

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, 2019
- 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 GOLD CORPORATION**  
**(Formerly known as TANZANIAN ROYALTY EXPLORATION COMPANY)**

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

**ALBERTA, CANADA**

*(Jurisdiction of Incorporation or Organization)*

**Bay Adelaide Centre, East Tower**  
**22 Adelaide Street West, Suite 3400**  
**Toronto, Ontario**  
**M5H 4E3**

*(Address of Principal Executive Offices)*

**James Sinclair**  
**Executive Chairman**  
**Tanzanian Gold Corporation**  
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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: 150,391,558 (as of August 31, 2019).

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 Gold 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>CIL</i>	Carbon-in-leach
<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.
<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).

<b>mill</b>	A facility for processing ore to concentrate and recover valuable minerals.
<b>mineral reserve</b>	That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination.
<b>mineralization</b>	The hydrothermal deposition of economically important metals in the formation of ore bodies or "lodes".
<b>net smelter or NSR royalty</b>	Payment of a percentage of net mining profits based on returns from the smelter, after deducting applicable smelting charges.
<b>NI 43-101</b>	National Instrument 43-101, " <i>Standards of Disclosure for Mineral Projects</i> ", as adopted by the Canadian Securities Administrators, as the same may be amended or replaced from time to time, and shall include any successor regulation or legislation.
<b>NI 43-101 ITR</b>	Amended and Updated Buckreef Pre-Feasibility Independent Technical Report prepared by Virimai Projects (QP) with effective date of 28th June 2018 as filed on SEDAR.
<b>ore</b>	A mineral or an aggregate of minerals from which a valuable constituent, especially a metal, can be profitably mined or extracted.
<b>outcrop</b>	An exposure of rock at the earth's surface.
<b>porphyry</b>	A variety of igneous rock consisting of large-grained crystals, such as feldspar or quartz, dispersed in a fine-grained feldspathic matrix or groundmass.
<b>Pre-feasibility study (preliminary feasibility study)</b>	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.
<b>Pyrrhotite</b>	A bronze coloured mineral of metallic lustre that consists of ferrous sulphide and is attracted by a magnet.
<b>pyrite</b>	Iron sulphide mineral.
<b>Qualified Person</b>	An individual who is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these; has experience relevant to the subject matter of the mineral project and the technical report; and is a member or licensee in good standing of a professional association.
<b>quartz</b>	Silica or SiO <sub>2</sub> , a common constituent of veins, especially those containing gold and silver mineralization.
<b>RAB</b>	Rotary air blast drilling.
<b>RC</b>	Reverse circulation drilling.
<b>reef</b>	A geological discontinuity which served as a trap or conduit for hydrothermal mineralizing fluids to form an ore deposit.
<b>silicification</b>	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:

<b><i>Mineral Resource</i></b>	<p>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.</p> <p>A Mineral Resource is an inventory of mineralization that under realistically assumed and justifiable technical and economic conditions might become economically extractable.</p>
<b><i>Inferred Mineral Resource</i></b>	<p>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.</p> <p>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.</p>

***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, 2019, 2018, 2017, 2016 and 2015 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 in this Annual Report 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 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):

	For the year ended August 31,				
	2019	2018	2017	2016	2015
<b>Operations:</b>					
Revenues		-	-	-	-
Net loss	\$(29,317,517)	\$(6,897,397)	\$(6,434,112)	\$(12,781,902)	\$(8,995,697)
Basic and diluted loss per share	(0.22)	(0.06)	(0.05)	(0.12)	(0.09)

	2019	2018	2017	2016	2015
<b>Balance sheet:</b>					
Working Capital (deficiency)	(9,095,970)	(12,010,685)	(6,552,376)	(11,836,214)	(4,684,253)
Total Assets	38,118,925	53,235,140	51,353,088	49,885,545	53,108,859
Net Assets	19,663,791	34,326,005	36,254,043	35,156,483	46,072,190
Share Capital	142,251,909	127,003,132	125,174,377	122,380,723	120,532,634
Number of Shares	150,391,558	125,162,803	121,784,619	109,068,492	107,853,554
Deficit	\$132,462,683	\$103,263,959	\$96,566,577	\$90,600,819	\$77,970,955

#### **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**

*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, 2019, the Company had a comprehensive loss of \$29,317,517, and an accumulated deficit of \$132,462,683. 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, 2019, the Company had cash of approximately \$3,389,319 and working capital deficiency of approximately \$9,095,970. 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 Project. 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, 2019, 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 the Company 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, as described in Note 5, 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) ("State Claim"), claiming breach of contract (including specific performance and injunctive relief); declaratory judgment that the Securities 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 August 21, 2019, we filed a notice of appeal and seeking a stay of the summary judgement order in the State Claim pending appeal. On October 17, 2019, the court in the State Claim order the delivery of 1,332,222 shares of common stock with an officer designated by the court and that a bond of US\$200,000 be posted. We do not believe that the New York Supreme Court of the State of New York in the State Claim had the authority to require to post a bond in the amount US\$200,000. Accordingly, we have appealed the Supreme Court of the State of New York's authority to require us to post a bond. In the event that we are required to post the US\$200,000 and we are unable to do so, Crede will have right to sell the 1,332,222 common shares and to exercise its rights under the Securities Purchase Agreement notwithstanding our appeal. This potential right for Crede to sell its common shares and exercise its rights under the Securities Purchase Agreement could have detrimental affect on the price of our common shares. As discussed below, the Supreme Court of the State of New York's decision does not affect our Federal Claim against Crede for market manipulation, among other claims, as discussed below.

On May 10, 2018, the Company filed a complaint in the United States District Court Southern District of New York 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 ("Federal Claim"). 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. On March 26, 2019, in response to a motion to dismiss by the defendants in the action in Federal Claim, the District Court dismissed certain of our claims against the defendants, but allowed our claims under Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder of market manipulation against, and our claim of breach of the covenant of good faith and fair dealing by Crede to continue.

The Federal Claim is in its initial stage and discovery has been initiated. In the event that we are forced to allow Crede to exercise the Warrants pursuant to the Supreme Court of the State of New York's order and/or are subject to damages, we may be required to issue additional common shares under the Securities Purchase Agreement. Under the terms of the Securities Purchase Agreement, the maximum number of common shares that may be issued in the transaction is limited to 21,704,630, of which 10,344,487 have been issued. Pursuant to the Securities Purchase Agreement, we have also agreed to register the common shares that may be issued to Crede pursuant to a registration rights 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.

*As of August 31, 2019, our internal control over financial reporting were ineffective, and if we continue to fail to improve such controls and procedures, investors could lose confidence in our financial and other reports, the price of our shares of common stock may decline, and we may be subject to increased risks and liabilities.*

As a public company, we are subject to the reporting requirements of the Exchange Act and the Sarbanes-Oxley Act of 2002. The Exchange Act requires, among other things, that we file annual reports with respect to our business and financial condition. Section 404 of the Sarbanes-Oxley Act requires, among other things, that we include a report of our management on our internal control over financial reporting. We are also required to include certifications of our management regarding the effectiveness of our disclosure controls and procedures. For the year ended August 31, 2019, our management has concluded that our disclosure controls and procedures and internal control over financial reporting were ineffective due to the following material weaknesses: (i) review and approval of certain invoices and the related oversight and accuracy of recording the associated charges in the Company's books; and (ii) Lack of adequate oversight related to the development and performance of internal controls. Due to the limited number of personnel in the company, there are inherent limitations to segregation of duties amongst personnel to perform adequate oversight, including oversight regarding complex International Financial Reporting Standards that may cause misinterpretation and misapplication. We intend to implement changes and procedures to address these issues; any proposed changes to address the material weaknesses will take time to implement due to, among other things, a limited number of staff at the Company. If we cannot effectively and efficiently improve our controls and procedures, we could suffer material misstatements in our financial statements and other information we report and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial and other information. This could lead to a decline in the trading price of our common shares.

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

To finance the Company's operations and prior exploration, as of August 31, 2019, the Company has issued \$6,927,371 loans in the aggregate. Of this amount, \$4,998,127 was 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 common shares. In the event the gold loan holder elects repayment in gold bullion and the Company does not have the gold bullion, it 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 the Company is 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 common shares at exercise prices ranging from US\$0.26 and US\$0.5320 per share, which has the effect of diluting the ownership of existing shareholders.

In addition, as of August 31, 2019, the Company has issued \$1,929,244 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\$0.3446 per share. In the event that the holder of the convertible loans elects to convert the principal and interest of such loans into 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.*

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

Certain elections may be made to reduce or eliminate the adverse impact of the PFIC rules for holders of the Company's common shares, but these elections may be detrimental to the shareholder under certain circumstances. The PFIC rules are extremely complex and U.S. investors are urged to consult independent tax advisers regarding the potential consequences to them of the Company's 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 the Company's policy to implement safeguards to discourage these practices by its employees; however, its existing safeguards and any future improvements may prove to be less than effective and the Company's employees, consultants, sales agents or distributors may engage in conduct for which the Company might be held responsible. Any such violation could result in substantial fines, sanctions, civil and/or criminal penalties, curtailment of operations in certain jurisdictions, and might adversely affect our business, results of operations or financial condition. In addition, actual or alleged violations could damage our reputation and ability to do business. Furthermore, detecting,

investigating, and resolving actual or alleged violations is expensive and could consume significant time and attention of our management.

*Security breaches and other disruptions could compromise the Company's information and expose it to liability, which would cause its business and reputation to suffer.*

In the ordinary course of the Company's business, it collects and stores sensitive data, including intellectual property, its proprietary business information and that of its business partners, and personally identifiable information of its employees in its data centers and on its networks. The secure processing, maintenance and transmission of this information is critical to the Company's operations and business strategy. Despite its security measures, the information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise the Company's networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, potential liability under laws that protect the privacy of personal information, and potential regulatory penalties, disrupt the Company's operations and damage its reputation, and cause a loss of confidence in the Company, which could adversely affect its business and competitive position.

#### *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.

During fiscal 2019, the Company received a notice of cancellation of mining license relating to the Kigosi mining license for failure to satisfy the issues raised in the default notice. The Company has disagreed the notice sent by the Ministry of Energy and Minerals of Tanzania followed due process under Tanzania law and the Company filed an appeal to this notification subsequent to year-end. Further, during fiscal 2019, the Company received a notice of rejection of the mining license application for Itetemia, for failure to have complied with certain regulations. The Company disagreed the notice sent by the government followed due process under Tanzania law and the Company filed an appeal to this notification subsequent to year-end. However, although the Company believes that it will be successful in appealing the notice of cancellation of the Kigosi mining license and appeal of notice of rejection of the mining license application for Itetemia, in the event the Company loses either appeal, the Company may lose its rights to either the Kigosi mining license or Itetemia mining license.

*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 Project. As a result, these illegal miners disrupted the Company's activities. As a result of these illegal miners' activities, the Company provided a notice of force majeure under its agreement with Stamico and did not allow Tanzam, the Company's joint venture operator, to continue mining activities at the Company's property until this issue was resolved. Although the Company 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 the Company's properties or disrupt its operations. Recently, the Company has requested for and been provided with a police detail from the Ministry of Home Affairs, through the offices of the Inspector General of Police (Tanzania) permanently stationed and patrolling the Buckreef Project as further efforts by the Company to deter illegal Mining on the main project site.

During the fiscal year, there has been some attempted invasion in and around the Buckreef Project. The Company has requested and been granted the presence of Tanzanian police at the camp site and is negotiating a Memorandum of Understanding with the Tanzanian Inspector General Police, to have a permanent security detail from the police force.

Mining exploration, development and operating activities are inherently hazardous.

*The Company has not paid all annual license fees on its properties and it may be subject to penalties.*

In order to maintain the existing site of mining and exploration licenses, the Company is required to pay annual license fees. The Company has been making efforts to pay off certain of its outstanding annual license fees since October 2014 for all its active licenses. The Ministry of Mines has put into effect a requirement that even though a license is forfeited, the outstanding annual fees are still due and considered a liability. As at August 31, 2019, an accrual of \$707,000 (August 31, 2018 - \$260,000) has been recorded relating to unpaid license fees. For active licenses, these licenses remain in good standing until a letter of demand is received from Ministry of Mines 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 from the Ministry of Mines on its active licenses. The current penalty estimate relating to unpaid license fees is

approximately \$219,000 (August 31, 2018 - \$125,000). The Company has not recorded an accrual for all valid and active mining licenses but only from the forfeited licenses list as stated above.

*The Company may be subject to additional payments to the Tanzanian government because it has not brought the Buckreef Project into production by a certain date.*

The Company's 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 June 11, 2027 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 properties. 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 the Company's 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 the Company's 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.

*The Company's 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 the Company's common shares to decline.*

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

In addition, the fact that the Company's shareholders can sell substantial amounts of its common shares in the public market, whether or not sales have occurred or are occurring, could make it more difficult for the Company to raise

additional financing through the sale of equity or equity-related securities in the future at a time and price that it deems reasonable or appropriate.

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

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

The Company was originally incorporated under the name “424547 Alberta Ltd.” in the Province of Alberta on July 5, 1990, under the *Business Corporations Act* (Alberta). The name was changed to “Tan Range Exploration Corporation” on August 13, 1991. The name of the Company was again changed to “Tanzanian Royalty Exploration Corporation” on February 28, 2006 and to Tanzanian Gold Corporation on April 17, 2019.

The Company is also registered 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 Bay Adelaide Centre, East Tower, 22 Adelaide Street West, Suite 3400, Toronto, Ontario, M5H 4E3, and its telephone number is (844) 364-1830. Our internet address is [www.tangoldcorp.com](http://www.tangoldcorp.com).

For the year ended August 31, 2019, the Company reported a net loss of \$29,317,517. Included in the net loss is \$22,229,752 of mineral properties and deferred exploration expenses that were written off primarily relating to the Kigosi, Itetemia and Luhala properties. In light of the Company’s strategic focus on the Buckreef Project, the Kigosi, Itetemia and Luhala properties were placed in a care and maintenance phase for potential development in the future. The Company incurred deferred exploration expenditures of \$3,137,557 during the year ended August 31, 2019.

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 2019, the Company focused on the Buckreef Project. In January 2019, Stamico and Coreworthy were selected to complete Phase One of the Company’s planned three-phase drill program and in February 2019, the Company announced new assay results from the first completed drill hole PBR010, which included two mineralized zones. In March 2019, further assay results were announced with significant intercepts reported from two additional drill-holes, PBR05 and PBR07, as well as assay results for six drill-holes, PBR06, PBR08, PBR024, PBR025; PBR028 and PBR029, drilled to target the strike and down-dip extension of gold mineralization associated with a hanging-wall zone, one of two major splay associated with the Buckreef main shear returned wide but low grade gold values. In early May 2019, the first set of assay results were announced from the deep level diamond core drilling program at the Buckreef Project. Significant intercepts were reported from Hole L13-3, the first diamond drill-hole below the pit bottom on the central section of the Buckreef main zone. Assay results from the ongoing RC in-fill drilling program within the open pit were received for five additional holes PBR018, PBR019, PBR020, PBR01 and PBR024 with significant intercepts on Hole PBR18, PBR19 and PBR20. In late May 2019, results from three holes were announced, which brought to an end Phase I of the in-pit drilling program. Significant intercepts were noted for Hole U22-1, Hole L19-1 and PBR011. In early June 2019, the results from the third hole, Hole L19-2, of the Phase II drilling program were announced, with notable intercepts. In early August 2019, the Company announced the start of a geophysical survey at the Buckreef Project to help complete the Company’s new resource-geology model, which geophysical survey was completed by mid-September.

##### **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.

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 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**

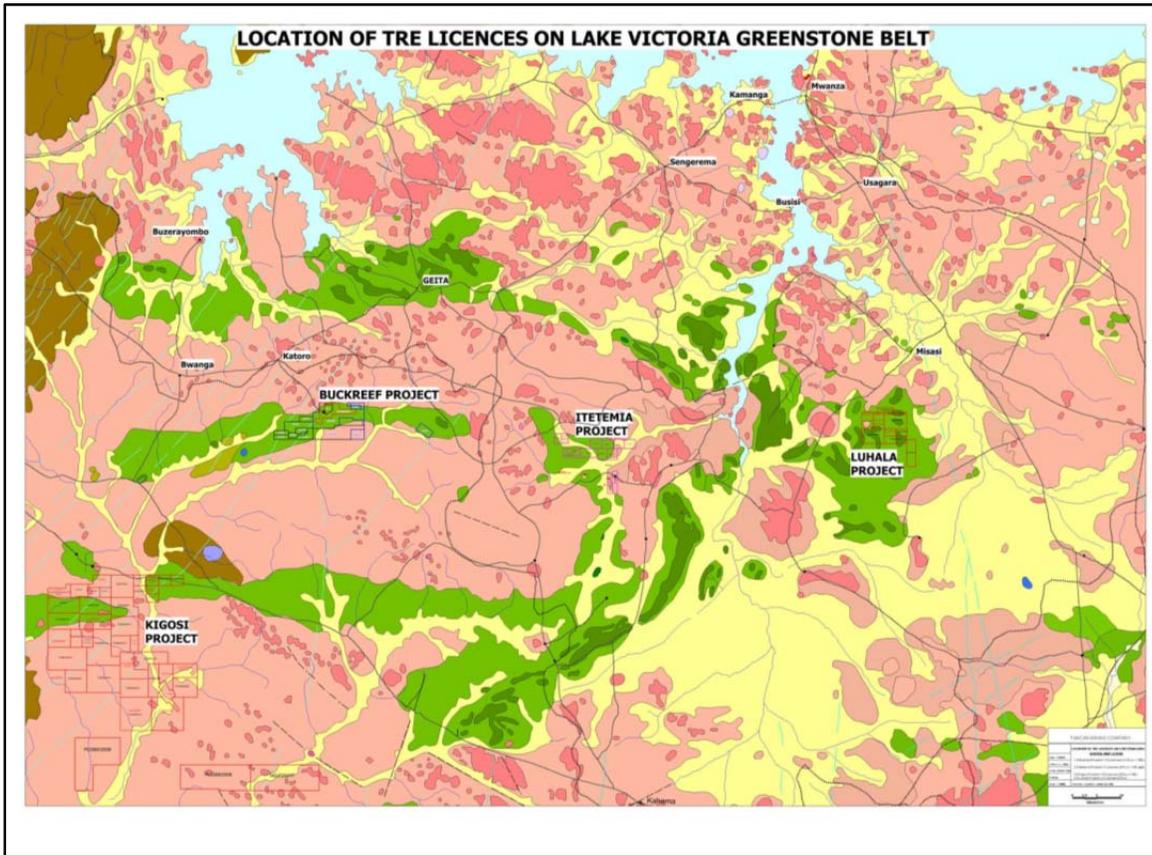
### *Exploration Activities*

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.

