 11, 2018 | Kelly McKennon | 8% | One year, with extension for one year | US\$0.3446 | US\$180,000 |
| March 1, 2018 | Dennis and Jane Smith | 8% | One year, with extension for successive terms of one year | US\$0.2670 | US\$330,000 |
| January 19, 2018 | Dennis and Jane Smith | 8% | One year, with extension for successive terms of one year | US\$0.2853 | US\$417,206.50 |
| January 19, 2018 | Structural Logistics, LLC | 8% | One year, with extension for successive terms of one year | US\$0.2853 | US\$100,726.86 |
| June 28, 2016 | David Ponelli | 8% | One year, with extension for one year | US\$0.26 | US\$100,000 |
| June 27, 2016 | Edward F. Marin Family LLC | 8% | One year, with extension for one year | US\$0.26 | US\$100,000 |
| May 16, 2016 | Structural Logistics, LLC | 8% | One year, with extension for successive terms of one year | US\$0.26 | US\$104,540 |
| October 19, 2015 | Edward F. Marin Family LLC | 8% | Three years with extension for successive terms of one year | US\$0.26 | US\$500,000 |
| October 19, 2015 | David Pontelli | 8% | Three years with extension for successive terms of one year | US\$0.26 | US\$500,000 |
| June 22, 2015 | William Holter | 8% | One year, with extension for successive terms of one year | US\$0.26 | US\$515,000 |
| June 22, 2015 | Hoffman Heritage Ranch | 8% | One year, with extension for successive terms of one year | US\$0.26 | US\$1,015,000 |

B. Secured Loan Agreements

| Date | Names of Lender | Interest Rate | Term | Conversion Rate | Loan Amount |
|--------------------|----------------------------------|---------------|---|-----------------|----------------|
| September 10, 2018 | Vimco Holdings Pty Ltd. | 8% | One year, with extension for one year with mutual consent | US\$0.27 | US\$270,019.75 |
| September 10, 2018 | Echelon Super Pty Ltd. | 8% | One year, with extension for one year with mutual consent | US\$0.27 | US\$135,000 |
| September 10, 2018 | William J. and Sharon B. Keating | 8% | One year, with extension for one year with mutual consent | US\$0.27 | US\$200,769.62 |
| September 10, 2018 | Nancy Kamali | 8% | One year, with extension for one year with mutual consent | US\$0.27 | US\$75,000 |
| September 10, 2018 | The Witt Family Trust | 8% | One year, with extension for one year with mutual consent | US\$0.27 | US\$100,000 |
| September 10, 2018 | Steven Lane | 8% | One year, with extension for one year with mutual consent | US\$0.27 | US\$450,000 |
| August 21, 2018 | Dennis and Jane Smith | 8% | One year, with extension for one year with mutual consent | US\$0.27 | US\$100,000 |
| August 21, 2018 | William Holter | 8% | One year, with extension for one year with mutual consent | US\$0.274 | US\$100,000 |
| August 21, 2018 | Jeff and Linda Lane | 8% | One year, with extension for one year with mutual consent | US\$0.274 | US\$100,000 |
| July 30, 2018 | SATYA, LLC | 8% | One year, with extension for one year with mutual consent | US\$0.31 | US\$100,000 |
| April 16, 2018 | William Holter | 8% | One year, with extension for one year with mutual consent | US\$0.346935 | US\$200,000 |
| April 16, 2018 | Dennis and Jane Smith | 8% | One year, with extension for one year with mutual consent | US\$0.346935 | US\$250,000 |
| January 19, 2018 | The Witt Family Trust | 8% | One year, with extension for one year with mutual consent | US\$0.2853 | US\$200,000 |
| June 1, 2017 | New Direction IRA | 8% | One year, with extension for one year with mutual consent | US\$0.26 | US\$339,709.87 |
| June 1, 2017 | The Witt Family Trust | 8% | One year, with extension for one year with mutual consent | US\$0.26 | US\$433,301.99 |
| March 31, 2017 | Structural Logistics, LLC | 8% | One year, with extension for one year with mutual consent | US\$0.26 | US\$100,776 |
| March 31, 2017 | William Holter | 8% | One year, with extension for one year with mutual consent | US\$0.26 | US\$100,000 |
| March 31, 2017 | New Direction IRA | 8% | One year, with extension for one year with mutual consent | US\$0.26 | US\$100,000 |
| March 31, 2017 | The Witt Family Trust | 8% | One year, with extension for one year with mutual consent | US\$0.26 | US\$150,000 |
| June 30, 2016 | David Schectman | 8% | One year, with extension for one year with mutual consent | US\$0.26 | US\$100,000 |
| May 16, 2016 | William Holter | 8% | One year, with extension for one year with mutual consent | US\$0.26 | US\$104,900 |

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 American) 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.

Certain United States Federal Income Tax Considerations

The following is a general summary of certain material U.S. federal income tax considerations applicable to a U.S. Holder (as defined below) arising from the ownership and disposition of the common shares. This summary applies only to U.S. Holders who hold common shares as capital assets (generally, property held for investment).

