

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

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**FORM 20-F**

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- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12 (g) OF THE SECURITIES EXCHANGE ACT OF 1934
- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended August 31, 2015
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_
- SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
Date of event requiring this shell company report \_\_\_\_\_

Commission File Number 001-32500

**TANZANIAN ROYALTY EXPLORATION CORPORATION**

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

**ALBERTA, CANADA**

*(Jurisdiction of Incorporation or Organization)*

**44<sup>th</sup> Floor, Scotia Plaza  
40 King Street West  
Toronto, Ontario  
M5H 3Y4**

*(Address of Principal Executive Offices)*

**James Sinclair**

**Chief Executive Officer**

**Tanzanian Royalty Exploration Corporation**

**44<sup>th</sup> Floor, Scotia Plaza  
40 King Street West  
Toronto, Ontario  
M5H 3Y4**

**Telephone: 1.844.364.1830**

**Fax: 860.799.0350**

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

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

Common Shares, without Par Value

*(Title of Class)*

NYSE MKT LLC

*Name of Each Exchange on Which Registered*

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

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

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 107,853,554.

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

Yes  No

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

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

Yes  No

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

Yes  No

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

Large accelerated filer  Accelerated filer  Non-accelerated filer

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

U.S. GAAP

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

Other

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

Item 17  Item 18

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

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

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

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

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

## Currency

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

## Foreign Private Issuer Filings

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

## Glossary of Technical Terms

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

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

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



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

### **Canadian Terminology**

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

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

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

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

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

***Mineral Reserve***

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

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

***Mineral Resource***

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

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

***Probable Mineral Reserve***

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

***Proven Mineral Reserve***

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

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

## PART I

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

#### A. Directors and Senior Management:

Not applicable.

#### B. Advisers

Not applicable.

### Item 2. Offer Statistics and Expected Timetable

Not applicable.

### Item 3. Key Information

#### A. Selected Financial Data

The audited financial statements for the Company's fiscal years ended August 31, 2015, 2014, 2013, 2012 and 2011 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 three most recent financial years. Unless stated otherwise, reference to dollar amounts shall mean Canadian dollars.

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

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

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

	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)	2011 (\$)
<b>Operations:</b>					
Revenues	\$ --	\$ --	\$ --	\$ -	\$ --
Net loss	(8,995,697)	(2,416,265)	(3,225,998)	(8,897,843)	(11,132,371)
Basic and diluted loss per share	(0.09)	(0.02)	(0.03)	(0.09)	(0.12)

	2015	2014	2013	2012	2011
<b>Balance sheet:</b>					
Working Capital (deficiency)	(4,684,253)	1,325,667	5,416,104	18,165,431	30,451,179
Total Assets	53,108,859	52,792,901	58,193,340	65,711,075	67,632,380
Net Assets	46,872,190	51,503,996	52,319,699	53,205,396	56,491,892
Share Capital	120,532,634	117,153,440	115,614,202	113,476,858	109,935,253
Number of Shares	107,853,554	101,325,880	100,922,582	100,459,937	99,758,753
Deficit	77,970,955	69,095,649	67,117,263	64,098,273	55,504,339

### Exchange Rates

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

Year Ended: August 31	Average	Period End	High	Low
2015	1.2109	1.3223	1.3301	1.0862
2014	1.0777	1.0858	1.1251	1.0237
2013	1.011	1.0554	1.0578	0.971
2012	1.008	0.9862	1.0605	0.9751
2011	0.988	0.9783	1.052	0.9448

The following table sets forth the high and low exchange rate for the past six months. As of August 31, 2015, the exchange rate was CDN \$1.0858 for each US\$1.00.

Month	High	Low
October 1 – 31, 2015	1.3242	1.2901
September 2015	1.3414	1.3146
August 2015	1.3301	1.2973
July 2015	1.3059	1.2559
June 2015	1.2547	1.2206
May 2015	1.2483	1.1950

### B. Capitalization and Indebtedness

Not applicable.

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

Not applicable.

### **D. Risk Factors**

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

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

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

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

***The Company has decided to begin production at the Buckreef Project without preparing a pre-feasibility study or bankable feasibility study which may subject it to more risks.***

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

- certain difficulties in obtaining expected metallurgical recoveries when scaling up to production scale;
- the preliminary nature of mine plans and processing concepts and applying them to full scale production;
- determining operating/capital costs estimates and possible variance associated with constructing, commissioning and operating the Buckreef facilities based on limited information;
- that metallurgical testing is in development and may not be representative of results of the Buckreef Project; and
- that the Company may underestimate capital and operating costs without a comprehensive bankable feasibility study.

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

The Company has not been profitable since its inception. For the fiscal year ended August 31, 2015, the Company had a net loss of \$8,995,697 and an accumulated deficit on August 31, 2015 of \$77,970,955. The Company has never generated revenues and does not expect to generate revenues from operations until one or more of its properties are placed in production. There is a risk that none of the Company's properties will be placed in production.

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

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

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

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

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

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

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

As at August 31, 2015, the Company had cash and cash equivalents of \$1,552,416 and working capital deficiency of \$4,684,253. However, the Company will continue to incur exploration costs to fund its plan of operations and may need to raise additional capital. Ultimately, the Company's ability to continue its exploration activities depends in part on the Company's ability to commence operations and generate revenues or to obtain financing through joint ventures, debt financing, equity financing, production sharing agreements or some combination of these or other means. Further the raising of additional capital by the Company may dilute existing shareholders.

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

Based on the Company's current funding sources and taking into account the working capital position and capital requirements at August 31, 2015, 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 2016

in order to continue development and construction of the Buckreef Project. Furthermore, the Company is currently negotiating project financing terms with a number of lending institutions, which the Company believes will result in the Company obtaining the project financing required to fund the construction of the Buckreef Project. However there is no assurance that such additional funding and/or project financing will be obtained or obtained on commercially favourable terms.

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

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

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

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

Certain elections may be made to reduce or eliminate the adverse impact of the PFIC rules for holders of the Company's common shares, but these elections may be detrimental to the shareholder under certain circumstances. The PFIC rules are extremely complex and U.S. investors are urged to consult independent tax advisers regarding the potential consequences to them of our classification as a PFIC. See "Taxation – Material United States Federal Income Tax Considerations".

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

Laws and regulation govern the development, mining, production, importing and exporting of minerals; taxes; labor standards; occupational health; waste disposal; protection of the environment; mine safety; toxic substances; and other matters. The Company requires licenses and permits to conduct exploration and mining operations. Amendments to current laws and regulations governing operations and activities of mining companies or more stringent implementation thereof could have a substantial adverse impact on the Company. Applicable laws and regulations will require the Company to make certain capital and operating expenditures to initiate new operations. Under certain circumstances, the Company may be required to close an operation once it is started until a particular problem is remedied or to undertake other remedial actions.

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

## **Risks relating to the Market**

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

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

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

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

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

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

The Company may be affected in varying degrees by political stability and government regulations relating to the mining industry and foreign investment in Tanzania. The government of Tanzania may institute regulatory policies that adversely affect the exploration and development (if any) of the Company's properties. Any changes in regulations or shifts in political conditions in this country are beyond the control of the Company and may materially adversely affect its business. Investors should assess the political and regulatory risks related to the Company's foreign country investments. The Company's operations in Tanzania are also subject to various levels of economic, social and other risks and uncertainties that are different from those encountered in North America. The Company's operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export

controls, restrictions on foreign exchange and repatriation, income taxes, expropriation of property, environmental legislation and mine safety. Other risks and uncertainties include extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, risks of war or civil unrest, government and civil unrest, regional expropriation and nationalization, renegotiation or nullification of existing concessions, licences, permits and contracts, 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 is subject to risks related to global financial conditions.***

Following the onset of the credit crisis in 2008, global financial conditions were characterized by extreme volatility. While global financial conditions subsequently stabilized, there remains considerable risk in the system given the extraordinary measures adopted by government authorities to achieve that stability. Global financial conditions could suddenly and rapidly destabilize in response to future economic shocks, as government authorities may have limited resources to respond to future crises. Future economic shocks may be precipitated by a number of causes, including continued volatility in the price of oil, geopolitical instability and natural disasters. Any sudden or rapid destabilization of global economic conditions could impact the Company's ability to obtain equity or debt financing in the future on terms favorable to the Company. In such an event, the Company's operations and financial condition could be adversely impacted.

***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 Mkt corporate governance requirements that are available to foreign private issuers.

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

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

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

The market price of the common shares is likely to be highly volatile and may fluctuate significantly in response to various factors and events, many of which the Company cannot control. The stock market in general, and the market for mining company stocks in particular, has historically experienced significant price and volume fluctuations. Volatility in the market price for a particular issuer's securities has often

been unrelated or disproportionate to the operating performance of that issuer. Market and industry factors may depress the market price of the Company's securities, regardless of operating performance. Volatility in the Company's securities price also increases the risk of securities class action litigation.

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

The NYSE MKT rules provides that the NYSE MKT may, in its discretion, at any time, and without notice, suspend dealings in or remove any security from listing or unlisted trading privileges, if, among other things, where the financial condition and/or operating results of the issuer appear to be unsatisfactory or it appears that the extent of public distribution or the aggregate market value of the security has become so reduced as to make further dealings on the NYSE MKT inadvisable. Although the Company has received no indication or notification that its common shares may be delisted, in light of the current per common share price, there is no assurance that the Company's common shares will continue to be listed on the NYSE MKT.

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

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

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

**Item 4. Information on the Company**

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

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

The principal executive office of the Company is located at 44th Floor, Scotia Plaza, 40 King Street West, Toronto, Ontario, M5H 3Y4, Canada, and its telephone number is (604) 696-4236.

For the year ended August 31, 2015, the Company reported a net loss of \$8,995,697. Included in the net loss is \$2,223,843 of mineral properties and deferred exploration expenses that was written off relating to abandoned mineral properties. The Company incurred deferred exploration expenditures of \$3,331,566 during the year ended August 31, 2015.

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

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

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

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

The Company completed the heap leach pad construction at its Buckreef redevelopment gold project, located in the Lake Victoria Goldfields of Tanzania for a total cost of \$1,682,355. Construction began in April 2014 and was completed as of September 2, 2014, and was overseen by civil contractor Yale-Constech Company Limited. Four heap leach cells with dimensions of 100 metres by 30 metres each are complete. This will support the processing of stacked ore delivered from the Buckreef South Pit. The Company has also completed a significant portion of the Buckreef South Pit preparation, including grade control drilling, maps and roads.

### **B. Business Overview**

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

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

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

### **Plan of Operations**

#### *Exploration Activities*

All of the properties in which the Company holds an interest are in the exploration, preliminary economic assessment or extraction (pre-production) stages of mining. Mineral exploration and extraction involves a high degree of risk and few properties, which are explored, are ultimately developed into producing mines.

There is no assurance that the Company's mineral exploration activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors beyond the control of the Company.

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

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

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

### **Highlights for the year ended August 31, 2015**

#### *Financial:*

- On July 8, 2015, the Company announced that it successfully secured unrestricted \$1.53 million dollar "bullion 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. The bullion loans may be repaid in cash or common shares of the Company or gold in specified form at the lenders discretion. 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\$0.27658 per share. Interest is payable quarterly, either in cash or in shares at a price of US\$0.27658 per share. There is no prepayment penalty.

An 8% finder's fee of \$122,400 was paid by the issuance of 442,548 common shares at a deemed

price of US\$0.27658 per share.

- As of June 16, 2015, the lender redeemed the remaining outstanding balance of US\$632,217 of convertible senior notes payable (pursuant to the convertible senior note financing discussed below) into shares, which resulted in the issuance of 2,011,383 common shares with a fair value of US\$721,462 reducing the balance of convertible senior notes to \$Nil.
- On March 25, 2015, the Company amended the terms of its convertible senior note financing, the first drawdown from escrow under which successfully closed on December 29, 2014.

Under the original financing terms, notes in the principal amount of US\$10,000,000 were issued at an 8% discount, yielding an initial funding amount of US\$9,200,000. The initial (closing) drawdown from escrow was US\$1,766,558, and the balance of the funded amount (less expenses of issue) was placed in escrow to be available for future drawdowns, subject to the Company meeting certain financial ratios. The notes were to bear interest at 8% per annum, payable monthly.

The outstanding principal at the time of the amendment was US\$9,250,000 representing the original US\$10,000,000 less the payment made as part of the lenders "mandatory redemption option". The previously escrowed funds were returned to the lender -- under the amended financing, there is no escrow of funds -- and the outstanding principal amount of the notes was reduced to US\$1,450,000. Interest at 8% per annum has thereafter been calculated on the reduced principal amount only, effective from March 1, 2015. A maximum of US\$300,000 in cash was repayable in April 2015, pursuant once again to the lender's "mandatory redemption option."

The reduced amount of outstanding notes remained convertible at the option of the lender at 115% of the 5-day volume-weighted average trading price on the NYSE MKT of the Company's common shares as at December 9, 2014 (being US\$0.98). The terms of the 982,143 share purchase warrants issued to the lender on closing are unchanged; they remain exercisable for 5 years at the conversion price, and the lender may also opt to receive interest in common shares in lieu of cash at that price. The maturity of the notes remained 24 months prepayable at the option of the Company 6 months after the original closing. The lender was entitled to resume mandatory redemptions of up to US\$750,000 monthly commencing in May 2015 payable in cash or, subject to registration and certain financial criteria, shares at the option of the Company (at a price based on 90% of the then-current volume weighted average trading price). As noted, the lender opted to redeem the entire outstanding principal in shares and the loan is now fully repaid.

The lender will be entitled to advance up to an additional US\$4,000,000 to the Company in exchange for 8% discount notes subject to the same maturity and repayment terms (and entitlement to share purchase warrants) as currently apply, with a conversion price of US\$0.98, subject to downward adjustment to US\$0.50, from and after September 30, 2015, under certain market conditions. In consideration of the amendments agreed to, the lender received 500,000 common shares of the Company.

- On December 29, 2014, the Company closed the issuance of US\$10,000,000 in convertible senior notes and up to 3,642,857 common share purchase warrants to an institutional lender. The facility was increasable to US\$15,000,000, subject to financial criteria. Forefront Capital acted as Placement Agent.

The notes were issuable at an 8% discount, with an initial funding amount of US\$9,200,000. The initial closing drawdown was US\$1,766,588. Subsequent drawdowns were based on meeting certain financial conditions, including the Company achieving net free cash flow of at least



US\$1,050,000 over a quarterly period. The notes bear interest at 8% per annum, payable monthly.