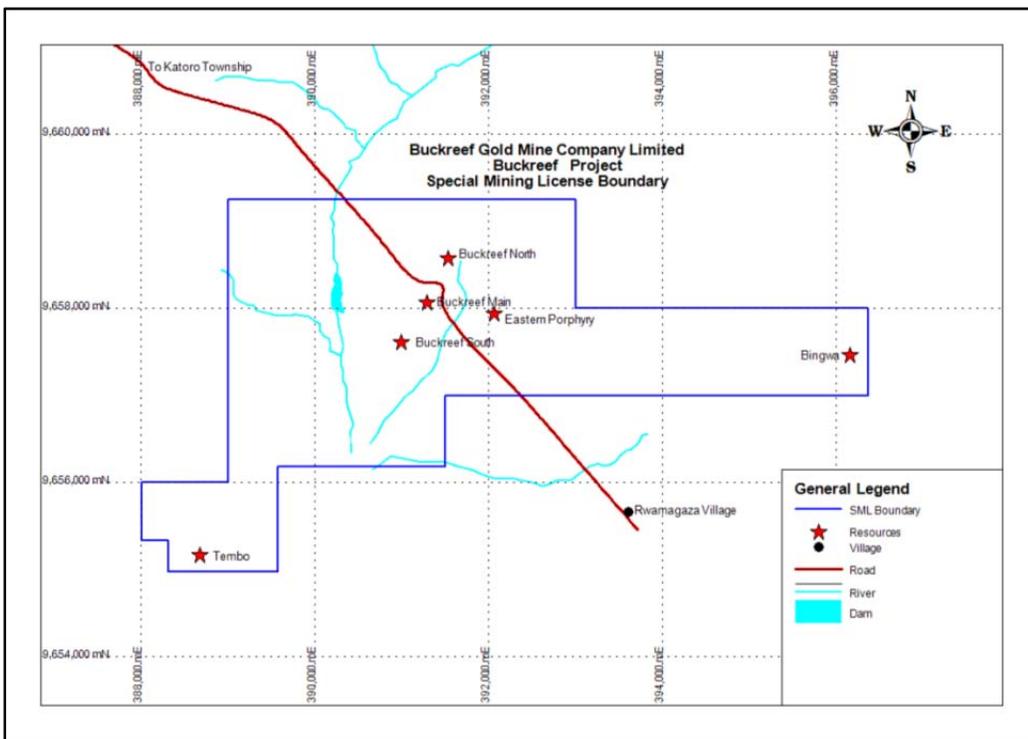
By way of general description of the Company's operating activities, the Company's business operations involve using known or published geological and geophysical data to locate mineral resource properties meriting further exploration or development. Once identified, the Company must stake and apply 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 the Company's primary properties with historical and/or a 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, 2019

### *Financial:*

- On August 13, 2019, the Company closed a public offering of 4,000,000 common shares at US\$0.75 raising US \$3,000,000.
- On July 1, 2019, the Company closed a registered direct offering of 1,916,379 common shares at US\$0.58 per share raising US \$1,111,500.
- On May 3, 2019, the Company completed the sale of 2,316,084 common shares at US \$0.66 per share raising US \$1,530,700 in the aggregate in a registered direct offering.
- On April 18, 2019, the Company completed the sale of 606,165 common shares at US \$0.58 per share raising US \$350,000 in the aggregate with three investors in a registered direct offering.
- On March 4, 2019, the Company completed the sale of 625,557 common shares at a price of US \$0.45 per common share, raising an aggregate of US \$281,000 in a registered direct offering.
- On January 16, 2019, the Company completed the sale of 3,924,386 common shares at a price of US \$0.23 per common share, raising an aggregate of \$1,172,798 (US \$885,734) in a registered direct offering. Share issue costs amounted to \$103,591 for net proceeds of \$1,069,207.
- During the year ended August 31, 2019, the Company closed \$287,800 (US \$216,857) 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 an exercise price of US\$0.3357 per share. Interest is payable quarterly, either in cash or in shares at the option of the lender at a price of US\$0.3357 per share. There is no prepayment penalty.

During the year ended August 31, 2019 the Company settled \$130,670 (US\$100,000) of principal amount of outstanding loans through the issuance of 402,077 common shares.

- During the year ended August 31, 2019, the Company received loans in the amount of \$1,596,401 (US\$1,230,799) 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 loan may be converted into common shares of the Company at the sole discretion of the lender at exercise prices ranging from US\$0.27 to US\$0.34 per share. Interest is payable quarterly, either in cash or in shares at the option of the lender at prices ranging from US\$0.27 to US\$0.34 per share.

During the year ended August 31, 2019, the Company settled \$2,614,343 (US\$2,028,768) of principal amount of outstanding loans through the issuance of 7,387,818 common shares.

- In connection with the gold loans described in note 21 and the convertible loans, the Company paid a finder's fee via the issuance of an aggregate of 686,446 common shares with a value of \$581,181. The finder's fee was allocated proportionally between the gold loans and convertible loans.
- The Company entered into extension agreements in regards to USD\$1,530,000 in gold loans closed on June 22, 2015, extending the term by one year to June 22, 2018, but modifying no other terms of the 2015 loans.

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

Please refer to “*Exploration*” below for details about exploration work carried out on the Buckreef Project during fiscal 2019. No mining or ore processing activities conducted at South Pit and Plant during the year under review. Cumulative Total Ore mined from the Buckreef South Pit (ROMPad + Pad#1-Pad#3+Crusher pad) as of August 31, 2019 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 August 31, 2019, 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).

The following is a summary of the work carried out on the Buckreef Project during fiscal 2019.

- The Buckreef Technical team with inputs from Virimai Projects (consultant QP) completed a 63-hole (LOM) deep drilling program totaling 39,305m (underground potential resource) and a 29-hole resource upgrade drilling program totaling 4,463m focusing on the main Buckreef Project.
  - Tenders inviting bids for the planned Phase 1 resource upgrade drilling program were floated in local newspapers as per new Mining regulations in December 2018.
  - Applications for new licenses covering same area for 6 Buckreef licenses (PL6431/10; PL6544/10; PL6545/10; PL6546/10; PL6547/10 & PL6548/10) were lodged on 12th November 2018 with the offices of the Mining Commission (Ministry of Mines Licensing now under the Commission).
  - The Application on the Buziba license (PL6545/10) was submitted for conversion to an ML based on the initial economic studies already completed on the license, including the 2012 Preliminary Economic Assessment (PEA) Report completed on the Buziba prospect by Venmyn resource consultants of South Africa.
  - The first renewal license application on PL9968-14 was successfully uploaded on the Ministry’s Online Portal to generate application fee invoice. The US\$300 invoice was subsequently sent to the accounts department (Dar) for settlement.
  - The Company was served with a seven-day Ministerial eviction order to vacate the Kigosi project base camp while negotiations for renewed access. 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 while access negotiations proceed.
  - Issuance of the Itetemia Mining License (Applic. #01722), applied for on 4<sup>th</sup> November 2015 is reportedly still under review. 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. This was completed and submitted.
- In January 2019 it was announced that Stamico and Coreworthy had been selected to complete Phase One of the Company’s planned three-phase drill program. The three-phase drill program, planned and directed by Ulrich Rath, Chair of the Company’s Technical Committee, consists of:
  - Phase One to be approximately 4,500m of infill drilling designed to upgrade existing inferred ounces within the proposed open pit and to begin testing of the deep contact below the open pit.
  - Phase Two will continue to delineate and test the continuity and extent of the deep contact; and
  - Phase Three work will be based upon information received from Phases One and Two.

- In February 2019 new assay results were announced from the infill RC drill program. Significant intercepts reported from the first completed drill-hole PBR010 include two mineralized zones as more particularly described under “*Exploration*” below.
- In March 2019 further assay results were announced from the infill RC drill program. Significant intercepts reported from two additional drill-holes targeting the Buckreef main zone are set out under “*Exploration*” below.

In addition, assay results for six drill-holes PBR06, PBR08, PBR024, PBR025; PBR028 and PBR029 drilled to target the strike and down-dip extension of gold mineralization associated with a hanging-wall zone, one of two major splays associated with the Buckreef main shear returned wide but low grade gold values with assay highlights as more particularly described under “*Exploration*” below.

- In early May 2019, the first set of assay results were announced from the deep level diamond core drilling program at the Buckreef Project. Significant intercepts reported from Hole L13-3, the first diamond drill-hole below the pit bottom on the central section of the Buckreef main zone are more particularly described under “*Exploration*” below.

Assay results from the ongoing RC in-fill drilling program within the open pit were received for five additional holes PBR018, PBR019, PBR020, PBR01 and PBR024 as more particularly described under “*Exploration*” below.

- In late May 2019, results from three holes were announced, which brought to an end Phase I of the in-pit drilling program, which are set forth under “*Exploration*” below.
- In early June 2019, the results from the third hole, Hole L19-2, of the Phase II drilling program were announced. The objective of Phase II is to identify gold mineralization in the range of 50 to 200m below the pit bottom of the open pit that is the basis of the NI 43-101 ITR. The two previous drill holes in Phase II are Holes 13-3 and U22-1. All three holes have encountered significant mineralized widths that include notable intersections of high grade.
- In early August 2019, the Company announced the start of a geophysical survey at the Buckreef Project to help complete the Company's new resource-geology model, which geophysical survey was completed by mid-September 2019.

Exploration Geophysics Pty Ltd was on site and commenced down-the-hole wireline geophysical surveys of holes drilled earlier in the year. This was done by using a probe with IP and Electromagnetic sensors that feed a continuous stream of data on resistivity and chargeability of the host rocks to a truck on surface. This data will then be analyzed and will assist identification and/or correlation of different rock units and shear structures between the various drill-holes and thus also provide potential targets for follow up in-fill drilling.

### ***Exploration***

In January 2019 it was announced that Stamico and Coreworthy had been selected to complete Phase One of the Company's planned three-phase drill program. The three-phase drill program, planned and directed by Ulrich Rath, Chair of the Company's Technical Committee, consists of:

- Phase One to be approximately 4,500m of infill drilling designed to upgrade existing inferred ounces within the proposed open pit and to begin testing of the deep contact below the open pit.
- Phase Two will continue to delineate and test the continuity and extent of the deep contact; and
- Phase Three work will be based upon information received from Phases One and Two.

This three-phased drilling program is designed to add significant overall value as well as to improve the already robust economics of the Buckreef Project.

The results will drive future development, potentially demonstrate value added improvements in project economics and gain critical insight into the potential underground resource which makes this program potentially extremely accretive in nature.

The Company complied with the bidder pre-qualification process as required by the 2018 Tanzanian local content regulations, and tendered Requests for Proposal (RFP's) to qualified drilling contractors. With this selection of the contractors by the Board of Directors, Parts B and C of the 2018 local content regulations were completed and submitted.

Additional information on the Buckreef Project can be found in the NI 43-101 ITR as filed on SEDAR.

In the NI 43-101 ITR, Virimai recommended an infill drilling program. This critical first phase itself has two purposes. Within the currently conceived open pit, this program will upgrade the mineable ounces, moving as much as possible of the current inferred resources to the measured and indicated categories and move some indicated resources to measured resources. Most importantly, high priority will be given to conduct drilling to confirm the previously known strong intersections and grades from deep holes and begin to test the deposit at depth and for potential as an underground mine.

In February 2019 new assay results were announced from the infill RC drill program. Significant intercepts reported from the first completed drill-hole PBR010 include two mineralized zones:

- 8m grading 2.32 g/t Au from 47m depth,
- 11m grading 3.06 g/t Au from 74m depth.

The upper mineralization zone comprises intensely altered basaltic schist with >20% vein quartz chips while the lower intercept also comprises altered basaltic schist but with <20% vein quartz chips. The target area is being in-filled to confirm mineralization extension at near surface depth (1st intercept) and also testing the depth continuation of the main mineralized zone within the defined main pit outline (2nd intercept).

In March 2019, further assay results were announced from the infill RC drill program. Significant intercepts reported from two additional drill-holes targeting the Buckreef main zone include highlights as follows:

- Hole PBR05 intersected 28m of gold mineralization grading @ 4.23g/t gold from 48m to 76m including:
  - 16m grading @ 6.72g/t gold from 60m to 76m including:
    - 3m grading @ 25.17g/t gold from 69m to 72m
- Hole PBR07 intersected 30m grading @ 1.27g/t gold from 142m to 172m including:
  - 3m grading @ 2.32g/t gold from 151m to 154m; and
  - 8m grading @ 1.84g/t gold from 155m to 163m

In addition, assay results for six drill-holes PBR06, PBR08, PBR024, PBR025; PBR028 and PBR029 drilled to target the strike and down-dip extension of gold mineralization associated with a hanging-wall zone, one of two major splays associated with the Buckreef main shear returned wide but low grade gold values with assay highlights including:

- 132m of gold mineralization in 33 narrow stringer zones; including:
  - Hole PBR08 intersected 2m grading @ 1.32g/t gold from 115m to 117m
  - Hole PBR06 intersected several narrow zones, including:
    - 1m grading @ 1.07g/t gold from 59m to 60m
    - 2m grading at 1.46g/t gold from 62m to 64m, and
  - 1m grading @ 1.09g/t gold from 76m to 77m
- All other zones intersected gold mineralization of less than 1.0g/t Au.

In early May 2019, the first set of assay results were announced from the deep level diamond core drilling program at the Buckreef Project. Significant intercepts reported from Hole L13-3, the first diamond drill-hole below the pit bottom on the central section of the Buckreef main zone include:

- 13.2m grading @ 4.57g/t Au from 360m including 2.5m grading @ 21.74g/t Au from 383m which included 1.0m grading @ 50.54g/t Au at 384m
- 8.0m grading @ 4.88g/t Au from 417m including 4.4m grading @ 8.8.29 g/t Au from 418m that include 1.2m grading @ 12.82 g/t Au from 421.9m

The drill-hole was drilled to a depth of 555 meters, one meter is equal to 3.2808 feet, for a total depth of 1,820 feet, all diamond core.

Assay results from the ongoing RC in-fill drilling program within the open pit were received for five additional holes PBR018, PBR019, PBR020, PBR01 and PBR024. Significant intercepts include:

- Hole PBR18: 8m grading @ 1.17 g/t Au from 61m; and 3m grading @ 1.08g/t from 115m including 2m grading @ 1.55g/t from 116m
- Hole PBR19: 6m grading @ 1.41 g/t Au from 15m including 2m grading @ 2.49g/t from 16m
- Hole PBR20: 3m grading @ 2.27 g/t Au from 55m; 3m grading @ 1.45g/t from 65m; and 1m grading @ 2.78g/t from 76m

In late May 2019, results from three holes were announced, which brought to an end Phase I of the in-pit drilling program.

Hole U22-1 was a diamond drill hole that went through the open pit and continued outside and below the current pit bottom. Both Hole L19-1 and PBR011 were RC holes that were in the open pit. Each of these three holes intersected significant intervals of continuous gold mineralization ranging from 89.6 m to two intersections of about 30m and to three intersections in the range of 17m - 21.0m. Also notable is the fact that many of these intersections were at an average gold grade that is significantly higher than the weighted gold grade of 1.5 g/t for the entire open pit.

Intersections from Hole U22-1 are shown from inside the open pit and from below the pit bottom, which is approximately 210m from surface. Several notable intersections; such as 9.4m @ 6.5 g/t Au and 5.0m @ 7.7 g/t Au were encountered approximately 120m below the pit bottom. Significant intersections were also found below the open pit bottom in Hole 13-3, the first hole of Phase II, as reported in the company's press release of May 1, 2019. All remaining holes in Phase II will be testing for mineralization at various levels below the open pit bottom.

Significant intercepts from the last three holes of Phase I are:

#### Hole U22-1

Inside the Open Pit:

- 29.6m grading @ 2.8 g/t Au starting at 81.5m; including
  - 3.7m grading @ 19.5 g/t Au from 84m, including
    - 1.0m grading @ 47.7 g/t Au at 86m

Outside and Below Open Pit:

- 89.6m grading @ 1.5 g/t Au starting at 147m, including
  - 9.4m grading @ 6.5 g/t Au from 261.8m, including
    - 6.2m grading @ 8.5 g/t Au from 265m, including
      - 2.0m grading 16.6 g/t Au starting at 267m
  - 5.0m grading 7.7 g/t Au from 274m, including
    - 3.1m grading @ 11.2 g/t Au at 274.9m

#### Hole L19-1

- 31.0m grading @ 1.3 g/t Au starting at 140 m, including
  - 7m grading @ 2.6 g/t Au starting at 140m, including
    - 1.0m grading @ 6.7 g/t Au at 142m; and
  - 7m grading @ 1.4 g/t Au starting at 151m; and
  - 7m grading @ 1.8 g/t Au starting at 164 m
- 17m grading @ 1.5 g/t Au starting at 215m including
  - 8.0m grading at 2.2 g/t Au starting at 221m

#### Hole PBR011

- 21.0m grading @ 2.8 g/t Au starting at 143m, including

- 2.0m grading at 12.1 g/t Au from 162m, including
  - 1.0m grading @ 19 g/t Au at 163m

In early June 2019, the results from the third hole, Hole L19-2, of the Phase II drilling program were announced. The objective of Phase II is to identify gold mineralization in the range of 50 to 200m below the pit bottom of the open pit that is the basis of the NI 43-101 ITR. The two previous drill holes in Phase II are Holes 13-3 and U22-1. All three holes have encountered significant mineralized widths that include notable intersections of high grade.

Notable intercepts in the third hole are:

#### Hole L19-2

- 63.0m grading @ 4.8 g/t Au from 357m to 420m; including
  - 1.0m grading @ 7.4 g/t Au starting at 360m,
  - 4.0m grading @ 5.9 g/t Au starting at 369m,
  - 22.0m grading @ 9.3 g/t Au starting at 387m; including
    - 6.0m grading @ 18.9 g/t Au that includes 2.0m grading @ 31.1 g/t Au

In early August 2019, the Company announced the start of a geophysical survey at the Buckreef Project to help complete the Company's new resource-geology model, which geophysical survey was completed by mid-September 2019.

Exploration Geophysics Pty Ltd was on site and commenced down-the-hole wireline geophysical surveys of holes drilled earlier in the year. This was done by using a probe with IP and Electromagnetic sensors that feed a continuous stream of data on resistivity and chargeability of the host rocks to a truck on surface. This data will then be analyzed and will assist identification and/or correlation of different rock units and shear structures between the various drill-holes and thus also provide potential targets for follow up in-fill drilling.

The initial phase of the geophysical survey is based on 10 holes with a survey length of about 3,620m. The Company expects that additional holes will be surveyed in Phase Two. The actual number of surveyed holes will also depend on accessibility as some might have collapsed after the drill rods were pulled out.

The data from the geophysical survey will assist the Company in completing its resource-geology model. This model will be a state-of-the-art interpretation of the principal geological elements that carry gold mineralization and the key structures that are important in the distribution of gold along an estimated strike length of 1,200m of the Buckreef mineral occurrence. The model will extend from surface to depths that are in some locations several hundred meters below the pit bottom of the current open pit as reported in the NI 43-101 ITR.

The geological and structural information arising from the geophysical surveys will also be used to facilitate definition of hard wireframes that are necessary in order to do resource estimations. All resource estimations released by the Company on the Buckreef Project to date are based on a model verified by Virimai.

The model is divided into nine domains. The wireframes for these domains were designed to be mineralization envelopes largely unconstrained by geological or structural limitations. There are a total of 22 sub-domains in the model. In general, the gold assay data of the sub-domains are statistically distinct from the population of the main domains. The Company expects that the wireframes in the new geological-resource model will be closely linked to the geological information in the model.

At the time that the Company acquired the Buckreef Project (encompassing Buckreef, Tembo, Bingwa and Buziba prospects) it also acquired a significant database of assays and drill logs from such predecessor companies such as IAMGold and others. In total, this historical database came from over 8,700 exploration holes that amounted to 202,000m of RC drilling and 28,000m of diamond drilling. For the initial mineral resource definition, the RC and diamond core drill-hole database was interrogated and verified by Virimai.

On the Buckreef Project itself, the Company has assembled a large database that contains gold assays as well as geological information from over 892 Holes (137,509.95m). In addition to gold assays, the database also has geological information such as rock types, alteration type, amount of sulphide and structural information such as the presence of shear zones. All this information is being used to put together the new resource-geology model. Drilling of Phase II diamond drill holes is continuing on the property.