This summary is for general information purposes only and does not purport to be a complete analysis or listing of all potential U.S. federal income tax considerations that may apply to a U.S. Holder as a result of the ownership and disposition of common shares. In addition, this summary does not take into account the individual facts and circumstances of any particular U.S. Holder that may affect the U.S. federal income tax consequences to such U.S. Holder, including specific tax consequences to a U.S. Holder under an applicable tax treaty. Accordingly, this summary is not intended to be, and should not be construed as, legal or U.S. federal income tax advice with respect to any particular U.S. Holder. In addition, this summary does not address the U.S. federal alternative minimum, U.S. federal estate and gift, U.S. Medicare contribution, U.S. state and local, or non-U.S. tax consequences of the acquisition, ownership, exercise or disposition of common shares. Except as specifically set forth below, this summary does not discuss applicable tax reporting requirements. Each U.S. Holder should consult its own tax advisor regarding all U.S. federal, U.S. state and local and non-U.S. tax consequences of the ownership of common shares.

No opinion from U.S. legal counsel or ruling from the Internal Revenue Service (the "IRS") has been requested, or will be obtained, regarding the U.S. federal income tax consequences of the acquisition, ownership, exercise or disposition of common shares. This summary is not binding on the IRS, and the IRS is not precluded from taking a position that is different from, and contrary to, any position taken in this summary. In addition, because the authorities upon which this summary is based are subject to various interpretations, the IRS and the U.S. courts could disagree with one or more of the positions taken in this summary.

Scope of This Disclosure

Authorities This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations (whether final, temporary, or proposed), published rulings of the IRS, published administrative positions of the IRS, the Convention Between Canada and the United States of America with Respect to Taxes on Income and on Capital, signed September 26, 1980, as amended (the "Canada-U.S. Tax Convention"), and U.S. court decisions that are applicable and, in each case, as in effect and available, as of the date hereof. Any of the authorities on which this summary is based could be changed in a material and adverse manner at any time, and any such change could be applied on a retroactive or prospective basis which could affect the U.S. federal income tax considerations described in this summary. This summary does not discuss the potential effects, whether adverse or beneficial, of any proposed legislation that, if enacted, could be applied on a retroactive or prospective basis.

U.S. Holders. For purposes of this summary, the term "U.S. Holder" means a beneficial owner of common shares that is for U.S. federal income tax purposes:

- An individual who is a citizen or resident of the U.S.;

- A corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the U.S., any state thereof or the District of Columbia;
- An estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- A trust that (a) is subject to the primary supervision of a court within the U.S. and the control of one or more U.S. persons for all substantial decisions or (b) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

Non-U.S. Holders. For purposes of this summary, a “non-U.S. Holder” is a beneficial owner of common shares that is not a partnership (or other “pass-through” entity) for U.S. federal income tax purposes and is not a U.S. Holder. This summary does not address the U.S. federal income tax considerations applicable to non-U.S. Holders arising from the ownership of common shares.

Accordingly, a non-U.S. Holder should consult its own tax advisor regarding all U.S. federal, U.S. state and local, and non-U.S. tax consequences (including the potential application of and operation of any income tax treaties) relating to the purchase of the common shares pursuant to the ownership of common shares.

Transactions Not Addressed. This summary does not address the tax consequences of transactions effected prior or subsequent to, or concurrently with, any purchase of the securities (whether or not any such transactions are undertaken in connection with the purchase of the securities), other than the U.S. federal income tax considerations to U.S. Holders of the ownership of such common shares.

U.S. Holders Subject to Special U.S. Federal Income Tax Rules Not Addressed

This summary does not address the U.S. federal income tax considerations of the ownership of common shares by U.S. Holders that are subject to special provisions under the Code, including, but not limited to, the following: (a) tax-exempt organizations, qualified retirement plans, individual retirement accounts, or other tax-deferred accounts; (b) financial institutions, underwriters, insurance companies, real estate investment trusts, or regulated investment companies; (c) broker-dealers, dealers, or traders in securities or currencies that elect to apply a “mark-to-market” accounting method; (d) U.S. Holders that have a “functional currency” other than the U.S. dollar; (e) U.S. Holders that own common shares as part of a straddle, hedging transaction, conversion transaction, constructive sale, or other arrangement involving more than one position; (f) U.S. Holders that acquire common shares in connection with the exercise of employee stock options or otherwise as compensation for services; (g) U.S. Holders that hold common shares other than as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment purposes); (h) U.S. Holders that own directly, indirectly, or by attribution, 10% or more, by voting power or value, of the outstanding stock of the Company; and (i) U.S. Holders subject to Section 451(b) of the Code. This summary also does not address the U.S. federal income tax considerations applicable to U.S. Holders who are: (a) U.S. expatriates or former long-term residents of the U.S.; (b) persons that have been, are, or will be a resident or deemed to be a resident in Canada for purposes of the Tax Act; (c) persons that use or hold, will use or hold, or that are or will be deemed to use or hold common shares in connection with carrying on a business in Canada; (d) persons whose common shares constitute “taxable Canadian property” under the Tax Act; or (e) persons that have a permanent establishment in Canada for purposes of the Canada-U.S. Tax Convention. U.S. Holders that are subject to special provisions under the Code, including U.S. Holders described immediately above, should consult their own tax advisors regarding all U.S. federal, U.S. state and local, and non-U.S. tax consequences (including the potential application and operation of any income tax treaties) relating to the ownership of common shares.