The notes were convertible at the option of the lender at a price of US\$0.98. The 982,143 warrants issued to the lender on closing are exercisable for 5 years at the conversion price of US\$0.98, and any warrants issued to the lender in future will be exercisable at 115% of the 5-day volume-weighted average trading price (“**VWAP**”) of the common shares on the 5 trading days immediately preceding the date of issue. The lender may also opt to receive interest in common shares in lieu of cash at US\$0.98 per share. The notes mature in 24 months and are prepayable in full (if the prepayment amount is funded by new debt) or in part (if the prepayment amount is funded by equity) at the option of the Company after 6 months at a price equal to 107% of the principal being repaid. The lender had the right to redeem 7.5% of principal monthly commencing in March, 2015 payable in cash or shares at the option of the Company (at a price based on 90% of the then-current volume weighted average trading price), subject to certain conditions, including that the VWAP of the common shares exceeds US\$0.60 per share on the payment date and on each of the 20 trading days immediately preceding such date, and that an SEC registration statement is effective for resale of the common shares issuable under the notes.

*Operational:*

- Pilot pre-production open-cut mining at Buckreef South Pit (host to 207,000 tonnes of oxide ore with an average gold grade of 1.54g/t) commenced in late October 2014 up to 31<sup>st</sup> August 2015 as per plan. Up to 31<sup>st</sup> August 2015, a total of 113,831 tonnes with an average gold grade @ 1.89 g/t Au for 6,913 ounces of gold were extracted from the South pit. The mined ore was stockpiled piled onto the ROMPAD as follows; 36,362 tonnes @4.03 g/t classified as High Grade ore (HG), 3,083 tonnes @2.00g/t classified as Medium Grade ore (MG) and 72,385 tonnes @0.75g/t classified as Low Grade ore (LG).
- Construction of the four Heap Leach pads and solution ponds was commenced and completed during the reporting period. Installation of protective Geo-textile and HDPE membrane liners on the walls and floors of the pads and the solution ponds was also completed essentially as a mandatory environmental safe-guard. The HDPE material is impervious to solutions and liquids hence protect the surroundings from any poisonous chemical leakages from the ponds or the pads into the sub-surface strata.
- Truck-stacking of dry oxide/transition ore material from the ROMPAD onto Heap Leach Pads #1, #2 and # 3 was successfully completed in staggered stages during the period January 2015-May 2015. As of 31<sup>st</sup> August 2015, Pad#1 holds 20,932 tonnes with an average gold grade @2.29g/t while Pad#2 holds 12,944 tonnes with an average gold grade of 2.78g/t. Pad#3 holds 12,088 tonnes of ore with an average gold grade of 3.64g/t.
- During the year, the Company successfully started pilot irrigation of ore on Pads #1, #2 and #3 out of the four leach pads, marking the launch of the pilot gold heap leach processing operation at Buckreef Gold Project.
- Concurrently with the pilot mining operations, the Company also contracted DMO Technologies Pvt Ltd to design, fabricate and install a Carbon-in-Column ore processing plant at the Buckreef Mine site. Designing and fabrication was done at their base in Kwekwe, Zimbabwe after which the various completed sections of the plant were transported by road to site. By 31<sup>st</sup> August 2015, 85% of the CIC plant was functional with the major outstanding issues being the carbon regeneration circuit, the acid wash circuit and the smelter unit.

- DMO completed installation of about 85% of all the CIC plant parts, the temporary boiler and the extension of the gold room platform. DMO technicians have since left site after partial commissioning of the completed parts of the plant. Construction of the gold room, laboratory and cyanide storage building, including erection of the wall, deck, painting and installation of strong gold room doors and windows were also completed.
- Water for the CIC Process Plant was sourced from the Buckreef fresh water dam by constructing a 4 inch pipeline from the dam to the Plant and an alternative source of water supply to the Plant was pumped from the old Buckreef mine shaft using a 3 inch supply line laid from the shaft to the CIC Plant using a submersible pump from Buckreef store.
- DMO, the contractor also successfully installed and commissioned a temporary gold elution boiler-cum-electrowinning unit with a capacity 250kg dry carbon or 450kg wet (Au-loaded) carbon.
- In June and July 2015, the Company successfully conducted gold electrowinning (stripping gold from pregnant carbon onto steel wire-wool) in readiness for the final smelting process to produce gold dore. As of 31<sup>st</sup> August 2015, the Company had 7.014kg (226 ounces) of gold in steel wire-wool ready for the first smelt at Buckreef Gold Project.

### ***Buckreef Project***

During the 2015 fiscal year, the Company's main activities focused on the Buckreef Project.

### **Mine Development and Operations**

#### Progress

The project successfully completed a critical year with the completion of the construction of four heap leach pads each with dimensions of 100m by 30m, as scheduled. The Company also commenced pilot mining of oxide and transition ore from the Buckreef South Pit. In addition, the Company also commenced cyanide leaching of the oxide ores that were successfully truck-stacked onto 3 of the 4 heap leach pads. Last but not least, the Company also bought and installed a pilot Carbon-in-Column gold recovery process plant and this plant was successfully used to commence the final process in recovering gold from the ore into a cyanide solution and finally gold in wire-wool that's now ready for a first commercial smelt.

Throughout the year, significant improvements were made to the surrounding infrastructure, especially demolition of the old Buckreef processing plant, and up@ of approximately 30 kilometres of Buckreef - Katoro road, the main access road to the mine site.

The Company applied for and was granted a Water Use Permit from Lake Tanganyika Basin Water Board (as per WRMA No. 11, 2009 Water Act). The Company also successfully applied for and was granted an Environmental and Social Impact Assessment certification by the Occupational Safety and Health Agency (OSHA) of Tanzania as a pre-requisite for any new and operating mining project.

In order to power the mining, crushing and gold process plant operations above, the Company contracted the Tanzanian Electricity Supply Company (Tanesco) to install a 33Kv overhead power line connection to the Buckreef camp 100kVA, 33/0.4/0.23kV sub-station. The construction of the 500m overhead power line from the nearby Tanesco main line was contracted to Agape Enterprises Ltd electric contractors. The activities completed by the contractor included bush clearing of the 500m route way from the Tanesco line to Buckreef substation, erection of 7 wooden electric poles on the line, and the installation of the conductor wire string and a power drop down transformer.

As part of security reinforcement, the Company also constructed and reinforced a diamond mesh fence around the Buckreef camp to enclose all houses at the camp including the main office, power substation, heap leach pads, ROMPAD and CIC process plant. The work involved construction and erection of concrete fence poles. Razor wire was then installed atop the entire fence length as a further deterrent.

The Company also commenced to review and revise the planned open pit mining designs and schedules as follows; commence pilot mining on the oxide and transition ores at Buckreef South pit, then move onto the Bingwa oxide/transition ore component then onto the Tembo prospect oxide/transition ores and finally onto the Buckreef Main Prospect oxide/transition ore component. However, the planned schedule would also depend on how soon the villagers within the extended mining license will be compensated and cleared off to facilitate mining. Alternative would be to concentrate on mining within the bounds of the pre-existing old Special Mining License where villagers have already been vacated and once we complete the South pit, we will then go directly to the Buckreef Main pit. However, this will also entail relocating the bulk of the camp facilities and residential houses some 500m away as per legal requirements for a buffer blast zone around any open pit mine.

A Memorandum of Agreement of Sale was made and entered into by DMO Technological Services Ltd. of Zimbabwe and Buckreef Gold Company for the purchase of a carbon in column (“CIC”) plant for the proposed 1000 tpd heap leach operations at Buckreef. The CIC heap leach process plant fabrication which includes carbon adsorption unit, carbon elution unit, electrowinning unit, smelter, carbon regeneration unit, acid wash tank, calcine oven and gold room units were partially completed and/or fabricated during the year. As of 31<sup>st</sup> August 2015, 85% of the CIC plant components had been fabricated and installed. However, the consignments for Elution boiler, Carbon Regeneration Kiln, Acid wash holding tank, calcine oven and smelting furnace that were scheduled for delivery on 12 December, 2014 and on 15th February, 2015 have still not yet been dispatched by the supplier, DMO Technological Services of Zimbabwe.

Grade Control drilling program was completed at the South Pit where a total of 6,727m were drilled from 282 holes using a 5m x 10m x 24m grid to define & confirm Buckreef south ore zone as defined from the Buckreef block model. The drilling confirmed two distinct mineralized zones termed as Buckreef South Zone One and Zone Two with an average grade of 3.16g/t Au and 5.31g/t Au respectively over average mineralized intersection widths of 7.65m and 10.5m respectively.

#### **Significant intercepts reported include:**

##### **Buckreef South Zone One**

- Drill-hole BMGC00120 returned 5m @ 4.77g/t Au (19 - 24m).
- Drill-hole BMGC00134 returned 7m @ 1.68g/t Au (12 - 19m).
- Drill-hole BMGC00162 returned 4m @ 4.43g/t Au (18 - 22m).
- Drill-hole BMGC00163 returned 8m @ 3.40g/t Au (9 - 17m).
- Drill-hole BMGC00164 returned 4m @ 2.75g/t Au (4 - 8m).
- Drill-hole BMGC00176 returned 4m @ 6.12g/t Au (20 - 24m).
- Drill-hole BMGC00177 returned 8m @ 7.27g/t Au (13- 21m).
- Drill-hole BMGC00178 returned 8m @ 7.18g/t Au (5- 13m).

##### **Buckreef South Zone Two**

- Drill-hole **BMGC00128** returned 4m @ 3.76g/t Au (11 – 15m).
- Drill-hole **BMGC00129** returned 5m @ 9.68g/t Au (10 – 15m).
- Drill-hole **BMGC00130** returned 4m @ 3.07g/t Au (2 – 6m).
- Drill-hole **BMGC00156** returned 16m @ 4.10g/t Au (0 – 6m).
- Drill-hole **BMGC00157** returned 6m @ 3.01g/t Au (4 – 8m).

- Drill-hole **BMGC00172** returned 12m @ 8.25g/t Au (12 – 24m).
- Drill-hole **BMGC00175** returned 17m @ 12.93g/t Au (5 – 22m).

The Environmental Impact Assessment Certificate for the Buckreef Gold Project was issued on May 14, 2014 by the Minister of state, Vice-President's Office – Environment. The Environmental certificate (Registration No. EC/EIS/1264) will remain in force during the whole lifecycle of the Buckreef Gold Project. The Company has since contracted the relevant authorities to commence the process for generating and getting certified an Environmental Management Plan (EMP) for the Buckreef Project.

Buckreef enlarged Mining Licence (SML04/92) land valuation work was completed and the valuation and resettlement report was approved by the Chief Government Valuer for compensation. Management is currently reviewing the valuation to determine what, if any, resettlement will be required for mining the various deposits. It is however mandatory to evacuate all households within any approved and current mining license by law prior to commencing actual mining activities. Payments and evacuation will be done as the need arises.

Pilot pre-production open-cut mine development targeted oxide & transition ore on the Buckreef South Prospect. The initial pit design covers a deposit strike length of 300m with a proved reserve of 206,551 tonnes grading @ 1.54g/t with 10,225ozs total contained Au. Actual mining commenced in late October 2014 and up to 31<sup>st</sup> August 2015, a total of 113,831 tonnes with an average gold grade @ 1.89 g/t Au for 6,913 ounces of gold were extracted from the South pit. The mined ore was stockpiled piled onto the ROMPAD as follows; 36,362 tonnes @4.03 g/t classified as High Grade ore (HG), 3,083 tonnes @2.00g/t classified as Medium Grade ore (MG) and 72,385 tonnes @0.75g/t classified as Low Grade ore (LG).

As preliminary stage of gold recovery, the Company commenced cyanide heap leaching of the oxide ores stacked on 3 of 4 active heap leach pads at Buckreef gold mine. The total ore stockpile at Pad #1 as of 31<sup>st</sup> August 2015, is 20,932 tonnes with an average gold grade @2.29g/t while Pad#2 holds 12,944 tonnes with an average gold grade of 2.78g/t. Pad#3 holds 12,088 tonnes of ore with an average gold grade of 3.64g/t.

Despite the inhibited percolation and permeability experienced due to the high (20-30%) clay content in the saprolitic oxide/transition ore stacked on the heap leach pads, the Company managed to generate, collect, store and process the gold rich (pregnant) solution using a simple Carbon-in-Column process plant. As of 31<sup>st</sup> August 2015, Company successfully electrowinned (stripping gold from pregnant carbon onto steel wire-wool), 7.014kg (226 ounces) of gold that is now ready for the first smelt at Buckreef Gold Project.

The BZMA Project entered a development pipeline after BGCL, a project subsidiary of the Company, (55% by Tanzanian Royalty and 45% by Stamico, signed a letter of intent in February 2014 with ARL Gold Tanzania Limited, a subsidiary of Allied Gold Company of United Arab Emirates, to conclude a Definitive Joint Venture Agreement for the standalone mine development of the Buziba resource.

As of 31<sup>st</sup> August 2015, Buckreef and Buziba project area had 13 active PLs and 1 Special Mining License covering a surface area of 95.38km<sup>2</sup>.

### ***Itetemia Project***

The Itetemia gold deposit essentially comprises the Mineral Resources of the Golden Horseshoe Reef (“GHR”), and is an advanced pre-production project focusing on the development of the GHR and the Company believes that the Golden Horseshoe Reef (GHR) at Itetemia represents a modest, yet robust, medium-grade, near surface gold deposit that warrants further feasibility investigations.

The main activity completed for the Itetemia project were the studies (final metallurgical testwork, process engineering designs, etc.) undertaken by MaSS Resources company as a pre-requisite for environmental compliance certification.

The Environmental & Social Impact Assessment (“ESIA”) study was done by Efficient Consultants. The Environmental Impact Assessment Certificate on the Itetemia Gold Project was issued on May 28, 2015 by the Minister of state, Vice-President’s Office – Environment. The Environmental certificate (Registration No. EC/EIS/1811) will remain in force during the whole lifecycle of the Itetemia Gold Project.

Significant of drilling and sampling historically completed over the GHR and surrounding areas has 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 8th March 2011 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>

Rounding results in computational discrepancies.

As of 31<sup>st</sup> August 2015, Itetemia project area had 12 active PLs covering a surface area of 55.47km<sup>2</sup>.

### ***Kigosi Project***

There were no exploration activities on the Kigosi Project licences in fiscal year 2015 due to the Company’s strategy to concentrate on projects with immediate potential to generate near term cash flow, more specifically gold production start up. Kigosi Project area remains subject to a Game Reserve Declaration Order. Upon repeal or amendment of that order by the Tanzanian Government, the Kigosi Mining Company will be legally entitled to exercise its rights under the Mineral Rights and Mining Licence. The procedures for degazetting the Kigosi mining licence project area from a game reserve area to a forestry reserve area have not yet been completed by the parliament and government of Tanzania.