The Company has revised its license portfolio by discarding certain licenses in line with the strategic decision to focus on the Buckreef Project as well as 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 new program to established prospecting licenses by registered local companies, the Company's license holdings as of September 30, 2019 comprises a total of 28 active licenses and 104 forfeited licenses with underlying debt split by status as follows:

Active Licenses:

Category	Project_ID	# of PLs
Retain	Buckreef	14
	Itetemia	3
	Kigosi	3
	Luhala	1
JV	Lunguya	1
Discard	Biharamulo	1
	Tulawaka	1
	Itetemia	1
	Kanegele	2
	Kigosi	1
		<b>28</b>

Forfeited Licenses (with outstanding debt):

Category	Project_ID	# of PLs
Forfeited	Biharamulo	7
	Igunga	1
	Itetemia	6
	Kanegele	10
	Kibara	3
	Kigosi	26
	Luhala	3
	Lunguya	9
	Majimoto	1
	Manonga	10
	Mbogwe	1
	Mwadi	7
	Nyanzaga North	2
	Nzega	2
	Other	3
	Shinyanga	1
	Tulawaka	7
	Ushirombo	5
		<b>104</b>

In order to maintain the existing site of mining and exploration licenses, the Company is required to pay annual license fees. The Company has been making efforts to pay off certain of its outstanding annual license fees since October 2014 for all its active licenses. In addition, the Ministry of Mines has put into effect a requirement that even though a license is forfeited, the outstanding annual fees are still due for payment hence considered a liability now included in the Company's financial statements.

As of September 30, 2019, and based on the continuing streamlining of the PL-holdings exercise, all outstanding, current and future financial liabilities and obligations arising from our total current land-holdings (including forfeited PLs all of which no longer appear on our portal) in unpaid rents including the penalties is approximately US\$511,548 consisting as follows:

- Forfeited Licenses Outstanding Annual Fees: US\$353,009; and
- Forfeited Penalty Fees: US\$158,538.

Highlights on the landholdings include:

- Annual fees for the Buckreef Special Mining License has been duly paid, is presently current and in full force and effect.
- The Itetemia ML application was arbitrarily cancelled by the Mining Commission without any formal communications on the outcome of the Company's original application submitted in November 2015. The Company has initiated a formal appeal to reverse that decision.
- The Company also suspended its Kigosi project, a pre-production mining project whose development has been delayed due to recently enacted laws on mining in areas designated as game reserves. During the reporting period, the Mining Commission assumed 100% control of the Kigosi ML96/2013 while the protracted negotiations for access to the restricted Kigosi game reserve area are ongoing. Management has engaged the Mining Commission as well as the Minister of Mines to determine the event that have occurred. The Company has taken action to remedy the situation. The Company has paid all outstanding annual fees to the Ministry of Mines as a show of good faith while negotiations for access with the Ministry of Natural Resources and Tourism continue.
- Due to some attempted invasion in and around the Buckreef Project, the Company has requested and been granted the presence of Tanzanian police at the camp site and is negotiating a Memorandum of Understanding with the Tanzanian Inspector General Police, to have a permanent security detail from the Police force as we go forward with the project development.

Brief description of the work done and license holdings grouped by project names is summarized in the section below.

### **Mine Development and Operations**

The Buckreef Project is in the Geita District of the Geita Region south of Lake Victoria, some 110km southwest of the city of Mwanza. 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 Buckreef Project comprises five prospects namely Buckreef, Bingwa, Tembo, Eastern Porphyry and Buziba. The Buckreef Project encompasses three ore zones namely Buckreef South, Buckreef Main and Buckreef North. The Buckreef Project is fully-licensed for mining and extraction of gold.

### **Mining Buckreef South Pilot Pit**

The following cumulative work on mining and process plant operations was completed up to August 31, 2019:

- No mining or ore processing activities conducted at the Buckreef Project during the reporting period.
- Historical cumulative total ore mined from the Buckreef South pilot pit as of 31<sup>st</sup> November 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 31<sup>st</sup> November 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).

### **Resource Drilling on the Buckreef Main Pit Area**

The following cumulative work on mining and process plant operations was completed up to August 31, 2019:

- Continued Phase 2 resource upgrade Diamond Core (DD) drilling program.
- Commenced Phase 2 RC pre-collaring for deeper DD resource upgrade drill-holes.

### **Reverse Circulation (RC) Drilling (Pre-collaring)**

- Phase 2 Reverse Circulation (RC) resource upgrade drilling comprising seven (7) RC drill-holes with a combined total metreage of 1,503m all drilled by Coreworthy mainly as RC pre-collaring was completed during the reporting period.

## Diamond Core (DD) Drilling

- An additional eight DD drill-holes with a combined total metreage of 2,716.12m (all done by Coreworthy) were completed during the reporting period.

## Drilling Assay Results

During the reporting period, assays results included significant intercepts as follows:

- L91\_2 (BMDD217): 1m@1.16g/t Au from 255m; 66.7m@4.51g/t Au from 357.30m including 3m@4.85g/t Au from 358m; & 31m@7.10g/t Au from 385m including 7m@17.00g/t Au from 398m.
- L21\_3 (BMRC295): 65.21m@0.42g/t Au from 252.31m including 1.50m@1.18g/t (298.50m), 5m@1.05g/t (317m) & 1m@1.34g/t (342m); 65.45m@1.06g/t Au from 361.45m including 6.69m@3.41g/t (364m), 13.07m@1.88g/t (393m) with 3.56m@3.68g/t (402m); 1.20m@2.34g/t (428.50m) & 3m@1.07g/t (462m).
- U22.5\_1 (BMDD218): 4m@1.36g/t Au from 29m; 8m@1.36g/t Au from 305m including 1m@5.41g/t (307m) & 3m@1.37g/t Au from 364m.

## Mineral Resource and Mineral Reserve Estimates

The Buckreef Project mineral resources as at August 31, 2019 using a cut-off grade of 0.5g/t is as summarized in the table below:

### Buckreef Project Mineral Resource Estimate as of August 31, 2019 (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
<b>Total</b>	<b>9.90</b>	<b>1.81</b>	<b>577,411</b>	<b>14.79</b>	<b>1.40</b>	<b>666,285</b>	<b>9.25</b>	<b>1.36</b>	<b>405,201</b>	<b>24.69</b>	<b>1.57</b>	<b>1,243,696</b>

The Buckreef Project pit-optimized mineral reserves as at August 31, 2019 using a cut-off grade of 0.3g/t is as summarized in the table below:

### Buckreef Project Mineral Reserve Estimate as of August 31, 2019 (Source Virimai Projects, 2018)

Pits Design Reserves Summary		COG: Oxide & Trans = 0.38, Fresh = 0.41			
Prospect		Virimai 22 <sup>nd</sup> June 2018 Pit Design Reserves Summary			
Name	Reserves Category	Tonnes (Mt)	Grade Au (g/t)	In Situ Gold Content	
				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			
	<b>Total (Proven + Probable)</b>	<b>16,348,562</b>	<b>1.52</b>	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		
	<b>Total (Proven + Probable)</b>	<b>1,055,666</b>	<b>1.04</b>	1,096	35,224
Tembo	Proven	-	-	-	-
	Probable	70,183	2	165	5,312
	Waste	1,354,468	-		
	<b>Total (Proven + Probable)</b>	<b>70,183</b>	<b>2.35</b>	<b>111</b>	<b>3,582</b>
Bingwa	Proven	1,098,383	2.39	2,366	76,074
	Probable	510,154	1.30	377	12,108
	Waste	10,311,734			
	<b>Total (Proven + Probable)</b>	<b>1,608,536</b>	<b>2.04</b>	<b>2,743</b>	<b>88,182</b>
<b>Grand Total</b>	<b>Proven</b>	<b>9,352,183</b>	<b>1.72</b>	<b>16,092</b>	<b>517,358</b>
	<b>Probable</b>	<b>9,730,764</b>	<b>1.36</b>	<b>13,265</b>	<b>426,492</b>
	<b>Proven + Probable</b>	<b>19,082,947</b>	<b>1.54</b>	<b>16,749</b>	<b>943,851</b>

## Buziba Project

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

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

Based on an NI 43-101 compliant Preliminary Economic Report published in 2012 and subsequently in 2014, the global gold resources (Measured, Indicated & Inferred) estimated over approximately 2.5km strike length and to a depth of 230 metres below surface amounts to 29Mt@1.04g/t containing 984,144ozs of gold.

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

At the end of Q4 2019, the Buckreef Project technically comprises one PL and one SML covering a surface area of 21.64km<sup>2</sup>. However, due to ongoing discussions for the continuance of the original JV land-holdings, the 12 other PLs whose 8-year tenure expired are still safeguarded on the Ministry of Minerals License Portal record and the license status and statutory liabilities for the Buckreef project is as shown in the table below:

#### *Buckreef Project PL Portfolio Status – License Status and Liabilities as of August 31, 2019*

Project_ID	Company_ID	Vendor_ID	PL_ID	Application Date	Granted Date	Rent Paid To	Expiry Date	Area (km2)	Status	Application Fee	Preparation fee	Annual Rent 2019/20	Total Cost
Buckreef	Buckreef	Stamico	PL6427/10	12-Mar-10	21-Jun-10	20-Jun-18	20-Jun-18	2.1	8yr-tenure Expired				\$0.00
Buckreef	Buckreef	Stamico	PL6428/10	12-Mar-10	21-Jun-10	20-Jun-18	20-Jun-18	3.0	8yr-tenure Expired				\$0.00
Buckreef	Buckreef	Stamico	PL6429/10	12-Mar-10	21-Jun-10	20-Jun-18	20-Jun-18	20.0	8yr-tenure Expired				\$0.00
Buckreef	Buckreef	Stamico	PL6430/10	12-Mar-10	21-Jun-10	20-Jun-18	20-Jun-18	8.9	8yr-tenure Expired				\$0.00
Buckreef	Buckreef	Stamico	PL6549/10	30-Mar-10	12-Jul-10	11-Jul-18	11-Jul-18	2.7	8yr-tenure Expired				\$0.00
Buckreef	Buckreef	Stamico	PL6432/10	12-Mar-10	21-Jun-10	20-Jun-18	20-Jun-18	2.0	8yr-tenure Expired				\$0.00
Buckreef	Buckreef	Stamico	PL6431/10	12-Mar-10	21-Jun-10	20-Jun-18	20-Jun-18	2.7	8yr-tenure Expired				\$0.00
Buckreef	Buckreef	Stamico	PL6544/10	30-Mar-10	12-Jul-10	11-Jul-18	11-Jul-18	2.6	8yr-tenure Expired				\$0.00
Buckreef	Buckreef	Stamico	PL6546/10	30-Mar-10	12-Jul-10	11-Jul-18	11-Jul-18	17.4	8yr-tenure Expired				\$0.00
Buckreef	Buckreef	Stamico	PL6547/10	30-Mar-10	12-Jul-10	11-Jul-18	11-Jul-18	5.3	8yr-tenure Expired				\$0.00
Buckreef	Buckreef	Stamico	PL6548/10	30-Mar-10	12-Jul-10	11-Jul-18	11-Jul-18	1.9	8yr-tenure Expired				\$0.00
Buckreef	Buckreef	Stamico	PL6545/10	30-Mar-10	12-Jul-10	11-Jul-18	11-Jul-18	5.3	8yr-tenure Expired				\$0.00
Buckreef	Buckreef	Stamico	PL9968/14	21-Oct-13	10-Jul-14	9-Jul-20	9-Jul-21	5.6	Active			\$0.00	\$0.00
Buckreef	Buckreef	Stamico	SML04/92	12-Jun-00	12-Jun-00	11-Jun-20	11-Jun-27	16.0	Active			\$0.00	\$0.00
<b>Grand Total</b>										<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>

- According to the updated Government Records the Buckreef-Buziba Project Annual Fees Liability as of 31st August is USD\$0.00.
- The Company, through its JV partner, Stamico, is still in the process of negotiating with the Mining Commission to issue new Licenses to preserve the PL holdings for the JV agreement.
- The Company still has not received any information back from the Government on its request to review the proposed land compensation for villagers affected by the expanded Buckreef Special Mining Lease area.

#### Itetemia Property

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 by CSA Australia Pty (Ltd) (“CSA”). The gold resource numbers for the GHR are as at 30th May 2016 using a cut-off grade of 1.0g/t:

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

Rounding results in computational discrepancies

The process to convert the PL covering the Horseshoe Gold Prospect at Itetemia into a Mining License (ML) commenced on November 4, 2015. Despite numerous enquiries by the Company, no official feedback has been received from authorities in the Ministry of Mines or the Mining Commission on the status of this application during the reporting quarter. In the Company's normal monthly review of the Government portal it became aware of changes made to the Itetemia Mining License Application. No official correspondence has been received, however it appears that our application has been denied and 5 PML's reverted back into another name based on what we see from the portal. Management has engaged the Mining Commission as well as the Minister of Mines to determine the events, and the Company is taking action to remedy the situation. The Company also has the option of referring the situation should it not resolve in our favor to the Tanzanian anti-corruption bureau or possibly seeking legal remedy under the Tanzanian / Canadian economic treaty of 2013.

As of September 30, 2019, the retained portion of the Itetemia Property area now has 4 active PLs all covering a surface area of 13.37km<sup>2</sup>. However, as of May 2019, the area covered by the ML application has five (5) PMLs already granted over the ML application area and now the subject of a court case filed by the Company to redress the situation.

#### *Itetemia Gold Project PL Portfolio Status – License Status and Liabilities as of August 31, 2019*

Project_ID	Company_ID	Vendor_ID	PL_ID	Application Date	Granted Date	Rent Paid To	Expiry Date	Area (km <sup>2</sup> )	Status	Application Fee	Preparation fee	Annual Rent 2019/20	Total Cost
Itetemia	Tanzam	Stamico	PL8638/2012	02-Nov-10	21-Dec-12	20-Dec-19	20-Dec-19	4.21	Active	\$300.00		\$842.00	\$1,142.00
Itetemia	Tancan	Stamico	PL8661/2012	18-May-09	24-Dec-12	23-Dec-19	23-Dec-19	4.62	Active	\$300.00		\$924.00	\$1,224.00
Itetemia	Tanzam	Stamico	PL8958/2013	14-Jun-10	08-Feb-13	7-Feb-20	07-Feb-20	2.27	Active	\$300.00		\$0.00	\$300.00
Itetemia	Tanzam		PL9564/2014	29-Jun-09	27-Jan-14	26-Jan-18	26-Jan-18	1.47	Active				\$0.00
<b>Grand Total</b>										<b>\$900.00</b>	<b>\$0.00</b>	<b>\$1,766.00</b>	<b>\$2,666.00</b>

- All three of the critical PLs were successfully renewed.
- Current liability (no penalties) on the Itetemia licenses totals US\$2,666 mainly related to planned renewal applications and attendant annual fees for the renewal period as itemized in the table above.

#### *Kigosi Project*

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

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 License. A recent pronouncement by the Honorable President of Tanzania to local villagers in Ushiroambo stated that his government had commenced procedures for de-gazetting part of the Kigosi-Moyowosi game reserve area to afford villagers extended land for agriculture and mining activities.

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

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

PROSPECT / LOCATION	REEF	RESOURCE CATEGORY	VOLUME (m <sup>3</sup> )	SG (t/m <sup>3</sup> )	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	
			<b>TOTAL / AVE MAIN REEF</b>	<b>1,849,099</b>	<b>2.50</b>	<b>4,627,508</b>	<b>1.37</b>	<b>6,321</b>	<b>203,239</b>
	West	Measured	1,438,190	2.49	3,579,401	0.60	2,152	69,189	
		Indicated	234,857	2.49	584,000	0.57	333	10,694	
			<b>TOTAL / AVE WEST REEF</b>	<b>1,673,047</b>	<b>2.49</b>	<b>4,163,401</b>	<b>0.60</b>	<b>2,485</b>	<b>79,883</b>
	Quartz rubble	Measured	-	-	-	-	-	-	-
		Indicated	1,486,862	2.62	3,889,000	0.83	3,225	103,681	
			<b>TOTAL / AVE QUARTZ RUBBLE</b>	<b>1,486,862</b>	<b>2.62</b>	<b>3,889,000</b>	<b>0.83</b>	<b>3,225</b>	<b>103,681</b>
				<b>TOTAL / AVE LUHWAIKA</b>	<b>5,009,008</b>	<b>2.53</b>	<b>12,679,909</b>	<b>0.95</b>	<b>12,031</b>
Igunda	A	Measured	-	-	-	-	-	-	
		Indicated	64,415	2.80	180,000	3.68	662	21,288	
			<b>TOTAL / AVE A REEF</b>	<b>64,415</b>	<b>2.79</b>	<b>180,000</b>	<b>3.68</b>	<b>662</b>	<b>21,288</b>
	B	Measured	-	-	-	-	-	-	
		Indicated	-	-	-	-	-	-	
			<b>TOTAL / AVE B REEF</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
			<b>TOTAL / AVE IGUNDA</b>	<b>64,415</b>	<b>2.79</b>	<b>180,000</b>	<b>3.68</b>	<b>662</b>	<b>21,288</b>
			<b>TOTAL / AVE KIGOSI MEASURED &amp; INDICATED</b>	<b>5,073,423</b>	<b>2.53</b>	<b>12,859,909</b>	<b>0.99</b>	<b>12,693</b>	<b>408,091</b>

The table below shows the status (as of August 31, 2019) of the Kigosi Project license portfolio (identified as critical to the project) has 4 active PLs all covering a surface area of 61.98km<sup>2</sup> (excluding the Kigosi ML096/2013 that was put under Mining Commission protector ship while access negotiations are underway) The license status and statutory liabilities are as shown in the table below:

**Kigosi Gold Project PL Portfolio Status – License Status and Liabilities as of August 31, 2019**

Project_ID	Company_ID	Vendor_ID	PL_ID	Application Date	Granted Date	Rent Paid To	Expiry Date	Area (km2)	Status	Application Fee	Preparation fee	Annual Rent 2019/20	Total Cost
Kigosi	Tanzam	Abby Mining	PL10170/2014	15-Oct-13	29-Aug-14	28-Aug-18	28-Aug-18	14.90	Pending Renewal	\$300.00		\$5,587.50	\$5,887.50
Kigosi	Tanzam	Abby Mining	PL10171/2014	13-Dec-13	29-Aug-14	28-Aug-18	28-Aug-18	22.69	Pending Renewal	\$300.00		\$8,508.75	\$8,808.75
Kigosi	Tanzam	Abby Mining	PL10184/2014	15-Oct-13	29-Aug-14	28-Aug-18	28-Aug-18	19.50	Pending Renewal	\$300.00		\$7,312.50	\$7,612.50
Kigosi	Tanzam	Bazos	PL10187/2014	13-Apr-12	29-Aug-14	29-Aug-18	28-Aug-18	4.89	Active	\$300.00	\$300.00	\$489.00	\$1,089.00
<b>Grand Total</b>										<b>\$1,200.00</b>	<b>\$300.00</b>	<b>\$21,897.75</b>	<b>\$23,397.75</b>

- Applications for renewal of three of the critical licenses were successfully submitted.
- Current liability (no penalties) on the active licenses totals US\$23,398 mainly related to planned renewal applications and attendant annual fees for the renewal period as itemized in the table above.
- There is an anticipated liability that will stem from some of the forfeited licenses whose outstanding annual fees at the time of forfeiture are being tabulated by the Ministry.