If an entity or arrangement that is classified as a partnership (or other “pass-through” entity) for U.S. federal income tax purposes holds common shares, the U.S. federal income tax consequences to such partnership and the partners (or other owners) of such partnership of the ownership of the common shares generally will depend on the activities of the partnership and the status of such partners (or other owners). This summary does not address the U.S. federal income tax consequences for any such partner or partnership (or other “pass-through” entity or its owners). Owners of entities and arrangements that are classified as partnerships (or other “pass-through” entities) for U.S. federal income tax purposes should consult their own tax advisors regarding the U.S. federal income tax consequences of the ownership of common shares.

Distributions on Common Shares

The Company has never paid a dividend and has no intention of paying a dividend. Subject to the PFIC rules discussed below, a U.S. Holder that receives a distribution, including a constructive distribution, with respect to common shares will be required to include the amount of such distribution in gross income as a dividend (without reduction for any Canadian income tax withheld from such distribution) to the extent of the current or accumulated “earnings and profits” of the Company, as computed for U.S. federal income tax purposes. To the extent that a distribution exceeds the current and accumulated “earnings and profits” of the Company, such distribution will be treated first as a tax-free return of capital to the extent of a U.S. Holder’s tax basis in the common shares and thereafter as gain from the sale or exchange of such common shares (see “Sale or Other Taxable Disposition of Common Shares” below). However, the Company may not maintain calculations of earnings and profits in accordance with U.S. federal income tax principles, and each U.S. Holder should therefore assume that any distribution by the Company with respect to the common shares will be reported to them as a dividend. Dividends received on the common shares generally will not be eligible for the “dividends received deduction” available to U.S. corporate shareholders receiving dividends from U.S. corporations. If the Company is eligible for the benefits of the Canada-U.S. Tax Convention, or another qualifying income tax treaty with the United States that includes an exchange of information program which the U.S. Treasury Department has determined is satisfactory for these purposes, or its shares are readily tradable on an established securities market in the U.S., dividends paid by the Company to non-corporate U.S. Holders generally will be eligible for the preferential tax rates applicable to long-term capital gains, provided certain holding period and other conditions are satisfied, including that the Company not be classified as a PFIC in the tax year of distribution or in the preceding tax year. The dividend rules are complex, and each U.S. Holder should consult its own tax advisor regarding the application of such rules.

Sale or Other Taxable Disposition of Common Shares

Subject to the PFIC rules discussed below, upon the sale or other taxable disposition of common shares, a U.S. Holder generally will recognize a capital gain or loss in an amount equal to the difference between the amount of cash plus the fair market value of any property received and such U.S. Holder’s tax basis in the common shares sold or otherwise disposed of. Such capital gain or loss will generally be a long-term capital gain or loss if, at the time of the sale or other taxable disposition, the U.S. Holder’s holding period for the common shares is more than one year. Preferential tax rates apply to long-term capital gains of non-corporate U.S. Holders. Deductions for capital losses are subject to significant limitations under the Code. A U.S. Holder’s tax basis in common shares generally will be such U.S. Holder’s U.S. dollar cost for such common shares.

PFIC Status of the Company

The Company had no revenues for its taxable year ended August 31, 2018, and has not performed an analysis of whether or not it was or will be deemed a PFIC for its prior and current taxable years. If the Company is or becomes a PFIC, the foregoing description of the U.S. federal income tax consequences to U.S. Holders of the ownership of Common Shares will be different. The U.S. federal income tax consequences of owning and disposing of common shares if the Company is or becomes a PFIC are described below under the heading "Tax Consequences if the Company is a PFIC."

A non-U.S. corporation is a PFIC for each tax year in which (i) 75% or more of its gross income is passive income (as defined for U.S. federal income tax purposes) (the "income test") or (ii) 50% or more (by value) of its assets (based on an average of the quarterly values of the assets during such tax year) either produce or are held for the production of passive income (the "asset test"). For purposes of the PFIC provisions, "gross income" generally includes sales revenues less cost of goods sold, plus income from investments and from incidental or other operations or sources, and "passive income" generally includes dividends, interest, certain rents and royalties, certain gains from commodities or securities transactions and the excess of gains over losses from the disposition of certain assets which produce passive income. If a non-U.S. corporation owns at least 25% (by value) of the stock of another corporation, the non-U.S. corporation is treated, for purposes of the income test and asset test, as owning its proportionate share of the assets of the other corporation and as receiving directly its proportionate share of the other corporation's income.