There were no developments on the Kigosi mining area degazetting process during the third quarter to allow mine development on the idling Kigosi Mining Licence. The gold resource numbers for the Kigosi Project are, as at 1<sup>st</sup> September 2009 using a cut-off grade of 0.5g/t:-

Tables 1:Kigosi Project Resource (Measured and Indicated category)

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>

Tables 2: Kigosi Project Resource (Inferred category)

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 (oz)
Luhwaika	Main	Inferred	780,223	2.50	1,950,000	0.90	1,756	56,455
	West	Inferred	99,143	2.49	240,000	0.76	183	5,891
	Quartz rubble	Inferred	2,348,031	2.68	6,300,000	0.34	2,153	69,206
			<b>TOTAL / AVE LUHWAIKA</b>	<b>3,227,397</b>	<b>2.63</b>	<b>8,490,000</b>	<b>4,092</b>	<b>131,553</b>
Igunda	A	Inferred	74,106	2.80	200,000	3.34	668	21,492
	B	Inferred	91,619	2.66	240,000	3.27	786	25,255
			<b>TOTAL / AVE IGUNDA</b>	<b>165,725</b>	<b>2.66</b>	<b>440,000</b>	<b>1,454</b>	<b>46,747</b>
			<b>TOTAL / AVE KIGOSI INFERRED</b>	<b>3,393,122</b>	<b>2.63</b>	<b>8,930,000</b>	<b>5,546</b>	<b>178,300</b>

As of 31<sup>st</sup> August 2015, Kigosi project area had 27 active PLs and 1 Special Mining License all covering a surface area of 448.7km<sup>2</sup>.

### **Luhala Project**

There were no exploration activities on the Luhala Project licences in fiscal year 2015 due to the Company's strategy to concentrate on projects with immediate potential to generate near term cash flow, more specifically gold production start up.

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 mineralisation is stratabound shear-zone hosted gold mineralisation (stratigraphic and structural control) within a distinct unit of felsic rocks with associated ferruginised mafics and felsics.

Historical exploration 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:

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 LUHALA PROJECT</b>		<b>880,000</b>	<b>1,860,000</b>	<b>1.87</b>	<b>112,000</b>
<b>TOTAL INFERRED</b>		<b>880,000</b>	<b>1,860,000</b>	<b>1.87</b>	<b>112,000</b>
<b>GRAND TOTAL</b>		<b>880,000</b>	<b>1,860,000</b>	<b>1.87</b>	<b>112,000</b>

Rounding results in computational discrepancies.

The Company is currently seeking bids to prepare the study required in connection with an application for a mining licence for the Luhala Project. As of 31<sup>st</sup> August 2015, Luhala project area had 4 active PLs covering a surface area of 27.21km<sup>2</sup>.

### *Lunguya Project*

There were no exploration activities on the Lunguya Project licences in fiscal year 2015 due to the Company's strategy to concentrate on projects with immediate potential to generate near term cash flow, more specifically gold production start up.

The Lunguya gold project is situated on a major NW-SE regional shear zone which extend north into Barrick's Bulyanhulu gold mine (>10M oz). Gold mineralization has been identified in a series of planar, brittle-ductile strain zones which form gold mineralized fault-fill shear hosted veins. The Lunguya concession area overlies the contacts between sequences of lower Nyanzian mafic volcanic rocks which are cut by well foliated syn-orogenic granites. Shear zones hosting the auriferous quartz veins range in widths from less than 1.0 to greater than 8.0 m.

Veins identified at Lunguya (Nyamakwenge & Nyikoboko Reefs) strike 030° to 040° and dip modestly northwest (25° - 45°). The reefs commonly have well developed chlorite-sericite alteration mineralogy along their footwall, and sometimes, hangingwall contacts. Gold is present as coarse, visibly identifiable, grains commonly associated with hematitic fractures. Highest gold grades are frequently noted forming towards the footwall contact of the Nyamakwenge Reefs with the enclosing granodiorites.

A reconnaissance exploration drilling program comprising 81RC drill-holes totalling 1,504m probing both a residual gravel deposit and the Nyamakwenge reef system was successfully completed. A follow-up 19-hole 1,331m diamond drilling program confirmed that the Nyamakwenge and Nyikoboko reefs comprise single persistent veins, with respective strike lengths of approximately 475m and 110m. Excellent structural continuity of the veins has been demonstrated but continuity of gold grades is the subject of future exploration programs.

Gold grades within the Nyamakwenge reef range from less than 1.0 g/t to > 40 g/t over variable widths (< 0.3-2.75 m) while gold grades within the Nyikoboko reef range from < 0.2 g/t Au to 7.06 g/t Au over narrow, 0.3 m widths, and the chlorite-sericite envelope noted in the hanging-wall and footwall to the main veins are absent. Gold in these shear zones thus associated with narrow shear-foliated quartz veins in

sheared contacts between basalts and granites. Potential for the discovery of an economic resource from Lunguya can be inferred from active small scale mining activities which are contiguous with Lunguya.

Based on the exploration work so far completed at Lunguya, no definitive 43-101 compliant mineral resource statement has been compiled. As of 31<sup>st</sup> August 2015, Lunguya project area had 6 active PLs covering a surface area of 90.23km<sup>2</sup>.

### **Exploration Projects**

#### ***Biharamulo/Kanegele Projects***

There were no exploration activities on both the Biharamulo and the Kanegele Project licences in fiscal 2015 due to the Company's strategy to concentrate on projects with potential to generate near term cash flow, more specifically gold production start up.

The Company will continue to explore opportunities to maximise shareholder value by actively looking for potential JV agreements on these outlying projects with any interested third parties. As of 31<sup>st</sup> August 2015, Biharamulo project area had 4 active PLs covering a surface area of 93.50km<sup>2</sup> while Kanegele project area had 8 active PLs covering a surface area of 55.63km<sup>2</sup>.

#### ***License Relinquishment***

Following the Company's decision to include mine development in its strategy of working toward generating maximum revenue from its extensive portfolio of properties, and with the rising costs of maintaining prospecting and other licences in Tanzania, management decided to drop some licences. A technical team was formed to review the prospectivity of the entire licence portfolio in Tanzania and propose to management licences to be dropped. Thirty-nine (39) licences were proposed to be dropped by the technical team and the licences were approved for relinquishment by the Company's Technical Committee.

#### ***Exploration***

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

#### ***Competition***

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



most valuable properties. As a result, the Company may eventually be unable to acquire attractive gold mining properties.

#### *Dependence on Customers and Suppliers*

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

#### **Governmental Regulations**

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

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

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

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

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

An environmental impact statement and an environmental management plan must accompany special mining license, mining license and gemstone mining license applications for mineral rights. In addition to the establishment of environmental regulations, the Tanzanian Government has improved management procedures for effective monitoring and enforcement of these regulations by strengthening the institutional capacity, especially in the field offices. The Government has provided rules for the creation of reclamation funds to reinstate land to alternative uses after mining and it has developed guidelines for mining in restricted areas, such as forest reserves, national parks, sources of water and other designated areas.

### C. Organizational Structure

The Company has the following seven subsidiaries:

Name of Subsidiary	Jurisdiction of Incorporation	Percentage & Type of Securities Owned or Controlled by Company	
		Voting Securities Held	Non-Voting Securities
Itetemia 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. Historically, the Company has funded its activities by way of the sale and issuance of its securities. The Company also obtains operating funds through sales of and options to sell its various mineral property interests to other parties, retaining a royalty interest. The Company's properties are without a known body of commercial ore, with no established mineral reserves, and the Company's activities to date on such properties have been exploratory and developmental in nature.

## Mineral Properties

### Buckreef Project

#### History

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

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

An airborne geophysical survey was flown during 1959 over the RGB, in a joint effort between the United Nations and the Tanzanian Mineral Resources Division, with a ground magnetic survey follow-up between 1965 to 1968. The Buckreef quartz vein hosted deposit was rediscovered in 1965 and followed-up by drilling by the Tanzanian Mineral Resources Division.

The Buckreef Mine was an underground mine exploited in the name of the Buckreef Gold Mining Company (“**BGMC**”) approved by Stamico in 1982 and the exploration and mining activities during this period are summarised in the table below. The mining ceased in 1990 due to a number of operational reasons and the mine flooded. Approximately 100,000t of Run of Mine (“**RoM**”) ore was mined at a diluted grade of approximately 3g/t Au to 4g/t Au. In 1994, the Buckreef Redevelopment Agreement was signed between the State of Tanzania and East Africa Mines Limited (“**EAM**”) and additional surface and subsurface gold resources were identified.

Post 1990, a new phase of modern exploration focused on potential Archaean deposits in the Lake Victoria region and the LVG developed after significant gold discoveries.

EAM explored 40km of contiguous strike length of the RGB. During that time (2003) Spinifex Gold, the original parent company to EAM, merged with Gallery Gold Limited of Australia (“**Gallery Gold**”). Gallery Gold then became the parent company of EAM. Iamgold Corporation (“**Iamgold**”) acquired Gallery Gold in March 2006 and held the Buckreef Project until July 2009.

#### Summary of Buckreef Exploration and Mining between 1960 and 2003

DATE	EXPLORATION UNDERTAKEN***
1960	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	13 diamond drill holes by Tanzanian Mineral Resources Division (MRD01-13)
1970s	Early 1970s 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***
1972	Tanzanian government approved investment decision and BGMC
1973-1979	Further underground development and 3 diamond drill holes (BGMDD01-03) by BGMC.

DATE	EXPLORATION UNDERTAKEN <sup>***</sup>
1978-1981	Treatment plant and other facilities established with financial assistance from Swedish International Development Agency
1982-1988	Gold production commenced but reached only 25-40% of forecast targets. Production figure unavailable.
1988	Review of operations by British Mining Consultants Ltd. who found Buckreef assay laboratory assays 65% higher than overseas check assays
1990	Mining ceased and workings flooded. Total ore extracted estimated at approximately 100,000t @3-4g/t Au <sup>***</sup>
1992	Aircore, RC and diamond drilling by East African Mining Corporation (now East Africa Gold Mines Ltd.)
Source: Hellman and Schofield 2007.	
*** This historical estimate is derived from an unpublished report prepared by Hellman and Schofield (Pty.) Ltd. In 2007. This historical estimate presented above is relevant to the further exploration of the project, which the Company is undertaking. Further drilling would be required to upgrade or verify the historical resource estimate as current mineral resources or reserves. A qualified person, as such term is defined under NI 43-101, has not done sufficient work to classify the historical estimate as current mineral resource or mineral reserve estimate and the historical estimate should not be relied upon. Please refer to the Buckreef Technical Report.	

The technical content of the following discussion regarding the Buckreef Project in Tanzania is summarized from the Buckreef Property technical report dated February 24, 2014 entitled Updated National Instrument 43-101 Independent Technical Report on the Buckreef Project in Tanzania for Tanzanian Royalty Exploration Corporation prepared by Venmyn Rand (Pty) Limited and compiled by Fiona Harper, D. Richards and Andrew Neil Clay (the “*Updated Buckreef Technical Report*”). The Updated Buckreef Technical Report was filed on SEDAR on February 24, 2014.

### Ownership

#### Prior Ownership

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

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

#### Current Ownership, Property and Location

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

The Buckreef Project is located in north central Tanzania immediately to the south of Lake Victoria, in the Mwanza Provincial District. The Buckreef Project is situated 110km southwest of Mwanza, in the Geita District and is accessed by ferry across Smiths Sound and then via unpaved roads and an airstrip. The

Buckreef Project comprises five gold deposits located within two geographically separated areas approximately 25km apart, termed the Buckreef Mining Area (“**BRMA**”) and the Buziba-Busolwa Mining Area (“**BZMA**”) and the individual gold deposits within these mining areas have been termed Prospects, as summarized below:-

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

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

### **Geology and Mineralisation**

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

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

### **Regional Geological Setting**

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

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

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

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

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

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

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

### **Local Geological Setting**

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

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

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

peak deformation. A large portion of the basalts to the southeast of Nyarugusu are hornfelsed, suggesting the presence of granite at shallow depths beneath them.

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

The RGB has been subjected to a phase of laterite development, with formation of predominantly iron rich ferricrete caps, which were subsequently extensively eroded and only isolated remnants of laterite remain in situ. The high rainfall and sub-tropical climate has resulted in deep laterisation and although there is evidence of localised gold enrichment in the shallow oxidation profiles in both BRMA or BZMA areas, major zones of supergene gold enrichment are not developed in either area. The RGB in general is covered by a thin layer of elluvial regolith, which is amenable to standard soil sampling techniques.

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

### Exploration Status

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

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

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

mineralisation, a 75% recovery could be anticipated, whilst transitional and fresh mineralisation recoveries were lower, at 35% to 50%.

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

### Previous Mineral Resource and Mineral Reserve Estimates

Hellman & Schofield (Pty) Ltd (“*Hellman and Schofield*”) was retained by the Company to undertake the Mineral Resource estimation for the Buckreef Project reported in the technical report effective June 30, 2011 entitled “*National Instrument 43-101 Technical Report on Tanzanian Royalty Exploration Corporation’s Buckreef Gold Project in Tanzania*” prepared by Venmyn Rand (Pty) Limited and compiled by Fiona Harper, Andrew Neil Clay and Nicholas J. Johnson (the “*Buckreef Technical Report*”).

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

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

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

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

Mineral Resources inclusive of Mineral Reserves.

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

Estimates over variable widths of 3m to 40m

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

Inconsistencies in totals are due to rounding down

55% attributable to the Company

Cut-off grade 0.5g/t Au

### New Mineral Resource and Mineral Reserve Estimates

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



Datamine™ Studio 3 (version 3.20.5321).