**Luhala Project**

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

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

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

**Luhala Gold Project: Historical published exploration results**

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

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

Rounding results in computational discrepancies

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

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

At the end of this reporting period, critical Luhala project area had 1 PL covering a surface area of 3.45km<sup>2</sup>. The Luhala Project license status and statutory liabilities are as shown in the table below:

**Luhala Gold Project PL Portfolio Status – License Status and Liability as of August 31, 2019**

Project_ID	Company_ID	Vendor_ID	PL_ID	Application Date	Granted Date	Rent Paid To	Expiry Date	Area (km2)	Status	Application Fee	Preparation fee	Annual Rent 2019/20	Total Cost
Luhala	Tancan		PL8937/2013	14-Jun-10	08-Feb-13	07-Feb-20	07-Feb-20	3.45	Active	\$300.00		\$0.00	\$300.00
<b>Grand Total</b>										<b>\$300.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$300.00</b>

- The single PL has been renewed.
- Current liability (no penalties) on the Active license totals US\$300 mainly related to planned renewal applications and attendant annual fees for the renewal period as itemized in the table above.
- There is an anticipated liability that will stem from some of the forfeited licenses whose outstanding annual fees at the time of forfeiture are being tabulated by the Ministry.

**Exploration Projects Updates: Other PLs (JV/Discard)**

Following the Company’s decision to include mine development to its strategy of focusing on the development of the Buckreef Project from its portfolio of properties and with the rising costs of maintaining prospecting and other licenses in Tanzania, management continues to streamline its license portfolio in Tanzania.

During the reporting period, the Company managed to pay off the bulk of the liabilities (as per the last government published debtors’ list of January 31, 2019) for Prospecting Licenses proposed for possible Joint Venture partnerships (blue text) and/or discard (purple text) and subsequently discarded the bulk of the licenses that were considered surplus (Discard category). The entire portfolio covers a combined area of 67.52km<sup>2</sup>.

**Remaining Gold Project PL Portfolio Status – License Status and Liabilities as of August 31, 2019**

Project_ID	Company_ID	Vendor_ID	PL_ID	Application Date	Granted Date	Rent Paid To	Expiry Date	Area (km2)	Status	Application Fee	Preparation fee	Annual Rent 2019/20	Total Cost
Lunguya	Tanzam		PL10145/2014	30-Dec-12	29-Aug-14	28-Aug-15	28-Aug-18	8.53	Pending Renewal	\$300.00		\$3,198.75	\$3,498.75
Biharamulo	Tanzam		PL8963/2013	24-Dec-09	08-Feb-13	7-Feb-17	07-Feb-17	22.15	Active-in default				\$0.00
Kanegele	Tanzam		PL10186/2014	30-Mar-12	29-Aug-14	28-Jan-18	28-Aug-18	2.32	Active				\$0.00
Kanegele	Tanzam		PL8664/2012	17-Sep-09	21-Dec-12	20-Dec-16	20-Dec-16	3.19	Active				\$0.00
Kibara	Tanzam		PL9231/2013	30-Oct-09	21-Jun-13	20-Jun-17	20-Jun-17	22.48	Active-in default				\$0.00
Tulawaka	Tanzam		PL10331/2014	06-Sep-10	20-Oct-14	19-Oct-18	19-Oct-18	8.85	Active - In Default				\$0.00
<b>Grand Total</b>										<b>\$300.00</b>	<b>\$0.00</b>	<b>\$3,198.75</b>	<b>\$3,498.75</b>

- All the PLs have outstanding annual fees and penalty fee payments were paid up during the reporting period.
- Current liability (no penalties) on the active license totals US\$3,499 mainly related to planned renewal applications and attendant annual fees for the renewal period as itemized in the table above.

- There is an anticipated liability that will stem from some of the forfeited licenses whose outstanding annual fees at the time of forfeiture is being tabulated by the Ministry.

### ***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 1<sup>st</sup> renewal period (at the end of the first 4 years of tenure) and 2<sup>nd</sup> 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 gazetting 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 grace period during which no applications are entertained by the Ministry of Mines. At the end of the 4-month period, other companies can apply for the leases and it is up to the government to award the licenses in order to maximize exploration activity by more juniors. The previous license holder is not automatically guaranteed to be awarded the relinquished license.

The total number of licenses that expired and/or forfeited to the state during the reporting period amounted to 104 PLs and the liabilities by both project and company name are as summarized in the tables below.

Table 1: Tancan PLs that forfeited and outstanding Liabilities as of September 30, 2019

Licence No.	Project_ID	Vendor_ID	Licence Holder	Minerals	Status	ANNUAL FEE COMPONENT	50% PENALTY FEE COMPONENT	AMOUNT PAID 30 AUG 2019	OUTSTANDING DEBT
PL9374/2013	Itetemia	Stamico	Tancan Mining	Au	Forfeited	\$227.00	\$113.50	\$340.50	\$0.00
PL4821/2007	Itetemia		Tancan Mining	Au	Forfeited	\$1,848.00	\$924.00	\$0.00	\$2,772.00
PL4862/2007	Manonga		Tancan Mining	Au	Forfeited	\$469.00	\$234.50	\$0.00	\$703.50
PL6059/2009	Itetemia		Tancan Mining	Au	Forfeited	\$1,848.00	\$924.00	\$0.00	\$2,772.00
PL7427/2011	Kibara		Tancan Mining	Au	Forfeited	\$3,108.00	\$1,554.00	\$0.00	\$4,662.00
PL8660/2012	Biharamulo		Tancan Mining	Au	Forfeited	\$4,098.00	\$2,049.00	\$0.00	\$6,147.00
PL9226/2013	Manonga		Tancan Mining	Au	Forfeited	\$8,643.00	\$4,321.50	\$0.00	\$12,964.50
PL9232/2013	Mbogwe		Tancan Mining	Au	Forfeited	\$11,514.00	\$5,757.00	\$0.00	\$17,271.00
PL8478/2012	Tulawaka		Tancan Mining	Au	Forfeited	\$1,296.00	\$648.00	\$0.00	\$1,944.00
PL8458/2012	Manonga		Tancan Mining	Au	Forfeited	\$1,608.00	\$804.00	\$0.00	\$2,412.00
PL9785/2014	Kigosi		Tancan Mining	Au	Forfeited	\$1,260.00	\$630.00	\$0.00	\$1,890.00
PL8940/2013	Lunguya		Tancan Mining	Au	Forfeited	\$1,706.00	\$853.00	\$0.00	\$2,559.00
PL9955/2014	Tulawaka		Tancan Mining	Au	Forfeited	\$1,809.00	\$904.50	\$0.00	\$2,713.50
PL9956/2014	Kigosi		Tancan Mining	Au	Forfeited	\$5,118.00	\$2,559.00	\$0.00	\$7,677.00
PL9565/2014	Kigosi		Tancan Mining	Au	Forfeited	\$4,280.00	\$2,140.00	\$0.00	\$6,420.00
PL9777/2014	Biharamulo		Tancan Mining	Au	Forfeited	\$4,992.00	\$2,496.00	\$0.00	\$7,488.00
PL8947/2013	Mwadui		Tancan Mining	Au	Forfeited	\$7,674.00	\$3,837.00	\$0.00	\$11,511.00
PL10277/2014	Kigosi		Tancan Mining	Au	Forfeited	\$6,354.00	\$3,177.00	\$0.00	\$9,531.00
PL9338/2013	Kigosi		Tancan Mining	Au	Forfeited	\$8,836.00	\$4,418.00	\$0.00	\$13,254.00
PL10605/2015	Kigosi		Tancan Mining	Au	Forfeited	\$14,604.00	\$7,302.00	\$0.00	\$21,906.00
PL8938/2013	Kigosi		Tancan Mining	Au	Forfeited	\$1,102.00	\$551.00	\$0.00	\$1,653.00
PL9030/2013	Kigosi		Tancan Mining	Au	Forfeited	\$980.00	\$490.00	\$0.00	\$1,470.00
PL9225/2013	Kigosi		Tancan Mining	Au	Forfeited	\$1,730.00	\$865.00	\$0.00	\$2,595.00
PL6402/2010	Luhala		Tancan Mining	Au	Forfeited	\$1,534.50	\$767.25	\$0.00	\$2,301.75
PL6759/2010	Luhala		Tancan Mining	Au	Forfeited	\$2,688.00	\$1,344.00	\$0.00	\$4,032.00
PL8103/2012	Nyanzaga north		Tancan Mining	Au	Forfeited	\$2,730.00	\$1,365.00	\$0.00	\$4,095.00
PL9373/2013	Kanengele		Tancan Mining	Au	Forfeited	\$566.00	\$283.00	\$0.00	\$849.00
PL10140/2014	Kigosi		Tancan Mining	Au	Forfeited	\$747.00	\$373.50	\$0.00	\$1,120.50
PL10141/2014	Kanengele		Tancan Mining	Au	Forfeited	\$2,850.00	\$1,425.00	\$0.00	\$4,275.00
PL8961/2013	Itetemia		Tancan Mining	Au	Forfeited	\$852.00	\$426.00	\$0.00	\$1,278.00
PL6564/2010	Kigosi		Tancan Mining	Au	Forfeited	\$3,069.00	\$1,534.50	\$0.00	\$4,603.50
PL8667/2012	Kigosi		Tancan Mining	Au	Forfeited	\$870.00	\$435.00	\$0.00	\$1,305.00
PL8921/2013	Kigosi		Tancan Mining	Au	Forfeited	\$590.00	\$295.00	\$0.00	\$885.00
PL8922/2013	Kigosi		Tancan Mining	Au	Forfeited	\$7,120.00	\$3,560.00	\$0.00	\$10,680.00
PL8925/2013	Kigosi		Tancan Mining	Au	Forfeited	\$4,330.00	\$2,165.00	\$0.00	\$6,495.00
PL8666/2012	Kanengele		Tancan Mining	Au	Forfeited	\$260.00	\$130.00	\$0.00	\$390.00
PL8475/2012	Manonga		Tancan Mining	Au	Forfeited	\$580.00	\$290.00	\$0.00	\$870.00
PL8485/2012	Manonga		Tancan Mining	Au	Forfeited	\$4,092.00	\$2,046.00	\$0.00	\$6,138.00
PL8957/2013	Manonga		Tancan Mining	Au	Forfeited	\$4,092.00	\$2,046.00	\$0.00	\$6,138.00
PL8960/2013	Nyanzaga north		Tancan Mining	Au	Forfeited	\$2,697.00	\$1,348.50	\$0.00	\$4,045.50
PL8924/2013	Shinyanga		Tancan Mining	Au	Forfeited	\$8,913.00	\$4,456.50	\$0.00	\$13,369.50
PL8642/2012	Ushiroombo		Tancan Mining	Au	Forfeited	\$711.00	\$355.50	\$0.00	\$1,066.50
PL6925/2011	Ushiroombo		Tancan Mining	Au	Forfeited	\$2,202.00	\$1,101.00	\$0.00	\$3,303.00
PL8484/2012	Ushiroombo		Tancan Mining	Au	Forfeited	\$2,228.00	\$1,114.00	\$0.00	\$3,342.00
PL8639/2012	Ushiroombo		Tancan Mining	Au	Forfeited	\$1,854.00	\$927.00	\$0.00	\$2,781.00
PL7773/2012	Lunguya		Tancan Mining	Au	Forfeited	\$1,040.00	\$520.00	\$0.00	\$1,560.00
PL8920/2013	Kibara		Tancan Mining	Au	Forfeited	\$5,016.00	\$2,508.00	\$0.00	\$7,524.00
PL9201/2013	Kibara		Tancan Mining	Au	Forfeited	\$3,918.00	\$1,959.00	\$0.00	\$5,877.00
<b>Sub Total</b>						<b>\$160,653.50</b>	<b>\$80,326.75</b>	<b>\$340.50</b>	<b>\$240,639.75</b>

Table 2: Tanzam2000 PLs that forfeited and outstanding Liabilities as of September 30, 2019

Licence No.	Project_ID	Vendor_ID	Licence Holder	Minerals	Status	ANNUAL FEE COMPONENT	50% PENALTY FEE COMPONENT	AMOUNT PAID 30 AUG 2019	OUTSTANDING DEBT
PL9465/2013	Kanegele		Tanzam2000	Au	Forfeited	\$3,870.00	\$1,935.00	\$0.00	\$5,805.00
PL9672/2014	Biharamulo		Tanzam2000	Au	Forfeited	\$7,683.00	\$3,841.50	\$0.00	\$11,524.50
PL8914/2014	Biharamulo		Tanzam2000	Au	Forfeited	\$3,512.00	\$1,756.00	\$0.00	\$5,268.00
PL9229/2013	Itetemia		Tanzam2000	Au	Forfeited	\$5,054.00	\$2,527.00	\$0.00	\$7,581.00
PL8676/2012	Kanegele		Tanzam2000	Au	Forfeited	\$472.00	\$236.00	\$0.00	\$708.00
PL9037/2013	Kanegele		Tanzam2000	Au	Forfeited	\$1,046.00	\$523.00	\$0.00	\$1,569.00
PL6455/2010	Kigosi		Tanzam2000	Au	Forfeited	\$2,973.00	\$1,486.50	\$0.00	\$4,459.50
PL8476/2012	Kigosi		Tanzam2000	Au	Forfeited	\$1,728.00	\$864.00	\$0.00	\$2,592.00
PL8477/2012	Kigosi		Tanzam2000	Au	Forfeited	\$4,266.00	\$2,133.00	\$0.00	\$6,399.00
PL8663/2012	Kigosi		Tanzam2000	Au	Forfeited	\$2,942.00	\$1,471.00	\$0.00	\$4,413.00
PL5289/2008	Lunguya		Tanzam2000	Au	Forfeited	\$3,980.00	\$1,990.00	\$0.00	\$5,970.00
PL9228/2013	Lunguya		Tanzam2000	Au	Forfeited	\$1,776.00	\$888.00	\$0.00	\$2,664.00
PL6273/2009	Nzega		Tanzam2000	Au	Forfeited	\$2,176.00	\$1,088.00	\$0.00	\$3,264.00
PL8479/2012	Tulawaka		Tanzam2000	Au	Forfeited	\$1,222.00	\$611.00	\$0.00	\$1,833.00
PL9227/2013	Ushiroambo		Tanzam2000	Au	Forfeited	\$5,481.00	\$2,740.50	\$0.00	\$8,221.50
PL6941/2011	Lunguya		Tanzam2000	Au	Forfeited	\$7,915.50	\$3,957.75	\$0.00	\$11,873.25
PL9224/2013	Kanegele		Tanzam2000	Au	Forfeited	\$3,232.00	\$1,616.00	\$0.00	\$4,848.00
PL9361/2013	Kanegele		Tanzam2000	Au	Forfeited	\$4,434.00	\$2,217.00	\$0.00	\$6,651.00
PL4605/2007	Igunga		Tanzam2000	Au	Forfeited	\$2,683.49	\$1,341.74	\$0.00	\$4,025.23
PL4838/2007	Other		Tanzam2000	Au	Forfeited	\$3,958.00	\$1,979.00	\$0.00	\$5,937.00
PL4911/2008	Tulawaka		Tanzam2000	Au	Forfeited	\$670.00	\$335.00	\$0.00	\$1,005.00
PL4962/2008	Tulawaka		Tanzam2000	Au	Forfeited	\$1,108.00	\$554.00	\$0.00	\$1,662.00
PL5278/2009	Luhala		Tanzam2000	Au	Forfeited	\$2,772.00	\$1,386.00	\$0.00	\$4,158.00
PL6222/2009	Biharamulo		Tanzam2000	Au	Forfeited	\$5,020.00	\$2,510.00	\$0.00	\$7,530.00
PL6240/2009	Other		Tanzam2000	Au	Forfeited	\$6,054.00	\$3,027.00	\$0.00	\$9,081.00
PL6666/2010	Majimoto		Tanzam2000	Au	Forfeited	\$1,516.80	\$758.40	\$0.00	\$2,275.20
PL6694/2010	Manonga		Tanzam2000	Au	Forfeited	\$9,706.00	\$4,853.00	\$0.00	\$14,559.00
PL6842/2010	Mwadui		Tanzam2000	Au	Forfeited	\$2,733.60	\$1,366.80	\$0.00	\$4,100.40
PL9781/2014	Biharamulo		Tanzam2000	Au	Forfeited	\$7,677.00	\$3,838.50	\$0.00	\$11,515.50
PL8300/2012	Kigosi		Tanzam2000	Au	Forfeited	\$1,002.00	\$501.00	\$0.00	\$1,503.00
PL8171/2012	Kanegele		Tanzam2000	Au	Forfeited	\$2,763.00	\$1,381.50	\$0.00	\$4,144.50
PL9295/2013	Biharamulo		Tanzam2000	Au	Forfeited	\$4,434.00	\$2,217.00	\$0.00	\$6,651.00
PL8964/2013	Manonga		Tanzam2000	Au	Forfeited	\$4,194.00	\$2,097.00	\$0.00	\$6,291.00
PL9035/2013	Manonga		Tanzam2000	Au	Forfeited	\$1,461.00	\$730.50	\$0.00	\$2,191.50
PL8674/2012	Tulawaka		Tanzam2000	Au	Forfeited	\$1,806.00	\$903.00	\$0.00	\$2,709.00
PL8671/2012	Mwadui		Tanzam2000	Au	Forfeited	\$564.00	\$282.00	\$0.00	\$846.00
PL8673/2012	Mwadui		Tanzam2000	Au	Forfeited	\$5,373.00	\$2,686.50	\$0.00	\$8,059.50
PL6449/2010	Kigosi		Tanzam2000	Au	Forfeited	\$1,491.00	\$745.50	\$0.00	\$2,236.50
PL6756/2010	Kanegele		Tanzam2000	Au	Forfeited	\$1,074.00	\$537.00	\$0.00	\$1,611.00
PL7358/2011	Lunguya		Tanzam2000	Au	Forfeited	\$853.00	\$426.50	\$0.00	\$1,279.50
PL7548/2012	Kigosi		Tanzam2000	Au	Forfeited	\$2,110.33	\$1,055.17	\$0.00	\$3,165.50
PL8675/2012	Kigosi		Tanzam2000	Au	Forfeited	\$4,140.00	\$2,070.00	\$0.00	\$6,210.00
PL8962/2013	Kigosi		Tanzam2000	Au	Forfeited	\$976.00	\$488.00	\$0.00	\$1,464.00
PL6406/2010	Manonga		Tanzam2000	Au	Forfeited	\$2,026.00	\$1,013.00	\$0.00	\$3,039.00
PL6411/2010	Mwadui		Tanzam2000	Au	Forfeited	\$4,991.00	\$2,495.50	\$0.00	\$7,486.50
PL4074/2006	Other		Tanzam2000	Au	Forfeited	\$511.80	\$255.90	\$0.00	\$767.70
PL8853/2013	Tulawaka		Tanzam2000	Au	Forfeited	\$3,616.00	\$1,808.00	\$0.00	\$5,424.00
PL9039/2013	Lunguya		Tanzam2000	Au	Forfeited	\$1,706.00	\$853.00	\$0.00	\$2,559.00
PL9230/2013	Mwadui		Tanzam2000	Au	Forfeited	\$6,744.00	\$3,372.00	\$0.00	\$10,116.00
PL9294/2013	Mwadui		Tanzam2000	Au	Forfeited	\$5,916.00	\$2,958.00	\$0.00	\$8,874.00
PL8677/2012	Nzega		Tanzam2000	Au	Forfeited	\$6,309.00	\$3,154.50	\$0.00	\$9,463.50
					<b>Sub Total</b>	<b>\$171,722.52</b>	<b>\$85,861.26</b>	<b>\$0.00</b>	<b>\$257,583.78</b>