Under certain attribution and indirect ownership rules, if the Company is a PFIC, U.S. Holders will generally be deemed to own their proportionate share of the Company's direct or indirect equity interest in any company that is also a PFIC (a "Subsidiary PFIC"), and will be subject to U.S. federal income tax on their proportionate share of (a) any "excess distributions," as described below, on the stock of a Subsidiary PFIC and (b) a disposition or deemed disposition of the stock of a Subsidiary PFIC by the Company or another Subsidiary PFIC, both as if such U.S. Holders directly held the shares of such Subsidiary PFIC. In addition, U.S. Holders may be subject to U.S. federal income tax on any indirect gain realized on the stock of a Subsidiary PFIC on the sale or disposition of common shares. Accordingly, U.S. Holders should be aware that they could be subject to tax even if no distributions are received and no redemptions or other dispositions of the Company's common shares are made.

The determination of PFIC status is inherently factual, is subject to a number of uncertainties, and can be determined only annually at the close of the tax year in question. Additionally, the analysis depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. There can be no assurance that the Company will or will not be determined to be a PFIC for the current tax year or any prior or future tax year, and no opinion of legal counsel or ruling from the IRS concerning the status of the Company as a PFIC has been obtained or will be requested. U.S. Holders should consult their own U.S. tax advisors regarding the PFIC status of the Company.

Tax Consequences if the Company is a PFIC

If the Company is a PFIC for any tax year during which a U.S. Holder holds common shares, special rules may increase such U.S. Holder's U.S. federal income tax liability with respect to the ownership and disposition of such common shares. If the Company is a PFIC for any tax year during which a U.S. Holder owns common shares, the Company will be treated as a PFIC with respect to such U.S. Holder for that tax year and for all subsequent tax years, regardless of whether the Company meets the income test or the asset test for such subsequent tax years, unless the U.S. Holder makes a "deemed sale" election with respect to the common shares. If the election is made, the U.S. Holder will be deemed to sell the common shares it holds at their fair market value on the last day of the last taxable year in which we qualified as a PFIC, and any gain recognized from such deemed sale would be taxed under the PFIC excess distribution regime. After the deemed sale election, the U.S. Holder's common shares would not be treated as shares of a PFIC unless the Company subsequently becomes a PFIC. U.S. Holders should consult their own U.S. tax advisors regarding the availability and desirability of a deemed sale election.

Under the default PFIC rules:

- Any gain realized on the sale or other disposition (including dispositions and certain other events that would not otherwise be treated as taxable events) of common shares (including an indirect disposition of the stock of any Subsidiary PFIC) and any “excess distribution” (defined as a distribution to the extent it (together with all other distributions received in the relevant tax year) exceeds 125% of the average annual distribution received during the shorter of the preceding three years or the U.S. Holder’s holding period for the common shares) received on common shares or with respect to the stock of a Subsidiary PFIC will be allocated ratably to each day of such U.S. Holder’s holding period for the common shares;
- The amount allocated to the current tax year and any year prior to the first year in which the Company was a PFIC will be taxed as ordinary income in the current year;
- The amount allocated to each of the other tax years (the “Prior PFIC Years”) will be subject to tax at the highest ordinary income tax rate in effect for the applicable class of taxpayer for that year; and
- An interest charge will be imposed with respect to the resulting tax attributable to each Prior PFIC Year.

A U.S. Holder that makes a timely and effective “mark-to-market” election under Section 1296 of the Code (a “Mark-to-Market Election”) or a timely and effective election to treat the Company and each Subsidiary PFIC as a “qualified electing fund” (a “QEF”) under Section 1295 of the Code (a “QEF Election”) may generally mitigate or avoid the default PFIC rules described above with respect to common shares. U.S. Holders should be aware that there can be no assurance that the Company has satisfied or will satisfy the recordkeeping requirements that apply to a QEF or that the Company has supplied or will supply U.S. Holders with information such as U.S. Holders require to report under the QEF rules in the event that the Company is a PFIC for any tax year.