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

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

PROSPECT	MEASURED					INDICATED					INFERRED					EXPLORATION TARGETS - Unclassified					
	Volume (Mm3)	SG	Tonnes (Mt)	Grade (g/t)	Contained Gold (oz Au)	Volume (Mm3)	SG	Tonnes (Mt)	Grade (g/t)	Contained Gold (oz Au)	Volume (Mm3)	SG	Tonnes (Mt)	Grade (g/t)	Contained Gold (oz Au)	Volume (Mm3)	SG	Tonnes (Mt)	Grade (g/t)	Contained Gold (oz Au)	
<b>Buckreef Prospect</b>																					
Sub-total	3.260	2.73	8.902	1.72	491,529	4.764	2.75	13.100	1.41	594,456	2.710	2.78	7.528	1.33	322,902	1.577	2.78	4.385	1.10	155,321	
<b>Eastern Porphyry</b>																					
Sub-total	0.032	2.69	0.087	1.20	3,366	0.381	2.66	1.016	1.17	38,355	0.474	2.61	1.239	1.39	55,476	0.508	2.61	1.324	1.14	48,664	
<b>Tembo Prospect</b>																					
Sub-total	0.006	2.70	0.017	0.99	531	0.074	2.50	0.185	1.77	10,518	0.109	2.45	0.267	1.93	16,521	0.042	2.28	0.095	1.12	3,429	
<b>Bingwa Prospect</b>																					
Sub-total	0.387	2.34	0.906	2.83	82,387	0.232	2.45	0.569	1.38	25,274	0.122	2.57	0.312	1.29	12,922	0.019	2.56	0.049	1.25	1,982	
Total	3.685	2.69	9.912	1.81	577,813	5.452	2.73	14.870	1.40	668,602	3.416	2.74	9.345	1.36	407,821	2.146	2.73	5.853	1.11	209,397	
<b>TOTAL</b>	<b>3.68</b>	<b>2.69</b>	<b>9.91</b>	<b>1.81</b>	<b>578,000</b>	<b>5.45</b>	<b>2.73</b>	<b>14.87</b>	<b>1.40</b>	<b>669,000</b>	<b>3.42</b>	<b>2.74</b>	<b>9.35</b>	<b>1.36</b>	<b>408,000</b>	<b>2.15</b>	<b>2.73</b>	<b>5.85</b>	<b>1.11</b>	<b>209,000</b>	

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

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

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

Cut-off Grade 0.5 g/t Au

Estimates over variable widths to 1m to 40m

Specific Gravity ranges 2.0 to 2.8

Inconsistencies in totals are due to rounding

55% attributable to TRX

The Company has incurred total net costs (after recoveries, if any) of \$2,985,705 on the Buckreef Project for the year ended August 31, 2015.

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

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

## Kigosi Project

### *Property Description and Location*

The Kigosi Project area is principally located within the Kigosi Game Reserve controlled area. Through prospecting and mining option agreements, the Company has options to acquire interests in several Kigosi prospecting licenses. A comprehensive report summarizing exploration work done and results to date was submitted to the Director of Wildlife and Nature Conservation as part of the requisite and mandatory requirements for an application to renew the Kigosi game reserve access permit. It is a statutory

requirement to have an access permit to conduct any exploration activities in an area designated as a forest and/or game reserve. On May 31<sup>st</sup>, 2012 the Company was granted a two year permit from the Ministry of Wildlife and Nature Conservation to enter the Kigosi Game Reserve and continue with exploration activities. The Company is evaluating various alternatives for advancing the Kigosi Project by focusing on an area of near surface mineralization.

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

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

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

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

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

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

The access track passes over the 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 (3) large ponds located on the Nikonga River were the only close source of water until recently when the company drilled a highly productive water borehole located some 5km northwest of the camp. Drinking water for the camp is pumped via pipeline from the borehole to the camp. The Nikonga and Shiperenge rivers have played a major part in structuring the physiographic landscape in the area. These rivers drain southwards into the Moyowosi and Njingwe Swamps. Small undulating granite hills form the topographic highs, and generally trend northwest. These hills make up approximately 5% of the project area. The climate is typical of an African tropical climate, being hot during the day and cooling down in the evenings. Winters are very mild, but a blanket is needed in the early hours of the mornings. Kigosi falls within a malaria area, and precautions are necessary. Tsetse flies are also present in some parts of the project area. The region is heavily forested, but has only limited wildlife, chiefly small gazelle and baboons.

## ***Geology and Mineralization***

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

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

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

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

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

For additional information regarding the Kigosi Property see the Technical Report entitled "*National Instrument 43-101F Technical Report on the Kigosi Project in the Lake Victoria Greenstone Belt, Tanzania*" prepared for Tanzanian Royalty Exploration Corporation by Venmyn Rand (Pty) Limited and compiled by C.A. Telfer, N. McKenna, J. Glanvill and R.M. Tayelor dated September 1, 2011 and filed on SEDAR December 13, 2011.

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

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

During a previous detailed vertical RC-drilling program on the Luhwaika Prospect, the company established the presence of a consistent and sizeable near-surface quartz-rubble bed with a potentially

significant economic potential. The Luhwaika Prospect is host to a potentially economic quartz rubble deposit which is likely a direct result of surface collapse and erosion of the Luhwaika Main and West reefs. Artisanal mining activity has concentrated on this loose quartz rubble deposit which is easily accessible for mining. High grade quartz rubble has so far been identified in three areas: the Luhwaika West reef, the Luhwaika Main reef and the Luhwaika East area.

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

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

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

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

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

### ***Luhwaika Prospect***

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

At Luhwaika, two principal shear zones have been identified: the Luhwaika Main and Luhwaika West reefs. These reefs carry significant gold mineralization as evidenced by strike extensive small-scale mining and exploration shafts, and more recent drill results. The gold mineralization in the Luhwaika Main reef is structurally controlled, consisting mostly of lodes of laminated quartz veins impregnated in strongly sheared and altered quartz sericite schist with occasional massive tabular whitish-grey quartz vein blow-outs. These veins are shear hosted, with lesser extensional veins noted in outcrop in the granite host rock.

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

### ***Igunda Prospect***

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

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

### ***Msonga Prospect***

#### ***Drilling***

The Msonga Prospect is situated in the far northeast of the Kigosi license area. The earlier geochemical and structural studies covering this area had identified the presence of a substantial (7 km long) Au-in-soil anomaly hosted in mafic greenstone rocks. Dominant regional structures in the area (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 between 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***

From 1998 to 2007, the Company and AngloGold-Ashanti conducted regional and detailed exploration work on the Kigosi Project Area including airborne magnetics, soil sampling, mapping and trenching. The aeromagnetic survey flown in 1999 covered the entire Ushirombo greenstone belt and parts of the Miyabi-Kigosi greenstone belt. Limited field work was conducted by the Company during this initial period including a helicopter visit to the Luhwaika artisanal site which included grab sampling and mapping.

In June 2002, the Company sent a team to investigate the Luhwaika and Igunda showings at which time a more thorough grab sampling program was conducted. Positive results from this sampling led to further sampling and a small mapping program was initiated. A Landsat and radiometric investigation was also conducted on the Kigosi Project Area in 2003.

AngloGold-Ashanti conducted a detailed airborne survey in 2003 that covered the eastern Kigosi licenses.

A soil sampling program was also conducted as part of initial follow-up work on prospective aeromagnetic anomalies which were later classified as the Msonga, Bungoni, Luhwaika and Igunda prospect areas. AngloGold-Ashanti conducted limited trenching at both Luhwaika and Igunda.

The Company has incurred total net costs (after recoveries, if any) of \$261,867 on the Kigosi Project for the year ended August 31, 2015.

## **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.

### ***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 laterities 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***

The project was acquired by the Company in 2001 and a program of BLEG sampling, geological mapping, rock sampling, RC and diamond drilling was initiated.

### ***Geology***

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

Regionally, Lunguya is located near the eastern terminus of the inner volcanic arc, lower Nyanzian, of the Sukumaland Greenstone belt. The succession is dominated by tholeiitic volcanic rocks containing lesser

felsic tuffaceous rocks and argillaceous horizons cut by thin quartz porphyry dykes and sills. The thick, banded iron formation and felsic flows characteristic of the outer arc Upper Nyanzian sequence are absent. Most of the map scale granite – greenstone contacts strike north-south. No information is available with respect to the orientation of sub-surface contacts.

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

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

### ***Mineralization***

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

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

### ***Exploration***

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

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

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

mineralization in the area.

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

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

During the period ended August 31, 2015, no direct property work was conducted on the Lunguya property.

The Company has deferred total net costs (after any recoveries and write offs) of \$11,353 on the Lungua Property for the year ended August 31, 2015.

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

## **Itetemia Property**

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

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

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

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

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



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

## ***Ownership***

### Prior Ownership

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

### The Company’s Interest

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

1. Tancan had to pay Stamico, on execution of the *Stamico Venture Agreement*, the sum of US\$7,200 (as an advance against the 2% gross revenue royalty) and TSh1,000,000.
2. Tancan and Stamico were to form a joint venture company for the purpose of holding the prospecting license that shall be held 10% by Stamico (with no obligation to contribute) and 90% by Tancan, which was effected through the formation of Itetemia Mining Co.
3. Stamico is entitled to acquire an additional 20% interest in the joint venture company by paying a sum equal to 20% of the cost of placing the property into commercial production based on the feasibility study, if and when submitted to the Government of Tanzania for such purpose.
4. Tancan shall assist Stamico in raising the required capital to exercise the right referred to in (3) above.
5. Tancan was to expend the sum of US\$25,000 in the first year and US\$50,000 annually thereafter in relation to the training of Tanzanian personnel.
6. Upon commencement of commercial production, Stamico shall receive a 2% gross revenue royalty, which shall be increased to a 2.5% gross revenue royalty should a mine on the Itetemia prospecting license produce recoverable gold in excess of 12 grams per tonne.
7. Tancan shall pay to Stamico, as an advance against the 2% gross revenue royalty, the sum of US\$7,200 on or before every anniversary of the *Stamico Venture Agreement* up until the development phase, upon and after which the annual sum of US\$10,000 shall be paid as an advance against such royalty.
8. Tancan shall show preference to Stamico for the provision of local materials and services during the period of mining operations.

9. As amended July 2005, Tancan had to pay to Stamico the sum of US\$15,000 on or before July 12 of 2006 and 2007, and ending upon commercial production, provided that commercial production commences by December 31, 2007, failing which the aforementioned payment shall be revisited. As expected, commercial production did not commence by December 31, 2007. In 2008, the annual option fee was renegotiated to US\$25,000 per annum until commercial production.

10. Tancan may assign its rights under the agreement, subject to the prior written consent of Stamico.

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

**History**

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

**Itetemia Exploration History Synopsis**

<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
2011-2012	Company	NI 43-101 report prepared by Venmyn Rand (Pty) Ltd.
2013	Company	In-house evaluation
2014	Tanzanian Royalty	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

## ***Geology***

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

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

## ***Mineralization***

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

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

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

## ***Exploration***

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

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

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

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

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

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

During the period ended August 31, 2015, no direct property work was conducted on the Itetemia property.

The Company has incurred total net costs (after any recoveries and write offs) of \$65,817 on the Itetemia Property for the year ended August 31, 2015.

## **Luhala Property**

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

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

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

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

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

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

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

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

***History***

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

**LUHALA EXPLORATION HISTORY SYNOPSIS**

<b>Year</b>	<b>Operator</b>	<b>Work Performed</b>
2006	Tancan	Diamond drilling, RC drilling
2007	Sloane	Follow-up exploration planning
2008	Sloane	Data analysis
2009	Sloane	Data analysis
2010	Sloane	Data analysis
2011-2012	Company	NI 43-101 report prepared by Venmyn Rand (Pty) Ltd.
2013	Company	In-house evaluation
2014	Company	Continued in-house evaluation
2015	Company	Continued in-house evaluation/property maintenance

***Geology***

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

In the Luhala area, the predominant structural grain is dominated by an early deformational event which has deformed all supracrustal rocks into tight, south to southwest plunging, west overturned, synforms and antiforms. The short limbs of these folds may have east-west strikes and modest, 40 degree south dips. The long limbs of these folds have north to northeast strikes and generally much steeper, 60 – 80 degree, and east dips.

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

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

### ***Exploration***

During the period ended August 31, 2015, no site-based exploration work was conducted on the Luhala Property.

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

### ***Mineralization***

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

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

### ***Historical Drilling***

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

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

The Company has incurred total net costs of \$6,824 and written off \$47,152 of expenditures on the Luhala Property for the year ended August 31, 2015.

**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, 2015 and 2014, and should be read in conjunction with the consolidated financial statements and the related notes attached hereto.

**Critical Accounting Policies**

*Mineral Properties*

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

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

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

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

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

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

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

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

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

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

The Company's most critical accounting estimate relates to the impairment of mineral properties and deferred exploration costs. During the year ended August 31, 2015, the Company wrote off \$2,233,843 of costs related to its mineral properties (2014 – \$1,209,640). Management assesses impairment of its exploration prospects quarterly. If an impairment results, the capitalized costs associated with the related project or area of interest are charged to expense.

#### *Asset Retirement Obligations*

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral properties and property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized at its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset retirement obligation is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, amount or timing of



the underlying cash flows needed to settle the obligation.

## **A. Operating Results**

The following discussion and analysis of the financial condition and operating results of the Company for the years ended August 31, 2015 and 2014 should be read in conjunction with the consolidated financial statements and related notes to the financial statements which have been prepared in accordance with IFRS.

### **Overall Performance**

As at August 31, 2015, the Company had current assets of \$1,552,416 compared to \$2,614,572 on August 31, 2014. The decrease is mainly due to net expenditures on exploration of \$3,331,566 (2014 - \$2,329,901), additions to property, plant and equipment of \$668,005 (2014 - \$2,412,541) primarily in connection with the construction of the processing plant, and cash used in operations of \$901,062 (2014 - \$3,485,590) offset by proceeds from the sales-leasebacks of \$496,559 (2014 - \$Nil) and the net proceeds from the convertible senior note financing of \$684,979 (2014 - \$Nil) and gold bullion loan financing of \$1,852,036 (2014 - \$Nil). Mineral properties and deferred exploration assets were \$48,150,191 as compared to \$47,052,468 at August 31, 2014.

Net loss for the year ended August 31, 2015 was \$8,995,697 compared to a net loss of \$2,416,265 in the comparable year ended August 31, 2014. The main difference in net loss between the two periods is due to the following fluctuations:

- Lower share based payment expense of \$506,747 during the year ended August 31, 2015 as compared to \$1,106,517 during the year ended August 31, 2014 due to the number of RSU's issued and the lower Company share price, see note 8 of the audited consolidated financial statements for the years ended August 31, 2015 and 2014 for details of RSU's issued,
- A lower gain from the revaluation of warrant liability during the year ended August 31, 2015 of \$324,000, compared to a gain of \$3,524,000 in 2014,
- A gain on the revaluation of derivative liability of \$150,000 compared to \$Nil in 2014.
- An increase in write offs of mineral properties of \$2,233,843 during the year ended August 31, 2015 compared to \$1,209,640 in 2014
- Interest accretion of \$738,134 in connection with the convertible senior note financing that was closed in December 2014 as well as the gold bullion loans financings closed in June 2015, which were not present in the comparable year ended August 31, 2014.
- Finance costs of \$196,525 compared to \$Nil in the comparable period, which represents interest in connection with the convertible senior note financing that closed in December 2014 as well as interest on the gold loan bullion loans, which were not present in the comparable year ended August 31, 2014.
- A loss on the amendment of the convertible senior note financing resulting from the amendment of the terms of the financing on March 25, 2015, as described above, which resulted in a loss of \$2,034,406 (2014 - \$Nil) for the year ended August 31, 2015.
- A loss on redemption of the convertible senior note financing resulting from the redemption option held by the lender in connection with the terms of the convertible senior note financing, which resulted in a loss of \$174,041 (2014 - \$Nil) for the year ended August 31, 2015.
- A loss on sale of gold bullion resulting from the sale of the gold received in connection with the terms of the gold bullion loan resulted in a loss of \$184,810 (2014 - \$Nil) for the year ended August 31, 2015.