Table 3: Other PLs that forfeited and outstanding Liabilities as of September 30, 2019

Licence No.	Project_ID	Vendor_ID	Licence Holder	Minerals	Status	ANNUAL FEE COMPONENT	50% PENALTY FEE COMPONENT	AMOUNT PAID 30 AUG 2019	OUTSTANDING DEBT
PL9626/2014	Lunguya		Chomoza	Au	Forfeited	\$0.00	\$0.00	\$0.00	\$0.00
PL10185/2014	Kigosi		Chomoza	Au	Forfeited	\$2,526.00	\$1,263.00	\$0.00	\$3,789.00
PL10150/2014	Lunguya		Pamwe Tutafika	Au	Forfeited	\$1,704.00	\$852.00	\$0.00	\$2,556.00
PL9712/2014	Kigosi		Pamwe Tutafika	Au	Forfeited	\$4,191.00	\$2,095.50	\$0.00	\$6,286.50
PL9198/2013	Itetemia		Wakawaka	Au	Forfeited	\$462.00	\$231.00	\$0.00	\$693.00
					<b>Sub Total</b>	<b>\$8,883.00</b>	<b>\$4,441.50</b>	<b>\$0.00</b>	<b>\$13,324.50</b>

### License Liabilities Summary

The total liability (outstanding and upcoming annual fees, application fees and processing fees) by project area as of September 30<sup>th</sup>, 2019 totals US\$541,411 that is split as follows:

- Active PLs: US\$29,863 (Upcoming Annual Fees:- US\$26,863; Application Fees:- US\$2,700 and Preparation Fees:- US\$300)
- Forfeited PLs: US\$511,548 (Outstanding Annual Fees: US\$353,009 and Penalties: US\$158,538)

### *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 Suppliers*

The Company is not dependent upon a single or few suppliers for 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
Iteitemia Mining Company Limited	Republic of Tanzania, Africa	90% <sup>(1)</sup> common shares	N/A
Lunguya Mining Company Ltd.	Republic of Tanzania, Africa	60% <sup>(2)</sup> common shares	N/A
Tancan Mining Company Limited	Republic of Tanzania, Africa	100% common shares	N/A
Tanzania American International Development Corporation 2000 Limited	Republic of Tanzania, Africa	100% common shares	N/A
Buckreef Gold Company Limited (BGCL)	Republic of Tanzania, Africa	55% <sup>(3)</sup> common shares	N/A
Northwest Basemetals Company Limited	Republic of Tanzania, Africa	75% <sup>(4)</sup> common shares	N/A
BGCL/AGC Joint Venture <sup>(6)</sup>	Republic of Tanzania, Africa	40% <sup>(5)</sup> common shares	N/A

- (1) The remaining 10% interest is held by State Mining Corporation.
- (2) The remaining 40% interest is held by Northern Mining and Consultancy Company Ltd.
- (3) The remaining 45% interest is held by State Mining Corporation.
- (4) The remaining interest is held 15% by State Mining Corporation and 10% by Songshan.
- (5) The remaining interest is held 60% by Allied Gold Corp. of United Arab Emirates.
- (6) Joint venture letter of intent signed and subject to final approval.

### D. Property, Plant and Equipment

The Company's business is the acquisition, exploration and development of mineral properties, with a primary focus on exploring for gold properties in Tanzania. Currently, the Company is focused on the development of the Buckreef Project. Historically, the Company has funded its activities by way of the sale and issuance of its common shares and convertible loans. 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. To date, the activities of the Company within its properties with or without a known body of commercial ore, with or without established mineral reserves, have been exploratory and developmental in nature. Pre-feasibility studies have been completed and published on the Buckreef Project.

### 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 Rwamagaza Greenstone Belt.
1960-1965	Tanzania Mineral Resources Division (TMRD) & UNDP	Ground based geophysical surveys (magnetics, IP) follow up on regional targets. Discovery of Buckreef Quartz Vein and follow up drilling commenced. 13 diamond drill holes by UNDP (12 in current database, UNBR01-12) identified a “possible ore zone 107m long, 8m wide and extending to 122m depth
1968	Tanzania Mineral Resources Division (TMRD)	13 diamond drill holes by Tanzanian Mineral Resources Division (MRD01-13)
1972	Tanzania Mineral Resources Division (TMRD)	Tanzanian government approved investment decision and Buckreef Gold Mining Company.
Mid-1970s	Williamson Diamonds Ltd	Underground development on 30m and 61m levels by Williamson Diamonds Ltd. Indicated ore reserve of 106,000t @ 8.7g/t Au between 23m and 76m levels using minimum mining width of 1.5m
1973-79	Tanzania Mineral Resources Division?	Further underground development and 3 diamond drill holes (BGMDD01-03) by BGMC.
1973-1981	State Mining Corporation	CIP treatment plant and other facilities established with financial assistance from Swedish International Development Agency
1982-1988	State Mining Corporation	Gold production commenced but reached only 25-40% of forecast targets. Production figure unavailable. Review of operations by British Mining Consultants Ltd. who found Buckreef assay laboratory assays 65% higher than overseas check assays
1990	State Mining Corporation	Mining ceased and workings flooded. Total ore extracted estimated at approximately 100,000t @3-4g/t Au
1992	East African Mining Corporation	Commencement of modern exploration techniques including Aircore, RC and diamond drilling.
1994	East African Gold Mines Ltd	Signing of first Buckreef Gold Mine Re-Development agreement with State Mining Corporation. Additional surface and subsurface gold resources were identified.
1995-2010	East African Gold Mines Ltd / Gallery Gold / Iamgold	Explored 40km of contiguous strike length of the RGB encompassing geophysical surveys (IP, EM & magnetic); 52,737m of RAB & AC drilling; 80,796m RC drilling and 22,197m of Diamond drilling. Several metallurgical test-works for a CIL and/or CIC process plant conducted; Preliminary economic assessment leading to a Feasibility scoping study completed. Project returned to Stamico by IAMGOLD.

Year	Operator	Work Performed
2008- 2009	Tanzanian Gold	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 Gold	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 Gold	Second Buckreef Gold mine Re-Development JV Agreement signed between Tanzanian Gold Corporation 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 Gold	Additional exploration and resource drilling (33,711m diamond core & 4,459m RC) conducted. Preliminary NI 43-101 report completed by Venmyn Rand (Pty) Ltd that showed a 121% increase in mineral resources. Successfully applied for extension of the Special Mining License area (from 3.4km <sup>2</sup> to 16.04km <sup>2</sup> ). Commenced NEMC EIA certification process.
2014	Tanzanian Gold	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 Gold	Pilot mining continued on South pit. Pilot heap leaching operations commenced.
2016	Tanzanian Gold	Force majeure declared February 2016. First gold pour from heap leach operations. Further Metallurgical testwork for CIL process plant commenced. Buckreef process plant re-dsign into CIL system commenced. Commenced application for an initial 15yr Life of Mine extension for the Special Mining License.
2017-2018	Tanzanian Gold	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.
2019	Tanzanian Gold	Carried out first phase of three-phase drill program. Phase I infill drilling, primarily by RC was to increase in-pit mineable reserves and has been completed. Phase II is below open pit bottom primarily by diamond drilling to explore continuity of ore zones and had commenced before fiscal year end 2019 and expected to be completed in Q1 2010. Phase III is in final planning stages and will be commenced upon completion of Phase II. Geophysical survey has been completed; new surface map has been published; new interpretation of northwest extension; and metallurgical and rock mechanics testing.

### **Ownership**

#### **Prior Ownership**

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

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

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

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

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

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

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

### **Geology and Mineralisation**

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

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

### **Regional Geological Setting**

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

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

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

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

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

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

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

### **Local Geological Setting**

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

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

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

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

The RGB has been subjected to a phase of laterite development, with formation of predominantly iron rich ferricrete caps, which were subsequently extensively eroded and only isolated remnants of laterite remain in situ. The high rainfall and

sub-tropical climate has resulted in deep laterisation and although there is evidence of localised gold enrichment in the shallow oxidation profiles in both BRMA or BZMA areas, major zones of supergene gold enrichment are not developed in either area. The RGB in general is covered by a thin layer of alluvial regolith, which is amenable to standard soil sampling techniques.

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

### **Exploration Status 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 Gold Royalty) and 2011-2019 (Tanzanian Gold 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 programs including aeromagnetic, helicopter borne IP, ground magnetic and soil geochemistry surveys, as well as extensive RC, Air Circulation (“AC”) and diamond drilling programs as highlighted below.

- **1994:** Signing of Buckreef Redevelopment Agreement ( of the project undertook numerous exploration programs 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 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 CIL processing techniques and fresh material may benefit from flotation and a finer grind with recoveries anticipated to be in the low 90%’s. The testwork results for BZMA mineralisation indicated that it is amenable to treatment using gravity and CIL processing techniques. Metallurgical recoveries for BZMA mineralisation were anticipated to be in the low to mid 90%’s. Heap leaching testwork indicated that, at a 25mm to 50mm crushing size fraction in oxide mineralisation, a 75% recovery could be anticipated, whilst transitional and fresh mineralisation recoveries were lower, at 35% to 50%.

### **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, 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 NI 43-101 Preliminary Economic Assessment (PEA)-: pathfinder study

#### **2012:**

- TRX engaged Venmyn Independent Projects (Pty) Limited of South Africa to prepare an independent 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 4km<sup>2</sup> to 16km<sup>2</sup> to encompass Bingwa and Tembo prospects

#### **2013:**

- TRX commences infill exploration & additional resource definition drilling on four main prospects as follows:
  - Buckreef Project: 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 Venmyn to produce an updated NI 43-101 compliant Independent Technical and Valuation Report.
- ITVR 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 dore 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 NI 43-101 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 April 27, 2017.)
- Emisha Mining Solutions continues with detailed 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.
- The Company engaged Virimai Projects Pvt Ltd. of Zimbabwe to complete Ontario Securities Commission recommended amendments to the NI 43-101 compliant Mining and Economic Feasibility study. Report entitled “*ITR Mineral Reserve Estimation and Pre-Feasibility Study for the Buckreef Gold Mine Project*” published on SEDAR with effective date June 26, 2018. This report supercedes all previous ITRs on the Buckreef Project.
- The Company commenced detailed planning for additional deep drilling (diamond core) and resource upgrade drilling (RC) on the main Buckreef Project.
- The Company was 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

#### **2019:**

- Under completed Phase I and partially completed Phase II of three phase drill program, the Company has drilled 10,592m (34,751 ft) to September 25, 2019 (34,751 ft), consisting of 6,446m RC and 4,145m diamond drilling. For further details and assay results, please refer to *Plan of Operations – Exploration*.
- Geophysical survey has been completed.
- Resource-geology model nearing completion.
- New surface map has been published.
- New interpretation of northwest extension.
- Metallurgical and rock mechanics testing.
- Currently evaluating pilot plant production at site.

### **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 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 NI 43-101.

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 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 10,000t less Inferred Mineral resources as a result of surface correction; and
- 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-pitable 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
<b>Total</b>	<b>9.90</b>	<b>1.81</b>	<b>577,411</b>	<b>14.79</b>	<b>1.40</b>	<b>666,285</b>	<b>9.25</b>	<b>1.36</b>	<b>405,201</b>	<b>24.69</b>	<b>1.57</b>	<b>1,243,696</b>

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			
		Virimai 22 <sup>nd</sup> 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			
<b>Total (Proven + Probable)</b>		<b>16,348,562</b>	<b>1.52</b>	<b>24,809.78</b>	<b>797,652.24</b>
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		
<b>Total (Proven + Probable)</b>		<b>1,055,666</b>	<b>1.04</b>	<b>1,096</b>	<b>35,224</b>
Tembo	Proven	-	-	-	-
	Probable	70,183	2	165	5,312
	Waste	1,354,468	-		
<b>Total (Proven + Probable)</b>		<b>70,183</b>	<b>2.35</b>	<b>111</b>	<b>3,582</b>
Bingwa	Proven	1,098,383	2.39	2,366	76,074
	Probable	510,154	1.30	377	12,108
	Waste	10,311,734			
<b>Total (Proven + Probable)</b>		<b>1,608,536</b>	<b>2.04</b>	<b>2,743</b>	<b>88,182</b>
<b>Grand Total</b>	<b>Proven</b>	<b>9,352,183</b>	<b>1.72</b>	<b>16,092</b>	<b>517,358</b>
	<b>Probable</b>	<b>9,730,764</b>	<b>1.36</b>	<b>13,265</b>	<b>426,492</b>
	<b>Proven + Probable</b>	<b>19,082,947</b>	<b>1.54</b>	<b>16,749</b>	<b>943,851</b>

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 \$3,588,879 on the Buckreef Project for the year ended August 31, 2019.

## **Kigosi Project**

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

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

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

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

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

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

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

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

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

The Kigosi-Miyabi granite-greenstone belt and the Ushirombo greenstone belt, form part of two of the greenstone belts within the Nyanzian Archaean greenstone terrain in northwestern Tanzania. These belts host small-scale artisanal workings at Luhwaika and Igunda within the core project area at Kigosi and further to the southeast. The Ushirombo Greenstone Belt has been extensively explored by geologists and small scale miners. 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 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 (Ushirombo 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 Ushirombo. 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 2019 is summarized as follows:

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

<b>Year</b>	<b>Operator</b>	<b>Work Performed</b>
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 artisanals.
1994	Tan Range	Acquires gold properties for exploration in Tanzania.
1998	AngloGold	Acquired rights to nine licenses associated with the Kigosi area.
1999	Geodass	Conducted regional geophysical survey (airborne magnetics, radiometric and VLF-EM) over Ushirombo greenstone belt, including the Kigosi area.
1999	Tan Range	Helicopter visit to Luhwaika and Igunda artisanal workings. Signed option agreement with Anglo for the Kigosi North Property.
2003	Geoscientific and Exploration 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.

Year	Operator	Work Performed
2007	Tan Range/ Tanzanian Gold	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 Gold	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 Gold	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 Gold	Applied for and granted Mining License (ML496/2013) covering Luhwaika and Igunda Prospects
2014-2016	Tanzanian Gold	Kigosi game reserve access permitting issues forced a stop to all activities on the project.
2017-2018	Tanzanian Gold	Evacuation of Luhwaika base camp while access negotiations are pursued.
2019	Tanzanian Gold	Care and maintenance.

The Company has incurred total net costs (after recoveries, if any) of \$45,945 on the Kigosi Project for the year ended August 31, 2019. The Kigosi Project is currently in the care and maintenance stage.

During 2019, the Company received a notice of cancellation of mining license relating to the Kigosi Mining License for failure to satisfy the issues raised in the default notice. The notice sent by the government did not follow due process under Tanzanian law and, as such, the Company filed an appeal to this notification subsequent to year-end and the Company remains confident that they will be successful in the appeal.. 1. In light of the Company's focus on the Buckreef Project, the Company recorded a write off of \$12,769,216 related to the Kigois property pending the result of the appeal (year ended August 31, 2018 - \$nil, year ended August 31, 2017 - \$124,717).

(year ended August 31, 2018 - \$nil).

### **Lunguya Project Area**

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

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

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

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

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

The Lunguya Property can be reached by plane from Mwanza to an airstrip accommodating Bulyanhulu or by road via Geita up to the Bulyanhulu/Kahama road intersection. From Kahama, the property is located approximately 8 kms to the

south, toward Lunguya village. Secondary roads and trails traverse the property. The Nyamakwenge Reef, located in the northeastern part of the property, can be accessed using a 12 kms dirt tract passing to the north of the property. Climate and elevation are similar to the Luhala Property.

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

## **History**

### **Lunguya Exploration History Synopsis**

<b>Year</b>	<b>Operator</b>	<b>Work Performed</b>
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 Gold	Conducted detailed ground magnetics and IP surveys on Shilela, Nyamakwenge & Nyikoboko prospects
2009	Tanzanian Gold	Signed Option & Royalty Agreement on Primary Mining Licenses covering the Nyamakwenge prospect
2010-2012	Tanzanian Gold	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 Gold	No field work conducted. JV agreement on Nyamakwenge terminated in late 2015.
2016-2019	Tanzanian Gold	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, 2019, 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 Property, 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 2019 is summarized as follows:

#### **Itetemia Exploration History Synopsis**

<b>Year</b>	<b>Operator</b>	<b>Work Performed</b>
2006	Tancan	In-house evaluation. 4-hole diamond drill program
2007	Sloane	Planned 2000 m RC drill program and 3000 m infill diamond drilling program.
2008	Sloane	First phase drill program consisted of 10 Reverse Circulation (RC) aggregating 1,489m. Eight diamond drill holes were drilled totalling 2,286.5m.
2009	Sloane	Data analysis
2010	Sloane	Data analysis
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 - 2019	Company	Itetemia Mining License Application no/01722 submitted on 4 <sup>th</sup> November 2015 still under review by the Ministry of Energy and Minerals. No fieldwork conducted pending resolution on application.

### **Geology**

The Lake Victoria area contains 12 Archean Nyanzian greenstone belts which are surrounded by and have been interrupted by numerous granitic intrusions. The Nyanzian belts comprise a volcano-sedimentary sequence composed of mafic to felsic volcanics (lavas and tuffs), BIF and shales. The greenstone belts have been grouped into locally distinct geographic regions. One of these regions is the Southwest Mwanza Region which includes a large area south of the town of Mwanza, located on the south shore of Lake Victoria. There are five greenstone belts in the Southwest Mwanza Region, one of which is the 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 Ushirombo Nyanzian greenstone belt. Granite underlies the eastern and northern portions of the property. The greenstone/granite contact trends northerly through the east-central portion of the Itetemia prospecting license and through the central portion of the Itetemia East prospecting license onto the Itetemia Village license; at which point, the contract tends westerly through the Mwingilo license cutting the northeast corner of the Ngula license. Sixty percent of the Itetemia, Itetemia North and Ngula licenses are underlain by the Nyanzian greenstone belt. The remaining 40% is underlain by granite. Granite variably underlies 90 to 100% of the Itetemia East, Itetemia Village and Mwingilo prospecting licenses. The Mbuga soil covers 10 to 40% of the property.

### ***Mineralization***

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

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

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

### ***Exploration***

The majority of the exploration work in 2007 consisted of RC and diamond drilling, along with limited ground geophysics. Exploration crews were mobilized to the Itetemia Property 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 Property. 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, 2019, no direct property work was conducted on the Itetemia property.

The Company has incurred total net costs (after any recoveries, if any) of \$nil on the Itetemia Property for the year ended August 31, 2019. The Itetemia property is currently in the care and maintenance stage.

During 2019 the Company received a notice of rejection of the mining license application for the Itetemia Property, for failure to have complied with certain regulations. The notice sent by the government did not follow due process under Tanzanian law and, as such, the Company filed an appeal to this notification subsequent to year-end and the Company remains confident, as confirmed by legal counsel, that the mining application was filed correctly and they were not in default of the claims listed in the rejection notification. In light of the Company's focus on the development of the Buckreef Project, the Company recorded a write off of \$6,059,044 related to the Itetemia Property (year ended August 31, 2018 - \$nil).

## **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 2019 is summarized as:

**Luhala Exploration History Synopsis**

<b>Year</b>	<b>Operator</b>	<b>Work Performed</b>
2006	Tancan	Diamond drilling, RC drilling
2007	Sloane	Follow-up exploration planning
2008	Sloane	Data analysis
2009	Sloane	Data analysis
2010	Sloane	Data analysis
2013	Company	In-house evaluation
2014	Company	Continued in-house evaluation
2015	Company	Continued in-house evaluation/property maintenance
2016-2019	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 year ended August 31, 2019, 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 (net of recoveries, if any) of \$2,733 for the year ended August 31, 2019. The Luhala Property is currently in the care and maintenance stage.