A timely and effective QEF Election requires a U.S. Holder to include currently in gross income each year its pro rata share of the Company’s ordinary earnings and net capital gains, regardless of whether such earnings and gains are actually distributed. Thus, a U.S. Holder could have a tax liability with respect to such ordinary earnings or gains without a corresponding receipt of cash from the Company. If the Company is a QEF with respect to a U.S. Holder, the U.S. Holder’s basis in the common shares will be increased to reflect the amount of the taxed but undistributed income. Distributions of income that had previously been taxed will result in a corresponding reduction of basis in the common shares and will not be taxed again as a distribution to a U.S. Holder. Taxable gains on the disposition of common shares by a U.S. Holder that has made a timely and effective QEF Election are generally capital gains. A U.S. Holder must make a QEF Election for the Company and each Subsidiary PFIC if it wishes to have this treatment. To make a QEF Election, a U.S. Holder will need to have an annual information statement from the Company setting forth the ordinary earnings and net capital gains for the year and the Company may not provide this statement, in which case a QEF Election cannot be made. In general, a U.S. Holder must make a QEF Election on or before the due date for filing its income tax return for the first year to which the QEF Election will apply. Under applicable Treasury Regulations, a U.S. Holder will be permitted to make retroactive elections in particular, but limited, circumstances, including if it had a reasonable belief that the Company was not a PFIC and did not file a protective election. If a U.S. Holder owns PFIC stock indirectly through another PFIC, separate QEF Elections must be made for the PFIC in which the U.S. Holder is a direct shareholder and the Subsidiary PFIC for the QEF rules to apply to both PFICs.

Each U.S. Holder should consult its own tax advisor regarding the availability and desirability of, and procedure for, making a timely and effective QEF Election (including a “pedigreed” QEF election where necessary) for the Company and any Subsidiary PFIC.

Alternatively, a Mark-to-Market Election may be made with respect to “marketable stock” in a PFIC if which is stock that is “regularly traded” on a “qualified exchange or other market” (within the meaning of the Code and the applicable U.S. Treasury Regulations). A class of stock that is traded on one or more qualified exchanges or other markets is considered to be “regularly traded” for any calendar year during which such class of stock is traded in other than de minimis quantities on at least 15 days during each calendar quarter. If the common shares are considered to be “regularly traded” within this meaning, then a U.S. Holder generally will be eligible to make a Mark-to-Market Election with respect to its common shares. However, there is no assurance that the common shares will be or remain “regularly traded” for this purpose. A Mark-to-Market Election may not be made with respect to the stock of any Subsidiary PFIC. Hence, a Mark-to-Market Election will not be effective to eliminate the application of the default PFIC rules, described above, with respect to deemed dispositions of Subsidiary PFIC stock, or excess distributions with respect to a Subsidiary PFIC.

A U.S. Holder that makes a timely and effective Mark-to-Market Election with respect to common shares generally will be required to recognize as ordinary income in each tax year in which the Company is a PFIC an amount equal to the excess, if any, of the fair market value of such shares as of the close of such taxable year over the U.S. Holder’s adjusted tax basis in such shares as of the close of such taxable year. A U.S. Holder’s adjusted tax basis in the common shares generally will be increased by the amount of ordinary income recognized with respect to such shares. If the U.S. Holder’s adjusted tax basis in the common shares as of the close of a tax year exceeds the fair market value of such shares as of the close of such taxable year, the U.S. Holder generally will recognize an ordinary loss, but only to the extent of net mark-to-market income recognized with respect to such shares for all prior taxable years. A U.S. Holder’s adjusted tax basis in its common shares generally will be decreased by the amount of ordinary loss recognized with respect to such shares. Any gain recognized upon a disposition of the common shares generally will be treated as ordinary income, and any loss recognized upon a disposition generally will be treated as an ordinary loss to the extent of net mark-to-market income recognized for all prior taxable years. Any loss recognized in excess thereof will be taxed as a capital loss. Capital losses are subject to significant limitations under the Code.

Each U.S. Holder should consult its own tax advisor regarding the availability and desirability of, and procedure for, making a timely and effective Mark-to-Market Election with respect to the common shares.

Foreign Tax Credit

A U.S. Holder that pays (whether directly or through withholding) Canadian income tax in connection with the ownership or disposition of common shares may (under certain circumstances) be entitled to receive either a deduction or a credit for such Canadian income tax paid generally at the election of such U.S. Holder. Generally, a credit will reduce a U.S. Holder’s U.S. federal income tax liability on a dollar-for-dollar basis, whereas a deduction will reduce a U.S. Holder’s income subject to U.S. federal income tax. This election is made on a year-by-year basis and applies to all creditable foreign taxes paid (whether directly or through withholding) by a U.S. Holder during a year.

Complex limitations apply to the foreign tax credit, including the general limitation that the credit cannot exceed the proportionate share of a U.S. Holder's U.S. federal income tax liability that such U.S. Holder's "foreign source" taxable income bears to such U.S. Holder's worldwide taxable income. In applying this limitation, a U.S. Holder's various items of income and deduction must be classified, under complex rules, as either "foreign source" or "U.S. source." Generally, dividends paid by a non-U.S. corporation should be treated as foreign source for this purpose, and gains recognized on the sale of securities of a non-U.S. corporation by a U.S. Holder should be treated as U.S. source for this purpose, except as otherwise provided in an applicable income tax treaty and if an election is properly made under the Code. However, the amount of a distribution with respect to the common shares that is treated as a "dividend" may be lower for U.S. federal income tax purposes than it is for Canadian federal income tax purposes, resulting in a reduced foreign tax credit allowance to a U.S. Holder. In addition, this limitation is calculated separately with respect to specific categories of income. The foreign tax credit rules are complex, and each U.S. Holder should consult its own U.S. tax advisor regarding the foreign tax credit rules.