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

During the year ended August 31, 2015, the Company issued 174,608 shares (2014 – 320,893 shares) pursuant to the RSU plan with a value of \$729,778 (2014 - \$1,354,238). The Company issued 400,000 (2014 – Nil) shares with a value of \$264,000 (2014 - \$Nil) in connection with a finder’s fee related to the convertible senior note financing completed in December 2014. The Company issued 500,000 (2014 – Nil) shares with a value of \$250,000 (2014 - \$Nil) in connection with the March 25, 2015 amendment to the terms of the convertible senior note financing that was originally completed in December 2014. The Company also issued 5,010,518 (2014 – Nil) shares with a value of \$1,958,397 (2014 - \$Nil) in connection with redemptions by the lender pursuant to the redemption option held by the lender in connection with the terms of the convertible senior note financing. In the current year, capital was utilized for the Buckreef Gold Project development, property acquisition, exploration, capital equipment purchases and general operating expenses as tabulated below. The remaining funds/cash liquid assets are invested in interest bearing investments, which are highly liquid.

	C\$ (000)
Funds available August 31, 2014	1,830
Convertible senior note financing, net of issue costs	1,618
Repayment of convertible senior note	(934)
Net proceeds from sales-leasebacks	497
Equipment purchases	(665)
Mineral property expenditures including licences, environmental and exploration, net of recoveries	(2,529)
Proceeds from gold bullion loan	1,852
General corporate expenses	(901)
<b>Funds available August 31, 2015</b>	<b>\$768</b>

Based on the Company’s current funding sources and taking into account the working capital position and capital requirements at August 31, 2015, these factors indicate the existence of a material uncertainty that raises substantial doubt about the Company’s ability to continue as a going concern and is dependent on the Company raising additional debt or equity financing. The Company must obtain additional funding in order to continue development and construction of the Buckreef Project. The Company is continuing to pursue additional financing to fund the construction of the Buckreef Project and additional projects. However there is no assurance that such additional funding and/or project financing will be obtained or obtained on commercially favourable terms. These consolidated financial statements do not give effect to any adjustment which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the consolidated financial statements.

Additional funding may be derived from revenues generated in the future from anticipated completion and operation of its heap leach mine currently under development. Management continues to explore alternative financing sources in the form of equity, debt or a combination thereof; however the current economic uncertainty and financial market volatility make it difficult to predict success. Risk factors potentially influencing the Company’s ability to raise equity or debt financing include: the outcome of the feasibility study at the Buckreef Project, mineral prices, the risk of operating in a foreign country, including, without limitation, risks relating to permitting, and the buoyancy of the credit and equity markets. For a more detailed list of risk factors, refer to the Company’s Amended Form 20-F Annual Report for the year ended August 31, 2015, which is filed on SEDAR as the Company’s Annual Information Form.

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

## **Trends**

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

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

## **Results of operations**

### ***Fiscal year ended August 31, 2015 compared to fiscal year ended August 31, 2014***

Net additions to mineral properties and deferred exploration costs for the year ended August 31, 2015 were \$3,331,566, compared to \$2,329,901 for the year ended August 31, 2014. The amount has increased as compared with the prior year as the Company has allocated resources on mining of the Buckreef property, as well as a significant cost addition due to the recognition of the asset retirement obligation in the current year of \$680,000 as at August 31, 2015 (August 31, 2014 - \$Nil). The Company also incurred property, plant and equipment additions of \$665,099 (2014 - \$2,412,541) on construction of the heap leach and processing plant. Exploration activities have reduced as the Company advances its Buckreef project towards the commencement of production and continues exploration work on other projects in its portfolio and at the same time is conscious about conserving its cash in the current economic downturn.

Net loss for the year ended August 31, 2015 was \$8,995,697, compared to a net loss of \$2,416,265 for the comparable year ended August 31, 2014. For the three month period ended August 31, 2015 and 2014, there was a net loss of \$2,030,188 compared to a loss of \$1,649,399, respectively.

The main difference in net loss between the comparable years for the year ended August 31, 2015 is mainly due to the variances discussed above. For the three month period ended August 31, 2015 net loss remained consistent between the two years.

Variances in the remaining expenditures is set out below:

For the year ended August 31, 2015, depreciation expense was \$384,708, compared to \$258,068 for the year ended August 31, 2014. The increase of \$126,640 is due to additions to property, plant and equipment over the last quarter of the prior fiscal year resulting in higher amounts of depreciation on overall capital

assets. The capital expenditure for the year ended August 31, 2015 was \$665,099 as compared to \$2,412,541 in the year ended August 31, 2014. The increase in capital expenditures over historical amounts commencing from the fourth quarter of fiscal 2014 is due to construction of the heap leach pads and processing plant. The processing plant is currently not yet being depreciated as it is currently still under testing and commissioning.

Consulting fees for the year ended August 31, 2015 were \$246,147, compared to \$225,914 in the comparable year ended August 31, 2014. Consulting expenses remained fairly consistent during the current period as the Company decreased its employee base and hired consultants in their place to be more cost efficient. The increase in consulting fees is offset by a decrease in salaries and benefits as discussed below. This increase was offset by a decrease in consulting fees as the Company looked to reduce costs wherever possible due to the current economic condition. Consulting fees for the three months ended August 31, 2015 were \$98,337 compared to \$173,933 in the comparable period ended August 31, 2014. The decrease in the expense for the three month period is due to the same cost cutting measures as described above.

Directors' fees for the year ended August 31, 2015 were \$367,524, compared to \$376,434 in the comparable year ended August 31, 2014. For the three month period ended year ended August 31, 2014, director fees amounted to \$129,702 (2014 - \$89,445). Director fees remained consistent between the two periods. See note 8 of the audited consolidated financial statements for the years ended August 31, 2015 and 2014 for details on RSU's granted.

Office and general expenses for the year ended August 31, 2015 were \$326,088, compared to \$380,631 in the comparable year ended August 31, 2014. Office and general costs decreased between the comparable periods due to cost reduction measures across all areas of the Company in light of the current economic conditions and resources available to the Company. For the three month period ended August 31, 2015, office and general expenses were \$128,983, compared to \$107,655 in the comparable period ended August 31, 2014. Office and general expenses remained consistent between the two periods.

Shareholder information costs for the year ended August 31, 2015 increased to \$361,265 from \$265,421 for the comparable year ended August 31, 2014. The increase is due to additional reporting requirements in connection with the various financings and operational updates in the current year. For the three month period ended August 31, 2015, shareholder information costs were \$17,167 compared to \$18,202 for the three month period ended August 31, 2014. Shareholder information costs for the three month period were consistent with the prior year.

Professional fees increased by \$156,689 for the year ended August 31, 2015 to \$680,048 from \$523,359 for the year ended August 31, 2014. Professional fees were higher during the current quarter as the Company deals with tax litigation in Tanzania, increased accounting costs surrounding various financing transactions during the year and various business consulting fees on strategy regarding future financings, and other matters as it approaches initial production on its Buckreef project. For the three month period ended August 31, 2015 professional fees went from \$145,803 for the three month period ended August 31, 2014 to \$244,297. The increase is due to the same reasons above.

Salaries and benefits expense decreased to \$1,053,364 for the year ended August 31, 2015 from \$1,304,895 for the year ended August 31, 2014. Salaries and benefits decreased as the former CFO left the Company and the new CFO came in at lower rates as well as the Company using consultants in the place of salaried employees which carries a lower cost than having salaried employees. The expenses for the corresponding three month period ending August 31, 2015 and 2014 were \$279,072 and \$269,840 respectively. Salaries and benefits were consistent between the two periods.

Share based payments for the year ended August 31, 2015 were \$506,747, compared to \$1,106,517 in the comparable year ended August 31, 2014. Share based payments vary depending on the number of equity based compensation options issued and vesting. See note 8 of the audited consolidated financial statements for the years ended August 31, 2015 and 2014 for details. Director fee RSU expense was \$192,468 and \$194,682, respectively.

For the year ended August 31, 2015, travel and accommodation expense decreased by \$165,379 from \$223,886 in 2014 to \$58,507. For the three months ended August 31, 2015, travel and accommodation expense decreased by \$26,056 from \$48,618 in 2014 to \$22,562. Travel and accommodation expense was particularly high in 2014 due to an increase in travel to Tanzania related to working towards the advancement of projects into future production.

For the year ended August 31, 2015, the foreign exchange gain was \$390,459 compared to an exchange loss of \$18,957 for the same year ended August 31, 2014. The years' Tanzanian Shilling exchange rate increased from 1,503 at August 31, 2014 to 1,587 at August 31, 2015.

Interest expense for the year ended August 31, 2015 was \$12,128, compared to income of \$65,362 for the year ended August 31, 2014. Interest income decreased as the average cash balance in interest bearing accounts decreased during the current period. The expense is a result of interest assessed on taxes due in Tanzania.

The interest accretion expense for the year ended August 31, 2015 was \$738,134, compared to \$4,779 for the year ended August 31, 2014. The interest relates to the issuance of convertible debt. Interest accretion was higher as of August 31, 2015 as the Company raised funds through the convertible senior note financing closed in December 2014. The Company also incurred finance costs of \$196,525 (2014 - \$Nil) in relation to interest payments on the convertible senior note financing as well as costs related to the gold bullion loans during the year ended August 31, 2015.

During the year ended August 31, 2015, the Company agreed to abandon and wrote off \$2,233,843 in expenses in various project areas (2014 – wrote off \$1,209,640) from abandoning various licenses; see note 4 of the audited consolidated financial statements for the year ended August 31, 2015 and 2014 for details. The Company is continuously evaluating its mineral properties Licenses and Carry Forward Balances and makes adjustments as deemed necessary to reflect current plans to explore and develop licenses into the future.

A gain of \$324,000 (2014 – gain of \$3,524,000) was recognized during the year ended August 31, 2015 in connection with the revaluation of the warrant liability. Warrant liability is revalued at every reporting period using the Black-Scholes model. See note 8 of the audited consolidated financial statements for the year ended August 31, 2015 and 2014 for details.

A gain of \$150,000 (2014 – \$Nil) was recognized during the year ended August 31, 2015, in connection with the revaluation of the derivative liability. The derivative liability is revalued at every reporting period using the Black-Scholes model. See note 21 of the audited consolidated financial statements for the three and year ended August 31, 2015 and 2014 for details.

A loss on the amendment of the convertible senior note financing resulting from the amendment of the terms of the financing on March 25, 2015 as described earlier which resulted in a loss of \$2,034,406 (2014 - \$Nil) for the year ended August 31, 2015.

A loss on redemption of the convertible senior note financing resulting from the redemption option held by the lender in connection with the terms of the convertible senior note financing resulted in a loss of \$174,041 (2014 - \$Nil) for the year ended August 31, 2015.

A loss on sale of gold bullion resulting from the sale of the gold received in connection with the terms of the gold bullion loan resulted in a loss of \$184,810 (2014 - \$Nil) for the year ended August 31, 2015.

***Fiscal year ended August 31, 2014 compared to fiscal year ended August 31, 2013***

Net additions to mineral properties and deferred exploration costs for the year ended August 31, 2014 were \$2,329,901 compared to \$4,109,573 for the year ended August 31, 2013. The amount has decreased as compared with prior year as the Company focused on construction of the heap leach and processing plant during the latter part of the year, incurring additions of \$2,412,541 (2013 - \$50,197) and thus reduced its exploration activities as it advances its Buckreef project towards the commencement of production and continues exploration work on other projects in its portfolio and at the same time is conscious about conserving its cash in the current economic downturn. Recoveries received during the year ended August 31, 2014 and 2013 from various option agreements and other miscellaneous sources were \$Nil and \$41,786, respectively.

Net loss for the year ended August 31, 2014 was \$2,416,265 compared to a loss of \$3,225,998 for the comparable year ended August 31, 2013. For the three month period ended August 31, 2014 and 2013, the net loss was \$1,649,399 and a loss of \$2,754,677, respectively. The main reason for the decrease in net loss for the year is the recovery of VAT of \$262,116 during the year ended August 31, 2014 compared to \$Nil in 2013 and a write off of mineral properties of \$1,209,640 for the year ended August 31, 2014 compared to \$2,194,907 in 2013. A lower gain of \$3,524,000 from the revaluation of warrant liability during the year ended August 31, 2014 compared to a gain of \$4,590,000 on the same revaluation of the warrant liability in 2013 reduced decrease in net loss.

The main reason for the decrease in net loss for the three month period is the reduced gain on revaluation of warrant liability of \$33,000 compared to a loss of \$747,000 on the same revaluation of the warrant liability in 2013 and a write off of mineral properties of \$356,096 for the three month period ended August 31, 2014 compared to \$695,094 in 2013.

For the year ended August 31, 2014, depreciation expense was \$258,067 compared to \$288,519 for the year ended August 31, 2013. The decrease of \$30,452 was due to the lower capital asset cost base for capital assets currently being depreciated as depreciation lowered the capital asset balance offset by purchases in the period. The capital expenditure for the year ended August 31, 2014 was \$2,412,541 as compared to \$50,197 in the year ended August 31, 2013. The increase in capital expenditures is due to construction of the heap leach pads and processing plant.

Consulting fees for the year ended August 31, 2014 were \$225,914 compared to \$317,257 in the comparable year ended August 31, 2013. Consulting expenses decreased due to a reduction in fees to members of the technical committee and due to non recurring consulting work in the prior period in connection with preliminary economic analysis. Consulting fees for the three months ended August 31, 2014 were \$173,933 compared to \$136,807 in the comparable period ended August 31, 2013. The increase in the three month period is due to the final settlement of a lawsuit brought on by a former consultant.

Directors' fees for the year ended August 31, 2014 were \$376,434 compared to \$375,342 in the comparable year ended August 31, 2013. Director fees remained consistent between the two periods as the number and valuation of RSU's issued to board members remained comparable.

Office and general expenses for the year ended August 31, 2014 were \$380,632 compared to \$388,675 in the comparable year ended August 31, 2013. Office and general costs remained consistent between the comparable periods. For the three month period ended August 31, 2014, office and general expenses were \$107,655 compared to \$124,742 in the comparable period ended August 31, 2013. Office and general costs remained consistent between the comparable quarters.