During the year ended August 31, 2019, the Company recorded a write off of \$3,401,492 related to the property to reflect the Company’s intention to focus on and develop the Buckreef Project (year ended August 31, 2018 - \$nil).

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, 2019 and 2018, and should be read in conjunction with the consolidated financial statements and the related notes attached hereto. Discussion and analysis of the financial condition and operating results of the Company for the years ended August 31, 2018 and 2017 are included in the Company's Form 20-F for the year ended August 31, 2018 as previously filed with the SEC.

### **Fiscal Year Ended August 31, 2019 Compared to Fiscal Year Ended August 31, 2018**

#### **Results of Operations**

Net additions to mineral properties and deferred exploration costs for the year ended August 31, 2019 were \$4,067,153 compared to \$2,992,551 for the year ended August 31, 2018. Out of the net additions, \$929,596 (2018 - \$1,703,323 increase) represents an increase/decrease due to foreign exchange in the current period on functional currency. The increase excluding these amounts saw expenditures of \$3,137,557 for the year ended August 31, 2019 compared to \$1,289,228 during 2018. The expenditures increased compared with the prior year due to the ongoing drilling and exploration program initiated in the current fiscal year. The Company also recorded a write off of mineral properties in the amount of \$22,229,752 during the year ended August 31, 2019 compared to \$nil during the year ended August 31, 2018. The Company wrote off values for its non-core assets as it focuses on the development of the Buckreef Project. The Company has also taken a conservative stance while the properties are under appeal as described in note 4 of the audited consolidated financial statements for the years ended August 31, 2019 and 2018.

Net loss for the year ended August 31, 2019 was \$29,317,517, compared to a net loss of \$6,897,397 for the comparable year ended August 31, 2018. For the three month period ended August 31, 2019 and 2018, there was a net loss of \$24,441,720 compared to a net loss of \$1,876,711, respectively. Net loss increased during the current year primarily due to the write off of mineral properties in the amount of \$22,229,752 during the three month and year ended August 31, 2019 compared to \$nil during the year ended August 31, 2018. The Company wrote off values for its non-core assets as it focuses on the development of the Buckreef Project. The Company has also taken a conservative stance while the status of the properties is under appeal as described in note 4 of the audited consolidated financial statements for the years ended August 31, 2019 and 2018. Net loss also increased due to an increase in professional fees driven by an increase in legal fees in connection with outstanding litigation which increased the loss for the three month period and year ended August 31, 2019. These increases were offset by the decrease in share based payments, amounting to \$236,000 during the year ended August 31, 2019 compared to \$1,598,883 in the comparable year ended August 31, 2018.

*Variances in expenditures are set out below:*

For the year ended August 31, 2019, depreciation expense was \$353,115, compared to \$386,845 for the year ended August 31, 2018. The decrease of \$33,730 is due to a lower overall capital assets base as there were minimal additions during the current and prior fiscal year.

Consulting fees for the year ended August 31, 2019 were \$1,159,991, compared to \$938,569 in the comparable year ended August 31, 2018. Consulting expenses were higher during the period due to timing of various consulting work, primarily related to the Buckreef Project as well as regulatory matters during the year. Consulting fees for the three months ended August 31, 2019 were \$475,451 compared to \$241,471 in the comparable period ended August 31, 2018. The reason for the increased expense during the three month period is due to reclassifications of expenses between accounts.

Directors' fees for the year ended August 31, 2019 were \$111,625, compared to \$111,625 in the comparable year ended August 31, 2018. For the three month period ended August 31, 2019, director fees amounted to \$27,906 (2018 - \$27,906). The amounts were the same as prior year.

Office and general expenses for the year ended August 31, 2019 were \$185,268, compared to \$121,757 in the comparable year ended August 31, 2018. Office and general costs increased between the comparable period due to the increased activity at site with the current drill program which increased supporting office and general expenditures. For the three month period ended August 31, 2019, office and general expenses were \$54,642 compared to \$26,819 in the comparable period ended August 31, 2018. The reason for the increase is the same as for the year ended August 31, 2019.

Shareholder information costs for the year ended August 31, 2019 increased to \$378,177 from \$343,658 for the comparable year ended August 31, 2018. The amounts were consistent between the two periods. For the three month period ended August 31, 2019, shareholder information costs were \$113,970 compared to \$58,340 for the three month period ended August 31, 2018. The amounts were lower due to the number and timing of various corporate filings and news releases.

Professional fees increased by \$820,996 for the year ended August 31, 2019 to \$1,666,920 from \$845,924 for the year ended August 31, 2018. Professional fees increased mainly due to increased work surrounding current litigations as disclosed in the audited financial statements for the years ended August 31, 2019 and 2018, the shelf registration statement and other general corporate matters. For the three month period ended August 31, 2019 professional fees went from \$280,841 for the three month period ended August 31, 2018 to \$334,069. The amounts increased due to the same reason as the increase for the year.

Salaries and benefits expense increased to \$718,669 for the year ended August 31, 2019 from \$605,659 for the year ended August 31, 2018. Salaries and benefits increased in line with the overall increased activity due to the current drill and exploration program underway. The expenses for the corresponding three month period ending August 31, 2019 and 2018 were \$200,497 and \$124,943 respectively and increased for the same reason as the increase for the year.

Share based payments for the year ended August 31, 2019 were \$236,000, compared to \$1,598,883 in the comparable year ended August 31, 2018. The decrease is due to the Company issuing nil options (2018 – 3,682,000) with a value vested of \$nil (2018 - \$966,000) as well as the repricing of nil options (2018 – 3,750,000) options issued in 2016 which resulted in additional compensation of \$nil (2018 - \$240,000), see note 9 of the audited consolidated financial statements for the years ended August 31, 2019 and 2018 for details of stock options issued.

For the year ended August 31, 2019, travel and accommodation expense were higher at \$43,052 compared to \$24,335 in 2018. Travel and accommodation expense increased due to increased travel to site given the current exploration program. For the three months ended August 31, 2019 and 2018, travel and accommodation went from \$1,098 in 2018 to \$19,786. Travel and accommodation expense increased due to increased travel to site given the current exploration program.

For the year ended August 31, 2019, the foreign exchange loss was \$207,042 compared to an exchange gain of \$126,583 for the same year ended August 31, 2018. The primary reason is the foreign exchange effect on the US dollar denominated warrant liability.

The interest accretion expense for the year ended August 31, 2019 was \$988,530, compared to \$819,060 for the year ended August 31, 2018. Interest accretion increased due to additional loans closed during the year ended August 31, 2019.

The Company recorded a write off of mineral properties in the amount of \$22,229,752 during the three month and year ended August 31, 2019 compared to \$nil during the year ended August 31, 2018. The Company wrote off values for its non-core assets of primarily the Kigosi, Itetemia and Luhala properties as it focuses on the development of the Buckreef Project. The Company has also taken a conservative stance while the status of the properties is under appeal as described in note 4 of the audited consolidated financial statements for the years ended August 31, 2019 and 2018.

Details of the write down are as follows:

Kigosi:

During 2019 the Company received a notice of cancellation of mining license relating to the Kigosi Mining License for failure to satisfy the issues raised in the default notice. The notice sent by the government did not follow due process under Tanzanian law, as such, the Company filed an appeal to this notification subsequent to year-end and the Company remains confident that they will be successful in the appeal. The Company recorded a write off of \$12,769,216 related to the property pending the result of the appeal (year ended August 31, 2018 - \$nil, year ended August 31, 2017 - \$124,717).

Itetemia Project:

During 2019 the Company received a notice of rejection of the mining license application for Itetemia, for failure to have complied with regulations. The notice sent by the government did not follow due process under Tanzanian law, as such, the Company filed an appeal to this notification subsequent to year-end and the Company remains confident, as confirmed by legal counsel, that the mining application was filed correctly and they were not in default of the claims listed in the

rejection notification. The Company recorded a write off of \$6,059,044 related to the property pending the result of the appeal (year ended August 31, 2018 - \$nil, year ended August 31, 2017 - \$nil).

#### Luhala Project:

During the year ended August 31, 2019, the Company recorded a write off of \$3,401,492 related to the property to reflect the Company's intentions on focusing and developing the Buckreef project (year ended August 31, 2018 - \$nil, year ended August 31, 2017 - \$nil). The Company continues to hold and will develop the Luhala project in the future and fully expects the value to exceed the balance sheet value of \$3,401,492 being written off during 2019.

#### **Liquidity and Capital Resources – Going Concern Discussion**

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 and loans. Historically, the Company obtained funding via private placements and public offerings..

Based on the Company's current funding sources and taking into account the working capital position and capital requirements at August 31, 2019, 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.

At August 31, 2019, the Company had a working capital deficiency of \$9,095,970 (August 31, 2018 – \$12,010,685 working capital deficiency), had not yet achieved profitable operations, has accumulated losses of \$132,462,683 (August 31, 2018 – \$103,263,959) 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.

#### **Fiscal Year Ended August 31, 2018 Compared to Fiscal Year Ended August 31, 2017**

##### **Results of Operations**

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 7 of the unaudited interim condensed 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.

### **Liquidity and Capital Resources – Going Concern Discussion**

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 who is currently still a director.

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.

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.

#### **Commitments:**

In order to maintain the existing site of mining and exploration licenses, the Company is required to pay annual license fees. The Company has not paid certain of its annual license fees since October 2014 with exception of Buckreef and Kigosi mining licenses. As at August 31, 2019 an accrual of \$680,000 (August 31, 2018 - \$260,000) has been recorded relating to unpaid license fees and resultant penalties. 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. The potential penalty relating to unpaid license fees is approximately \$211,000 (August 31, 2018 - \$125,000). The Company has recorded an accrual for all valid and active mining licenses.

#### **Critical Accounting Estimates**

##### **Assessment of Recoverability of Mineral Property Costs**

The deferred cost of mineral properties and their related development costs are deferred until the properties are placed into production, sold or abandoned. These costs will be amortized over the estimated useful life of the properties following the commencement of production. Cost includes both the cash consideration as well as the fair market value of any securities issued on the acquisition of mineral properties. Properties acquired under option agreements or joint ventures, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at such time as the payments are made. The proceeds from property options granted reduce the cost of the related property and any excess over cost is applied to income the Company's recorded value of its exploration properties is based on historical costs that expect to be recovered in the future. The Company's recoverability evaluation is based on market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale.

## **Assessment of Recoverability of Deferred Income Tax Assets**

The Company follows the balance sheet method of accounting for income taxes. Under this method, deferred tax liabilities and assets are recognized for the estimated tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Deferred tax liabilities and assets are measured using substantively enacted tax rates. The effect on the deferred tax liabilities and assets of a change in tax rates is recognized in the period that the change occurs. Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary difference and the carry forward of unused credits and unused tax losses can be utilized. In preparing the consolidated financial statements, the Company is required to estimate its income tax obligations. This process involves estimating the actual tax exposure together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. The Company assesses, based on all available evidence, the likelihood that the deferred income tax assets will be recovered from future taxable income and, to the extent that recovery cannot be considered probable, the deferred tax asset is not recognized.

## **Estimate of Share Based Payments, Warrant Liability, Embedded Derivatives Associated Assumptions**

The Company recorded share based payments based on an estimate of the fair value on the grant date of share based payments issued and reviews its foreign currency denominated warrants each period based on their fair value. The accounting required for the warrant liability and the derivative liability embedded in the gold bullion loan requires estimates of interest rate, life of the warrant, stock price volatility and the application of the Black-Scholes option pricing model. See note 6 of the August 31, 2019 audited consolidated financial statements for full disclosure.

## **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. 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.

### **Financial Instruments**

#### ***Fair Value of Financial Instruments***

Trade and Other Receivables and cash are classified as loans and receivables, which are measured at amortized cost. Trade and other payables, leases payable, convertible loans and gold bullion loans are classified as other financial liabilities, which are measured at amortized cost. Fair value of trade and other payables and convertible loans are determined from transaction values that are not based on observable market data.

The carrying value of the Company's cash, other receivables, trade and other payables approximate their fair value due to the relatively short term nature of these instruments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about

financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment, therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The Company classifies its financial instruments carried at fair value according to a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements.

The three levels of fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for assets and liabilities, either directly or indirectly;
- Level 3 – Inputs for assets or liabilities that are not based on observable market data

As at August 31, 2019 and 2018, cash and cash equivalents were recorded at fair value under level 1 within the fair value hierarchy.

The carrying value of cash and cash equivalents, other receivables, accounts payable and accrued liabilities, leases payable, convertible loans and gold bullion loans approximate fair value because of the limited terms of these instruments.

A summary of the Company's risk exposures as they relate to financial instruments are reflected below:

#### ***Credit Risk***

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company is subject to credit risk on the cash balances at the bank and accounts and other receivables and the carrying value of those accounts represent the Company's maximum exposure to credit risk. The Company's cash and cash equivalents and short-term bank investments are with Schedule 1 banks or equivalents. The accounts and other receivables consist of GST/HST and VAT receivable from the various government agencies and amounts due from related parties. The Company has not recorded an impairment or allowance for credit risk as at August 31, 2019, or August 31, 2018.

#### ***Interest Rate Risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Company's bank accounts earn interest income at variable rates. The bullion loan carries a fixed rate of interest. The Company's future interest income is exposed to changes in short-term rates. As at August 31, 2019, a 1% increase/decrease in interest rates would decrease/increase net loss for the period by approximately \$34,000 (2018 - \$4,000).

#### ***Liquidity Risk***

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at August 31, 2019, the Company had current assets of \$4,135,316 (August 31, 2018 - \$1,322,307) and current liabilities of \$13,231,286 (August 31, 2018 - \$13,332,992). All of the Company's trade payables and receivables have contractual maturities of less than 90 days and are subject to normal trade terms. Current working capital deficiency of the Company is \$9,095,970 (August 31, 2018 - \$12,010,685 working capital deficiency). The Company will require additional financing in order to conduct its planned work programs on mineral properties and the development and construction of the Buckreef Project, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due.

#### ***Foreign Currency Risk***

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, 2019, the Company had no hedging agreements in place with respect to foreign exchange rates. As a majority of the transactions of the Company are denominated in US and Tanzanian Shilling currencies, a 10% movement in the foreign exchange rate will have an impact of approximate \$859,000 on the statements of comprehensive loss.

### **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, 2019. There are no family relationships between the directors and officers.

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

Name, Municipality of Residence and Position With the Company	Principal occupation or employment and, if not a previously elected director, occupation during the past 5 years	Served as a Director Continuously Since
<b>Peter Zizhou</b> Tanzanian <i>General Manager</i>	General Manager	Officer only

### **Directors and Senior Management**

#### **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 southwest. His experience in corporate executive management, project development and project 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 56, devotes 100% of his time in the roll of Acting Chief Executive Officer for the Company.

#### **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 75, 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.

#### **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. 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 62, 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 86, 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 65, 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 70, devotes approximately 10% of his time to the business and affairs of the Company.

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

Mr. Guidi is a Chartered Professional Accountant and holds an Honours Bachelor degree in Business Administration from Wilfrid Laurier University. Mr. Guidi began his career with an accounting firm where he was as an audit supervisor specializing in serving the audit and tax needs of clients in a variety of industries. He has worked with publicly listed junior mining companies, technology companies, and privately-owned and entrepreneurial companies. In 2010, Mr. Guidi transitioned out of public accounting and is currently serving as Chief Financial Officer, Controller and Accountant for a number of junior mining companies. Mr. Guidi, age 35, devotes 30% of his time to the business and affairs of the Company.

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

Ms. Moroney has over 30 years of extensive experience in regulatory and corporate compliance in both Canada and the United States, and as a senior officer for various public companies, and has instructed and provided training in regulatory compliance. As President and owner of Wiklow Corporate Services Inc. since 2008, she assists companies in the resource, financial and technology sectors in maintaining the securities and exchange demands on public companies, as well as keeping them up-to-date on relevant issues, policies and working practices. Ms. Moroney assists companies reporting in the U.S. in preparing registration statements, quarterly and annual financial filings and other various facets of meeting U.S. securities requirements.

### **Peter Zizhou, General Manager**

Mr. Zizhou is a holder of BSc (General-Geology/Geography), BSc (Hons-Geology) and MSc (Exploration Geology) degrees acquired from the University of Zimbabwe over the period 1988-2002. He is a registered Professional Natural Scientist (Geology) with the South African Council for Scientific Professions (SACNASP-REG NO. 400028/08). He commenced his career in 1992, conducting regional field mapping for the Geological Survey of Zimbabwe. Mr. Zizhou subsequently joined the gold mining and exploration private sector with Kinross Gold (Zimbabwe) Corporation and subsequently with Caledonia Resources attaining the position of Exploration Manager by 2004. In 2007, he relocated to Tanzania, where he joined the Company as a Senior Exploration Geologist but subsequently rose through the ranks as Exploration Manager (2009) and finally as General Manager (2010). As GM, he successfully steered the Company through the preliminary economic assessment study of the Buckreef Project on behalf of the Company with external consultants. At the same time, he instituted a resource drilling program on several prospects associated with the Buckreef Project, the results of which are currently posted on the Company website. After brief stints (2012-2014) with Kinross Gold Corporation-Mauritania), AngloGold Ashanti (Geita Gold Mine, Tanzania) and Mawarid Mining Tanzania, he rejoined the Company as General Manager (Operations) and successfully conducted pilot mining on the Buckreef South Pit as well as assist with the recently published Mining Pre-Feasibility Report on the Buckreef Project. Mr. Zizhou, age 52, works full-time for 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**

Except as otherwise stated in this Annual Report, 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-heading, "Omnibus Equity Incentive 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, 2019, 2017 and 2016:

**Summary Compensation Table**

Name and Principal Position	Year	Salary (\$)	Share-based awards (\$)		Option- based awards (\$)	Non- equity incentive plan compen- sation (\$)	Pension Value (\$)	All other compen- sation (\$)	Total compen- sation (\$)
			Annual incentive plans (RSU)	Long term incentive plans (ESOP)					
<b>Jeffrey Duval,</b> <i>Acting CEO</i>	2019	238,749 <sup>(1)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	238,749
	2018	331,599 <sup>(2)</sup>	Nil	Nil	321,000 <sup>(4)</sup>	Nil	Nil	Nil	652,599
	2017	222,378 <sup>(3)</sup>	Nil	Nil	460,000 <sup>(5)</sup>	Nil	Nil	Nil	682,378
<b>James Sinclair,</b> <i>Executive Chairman and Director</i>	2019	198,955 <sup>(1)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	198,955
	2018	192,145 <sup>(2)</sup>	Nil	Nil	150,000 <sup>(4)</sup>	Nil	Nil	Nil	342,145
	2017	167,624 <sup>(3)</sup>	Nil	Nil	138,000 <sup>(5)</sup>	Nil	Nil	Nil	305,624
<b>Marco Guidi,</b> <i>CFO</i>	2019	75,000	Nil	Nil	Nil	Nil	Nil	Nil	75,000
	2018	75,000	Nil	Nil	32,000 <sup>(4)</sup>	Nil	Nil	Nil	107,000
	2017	75,000	N/A	N/A	27,600 <sup>(5)</sup>	N/A	N/A	N/A	102,600
<b>Donna M. Moroney,</b> <sup>(6)</sup> <i>Corporate Secretary</i>	2019	41,560	Nil	Nil	Nil	Nil	Nil	Nil	41,560
	2018	Nil	Nil	Nil	Nil	N/A	N/A	N/A	Nil
	2017	60,000	24,100	Nil	13,800 <sup>(5)</sup>	N/A	N/A	N/A	97,900
<b>Peter Zizhou,</b> <i>General Manager</i>	2019	214,682	Nil	Nil	Nil	Nil	Nil	Nil	214,682
	2018	213,746	N/A	N/A	Nil	N/A	N/A	N/A	213,746
	2017	213,746	N/A	N/A	N/A	N/A	N/A	N/A	213,746

- (1) US\$ exchange average for the year = \$1.3255.
- (2) US\$ exchange average for the year = \$1.2771.
- (3) US\$ exchange average for the year = \$1.3205.
- (4) Valued using the Black-Scholes model with the following variables: volatility – 84%, life – 9 years, risk free rate – 0.95%, dividend yield – 0%.
- (5) Valued using the Black-Scholes model with the following variables: volatility – 76%, life – 9 years, risk free rate – 1.98%, dividend yield – 0%.
- (6) Donna Moroney resigned as Corporate Secretary on August 29, 2017 was reappointed as Corporate Secretary on April 1, 2019.