Special rules apply to the amount of foreign tax credit that a U.S. Holder may claim on a distribution, including a constructive distribution, from a PFIC. Subject to such special rules, non-U.S. taxes paid with respect to any distribution in respect of stock in a PFIC are generally eligible for the foreign tax credit. The rules relating to distributions by a PFIC and their eligibility for the foreign tax credit are complicated, and a U.S. Holder should consult its own tax advisor regarding their application to the U.S. Holder.

Receipt of Foreign Currency

The amount of any distribution or proceeds paid in Canadian dollars to a U.S. Holder in connection with the ownership of common shares, or on the sale or other taxable disposition of common shares will be included in the gross income of a U.S. Holder as translated into U.S. dollars calculated by reference to the exchange rate prevailing on the date of actual or constructive receipt of the payment, regardless of whether the Canadian dollars are converted into U.S. dollars at that time. If the Canadian dollars received are not converted into U.S. dollars on the date of receipt, a U.S. Holder will have a basis in the Canadian dollars equal to their U.S. dollar value on the date of receipt. Any U.S. Holder who receives payment in Canadian dollars and engages in a subsequent conversion or other disposition of the Canadian dollars may have a foreign currency exchange gain or loss that would generally be treated as ordinary income or loss, and generally will be U.S. source income or loss for foreign tax credit purposes. Different rules apply to U.S. Holders who use the accrual method with respect to foreign currency.

Each U.S. Holder should consult its own U.S. tax advisor regarding the U.S. federal income tax consequences of receiving, owning, and disposing of Canadian dollars.

Information Reporting; Backup Withholding

Under U.S. federal income tax law, certain categories of U.S. Holders must file information returns with respect to their investment in, or involvement in, a non-U.S. corporation. For example, U.S. return disclosure obligations (and related penalties) are imposed on individuals who are U.S. Holders that hold certain specified foreign financial assets in excess of certain threshold amounts. The definition of "specified foreign financial assets" includes not only financial accounts maintained in non-U.S. financial institutions, but also, if held for investment and not in an account maintained by certain financial institutions, any stock or security issued by a non-U.S. person, any financial instrument or contract that has an issuer or counterparty other than a U.S. person and any interest in a non-U.S. entity. A U.S. Holder may be subject to these reporting requirements unless such U.S. Holder's common shares are held in an account at certain financial institutions. Penalties for failure to file certain of these information returns are substantial. U.S. Holders should consult with their own tax advisors regarding the requirements of filing information returns on IRS Form 8938, and, if applicable, filing obligations relating to the PFIC rules, including possible reporting on an IRS Form 8621.

Payments made within the U.S. or by a U.S. payor or U.S. middleman of (a) distributions on the common shares, and (b) proceeds arising from the sale or other taxable disposition of common shares generally will be subject to information reporting. In addition, backup withholding, currently at a rate of 24%, may apply to such payments if a U.S. Holder (a) fails to furnish such U.S. Holder's correct U.S. taxpayer identification number (generally on IRS Form W-9), (b) furnishes an incorrect U.S. taxpayer identification number, (c) is notified by the IRS that such U.S. Holder has previously failed to properly report items subject to backup withholding, or (d) fails to certify, under penalty of perjury, that such U.S. Holder has furnished its correct U.S. taxpayer identification number and that the IRS has not notified such U.S. Holder that it is subject to backup withholding. Certain exempt persons generally are excluded from these information reporting and backup withholding rules. Backup withholding is not an additional tax. Any amounts withheld under the U.S. backup withholding rules will be allowed as a credit against a U.S. Holder's U.S. federal income tax liability, if any, or will be refunded, if such U.S. Holder furnishes required information to the IRS in a timely manner. The information reporting and backup withholding rules may apply even if, under the Canada-U.S. Tax Convention, payments are eligible for a reduced withholding rate.

The discussion of reporting requirements set forth above is not intended to constitute an exhaustive description of all reporting requirements that may apply to a U.S. Holder. A failure to satisfy certain reporting requirements may result in an extension of the time period during which the IRS can assess a tax, and, under certain circumstances, such an extension may apply to assessments of amounts unrelated to any unsatisfied reporting requirement. Each U.S. Holder should consult its own tax advisor regarding the information reporting and backup withholding rules.

THE ABOVE SUMMARY IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL U.S. TAX CONSIDERATIONS APPLICABLE TO U.S. HOLDERS WITH RESPECT TO THE OWNERSHIP, EXERCISE OR DISPOSITION OF COMMON SHARES. U.S. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSIDERATIONS APPLICABLE TO THEM IN THEIR PARTICULAR CIRCUMSTANCES.

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")

| Taxable Supplies | Rate |
|---|-------------|
| 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:

| | Resident | Non-Resident |
|--|-----------------|---------------------|
| 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

| | Resident | Non-Resident |
|---|-----------------|---------------------|
| 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 1st 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, 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.