Shareholder information costs for the year ended August 31, 2014 decreased to \$265,421 from \$343,291 for the comparable year ended August 31, 2013. The decrease was due to lower investor relation costs during the current year. For the three month period ended August 31, 2014, shareholder information costs were \$18,202 compared to \$70,711 for the three month period ended August 31, 2013. The decrease of \$52,509 was due to lower investor relations costs during the current quarter in 2014.

Professional fees decreased by \$208,469 for the year ended August 31, 2014 to \$523,359 from \$732,328 for the year ended August 31, 2013. Professional fees were higher during fiscal 2013 due to litigation during the comparable period in 2013. For the three month period ended August 31, 2014 professional fees decreased to \$145,803 from \$318,594 for the three month period ended August 31, 2013. The decrease is due to the same reason as described above.

Salaries and benefits expense decreased to \$1,304,895 for the year ended August 31, 2014 from \$1,388,160 for the year ended August 31, 2013. Salaries and benefits decreased due to reduced bonuses paid in the current period. The expenses for the corresponding three month period ending August 31, 2014 and 2013 were \$269,840 and \$261,860 respectively. Salaries and benefits remained consistent between the two comparable periods.

Share based payments for the year ended August 31, 2014 were \$1,106,517 compared to \$1,053,509 in the comparable year ended August 31, 2013. Share based payments vary depending on the number of equity based compensation options issued and vesting. See note 8 of the audited consolidated financial statements for the years ended August 31, 2014 and 2013 for details. Director fee RSU expense was \$194,682 and \$208,572, respectively.

For the year ended August 31, 2014, travel and accommodation expense increased by \$97,524 from \$126,362 in 2013 to \$223,886. For the three months ended August 31, 2014, travel and accommodation expense increased by \$10,162 from \$38,456 in 2013 to \$48,618. Travel and accommodation expense increased as compared to the comparable quarter in 2013 due to an increase in travel in the latter half of the year related to advancement of projects into production.

For the year ended August 31, 2014, the foreign exchange loss was \$18,957 compared to an exchange loss of \$5,215 for the same year ended August 31, 2013. This decreased loss of \$13,742 was due to the years' Tanzanian Shilling exchange rate having decreased from 1,524 at August 31, 2013 to 1,503 at August 31, 2014.

Interest income for the year ended August 31, 2014 was \$65,362, compared to \$133,116 for the year ended August 31, 2013. Interest income decreased as the average cash balance in interest bearing accounts decreased during the current period.

The interest accretion expense for the year ended August 31, 2014 was \$4,779, compared to \$55,549 for the year ended August 31, 2013. The interest relates to the issuance of convertible debt. Interest accretion has reduced to \$Nil as of August 31, 2014 as debt was repaid or converted into shares.

During the year ended August 31, 2014, the Company agreed to abandon and wrote off \$1,209,640 in expenses in various project areas (2013 – wrote off \$2,194,907) from abandoning various licenses, see note

4 of the audited consolidated financial statements for the years ended August 31, 2014 and 2013 for details. The Company is continuously evaluating its mineral properties Licenses and Carry Forward Balances and makes adjustments as deemed necessary to reflect current plans to explore and develop licenses into the future.

During the year ended August 31, 2014, the Company recorded recoveries of VAT of \$262,116 (2013 – \$Nil) for VAT that was previously expensed due to the government conditions at the time which supported a low likelihood of receiving VAT refunds. During the current period, these government factors changed and the amount is deemed to be collectible.

A gain of \$3,524,000 (2013 – gain of \$4,590,000) was recognized during the year ended August 31, 2014 in connection with the revaluation of the warrant liability. Warrant liability is revalued at every reporting period using the Black-Scholes model.

### ***Inflation***

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

### ***Foreign Exchange***

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company has offices in Canada, USA, and Tanzania, but holds cash mainly in Canadian and United States currencies. A significant change in the currency exchange rates between the Canadian dollar relative to US dollar and Tanzanian shillings could have an effect on the Company's results of operations, financial position, or cash flows. At August 31, 2015, the Company had no hedging agreements in place with respect to foreign exchange rates. As a majority of the funds of the Company are held in Canadian currencies, the foreign currency risk associated with US dollar and Tanzanian Shilling financial instruments is not considered significant at August 31, 2015.

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

The Company manages liquidity risk by maintaining adequate cash balances in order to meet short term business requirements. Because the Company does not currently derive any production revenue from operations, its ability to conduct exploration and development work on its properties is largely based upon its ability to raise capital by equity funding. Previously, the Company obtained funding via private placements, public offering and various sources, including the Company's President and CEO.

Based on the Company's current funding sources and taking into account the working capital position and capital requirements at August 31, 2015, these factors indicate the existence of a material uncertainty that raises substantial doubt about the Company's ability to continue as a going concern and is dependent on the Company raising additional debt or equity financing. The Company must obtain additional funding in order to continue development and construction of the Buckreef Project. The Company is continuing to pursue additional financing to fund the construction of the Buckreef Project and additional projects. However there is no assurance that such additional funding and/or project financing will be obtained or obtained on commercially favourable terms. These consolidated financial statements do not give effect to any adjustment which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the consolidated financial statements.



As of August 31, 2015, the Company's working capital position was a negative working capital of \$4,684,253 (August 31, 2014 – \$1,325,667 positive working capital). As the Company's mineral properties advance, additional equity and debt financing will be required to fund exploration and mining activities. Additional funding may be derived from revenues generated in the future from anticipated completion and operation of its heap leach mine currently under development.

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.

In addition to the property payments committed to by the Company to maintain options in certain prospecting and mining option agreements (note 4 of the audited consolidated financial statements for the years ended August 31, 2015 and 2014), the Company is committed to rental payments of approximately \$27,199 as at August 31, 2015 (August 31, 2014 - \$Nil) for premises in fiscal 2015.

The Company also entered into a commitment with DMO Technological Services Ltd. of Zimbabwe for the purchase of a carbon in column plant in connection with the heap leach operations at Buckreef with remaining commitments in the amount of USD \$Nil (August 31, 2014 - USD\$582,240).

### **2010 Convertible Promissory Note**

On October 4, 2010 the Company completed a private placement with arm's length third parties consisting of three-year convertible promissory notes in the aggregate principal amount of \$1,060,000 bearing interest at 3% and convertible into 204,772 common shares at the price of \$5.1765 per share. On September 14, 2013 the promissory notes matured and the Holders elected repayment of the promissory notes in cash. Accordingly \$1,060,000 plus interest in the amount of \$30,000 was paid on September 16, 2013.

### **2014 Convertible Senior Note**

#### *Initial issuance:*

On December 29, 2014, the Company closed out of escrow the issuance of US\$10,000,000 in convertible senior notes to an institutional lender. The facility may be increased to US\$15,000,000, subject to financial criteria.

The notes were issued at an 8% discount, with an initial funding amount of US\$9,200,000. The notes are convertible at the option of the lender at a price of US\$0.98. The notes bear interest at 8% per annum, payable monthly. The lender may opt to receive interest in common shares in lieu of cash at US\$0.98 per share. The notes mature in 24 months and are prepayable in full (if the prepayment amount is funded by new debt) or in part (if the prepayment amount is funded by equity) at the option of the Company after 6 months at a price equal to 107% of the principal being repaid. The lender may redeem 7.5% of principal monthly commencing in March, 2015 payable in cash or shares at the option of the Company (at a price based on 90% of the then-current volume weighted average trading price), subject to certain conditions, including that the volume-weighted average trading price ("VWAP") of the common shares exceeds US\$0.60 per share on the payment date and on each of the 20 trading days immediately preceding such date, and that an SEC registration statement is effective for resale of the common shares issuable under the notes.

The initial closing drawdown was US\$1,766,588. Subsequent drawdowns may be made based on meeting certain financial conditions, including the Company achieving net free cash flow of at least US\$1,050,000 over a quarterly period. As at February 28, 2015, the Company had not achieved the financial conditions,

as such, the cash held in escrow is restricted and unavailable to the Company for use. As at February 28, 2015, the Company repaid USD\$750,000.

On closing, 982,143 warrants were issued to the lender which are exercisable for 5 years at the conversion price of US\$0.98. Any warrants issued to the lender in the future will be exercisable at 115% of the 5-day VWAP of the common shares on the 5 trading days immediately preceding the date of issue.

The Company incurred \$435,174 in direct expenditures relating to securing this financing. In addition, 400,000 shares and 400,000 warrants were issued as finders fees (Note 8). The 400,000 warrants are exercisable for 2 years at the conversion price of US\$0.98. These costs have been recorded as transaction costs against the convertible senior notes to be amortized over the life of the notes.

*Amendment to initial issuance:*

On March 25, 2015, the Company amended the terms of its convertible senior note financing, the first drawdown under which successfully closed on December 29, 2014.

The outstanding principal at the time of the amendment was US\$9,250,000 representing the original USD\$10,000,000 less the payment made as part of the lenders "mandatory redemption option". The previously escrowed funds were returned to the lender. Under the amended financing, there is no escrow of funds and the outstanding principal amount of the notes was reduced to US\$1,450,000. Interest at 8% per annum is calculated on the reduced principal amount only, effective from March 1, 2015. A maximum of US\$300,000 in cash may be repayable in April 2015, pursuant once again to the lender's "mandatory redemption option."

The reduced amount of outstanding notes remain convertible at the option of the lender at 115% of the 5-day volume-weighted average trading price on the NYSE MKT of the Company's common shares as at December 9, 2014 (being US0.98). The terms of the 982,143 share purchase warrants issued to the lender on closing are unchanged; they remain exercisable for 5 years at the conversion price, and the lender may also opt to receive interest in common shares in lieu of cash at that price. The notes mature in 24 months and are prepayable at the option of the Company 6 months after the original closing. The lender may resume mandatory redemptions of up to US\$750,000 monthly commencing in May 2015 payable in cash or, subject to registration and certain financial criteria, shares at the option of the Company (at a price based on 90% of the then-current volume weighted average trading price).

The lender will be entitled to advance up to an additional US\$4,000,000 to the Company in exchange for 8% discount notes subject to the same maturity and repayment terms (and entitlement to share purchase warrants) as currently apply, with a conversion price of US\$0.98, subject to downward adjustment to \$0.50, from and after September 30, 2015, under certain market conditions. In consideration of the amendments agreed to, the lender will receive 500,000 common shares of the Company.

The balance of the convertible senior note is as follows:

	August 31, 2015	August 31, 2014
Note issued at face value (\$10,000,000 USD)	\$ 11,626,808	\$ -
Discount on convertible note (\$800,000 USD)	(930,145)	-
Conversion component of convertible note (\$2,934,000 USD)	(3,359,000)	-
Transaction costs relating to convertible note - shares	(264,000)	-
Warrants issued to debenture holders	(443,000)	-
Transaction costs relating to convertible note – broker warrants	(72,000)	-
Transaction costs relating to convertible note - cash	(435,174)	-
Amortization of bond discount and transaction costs	540,980	-

Repayments – cash (\$750,000 USD)		(933,825)		-
Reduction of conversion component on repayment		252,000		-
Foreign exchange		282,731		-
Balance, prior to amendment	\$	6,265,375	\$	-
Reduction in notes on amendment		(4,521,501)		-
Redemption of convertible notes		(1,784,356)		-
Foreign exchange		40,482		-
Balance, end of the year	\$	-	\$	-

*Derivative in convertible senior notes:*

The conversion option is considered an embedded derivative as it is denominated in USD whereas the Company's functional currency is the Canadian dollar. The feature is classified as a current liability on the statement of financial position and is carried at fair value as determined by the Black-Scholes option pricing model, with changes in fair value recorded as gains or losses in the statement of comprehensive loss.

The assumptions in valuing the embedded derivative on issuance at December 9, 2014 include an expected volatility of 74%, a risk free interest rate of 0.72% and an expected life of 2 years resulting in a fair value on issuance of \$3,359,000. As at August 31, 2015, the derivative in the convertible note is valued at \$Nil (August 31, 2014 - \$Nil), as the balance of the convertible notes was converted into shares.

Interest expense related to the Debentures amounted to \$172,700 (2014 - \$Nil), as at August 31, 2015 and is recorded as finance charge in the statement of comprehensive loss. Accretion expense during the year ended August 31, 2015 totaled \$540,980 (2014 - \$Nil). All interest payments have been paid as of August 31, 2015.

During the year ended August 31, 2015, the lender redeemed \$1,784,356 of convertible senior notes which was paid in shares, which resulted in the issuance of 5,010,518 common shares with a fair value of \$1,958,397. The resulting loss on redemption of convertible senior notes of \$174,041 (2014 - \$Nil) is reflected as a loss for the year ended August 31, 2015.

### **Mineral Property Projects**

As of August 31, 2015, amounts capitalized in respect of mineral properties were \$48,150,191, being an increase from August 31, 2014 when the balance was \$47,052,468.

During the fiscal year ended August 31, 2015, the Company capitalized mineral property exploration costs of \$3,331,566 on its mineral resource properties, compared to fiscal 2014 when the Company capitalized mineral property exploration costs of \$2,329,901.

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

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

Not applicable.

### **D. Trend Information**

No known trend.

## E. Off Balance Sheet Arrangements

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

## F. Tabular Disclosure of Contractual Obligations

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

## Item 6. Directors, Senior Management and Employees

### A. Directors and Senior Management

#### Directors and Senior Management

##### A. Directors and Senior Management

The following is a list of the Company's current directors and officers. The directors named below were elected or re-elected by the Company's shareholders on May 28, 2015. 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>James E. Sinclair</b> Sharon, Connecticut <i>President, Chief Executive Officer and Director</i>	President and CEO of the Company	April 30, 2002
<b>Joseph Kahama</b> Dar es Salaam, Tanzania <i>Chairman and Chief Operating Officer (Tanzania) and Director</i>	Chairman and COO (Tanzania) of the Company; President, Tanzania American International Development Corporation 2000 Limited	February 29, 2008
<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	January 4, 2005
<b>William Harvey</b> Sharon, Connecticut <i>Director</i>	Psychologist	April 30, 2002
<b>Rosalind Morrow</b> Toronto, Ontario <i>Director</i>	Lawyer; Partner, Borden Ladner Gervais LLP	October 20, 2003
<b>Abdulkarim Mruma</b> Dar es Salaam, Tanzania <i>Director</i>	Professor of Geology, University of Dar es Salaam	February 22, 2011
<b>Ulrich E. Rath</b> Toronto, Ontario <i>Director</i>	Formerly President and CEO and Director of Chariot Resources Ltd.	October 7, 2003

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>Marco Guidi</b> Toronto, Ontario <i>Chief Financial Officer</i>	Chartered Accountant, currently serving as Chief Financial Officer, Controller and Accountant for a number of junior mining companies.	Officer only
<b>Donna M. Moroney</b> Vancouver, BC <i>Corporate Secretary</i>	President and Owner of Wiklow Corporate Services Inc.	Officer only

### **Directors and Senior Management**

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

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

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

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

#### **Joseph Kahama, B.A. (Carleton); M.A.(Udsm), Chairman and Chief Operating Officer (Tanzania) and Director**

Joseph Kahama was appointed Chairman and Chief Operating Officer (Tanzania) of the Company in February 2011. He became a director of the Company in February 2008 and he formerly served as President and director of the Company's wholly owned subsidiary, Tanzania American International Development Corporation 2000 Limited, since 1997. In his capacity as President and director of Tanzam 2000, Mr. Kahama has been responsible for corporate administration and also for maintaining good relations with the government, vendors and with the Company's various business partners in Tanzania. In addition to serving as an Executive Councillor at the Tanzania Chamber of Minerals and Energy (TCME) since 1999, where he represents the Company and its various subsidiaries, Mr. Kahama served as the Chairman of the Tanzania Chamber of Minerals and Energy for the period 2011-2014. Since 2006, Mr. Kahama has been a member and advisor of the China-Africa Business Council which is headquartered in Beijing, People's Republic of China. Mr. Kahama currently serves as the Secretary General of the Tanzania-China Friendship Promotion Association and in October 2014, was decorated by the President of the East China Normal University in Shanghai as an Advisory Professor.