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. See “*Omnibus Equity Compensation Plan*” below for more information.

## Incentive Plan Awards

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

Option-based Awards					Share-based Awards		
Name	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>	2019	Nil	Nil	Oct. 11, 2026	Nil	N/A	N/A
	2018	1,000,000	\$0.43	Sep. 29, 2026	Nil	N/A	N/A
	2017	1,000,000	\$0.40	N/A	Nil	N/A	N/A
James Sinclair, <i>Executive Chairman and Director</i>	2019	Nil	Nil	Oct. 11, 2026	Nil	N/A	N/A
	2018	467,000	\$0.43	Sep. 29, 2026	Nil	N/A	N/A
	2017	300,000	\$0.40	N/A	Nil	N/A	N/A
Marco Guidi, <i>CFO</i>	2019	Nil	Nil	Nil	Nil	N/A	N/A
	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
Donna M. Moroney, <i>Corporate Secretary</i>	2019	Nil	Nil	Nil	Nil	N/A	N/A
	2018	N/A	N/A	N/A	Nil	N/A	N/A
	2017	30,000	\$0.40	Sep. 29, 2026	Nil	N/A	N/A
Peter Zizhou, <i>General Manager</i>	2019	Nil	Nil	Nil	Nil	N/A	N/A
	2018	Nil	N/A	N/A	Nil	N/A	N/A
	2017	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>Executive Chairman and Director</i>	Nil	Nil	Nil
Marco Guidi <i>CFO</i>	Nil	Nil	Nil
Donna M. Moroney, <i>Corporate Secretary</i>	Nil	Nil	Nil

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 (\$)
Peter Zizhou, General Manager	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, 2019 to NEOs of the Company. See “*Restricted Stock Unit Plan*” and “*Employee Share Ownership Plan*” below.

### Omnibus Equity Incentive Plan

Effective June 26, 2019, the Company adopted the Omnibus Equity Incentive Plan of the company dated June 26, 2019 (the “**Omnibus Plan**”), which Omnibus Plan was approved by the shareholders at a meeting held on August 16, 2019.

The purposes of the Omnibus Plan are (a) to advance the interests of the Company by enhancing the ability of the Company and its subsidiaries to attract, motivate and retain employees, officers, directors, and consultants, which either of directors or officers may be consultants or employees, (b) to reward such persons for their sustained contributions and (c) to encourage such persons to take into account the long-term corporate performance of the Company.

The Omnibus Plan provides for the grant of :

- options (“**Options**”), which may be granted by an agreement evidencing the Options granted under the Omnibus Plan (an “**Option Agreement**”);
- restricted share units (“**RSU**”), which may be granted by an agreement evidencing the RSUs granted under the Omnibus Plan (a “**RSU Agreement**”);
- deferred share units (“**DSU**”), which may be granted by an agreement evidencing the DSUs granted under the Omnibus Plan (a “**DSU Agreement**”);
- performance share units (“**PSU**”), which may be granted by an agreement evidencing the PSUs granted under the Omnibus Plan (a “**PSU Agreement**”).

### Options

An Option entitles a holder thereof to purchase a common share at an exercise price set at the time of the grant, which exercise price must in all cases be not less than the Market Price on the date of grant (the “**Exercise Price**”). Market Price is defined as the greater of the volume weighted average trading price of the common shares on the TSX or NYSE American for the five trading days immediately preceding the date of grant (or, if such common shares are not then listed and posted for trading on the TSX or NYSE American, on such stock exchange on which the common shares are listed and posted for trading as may be selected for such purpose by the Board); provided that, for so long as the common shares are listed and posted for trading on the TSX or NYSE American, the Market Price shall not be less than the market price, as calculated under the policies of the TSX or NYSE American and further provided that with respect to an award made to a U.S. Taxpayer (as defined in the Omnibus Plan), such participant and the number of common shares subject to such Omnibus Plan Award shall be identified by the Board or the Committee (as defined in the Omnibus Plan) prior to the start of the applicable five trading day period (“**Market Price**”). In the event that such Shares are not listed and posted for trading on any exchange, the Market Price shall be the fair market value of such common shares as determined by the Board in its sole discretion and, with respect to an Omnibus Plan Award made to a U.S. Taxpayer, in accordance with Section 409A of the Code (as defined in the Omnibus Plan).

The term of each Option will be fixed by the Plan Administrator, but may not exceed 10 years from the grant date.

### Restricted Share Units

An RSU is a unit equivalent in value to a common share credited by means of a bookkeeping entry in the books of the Company which entitles the holder to receive one common share for each RSU after a specified vesting period determined by the Plan Administrator, in its sole discretion. Upon settlement, holders will receive (a) one fully paid and non-

assessable common share in respect of each vested RSU, (b) subject to the approval of the Plan Administrator, a cash payment, or (c) a combination of common shares and cash as contemplated by paragraphs (a) and (b). The cash payment is determined by multiplying the number of RSUs redeemed for cash by the Market Price on the date of settlement.

The number of RSUs granted at any particular time will be calculated by dividing (i) the amount of any compensation that is to be paid in the RSUs, as determined by the Plan Administrator, by (ii) the Market Price of a common share on the date of grant.

#### **Deferred Share Units**

A DSU is a unit equivalent in value to a common share credited by means of a bookkeeping entry in the books of the Company which entitles the holder to receive one common share for each DSU on a future date, generally upon termination of service with the Company. Upon settlement, holders will receive (a) one fully paid and non- assessable common share in respect of each vested DSU, (b) subject to the approval of the Plan Administrator, a cash payment, or (c) a combination of common shares and cash as contemplated by paragraphs (a) and (b). The cash payment is determined with reference to the Market Price in the same manner as with RSUs.

The number of DSUs granted at any particular time will be calculated by dividing (i) the amount of any compensation that is to be paid in the DSUs, as determined by the Plan Administrator, by (ii) the Market Price of a common share on the date of grant.

#### **Performance Share Units**

A PSU is a unit equivalent in value to a common share credited by means of a bookkeeping entry in the books of the Company which entitles the holder to receive one common share for each PSU on a future date, generally upon the achievement of certain performance goals within the Company as determined by the Plan Administrator. Upon settlement, holders will receive (a) one fully paid and non- assessable common share in respect of each vested PSU, (b) subject to the approval of the Plan Administrator, a cash payment or (c) a combination of common shares and cash as contemplated by paragraphs (a) and (b). The cash payment is determined with reference to the Market Price in the same manner as with RSUs.

#### **Dividend Equivalents**

RSUs, PSUs and DSUs shall be credited with dividend equivalents in the form of additional RSUs, PSUs and DSUs, as applicable. Dividend equivalents shall vest in proportion to, and settle in the same manner as, the awards to which they relate. Such dividend equivalents shall be computed by dividing: (a) the amount obtained by multiplying the amount of the dividend declared and paid per common share by the number of RSUs, PSUs and DSUs, as applicable, held by the participant on the Record Date for the payment of such dividend, by (b) the Market Price at the close of the first business day immediately following the dividend record date, with fractions computed to three decimal places.

The Options, RSUs, DSUs, and PSUs granted pursuant to the Omnibus Plan are collectively referred to as “**Omnibus Plan Awards**” in this Circular.

The Omnibus Plan provides for the grant of other share-based awards to participants (“**Other Share-Based Awards**”), which awards would include the grant of common shares. All Other Share-Based Awards will be granted by an agreement evidencing the Other Share-Based Awards granted under the Omnibus Plan.

Subject to adjustments as provided for under the Omnibus Plan, the maximum number of shares issuable pursuant to Omnibus Plan Awards outstanding at any time under the Plan shall not exceed 10% of the aggregate number of common shares outstanding from time to time on a non-diluted basis; provided that the acquisition of common shares by the Company for cancellation shall not constitute non-compliance with the Omnibus Plan for any Omnibus Plan Awards outstanding prior to such purchase of common shares for cancellation.

For more particulars about the Omnibus Plan we refer you to the Company’s Management Information Circular dated June 26, 2019 or the copy of the Omnibus Plan included with this Form 20-F Annual Report.

The Omnibus Plan replaces all previous equity compensation plans of the Company, including the Restricted Stock Unit Plan and Stock Option Plan.

*RSUs Granted to Directors and Named Executive Officers During the Fiscal Year Ended August 31, 2019:*

During the fiscal year ended August 31, 2019, there were no RSUs granted to directors and Named Executive Officers, nor did any RSUs vest.

*Outstanding RSUs*

There are no RSUs outstanding as of August 31, 2019.

**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 Stock Options	Weighted average exercise price of outstanding Stock Options	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 (Omnibus Equity Compensation Plan)	7,352,000	\$0.41 CAD	7,687,155
<b>Total</b>	<b>7,352,000</b>	<b>\$0.41 CAD</b>	<b>7,687,155</b>

**Director Compensation**

*Director Compensation Table*

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

Name	Fees Earned (\$)	Stock Options granted <sup>(1)</sup> (#)	Cash Compensation Election (\$)	All Other Compensation (\$)	Total (\$)
Norman Betts	36,000	Nil	Nil	Nil	36,000
William Harvey	37,813	Nil	Nil	Nil	37,813
Rosalind Morrow	37,813	Nil	Nil	Nil	37,813
Ulrich Rath	Nil	Nil	Nil	Nil	Nil

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, 2019.

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

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

### **C. Board Practices**

The directors of the Company serve a one year term and are elected at the annual general meeting of shareholders. At the last annual general meeting, held on March 21, 2019, the shareholders elected James Sinclair, William Harvey, Rosalind Morrow, Norman Betts and Ulrich Rath as directors. The officers of the Company are elected by the Board and serve at the pleasure of the Board.

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

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

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

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

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

### **Audit Committee Information**

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

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

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

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

### **2.0 Compensation**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **6.0 Appointment of Auditors**

- 6.1 *The external auditors will be appointed each year by the shareholders of the Company at the annual general meeting of the shareholders.*
- 6.2 *The Audit and Compensation Committee will nominate the external auditors for appointment, such nomination to be approved by the Board of Directors.*

## **7.0 Evaluation of Auditors**

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

## **8.0 Remuneration of the Auditors**

- 8.1 *The remuneration of the external auditors will be determined by the Board of Directors, upon the annual authorization of the shareholders at each general meeting of the shareholders.*
- 8.2 *The remuneration of the external auditors will be determined based on the time required to complete the audit and preparation of the audited financial statements, and the difficulty of the audit and performance of the standard auditing procedures under generally accepted auditing standards and generally accepted accounting principles of Canada.*

## **9.0 Termination of the Auditors**

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

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

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

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

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

## **12.0 Oversight of Internal Controls**

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

### **13.0 Continuous Disclosure Requirements**

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

### **14.0 Other Auditing Matters**

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

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

### **15.0 Annual Review**

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

### **16.0 Independent Advisers**

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

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

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

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

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

### **19.0 Nominating Committee**

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

## **2. Composition of the Audit and Compensation Committee**

Following are the members of the Audit and Compensation Committee:

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

(i) *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.*

(ii) *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.*

(iii) *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
2019	Canada – \$113,000 Tanzania - \$Nil	Nil Nil	Nil Nil	Nil Nil
2018	Canada – \$88,000 Tanzania - \$15,000	Nil Nil	Nil Nil	Nil Nil

### D. Employees

The Company employs 11 full time employees located in Buckreef, Tanzania, and one full time employee located in Dares Salaam, Tanzania. [See disclosure below regarding Sinclair Financial of providing certain administrative services]

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	8	14	Nil	Nil
Dar es Salaam, Tanzania	Administration	4	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, 2019.

Name of Owner	Number of Shares Owned	Percentage <sup>(1)</sup>
Betts, Norman	125,799	0.08%
Duval, Jeff	180,000	0.12%
Guidi, Marco	50,000 <sup>(2)</sup>	0.03%
Harvey, William	190,424	0.13%
Morrow, Rosalind	669,784	0.45%
Rath, Ulrich E.	229,034 <sup>(3)</sup>	0.15%
Sinclair, James E.	2,593,992 <sup>(4)</sup>	1.72%
Moroney, Donna	Nil	N/A
Zizhou, Peter	Nil	N/A
All directors and named executive officers as a group	4,039,033	2.68%

(1) Calculation based on 150,391,558 shares of common shares outstanding as of August 31, 2019.

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

(3) 57,031 shares held by Focus-Rath & Associates.

(4) 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, 2019, the Company is not aware of any shareholders who beneficially own more than 5% of the outstanding shares of the Company's voting securities.

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, 2019:

Jurisdiction of Shareholders of Record	Number of Shareholders	Number of Common Shares	Percentage of Total Issued Shares	Percentage of Total Holders
United States	1,398	113,962,224	75.78%	81.75%

Jurisdiction of Shareholders of Record	Number of Shareholders	Number of Common Shares	Percentage of Total Issued Shares	Percentage of Total Holders
Canada	205	32,682,415	21.73%	11.99%
Other Countries	107	3,746,919	2.49%	6.26%
TOTAL	1,710	150,391,558	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) The Company entered into the following transactions with related parties:

<i>Year ended August 31</i>	Notes	2019	2018
Legal services	(i)	\$Nil	\$Nil
Consulting	(ii)	\$229,414	\$215,108
Consulting	(iii)	\$246,602	\$Nil
Consulting	(iv)	\$170,718	\$Nil

- (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, 2019, the legal expense charged by the firm was \$nil (2018 - \$nil). As at August 31, 2019, \$335,940 remains payable (August 31, 2018 - \$335,940).
- (ii) During the year ended August 31, 2019, \$229,414 (2018 - \$215,108) was paid for 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, 2019, \$246,602 (2018 - \$nil) was paid for drill mobilization, and advances on drilling services to Stamico, the Company's joint venture partner on the Buckreef Gold Project.
- (iv) During the year ended August 31, 2019, \$170,718 (2018 - \$nil) was paid for consulting services to a company controlled by a director.

As at August 31, 2019, the Company has a receivable of \$45,368 (August 31, 2018 - \$40,086) from an organization associated with the Company's President and former CEO and current director and from current officers and directors. The Company also has a receivable of \$33,071 (August 31, 2018 - \$nil) from Stamico.

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 agreed 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, 2019, the remaining balance outstanding under finance lease obligations after the settlements described above is \$78,784 (August 31, 2018 - \$67,819) 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>	<b>2019</b>		2018	
	<b>Fees, salaries and benefits (1)</b>	<b>Share based payments (2), (3)</b>	Fees, salaries and benefits (1)	Share based payments (2), (3)
Management	\$ 576,264	\$ nil	\$ 636,744	\$ 773,348
Directors	111,625	nil	111,625	414,000
<b>Total</b>	<b>\$ 687,889</b>	<b>\$ nil</b>	<b>\$ 748,369</b>	<b>\$ 1,187,348</b>

- (1) Salaries and benefits include director fees. The board of directors do not have employment or service contracts with the Company. Directors are entitled to director fees and RSU's for their services and officers are entitled to cash remuneration and RSU's for their services.
- (2) Compensation shares may carry restrictive legends.
- (3) All stock option share based compensation is based on the accounting expense recorded in the year.

As at August 31, 2019, included in trade and other payables is \$927,000 (August 31, 2018 - \$863,000) due to these key management personnel with no specific terms of repayment.

Mr. James Sinclair, the Company's Executive Chairman, through James Sinclair dba Sinclair Financial, provides certain management and administrative services to the Company through three employees that Sinclair Financial employs. Sinclair Financial is reimbursed by the Company at cost for the administrative and management services provided. There is no formal agreement between Sinclair Financial and the Company as to this arrangement.

### **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, 2019, 2018 and 2017 with the Report of Independent Registered Public Accounting Firm, comprised of:

- (a) Consolidated Statements of Financial Position as of August 31, 2019 and 2018;
- (b) Consolidated Statements of Comprehensive Loss for the years ended August 31, 2019, 2018 and 2017;
- (c) Consolidated Statements of Changes in Equity for the years ended August 31, 2019, 2018 and 2017;
- (d) Consolidated Statements of Cash Flows for the years ended August 31, 2019, 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” and on the NYSE American LLC (“NYSE American”) under the symbol “TRX”. Computershare Trust Company is the registrar and transfer agent for the Company’s common shares.

### 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.. As of August 31, 2019, there were 150,391,558 shares common shares issued and outstanding.

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

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

	No. of Shares	\$ Amount
<b>Total Outstanding as of August 31, 2016</b>	<b>109,068,492</b>	<b>122,380,723</b>
<i>Add:</i> Issued for private placements, net of warrants	7,197,543	(1,094,499)
Issued pursuant to Restricted Share Unit Plan	695,991	1,040,990
Shares issued for interest on gold loans	814,089	542,447
Finders fees on convertible loans	132,577	92,805
Shares issued for settlement of lease obligations	458,329	288,747
Shares issued for amounts due to related parties	187,321	131,998
Shares issued for settlement of convertible loans	83,333	49,166
Cashless exercise of warrants	3,146,944	1,742,000
<b>Total Outstanding as of August 31, 2017</b>	<b>121,784,619</b>	<b>\$125,174,377</b>

	No. of Shares	\$ Amount
<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
<b>Total Outstanding as of August 31, 2018</b>	<b>125,162,803</b>	<b>\$ 127,003,132</b>
<i>Add:</i> Issued for private placements, net of share issue costs	13,435,503	8,911,230
Shares issued for interest on gold and convertible loans	1,836,229	699,651
Shares issued for settlement of convertible and gold loans	7,789,895	2,781,473
Transfer of conversion component on conversion of convertible loans	-	1,402,631
Finders fees on convertible and gold bullion loans	686,446	581,181
Stock options exercised	63,333	26,333
Transfer of reserve on exercise of stock options	-	27,722
Warrants exercised	85,127	215,000
Issued in trust for legal appeal	1,332,222	603,556
<b>Total Outstanding as of August 31, 2019</b>	<b>150,391,558</b>	<b>\$ 142,251,909</b>

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, 2019, there are a total of 150,391,558 common shares issued and a further 7,352,000 common shares reserved for issuance under outstanding share purchase options and 4,305,758 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 “*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.

The Articles of the Company were further amended on April 17, 2019 to change the name of the Company to its present name of “*Tanzanian Gold Corporation*”.