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 shillings. 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 shillings.

The following table sets forth the percentage of the Company's administrative expense by currency for the year ended August 31, 2018.

By Currency

| | 2018 |
|--------------------|-------------|
| Canadian Dollar | 20% |
| U.S. Dollar | 25% |
| Tanzanian Shilling | 55% |
| Total: | 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, 2018 and 2017 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:

| 2018 (Average to November 30) | 2017 | 2016 | 2015 | 2014 |
|----------------------------------|----------|----------|----------|----------|
| \$1,256.31 | 1,256.31 | 1,250.74 | 1,160.06 | 1,266.40 |

Item 12. Description of Securities Other than Equity Securities

Not applicable

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) 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, 2018. 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, 2018.

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.

This annual report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting. Because the Company is a non accelerated filer, the Company's management's report was not subject to attestation by the Company's independent registered public accounting firm pursuant to the rules of the SEC that permit us to provide only management's report in this annual report.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake.

Changes in Internal Controls over Financial Reporting

During the year ended August 31, 2018, 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. 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, 2018 and 2017 was Dale Matheson Carr-Hilton Labonte 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, 2018 and 2017.

| Fiscal Year Ending August 31 | Audit Fees | Audit Related Fees | Tax Fees | All Other Fees |
|------------------------------|---------------------|--------------------|----------|----------------|
| 2018 | Canada - \$88,000 | Nil | Nil | Nil |
| | Tanzania - \$15,000 | Nil | Nil | Nil |
| 2017 | Canada - \$80,000 | Nil | Nil | Nil |
| | Tanzania - \$15,000 | 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 F. Change in Registrant's Certifying Accountant

Not applicable.

Item 16 G. Corporate Governance

The Company's common shares are listed on the NYSE American. Section 110 of the NYSE American Company Guide permits NYSE American to consider the laws, customs and practices of foreign issuers in relaxing certain NYSE American listing criteria, and to grant exemptions from NYSE American 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 American standards:

Shareholder Meeting Quorum Requirement. The NYSE American minimum quorum requirement for shareholder meeting is 33 1/3% of the outstanding shares of common stock. In addition, a company listed on NYSE American 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 American 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 American 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 American'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> |
|--------------------|---|
| <u>1.1</u> | <u>Articles and Bylaws of Tan Range Exploration Corporation, as amended.</u> ⁽¹⁾ |
| <u>1.2</u> | <u>Certificate of Amendment for Change of Name dated February 28, 2006.</u> ⁽⁶⁾ |
| <u>1.3</u> | <u>Certificate of Amendment and Registration of Restated Articles dated March 7, 2008 for increase in the maximum number of directors to eleven.</u> ⁽⁶⁾ |
| <u>2.1</u> | <u>Employee Share Ownership Plan (2003).</u> ⁽¹⁾ |
| <u>2.2</u> | <u>2001 Stock Option Plan.</u> ⁽¹⁾ |
| <u>2.3</u> | <u>Shareholder Rights Plan.</u> ⁽²⁾ |
| <u>2.4</u> | <u>2011 Shareholder Rights Plan.</u> ⁽⁹⁾ |
| <u>2.5</u> | <u>Restricted Stock Unit Incentive Plan.</u> ⁽⁴⁾ |
| <u>2.6</u> | <u>Amended Restricted Stock Unit Incentive Plan.</u> ⁽⁸⁾ |
| <u>4.1</u> | <u>Subscription and Property Option Agreement dated May 31, 1999 between the Company and Barrick Gold Corporation.</u> ⁽²⁾ |
| <u>4.2</u> | <u>Option Agreement dated December 14, 2001 between Tanzam 2000 Limited and Barrick Exploration Africa Limited.</u> ⁽²⁾ |
| <u>4.3</u> | <u>Letter of Intent dated January 20, 2003 between the Company and Northern Mining Explorations Ltd., as amended by Letter Agreement dated March 18, 2003.</u> ⁽²⁾ |
| <u>4.4</u> | <u>Letter of Intent dated July 21, 2003 between the Company and Ashanti Goldfields (Cayman) Limited.</u> ⁽²⁾ |
| <u>4.8</u> | <u>Option Agreement dated September 7, 2004 between the Company and Northern Mining Explorations Ltd.</u> ⁽³⁾ |
| <u>4.9</u> | <u>Purchase and Sale Agreement dated September 26, 2006 between the Company and Ashanti Goldfields (Cayman) Limited.</u> ⁽⁴⁾ |
| <u>4.10</u> | <u>Option and Royalty Agreement dated January 25, 2007 between the Company and Sloane Developments Ltd.</u> ⁽⁵⁾ |
| <u>4.12</u> | <u>March 27, 2009 Subscription Agreement for purchase of 248,139 common shares with James E. Sinclair.</u> ⁽⁶⁾ |
| <u>4.13</u> | <u>February 23, 2009 Subscription Agreement for purchase of 189,036 common shares with James E. Sinclair.</u> ⁽⁶⁾ |
| <u>4.14</u> | <u>February 1, 2009 Subscription Agreement for purchase of \$3,000,000 of common shares with James E. Sinclair.</u> ⁽⁶⁾ |
| <u>4.15</u> | <u>August 24, 2010 Subscription Agreement for purchase of 144,430 common shares with James E. Sinclair.</u> ⁽⁷⁾ |
| <u>4.16</u> | <u>Heads of Agreement dated December 16, 2010 between the Company and State Mining Corporation.</u> ⁽⁸⁾ |