Mr. Kahama is author of a book titled "SIR GEORGE: A Thematic History of Tanzania Through His Fifty Years of Public Service", printed in 2010. Mr. Kahama, age 46, devotes his full time to the business and

affairs of the Company.

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

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

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

Dr. Harvey is a Clinical Psychologist, who for over thirty years has served as a consultant and technical expert on matters relating to substance abuse prevention and mental health promotion to a wide variety of private and governmental programs and agencies in the United States. These include the National Institute of Drug Abuse, the National Institute of Alcoholism and Alcohol Abuse, the Office of Juvenile Justice & Delinquency Prevention, and the National Mental Health Association. He was an Adjunct Professor in the Department of Sociology at Washington University, and a Senior Research Scientist at the Missouri Institute of Mental Health, University of Missouri. He continues to be involved in the formulation of new programs and policies aimed at the betterment of society. Dr. Harvey will continue to expand the role which the Company has at the local level to ensure that stakeholder interests are addressed. Dr. Harvey, age 82, devotes approximately 10% of his time to the business and affairs of the Company.

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

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

**Abdulkarim Hamisi Mruma, Ph.D., M.Sc. (Geology), B.Sc. (Geology), *Director***

Dr. Mruma is a graduate of the University of Dar es Salaam where he currently serves as a Professor of Geology. His post graduate studies included research sabbaticals at universities and government institutions in Germany, Belgium, Zimbabwe and Finland. He has authored numerous technical reports on various

geological topics and contributed to several technical and non-technical journals on a broad range of geology and industry-related subjects. The list of publications includes UNESCO Magazine, Journal of African Earth Sciences, and the Tanzanian Journal of Earth Sciences. In addition to his academic duties, Dr. Mruma is Chief Executive Officer of the Geological Survey of Tanzania, a position he has held since October 2004. He also serves as a Board member of both Williamson Diamonds Limited and National Development Corporation, College of Earth Sciences of the University of Dodoma. Dr. Mruma is the Chairman of the Advisory Board of Mineral Resources Institute and he also acts as National Coordinator of International Geological Correlation Programs and International Year of Planet Earth Programs. He is also a member of the Research and Development Advisory Committee on Natural Resources - Tanzania Commission for Science and Technology (COSTECH). Dr. Mruma, age 60, devotes approximately 10% of his time to the business and affairs of the Company.

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

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

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

Mr. Guidi is a Chartered Accountant and holds an Honours Bachelor degree in Business Administration from Wilfrid Laurier University. Mr. Guidi began his career with an accounting firm where he was as an audit supervisor specializing in serving the audit and tax needs of clients in a variety of industries. He has worked with publicly listed junior mining companies, technology companies, and privately-owned and entrepreneurial companies. In 2010, Mr. Guidi transitioned out of public accounting and is currently serving as Chief Financial Officer, Controller and Accountant for a number of junior mining companies. Mr. Guidi, age 31, devotes 30% of his time to the business and affairs of the Company.

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

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

## **Cease Trade Orders**

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

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

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

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

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

## **Penalties or Sanctions**

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

- (a) any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

## **Personal Bankruptcies**

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

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



- (ii) has, within the last ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement, or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder

## **Conflicts of Interest**

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

## **B. Executive Compensation**

### **Compensation Discussion and Analysis**

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

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

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

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

Equity compensation plans are designed to provide an incentive to the directors, officers, employees and consultants of the Company to achieve the longer-term objectives of the Company; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Company; and to attract and retain persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Company. The Company awards equity

based compensation to its executive officers and employees, based upon the Board's review of the recommendations of the Audit and Compensation Committee. Previous awards of such equity compensation are taken into account when considering new grants. The Company does not currently have an incentive stock option plan and none is contemplated.

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

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

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

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

- (a) the Company's chief executive officer ("*CEO*");
- (b) the Company's chief financial officer ("*CFO*");
- (c) each of the Company's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year and whose total compensation will be, individually, more than \$150,000 for that financial year; and
- (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of the most recently completed financial year.

Based on the foregoing definition, the Company has six NEOs for the fiscal year ended August 31, 2015: James E. Sinclair, President and CEO; Joseph Kahama, Chairman and COO (Tanzania); Marco Guidi, Victoria Luis, Corporate Accountant, Peter Zizhou, General Manager and Donna M. Moroney, Corporate Secretary.

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

## Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Share-based awards (\$)		Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension Value (\$)	All other compensation (\$)	Total compensation (\$)
			Annual incentive plans (RSU)	Long term incentive plans (ESOP)					
<b>James Sinclair,</b> <i>President and CEO</i>	2015	94,395 <sup>(1)</sup>	206,123 <sup>(4)</sup>	Nil	Nil	Nil	Nil	Nil	300,518
	2014	95,000 <sup>(2)</sup>	187,500 <sup>(5)</sup>	Nil	Nil	Nil	Nil	13,089	295,589
	2013	87,512 <sup>(3)</sup>	Nil	Nil	Nil	Nil	Nil	10,348	97,860
<b>Joseph Kahama,</b> <i>Chairman and COO</i> <i>(Tanzania)</i>	2015	125,323 <sup>(1)</sup>	206,123 <sup>(4)</sup>	Nil	Nil	Nil	Nil	Nil	125,323
	2014	113,064 <sup>(2)</sup>	193,750 <sup>(7)</sup>	Nil	Nil	Nil	Nil	70,000	376,814
	2013	113,064 <sup>(3)(6)</sup>	89,515 <sup>(8)</sup>	Nil	Nil	Nil	Nil	149,700 <sup>(9)</sup>	352,279
<b>Marco Guidi,</b> <i>CFO</i> <sup>(10)</sup>	2015	77,375	Nil	Nil	Nil	Nil	Nil	Nil	77,375
	2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Steven Van Tongeren,</b> <i>Former CFO</i> <sup>(11)</sup>	2015	38,408 <sup>(1)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	38,408
	2014	169,299 <sup>(2)</sup>	206,125 <sup>(12)</sup>	9,119	Nil	Nil	Nil	13,089	397,632
	2013	173,885 <sup>(3)</sup>	311,125 <sup>(13)</sup>	9,328	Nil	Nil	Nil	28,375	522,713
<b>Donna M. Moroney,</b> <i>Corporate Secretary</i> <sup>(14)</sup>	2015	60,000	Nil	Nil	Nil	Nil	Nil	Nil	60,000
	2014	47,500	N/A	Nil	N/A	N/A	N/A	N/A	47,500
	2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Victoria Luis,</b> <i>Corporate Accountant</i>	2015	114,270 <sup>(1)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	114,270
	2014	115,000 <sup>(2)</sup>	113,975 <sup>(12)</sup>	Nil	Nil	Nil	Nil	8,790	237,765
	2013	113,665 <sup>(3)</sup>	182,725 <sup>(15)</sup>	Nil	Nil	Nil	Nil	14,395	310,785
<b>Peter Zizhou,</b> <i>General Manager</i> <sup>(16)</sup>	2015	88,017 <sup>(1)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	72,790
	2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Phillip Kaniki,</b> <i>Former General Manager</i> <sup>(17)</sup>	2015	71,947 <sup>(1)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	71,947
	2014	102,000 <sup>(2)</sup>	41,225 <sup>(12)</sup>	11,018	Nil	Nil	Nil	Nil	154,243
	2013	92,500 <sup>(3)</sup>	41,225 <sup>(18)</sup>	8,948	Nil	Nil	Nil	8,500	151,173

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

(2) US\$ exchange average for the year= \$1.0908.

(3) US\$ exchange = 1.00.

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

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

(6) Includes taxes paid in Tanzania and statutory deductions.

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

(8) Valued at \$4.69 per RSU granted on June 2, 2010.

(9) Total is a combination of \$74,700 cash and 27,574 RSUs valued at \$2.72 per RSU granted on July 3, 2013.

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

(11) Steven Van Tongeren resigned as CFO on December 31, 2014.

(12) Valued at \$3.58 per RSU granted on April 10, 2013.

(13) Total is a combination of 25,000 RSUs valued at \$4.20 per RSU granted on February 24, 2012 and 42,152 RSUs valued at \$4.89 per RSU granted on April 11, 2012.

(14) Donna Moroney as Corporate Secretary as of May 31, 2014.

(15) Total is a combination of 14,659 RSUs valued at \$4.69 per RSU granted on June 2, 2010, 23,307 RSUs valued at \$4.89 per RSU granted on April 11, 2012.

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

(17) Phillip Kaniki ceased as General Manager on March 21, 2015.

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

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

## Incentive Plan Awards

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

Name	Year	Option-based Awards			Share-based Awards		
		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 (\$)
James Sinclair, President and CEO	2015	N/A	N/A	N/A	36,750 <sup>(1)</sup>	75,000	36,750
	2014	N/A	N/A	N/A	206,000 <sup>(2)</sup>	76,296	206,000
	2013	N/A	N/A	N/A	206,125 <sup>(3)</sup>	57,577	206,125
Joseph Kahama, Chairman and COO (Tanzania)	2015	N/A	N/A	N/A	36,750 <sup>(1)</sup>	75,000	36,750
	2014	N/A	N/A	N/A	206,000 <sup>(2)</sup>	76,296	206,000
	2013	N/A	N/A	N/A	281,125 <sup>(4)</sup>	85,151	281,125
Marco Guidi, CFO	2015	N/A	N/A	N/A	24,500	50,000	24,500
	2014	N/A	N/A	N/A	N/A	N/A	N/A
	2013	N/A	N/A	N/A	N/A	N/A	N/A
Steven Van Tongeren, Former CFO	2015	N/A	N/A	N/A	Nil	Nil	Nil
	2014	N/A	N/A	N/A	206,000 <sup>(2)</sup>	76,296	206,000
	2013	N/A	N/A	N/A	313,525 <sup>(3)</sup>	87,577	313,525
Donna M. Moroney, Corporate Secretary	2015	N/A	N/A	N/A	4,900	10,000	4,900
	2014	N/A	N/A	N/A	N/A	N/A	N/A
	2013	N/A	N/A	N/A	N/A	N/A	N/A
Victoria Luis, Corporate Accountant	2015	N/A	N/A	N/A	19,600	40,000	19,600
	2014	N/A	N/A	N/A	114,000 <sup>(2)</sup>	42,222	114,000
	2013	N/A	N/A	N/A	113,975 <sup>(3)</sup>	31,837	113,975
Peter Zizhou, General Manager	2015	N/A	N/A	N/A	24,500	50,000	24,500
	2014	N/A	N/A	N/A	N/A	N/A	N/A
	2013	N/A	N/A	N/A	N/A	N/A	N/A
Phillip Kaniki, Former General Manager	2015	N/A	N/A	N/A	Nil	Nil	Nil
	2014	N/A	N/A	N/A	41,000 <sup>(2)</sup>	15,185	41,000
	2013	N/A	N/A	N/A	41,225 <sup>(3)</sup>	11,515	41,225

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

(2) Valued at \$2.70 per RSU granted on April 9, 2014.

(3) Valued at \$3.58 per RSU granted on April 10, 2013.

(4) Total is a combination of 57,577 RSUs valued at \$3.58 per RSU granted on April 10, 2013 and 27,574 RSUs valued at \$2.72 per RSU granted on July 3, 2013.

### 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 (\$)
<b>James Sinclair,</b> <i>President and CEO</i>	Nil	206,125	Nil
<b>Joseph Kahama,</b> <i>Chairman and COO (Tanzania)</i>	Nil	2016,125	Nil
<b>Marco Guidi</b> <i>CFO</i>	Nil	Nil	Nil
<b>Steven Van Tongeren,</b> <i>Former CFO</i>	Nil	Nil	Nil
<b>Donna M. Moroney,</b> <i>Corporate Secretary</i>	Nil	Nil	Nil
<b>Victoria Luis,</b> <i>Corporate Accountant</i>	Nil	Nil	Nil
<b>Peter Zizhou,</b> <i>General Manager</i>	Nil	Nil	Nil
<b>Phillip Kaniki,</b> <i>Former General Manager</i>	Nil	Nil	Nil

#### Long Term Incentive Plan Awards to NEOs

The Company has made long-term incentive plan awards during the fiscal year ended August 31, 2015 to NEOs of the Company. See “*Restricted Stock Unit Plan*” and “*Employee Share Ownership Plan*” below.

#### Restricted Stock Unit Plan

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

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

On April 26, 2011, the Company’s RSU Plan was amended as the RSU Plan expressly excluded the Chairman and Chief Executive Officer of the Company from participating in the RSU Plan. As the joint office of Chairman and Chief Executive Officer of the Company no longer exists, and was replaced by two

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

As of November 9, 2012, the Board resolved to suspend 1,500,000 common shares of the 2,500,000 common shares previously authorized for issuance under the RSU Plan, such that a maximum of 1,000,000 shares shall be authorized for issuance under the RSU Plan, until such suspension may be lifted or further amended. Subsequently, on January 9, 2014, the Board resolved to decrease the number of common shares suspended to 1,200,000 common shares so that a maximum of 1,300,000 common shares be authorized for issuance under the RSU Plan.