### **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 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
April 9, 2019	Kelly Mckennon	8%	One year, with extension for successive terms of one year	US\$0.05232	US\$47,857
January 28, 2019	Hoyle Julian	8%	One year, with extension for one year with mutual consent	US\$0.3357	US\$169,000
June 11, 2018	Kelly McKennon	8%	One year, with extension for one year with mutual consent	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 with mutual consent	US\$0.26	US\$100,000
June 27, 2016	Edward F. Marin Family LLC	8%	One year, with extension for one year with mutual consent	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 Ponelli	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\$765,000

B. Secured Loan Agreements

Date	Names of Lender	Interest Rate	Term	Conversion Rate	Loan Amount
October 18, 2018	Allen and Connie Duplantis	8%	One year, with extension for one year with mutual consent	US\$0.34	US\$100,000
October 18, 2018	William J. and Sharon B. Keating	8%	One year, with extension for one year with mutual consent	US\$0.34	US\$200,000
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\$150,000
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
July 30, 2018	Jeff and Linda Lane	8%	One year, with extension for one year with mutual consent	US\$0.31	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 15, 2016	William Holter	8%	One year, with extension for one year with mutual consent	US\$0.26	US\$104,900

### C. Financing Agreements.

Date	Name
May 2, 2019	Sales Agreement with R.F. Lafferty (“Agent”) pursuant to which the Company may issue and sell through the Agent up to \$3.0 million in common shares in an at-the-market offering.
August 9, 2019	Underwriting Agreement with R.F. Lafferty in which the Underwriters will sell, on a best efforts basis, an aggregate of up to 4,000,000 common shares, no par value.

### 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 acquisition 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 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 acquisition, ownership, or disposition 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 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 acquisition, ownership or disposition 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 acquisition, ownership or disposition 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 acquisition of common shares and the ownership and disposition 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 acquisition, ownership, or disposition 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 acquisition, ownership, or disposition 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 acquisition, ownership, or disposition 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 acquisition, ownership, or disposition of common shares.

#### Distributions on Common Shares

As stated above, we have never paid a dividend and have 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 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 the stock 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 Effect Of Comprehensive U.S. Tax Reform Legislation On The Company, Whether Adverse Or Favorable, Is Uncertain.

On December 22, 2017, President Trump signed into law H.R. 1, “An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018” (informally titled the “Tax Cuts and Jobs Act”). Among a number of significant changes to the U.S. federal income tax rules, the Tax Cuts and Jobs Act reduces the marginal U.S. corporate income tax rate from 35% to 21%, limits the deduction for net interest expense, shifts the United States toward a more territorial tax system, and imposes new taxes to combat erosion of the U.S. federal income tax base.

The effect of the Tax Cuts and Jobs Act on the Company and its subsidiaries, whether adverse or favorable, is uncertain, and may not become evident for some period of time. Each U.S. Holder is urged to consult its own tax adviser regarding the implications of the Tax Cuts and Jobs Act of holding of our common shares.

**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”)

<b>Taxable Supplies</b>	<b>Rate</b>
Supply of goods and services in Mainland Tanzania	18%
Import of goods and services in Mainland Tanzania	18%
Export of goods and services from Mainland Tanzania	0%
Special relief to some entities/items	10%

VAT registrable threshold is TShs. 40 Million (or about US\$25,000 at prevailing exchange rates).

### Withholding Tax

Withholding tax is charged at the rates specified below:

	<b>Resident</b>	<b>Non-Resident</b>
Dividend	10%	10%
Dividend from listed on the Dar es Salaam Stock Exchange	5%	5%
Interest	10%	10%
Royalties	0%	15%
Management Fees	5%	15%
Professional Fees	5%	15%
Rent, Premium for Use of Property	10%	15%
Pension/Retirement Annuity	10%	15%
Service fee	5%	15%
Insurance premium	0	5%

### Special Rates for Persons Engaged in “Mining Operations” Rates

	<b>Resident</b>	<b>Non-Resident</b>
Technical Services to Mining Operations	5%	15%
Management Fee	0%	15%

### Capital Gains Taxation

0% applies to capital gains on the sale of shares listed at the DSM Stock Exchange. Normal pay as you earn rates with a marginal rate of 30% applies to capital gains by resident individuals, 30% applies to capital gains by corporations.

### Thin capitalization

For exempt controlled entities, the interest expense that is allowable for tax purposes is restricted to debt and equity ratio of 7 to 3. Debts and equity are defined terms in the legislation. Any interest expense relating to debts exceeding this ratio is permanently disallowed.

### Stamp duty

Stamp duty is chargeable on various legal documents and agreements (e.g. transfer of shares, issue of shares, etc.) generally at ad valorem rates of up to 1%.

### Customs Duty

There are three import duty rates: 0% for capital goods and raw materials, 10% for semi – finished goods and 25% for finished final consumer goods.

### Mining Sector

The Tax Incentives and Investment allowances are designed to encourage industrial growth and attract foreign investments. They are granted for capital expenditure on hotels and manufacturing and mining operations. The allowance is a deduction in computing taxable income.

For companies investing in the Mining Industries (Mineral mining Rights Holders) specific tax incentives are applicable to their investments. These are:-

- (i) Indefinite carry forward of losses.
- (iii) 15% additional Capital Expenditure on unredeemed qualifying Capital Expenditure for Mining Operators who had entered into Agreement with the Government before 1<sup>st</sup> July 2001, under the Mining Acts.

The government of Tanzania also imposes a royalty on the gross value of all production equal to 5% for diamonds and 4% for metallic minerals (including copper, silver, gold and platinum group minerals).

### Double Taxation Agreement

Tanzania has tax treaties to prevent double taxation with Canada, Denmark, Finland, India, Italy, Norway, South Africa, Sweden and Zambia. Tanzania is also in the process of negotiating treaties with several countries including Belgium, Burundi, Iran, Lebanon, Malaysia, Mauritius, Pakistan, and Rwanda.

### **F. Dividends and Paying Agents**

Not applicable.

### **G. Statement by Experts**

Not applicable.

## **H. Documents on Display**

The Company files annual reports and other information with the SEC. You may read and copy any document that it files at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for more information about the Public Reference Rooms. The SEC also maintains a website, [www.sec.gov](http://www.sec.gov), where you may obtain our reports. The Company also files certain reports with the Canadian Securities Administrators that you may obtain through access of the SEDAR website, [www.sedar.com](http://www.sedar.com).

Copies of the Company's material contracts are kept in the Company's principal executive office.

## **I. Subsidiary Information**

Not applicable.

### **Item 11. Quantitative and Qualitative Disclosures About Market Risk**

The Company is exposed to market risk, primarily related to foreign exchange and metals prices (gold in particular). The Company uses the Canadian dollar as its reporting currency, but the Company converts Canadian dollars to U.S. dollars, and then U.S. dollars to Tanzanian schillings. The Company is therefore exposed to foreign exchange movements in Tanzania where the Company is incurring costs in conducting exploration activities. Most of the Company's exploration work is conducted in U.S. dollars; however, some general and administrative expenses are paid in Tanzanian schillings.

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 3,137,557 and \$1,289,228 for the years ended August 31, 2019 and 2018 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.

### **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**

The Company adopted a Common Share Shareholder Rights Plan (the "**Rights Plan**"), which Rights Plan has previously filed with the SEC. The Rights Plan became effective on November 2011 and was approved by the shareholders of the Company at the shareholders meeting on March 1, 2012. To continue to be effective, the Rights Plan is required to be approved by the majority of the shareholders every three years. In the event the Rights Plan is not approved by the shareholders at the meeting every three years, the Rights Plan terminates as of the date of the Company's meeting on which the vote was supposed to take place. The extension of the Rights Plan for an additional three years was subsequently approved by the shareholders of the Company at the shareholders meeting on May 28, 2015. The extension of the Rights Plan was not subsequently submitted for approval by the shareholders of the Company at the annual meeting of the shareholders for the year ended August 31, 2017. Therefore, the Rights Plan is no longer in effect. The Company may readopt the Rights Plan in the future, subject to shareholder approval.

## **Item 15. Controls and Procedures**

### **(a) Disclosure Controls and Procedures**

As required by paragraph (b) of Rules 13a-15 or 15d-15 under the Exchange Act, our principal executive officer and principal financial officer evaluated our Company's disclosure controls and procedures (as defined in rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this annual report on Form 20-F. Based on the evaluation, these officers concluded that as of the end of the period covered by this Annual Report on Form 20-F, our disclosure controls and procedures were not effective to ensure that the information required to be disclosed by our Company in reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time period specified in the rules and forms of the Securities and Exchange Commission. These disclosure controls and procedures include controls and procedures designed to ensure that such information is accumulated and communicated to our Company's management, including our Company's principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure. The conclusion that our disclosure controls and procedures were not effective was due to the presence of material weaknesses in internal control over financial reporting as identified below under the heading "Management's Report on Internal Control Over Financial Reporting."

Management anticipates that such disclosure controls and procedures will not be effective until the material weaknesses are remediated. Our Company intends to remediate the material weaknesses as set out below.

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.

### **(b) Management's Annual Report on Internal Control Over Financial Reporting**

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) for our Company. Our Company's internal control over financial reporting is designed to provide reasonable assurance, not absolute assurance, regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. Internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our Company's assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards, and that our Company's receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on our financial statements.

Management, including our principal executive officer and principal financial officer conducted an evaluation of the design and operation of our internal control over financial reporting as of August 31, 2019 based on the criteria set forth in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Based on this evaluation, our management concluded our internal control over financial reporting was not effective as at August 31, 2019 due to the following material weaknesses:

- (i) review and approval of invoices and the related oversight and accuracy of recording the associated charges in the Company's books; and
- (ii) Lack of adequate oversight related to the development and performance of internal controls. Due to the limited number of personnel in the company, there are inherent limitations to segregation of duties amongst personnel to perform adequate oversight, including oversight regarding complex International Financial Reporting Standards that may cause misinterpretation and misapplication.

We intend to take steps to enhance and improve the design of our internal controls over financial reporting; however during the period covered by this Annual Report on Form 20-F, we have not been able to remediate the material weaknesses identified above. Further, proposed changes to address the material weaknesses will take time to implement due to, among other things, a limited number of staff at the Company.

This annual report includes an attestation report of the Company’s independent registered public accounting firm regarding internal control over financial reporting.

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, 2019, there were no changes in the Company’s internal control over financial reporting that have materially affected, or are reasonable likely to materially affect, its internal control over financial reporting.

**Item 16 A. Audit Committee Financial Expert**

The Company’s Board has determined that Dr. Norman Betts qualified as an Audit Committee financial expert. Dr. Betts is an “independent director”, as defined under NI 52-110 and as defined pursuant to National Association of Securities Dealers (NASD) Rule 4200(a)(15) (as such definition may be modified or supplemented). The SEC has indicated that the designation of an audit committee financial expert does not make that person an “expert” for any purpose, impose any duties, obligations, or liability on that person that are greater than those imposed on members of the audit committee and board of directors who do not carry this designation, or affect the duties, obligations, or liabilities of any other member of the audit committee.

**Item 16 B. Code of Ethics**

The Company has a Code of Ethics and Business Conduct that applies to the Company’s directors, officers, employees and consultants. In addition, the Company has a Code of Ethical Conduct for Financial Managers that applies to its principal executive officer, principal financial officer, principal accounting officer, controller and other persons performing similar functions. A copy of the Company’s Code of Ethics and Business Conduct and Code of Ethical Conduct for Financial Managers can be found on its website at [www.tanzanianroyalty.com](http://www.tanzanianroyalty.com). The Company will report any amendment or waiver to the Code of Ethics on its website within five business days of such amendment or waiver.

The Company undertakes to provide any person without charge a copy of its code of ethics. Persons requesting a copy should address their request to Corporate Secretary, Tanzanian Gold 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, 2019 and 2018 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, 2019 and 2018.

<b>Fiscal Year Ending August 31</b>	<b>Audit Fees</b>	<b>Audit Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
2019	Canada – \$113,000 Tanzania - \$Nil	Nil Nil	Nil Nil	Nil Nil
2018	Canada – \$88,000 Tanzania - \$15,000	Nil Nil	Nil Nil	Nil Nil

**Item 16 D. Exemptions from the Listing Standards for Audit Committees**

Not applicable.

**Item 16 E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

Not applicable.

**Item 16 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**

Exhibit No.	Name
1.1	Articles and Bylaws of Tan Range Exploration Corporation, as amended. <sup>(1)</sup>
1.2	Certificate of Amendment for Change of Name dated February 28, 2006 <sup>(3)</sup>

<b>Exhibit No.</b>	<b>Name</b>
1.3	Certificate of Amendment and Registration of Restated Articles dated March 7, 2008 for increase in the maximum number of directors to eleven <sup>(3)</sup>
2.1	Employee Share Ownership Plan (2003) <sup>(1)</sup>
2.5	Restricted Stock Unit Incentive Plan <sup>(2)</sup>
2.6	Amended Restricted Stock Unit Incentive Plan <sup>(4)</sup>
4.16	Heads of Agreement dated December 16, 2010 between the Company and State Mining Corporation <sup>(4)</sup>
4.17	Joint Venture Agreement dated October 25, 2011 between the Company and State Mining Corporation <sup>(4)</sup>
4.18	Kigosi Access Agreement dated December 10, 2012 between the Company and The Director of Wildlife, Wildlife Division, Ministry of Natural Resources and Tourism <sup>(5)</sup>
4.24	Continuing Guaranty from Itetemia Mining Company Limited, Lunguya Mining Company Ltd., Tancan Mining Company Limited, Tanzania American International Development Corporation 2000 Limited, Buckreef Gold Company Limited and Northwest Basemetals Company Limited <sup>(6)</sup>
4.25	Secured Gold Loan Agreement dated June 22, 2015 with Hoffman Heritage Ranches LLC <sup>(7)</sup>
4.26	Secured Gold Loan Agreement dated June 22, 2015 with William L. Holter <sup>(7)</sup>
4.27	Secured Gold Loan Agreement dated October 19, 2015 with Edward F. Marin Family LLC <sup>(8)</sup>
4.28	Secured Gold Loan Agreement dated October 19, 2015 with David Ponelli <sup>(8)</sup>
4.29	Secured Gold Loan Agreement dated May 16, 2016 with Structural Logistics, LLC <sup>(8)</sup>
4.30	Secured Loan Agreement dated May 16, 2016 with William L. Holter <sup>(8)</sup>
4.31	Secured Gold Loan Agreement dated June 27, 2016 with Edward F. Marin Family LLC <sup>(8)</sup>
4.32	Secured Gold Loan Agreement dated June 28, 2016 with David Ponelli <sup>(8)</sup>
4.33	Secured Loan Agreement dated June 30, 2016 with David Schectman <sup>(8)</sup>
4.34	Securities Purchase Agreement dated September 1, 2016 <sup>(9)</sup>
4.35	Registration Rights Agreement <sup>(9)</sup>
4.36	Secured Gold Loan Agreement dated January 19, 2018 with Structural Logistics, LLC <sup>(10)</sup>
4.37	Form of Loan Agreement Amendment <sup>(10)</sup>
4.38	Secured Gold Loan Agreement dated January 19, 2018 with Dennis and Jane Smith <sup>(10)</sup>
4.39	Secured Gold Loan Agreement dated March 1, 2018 with Dennis and Jane Smith <sup>(10)</sup>
4.40	Secured Gold Loan Agreement dated June 11, 2018 with Kelly Mckennon <sup>(10)</sup>
4.41	Form of Secured Loan Agreement <sup>(10)</sup>
4.42	Secured Loan Agreement dated March 31, 2017 with New Direction IRA (F. Graziano) *
4.43	Secured Loan Agreement dated March 31, 2017 with William Holter *
4.44	Secured Gold Loan Agreement dated March 31, 2017 with The Witt Family Trust *
4.45	Secured Loan Agreement dated March 31, 2017 with Structural Logistics, LLC *
4.46	Secured Loan Agreement dated June 1, 2017 with The Witt Family Trust *
4.47	Secured Loan Agreement dated June 1, 2017 with New Direction IRA (Lawrence Witt) *
4.48	Secured Loan Agreement dated January 19, 2018 with Witt Family Trust *
4.49	Secured Loan Agreement dated April 16, 2018 with William Holter *
4.50	Secured Loan Agreement dated April 16, 2018 with Dennis and Jane Smith *
4.51	Secured Loan Agreement dated July 30, 2018 with SATYA, LLC *
4.52	Secured Loan Agreement dated July 30, 2018 with Jeff and Linda Lane *
4.53	Secured Loan Agreement dated August 21, 2018 with William Holter *
4.54	Secured Loan Agreement dated August 21, 2018 with Dennis and Jane Smith *
4.55	Secured Loan Agreement dated September 10, 2018 with The Witt Family Trust *
4.56	Secured Loan Agreement dated September 10, 2018 with Nancy Kamali *
4.57	Secured Loan Agreement dated September 10, 2018 with William J. and Sharon B. Keating *
4.58	Secured Loan Agreement dated September 10, 2018 with Steven Lane and Amendment dated January 18,

<b>Exhibit No.</b>	<b>Name</b>
	2019*
4.59	Secured Loan Agreement dated September 10, 2018 with Echelon Super Pty Ltd. *
4.60	Secured Loan Agreement dated September 10, 2018 with Vimco Holdings Pty Ltd. *
4.61	Secured Loan Agreement dated October 18, 2018 with Allen and Connie Duplantis *
4.62	Secured Loan Agreement dated October 18, 2018 with William J. and Sharon B. Keating *
4.63	Secured Gold Loan Agreement dated January 28, 2019 with Hoyle Julian *
4.64	Secured Gold Loan Agreement dated April 9, 2019 with Kelly Mckennon *
4.65	Sales Agreement dated May 2, 2019 with R.F. Lafferty (“Agent”) pursuant to which the Company may issue and sell through the Agent up to \$3.0 million in common shares in an at-the-market offering. <sup>(12)</sup>
4.66	Underwriting Agreement dated August 9, 2019, with R.F. Lafferty in which the Underwriters will sell, on a best efforts basis, an aggregate of up to 4,000,000 common shares, no par value. <sup>(13)</sup>
8.1	List of Subsidiaries *
12.1	Certification of the Principal Executive Officer under the Sarbanes-Oxley Act *
12.2	Certification of the Principal Financial Officer under the Sarbanes-Oxley Act *
13.1	Certification under Section 1350 *
15.1	Consolidated Financial Statements for the years ended August 31, 2019 and 2018 *
15.2	Management’s Discussion and Analysis for the years ended August 31, 2019 and 2018 *
15.3	Consent of DMCL Chartered Professional Accountants LLP dated November 29, 2019 *
15.4	Omnibus Equity Compensation Plan *
15.5	Consent of Crundwell Metallurgy (Crundwell) *
15.5	Consent of Virimai Projects (Virimai) *
101.1	Interactive Data Files (XBRL-Related Documents).*

\* Filed herewith

- (1) Previously filed with the SEC on Form 20-F Registration Statement on March 15, 2004
- (2) Previously filed with the SEC on Form 20-F Annual Report on November 30, 2006
- (3) Previously filed with the SEC on Form 20-F Annual Report on November 27, 2009
- (4) Previously filed with the SEC on Form 20-F Annual Report on December 12, 2011
- (5) Previously filed with the SEC on Form 20-F Annual Report on November 15, 2013
- (6) Previously filed with the SEC on Form 6-K filed on December 15, 2014
- (7) Previously filed with the SEC on Form 20-F/A Annual Report on April 11, 2016
- (8) Previously filed with the SEC on Form 20-F filed on November 28, 2016
- (9) Previously filed with the SEC on Form 6-K filed on September 7, 2016
- (10) Previously filed with the SEC on Form 20-F filed on November 30, 2018
- (11) Previously filed with the SEC on Form 20-F/A filed on December 5, 2017
- (12) Previously filed with the SEC on Form 6-K filed on May 3, 2019
- (13) Previously filed with the SEC on Form 6-K filed on August 9, 2019

**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 November29, 2019

**TANZANIAN GOLD CORPORATION**

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