| Exhibit No. | Name |
|-------------|---|
| 4.17 | Joint Venture Agreement dated October 25, 2011 between the Company and State Mining Corporation ⁽⁸⁾ |
| 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 ⁽¹⁰⁾ |
| 4.19 | Securities Purchase Agreement dated December 9, 2014 with JGB (Cayman) Weston Ltd. ⁽¹¹⁾ |
| 4.20 | Registration Rights Agreement dated December 9, 2014 with JGB (Cayman) Weston Ltd. ⁽¹¹⁾ |
| 4.21 | 8% Original Issue Discount Senior Convertible Debenture to JGB (Cayman) Weston Ltd. ⁽¹¹⁾ |
| 4.22 | Escrow Agreement dated December 9, 2014 with JGB (Cayman) Weston Ltd. and Wells Fargo Bank, National Association ⁽¹¹⁾ |
| 4.23 | Common Stock Purchase Warrant dated December 9, 2014 to JGB (Cayman) Weston Ltd. ⁽¹¹⁾ |
| 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. ⁽¹¹⁾ |
| 4.25 | Secured Gold Loan Agreement dated June 22, 2015 with Hoffman Heritage Ranches LLC ⁽¹²⁾ |
| 4.26 | Secured Gold Loan Agreement dated June 22, 2015 with William L. Holter ⁽¹²⁾ |
| 4.27 | Secured Gold Loan Agreement dated October 19, 2015 with Edward F. Marin Family LLC ⁽¹⁵⁾ |
| 4.28 | Secured Gold Loan Agreement dated October 19, 2015 with David Ponelli ⁽¹⁵⁾ |
| 4.29 | Secured Gold Loan Agreement dated May 16, 2016 with Structural Logistics, LLC ⁽¹⁵⁾ |
| 4.30 | Secured Gold Loan Agreement dated June 27, 2016 with Edward F. Marin Family LLC ⁽¹⁵⁾ |
| 4.31 | Secured Gold Loan Agreement dated June 28, 2016 with David Ponelli ⁽¹⁵⁾ |
| 4.32 | Secured Gold Loan Agreement dated January 19, 2018 with Structural Logistics, LLC * |
| 4.33 | Form of Loan Agreement Amendment * |
| 4.34 | Secured Gold Loan Agreement dated January 19, 2018 with Dennis and Jane Smith * |
| 4.35 | Secured Gold Loan Agreement dated March 1, 2018 with Dennis and Jane Smith * |
| 4.36 | Secured Gold Loan Agreement dated June 11, 2018 with Kelly Mckennon * |
| 4.37 | Form of Secured Loan Agreement * |
| 4.38 | Securities Purchase Agreement dated September 1, 2016 ⁽¹³⁾ |
| 4.39 | Registration Rights Agreement ⁽¹³⁾ |
| 8.1 | List of Subsidiaries ⁽¹⁵⁾ |
| 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, 2018 and 2017 * |
| 15.2 | Management's Discussion and Analysis for the years ended August 31, 2018 and 2017 * |
| 15.3 | Consent of DMCL Chartered Professional Accountants LLP dated November 29, 2018 * |
| 15.4 | Item 16F Confirmation Letter from Ernst & Young LLP, Chartered Professional Accountants, dated November 5, 2016 ⁽¹⁶⁾ |
| 15.5 | 2016 Incentive Stock Option Plan ⁽¹⁴⁾ |
| 15.6 | Consent of Crundwell Metallurgy (Crundwell) * |
| 15.7 | Consent of Virimai Projects (Virimai) * |
| 101.1** | Interactive Data Files (XBRL-Related Documents). |

** Filed herewith*

*** As permitted by Rule 405 of Regulation S-T, the registrant's XBRL (eXtensible Business Reporting Language) information will be furnished in an amendment to this Form 20-F that will be filed no more than 30 days after the date hereof.*

- (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 27, 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*
- (15) Previously filed with the SEC on Form 20-F/A filed on December 5, 2017*
- (16) Previously filed with the SEC on Form 20-F filed on November 28, 2016*

SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing this Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

Date November 29, 2018

TANZANIAN ROYALTY EXPLORATION CORPORATION

By: “James E. Sinclair”
James E. Sinclair,
Executive Chairman and Director
(Principal Executive Officer)