*RSUs Granted to Directors and Named Executive Officers During the Fiscal Year Ended August 31, 2015:*

<b>Name</b>	<b>Date of Grant</b>	<b>No. of RSUs <sup>(1)</sup></b>	<b>Cash Compensation Election</b>	<b>Vesting Period <sup>(2)</sup></b>	<b>Expiration Date</b>
Norman Betts	April 8, 2015	87,883	\$36,000	2 years	April 8, 2017
William Harvey	April 8, 2015	77,168	\$37,812	2 years	April 8, 2017
Rosalind Morrow	April 8, 2015	168,367	\$Nil	3 years	April 8, 2018
Abdulkarim Mruma	April 8, 2015	77,194	\$37,800	2 years	April 8, 2017
Ulrich Rath	April 8, 2015	77,168	\$37,812	1 year	April 8, 2016
Joseph Kahama	April 8, 2015	75,000	N/A	3 years	April 8, 2018
James Sinclair	April 8, 2015	75,000	N/A	3 years	April 8, 2018
Marco Guidi	April 8, 2015	50,000	N/A	3 years	April 8, 2018
Steven Van Tongeren	Nil	0	N/A	N/A	N/A
Donna M. Moroney	April 8, 2015	10,000	N/A	3 years	April 8, 2018
Victoria Luis	April 8, 2015	40,000	N/A	3 years	April 8, 2018
Peter Zizhou	April 8, 2015	50,000	N/A	3 years	April 8, 2018
Phillip Kaniki	Nil	0	N/A	N/A	N/A
<b>RSUs granted to directors and executive officers as a group:</b>		787,780			

(1) Valued at \$0.49 per RSU.

(2) Subject to the early vesting conditions of the Amended RSU Plan.

The following RSUs granted to directors and officers during the fiscal year ended August 31, 2012 vested during fiscal year ended August 31, 2015:

Name	Date of Grant	No. of Shares <sup>(1)</sup>	Cash Compensation Election	Vesting Period	Expiration Date
Rosalind Morrow	April 11, 2012	15,465	\$Nil	3 years	April 11, 2015
Norman Betts	April 11, 2012	8,397	\$38,000	3 years	April 11, 2015
Joseph Kahama	April 11, 2012	42,152	N/A	3 years	April 11, 2015
James Sinclair	April 11, 2012	42,152	N/A	3 years	April 11, 2015

(1) Valued at \$4.89 per RSU

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

Name	Date of Grant	No. of Shares <sup>(1)</sup>	Cash Compensation Election	Vesting Period	Expiration Date
Ulrich Rath	April 9, 2014	14,004	\$37,912	1 year	April 9, 2015

(2) Valued at \$2.70 per RSU

#### *Outstanding RSUs*

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

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

By an agreement dated May 1, 2003, the Company appointed Computershare Trust Company (formerly Olympia Trust Company), as trustee (the “*Trustee*”) to manage and administer the Company’s ESOP. Under the ESOP, eligible employees, directors, and consultants can elect to contribute up to 30% of their salary or compensation on a monthly basis for investment by the Trustee in shares of the Company. The Company will contribute funds equal to 100% of the employee’s contribution up to an amount equal to 5% or less of the employee’s salary. The Company will contribute funds equal to 50% of the employee’s contribution for the next 6% to 30% inclusive of the employee’s salary. All share purchases are at market prices at the time of purchase, through the facilities of the TSX using registered representatives. Due to market conditions and the resultant decline in the Company’s share price, all contributions to the ESOP were suspended as of October 1, 2014. For the period from September 1, 2014 through October 1, 2014, 20 participants, including participating directors and officers, together with Company contributions, had purchased 5,597 common shares under the ESOP. The participant contributions were \$7,334 and the Company’s matching monthly contribution was \$5,876. Included in the above contributions are the following director and NEO contributions:

Name	Director/Officer/NEO Contribution (\$)	Company Contribution (\$)	Number of Common Shares Purchased
Steven Van Tongeren <sup>(1)</sup>	754	754	639
Donna M. Moroney	500	500	424
Phillip Kaniki <sup>(2)</sup>	1,386	924	979

(1) Mr. Van Tongeren resigned as Chief Financial Officer of the Company on December 31, 2014.

(2) Mr. Kaniki ceased as General Manager as of March 21, 2015.

## Pension Plan Benefits

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

## Equity Compensation Plan Information

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

	Number of securities to be issued upon exercise of outstanding RSUs	Weighted average exercise price of outstanding RSUs	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by security holders (Restricted Stock Unit Plan)	1,647,222	\$1.27	52,778
<b>Total</b>	<b>1,647,222</b>	<b>\$1.27</b>	<b>52,778</b>

## Director Compensation

### Director Compensation Table

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

Name	Fees Earned (\$)	RSUs granted <sup>(1)</sup> (#)	Cash Compensation Election (\$)	All Other Compensation (US\$)	Total (\$)
Norman Betts	79,062	87,883	36,000	Nil	79,062
William Harvey	75,625	77,168	37,812	Nil	75,625
Rosalind Morrow	68,750	163,367	Nil	Nil	68,750
Abdulkarim Mruma	75,625	77,194	37,800	Nil	75,625
Ulrich Rath	75,625	77,168	37,812	Nil	75,625

(1) Valued at \$0.49 per RSU (the closing price of the Company's shares on April 8, 2015, the date of grant of the RSUs).

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

Annual compensation for outside directors is \$68,750 per year, plus \$6,875 per year for serving on



Committees, plus \$3,437.50 per year for serving as Chair of a Committee. On April 11, 2012, the Board approved that at the election of each individual director, up to one half of the annual compensation may be received in cash, paid quarterly. The remainder of the director's annual compensation (at least one half and up to 100%) will be awarded as RSUs in accordance with the terms of the RSU Plan and shall vest within a minimum of one year and a maximum of three years, at the election of the director, subject to the conditions of the Amended RSU Plan with respect to earlier vesting. In 2015, 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%.

Under the Amended RSU Plan, at the election of each outside director, outside directors were granted 487,780 RSUs during the fiscal year ended August 31, 2015.

At the election of each outside director, directors' fees of \$149,425 were paid to outside directors during the fiscal year ended August 31, 2015.

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

There are currently no contracts for outside management services. There is currently one NEO employment contract in place with Mr. Kahama, whereby he will be entitled to receive an amount by way of severance payment equal to one month's salary per full year of service in the event of termination without cause. The employment contract does not provide for change of control benefits. If a termination without cause was to have occurred on August 31, 2015, the Company would have been required to pay a severance payment in the aggregate amount of US\$151,793 to Mr. Kahama.

### **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 May 28, 2015, the shareholders elected James Sinclair, Joseph Kahama, William Harvey, Rosalind Morrow, Norman Betts, Ulrich Rath and Abdulkarim Mruma 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 Joseph Kahama, Chair, Abdulkarim Mruma, Peter Zizhou and Joas Kabete. The Technical Committee has approved a Technical Committee Manual defining Composition and Terms of Reference. Among other things, the Technical Committee reviews with management any exploration, geological, mining, metallurgical and other technical issues and reviews technical and financial issues associated with new and existing projects that require Board approval with respect to their technical and financial impact on the Company. The Technical Committee reports directly to the Board of Directors.

## **AUDIT COMMITTEE INFORMATION**

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

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

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

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

#### **2.0 Compensation**

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

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

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

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

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

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

- 4.1 *The external auditors are the independent representatives of the shareholders, but the external auditors are also accountable to the Board of Directors and the Audit and Compensation Committee.*
- 4.2 *The external auditors must be able to complete their audit procedures and reviews with professional independence, free from any undue interference from the management or directors.*
- 4.3 *The Audit and Compensation Committee must direct and ensure that the management fully co-operates with the external auditors in the course of carrying out their professional duties.*
- 4.4 *The Audit and Compensation Committee will have direct communications access at all times with the external auditors.*
- 4.5 *The Audit and Compensation Committee will ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law.*
- 4.6 *The Audit and Compensation Committee will recommend to the Board of Directors policies for the Company's hiring of employees or former employees of the external auditors who participated in any capacity in the audit of the Company.*

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

- 5.1 *The external auditors are prohibited from providing any non-audit services to the Company, without the express written consent of the Audit and Compensation Committee. In determining whether the external auditors will be granted permission to provide non-audit services to the Company, the Audit and Compensation Committee must consider that the benefits to the Company from the provision of such services, outweighs the risk of any compromise to or loss of the independence of the external auditors in carrying out their auditing mandate.*
- 5.2 *Notwithstanding section 5.1, the external auditors are prohibited at all times from carrying out any of the following services, while they are appointed the external auditors of the Company:*
- (i) *acting as an agent of the Company for the sale of all or substantially all of the undertaking of the Company; and*
  - (ii) *performing any non-audit consulting work for any director or senior officer of the Company in their personal capacity, but not as a director, officer or insider of any other entity not associated or related to the Company.*

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

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

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

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

## **8.0 Remuneration of the Auditors**

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

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

## **9.0 Termination of the Auditors**

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

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

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

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

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

## **12.0 Oversight of Internal Controls**

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

## **13.0 Continuous Disclosure Requirements**

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

## **14.0 Other Auditing Matters**

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

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

## **15.0 Annual Review**

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

## **16.0 Independent Advisers**

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

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

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

## **18.0 Changes in Accounting Policies**

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

## **19.0 Nominating Committee**

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

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

Following are the members of the Audit and Compensation Committee:

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

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

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

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

## **3. Relevant Education and Experience**

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

## **4.6. Reliance on Certain Exemptions**

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services), Section 3.3(2) (Controlled Companies), Section 3.6 (Temporary Exemption for Limited and Exceptional Circumstances), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of National

Instrument 52-110. Nor has the Company relied on Section 3.8 (Acquisition of Financial Literacy) of NI 52-110.

**7. Audit and Compensation Committee Oversight**

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

**8. Pre-Approval Policies and Procedures**

The Audit and Compensation Committee is authorized by the Board of Directors to review the performance of the Company’s external auditors and approve in advance the provision of services other than auditing and to consider the independence of the external auditors, including a review of the range of services provided in the context of all consulting services bought by the Company. The Audit and Compensation Committee is authorized to approve in writing any non-audit services or additional work which the Chairman of the Audit and Compensation Committee deems is necessary, and the Chairman will notify the other members of the Audit and Compensation Committee of such non-audit or additional work and the reasons for such non-audit work for the Committee’s consideration, and if thought fit, approval in writing.

**9. External Auditor Service Fees**

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

<b>Financial Year Ending August 31</b>	<b>Audit Fees</b>	<b>Audit Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
2015	Canada – \$100,000 Tanzania - \$35,000	Nil Nil	Nil Nil	Nil Nil
2014	Canada - \$135,925 Tanzania - \$35,000	Nil Nil	Nil Nil	Nil Nil

**D. Employees**

The Company has three full time employee located in Sharon, Connecticut, USA, thirty-three full time employees located in Buckreef, Tanzania, and seven full time employees located in Dar es Salaam, Tanzania.

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

Location	Category	Full Time Employees	Temporary Employees	Full Time Consultants	Part Time Consultants
Buckreef , Tanzania	Administration	13	Nil	Nil	Nil
	Exploration	19	Nil	Nil	Nil
Dar es Salaam, Tanzania	Administration	7	Nil	Nil	Nil
	Exploration	1	Nil	Nil	Nil
Connecticut, USA	Administration	4	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, 2015.

Name of Owner	Number of Shares Owned	Percentage <sup>(1)</sup>
Betts, Norman	10,497	<0.01%
Guidi, Marco	0	N/A
Harvey, William	350,652	0.33%
Kahama, Joseph	110,878	0.10%
Luis, Victoria	155,848	0.14%
Moroney, Donna	2,427	<0.01%
Morrow, Rosalind	480,549	0.45%
Mruma, Abdulkarim	32,015	0.03%
Rath, Ulrich E.	94,835	0.09%
Sinclair, James E.	1,957,552	1.82%
All directors and named executive officers as a group	<b>3,195,253</b>	<b>2.96%</b>

(1) Calculation based on 107,853,554 shares of common stock outstanding as of August 31, 2015.

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, 2015, the Company knows of one shareholder who beneficially own more than 5% of the outstanding shares of the Company's voting securities as set forth in the following table:

Title of Class	Identity of Holder <sup>(2)</sup>	Amount Owned	Percent of Class <sup>(1)</sup>
Common Shares	Van Eck Associates Corporation	7,486,737	6.94%

(1) Based on the issued and outstanding shares of the Company of 108,088,296 shares as at December 28, 2015.

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

The following table sets out the portion of common shares of the Company held by registered shareholders in Canada, the United States of America, and all other countries by total number of holders, total shareholdings, percentage of total issued shares, and percentage of total holders as of August 31, 2015:

Jurisdiction of Shareholders of Record	Number of Shareholders	Number of Common Shares	Percentage of Total Issued Shares	Percentage of Total Holders
United States	1,479	46,543,300	43.15%	81.30%
Canada	231	59,429,079	55.10%	12.71%
Other Countries	109	1,881,176	1.74%	6.00%
<b>TOTAL</b>	<b>1,819</b>	<b>107,853,554</b>	<b>100.00%</b>	<b>100.00%</b>

## B. Related Party Transactions

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

Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

(a) The Company entered into the following transactions with related parties:

Year ended August 31,	Notes	2015	2014
Legal services	(i)	\$282,169	\$257,050
Rent	(ii)	\$27,199	\$21,347
Rent	(iii)	\$5,516	\$33,924
Consulting	(iv)	\$175,908	\$160,954
Consulting	(v)	\$91,215	\$174,163

- (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, 2015, the legal expense charged by the firm was \$282,169 (2014 - \$257,050). As at August 31, 2015, \$315,994 remains payable (August 31, 2014 - \$28,648).
- (ii) During the year ended August 31, 2015, \$27,199 (2014 - \$21,347) was paid to a company associated with the Company's Chairman and COO and his spouse for office rental.
- (iii) During the year ended August 31, 2015, \$5,516 (2014 - \$33,924) was paid to a company associated with the Company's CFO for office rental. This office rental lease was cancelled effective November 1, 2014.
- (iv) During the year ended August 31, 2015, \$175,908 (2014 - \$160,954) was paid for heap leach



construction consulting and website/data back-up services to companies controlled by individuals associated with the CEO.

- (v) During the year ended August 31, 2015, \$91,215 (2014 - \$174,163) was paid for grade control drilling and other consulting services to Stamico, the Company's joint venture partner on the Buckreef Gold Project.

At August 31, 2015, the Company has a receivable of \$Nil (August 31, 2014 - \$2,072) from an organization associated with the Company's President and CEO.

At August 31, 2015, the Company has a receivable of \$5,541 (August 31, 2014 - \$16,622) from the former general manager of the Company for amounts advanced on his behalf.

During the year ended August 31, 2015, the Company sold automotive and mining equipment in the amount of \$243,805 to directors of the Company and \$333,700 to the Company's CEO for total proceeds of \$577,505 as described in Note 5 to the financial statements. Pursuant to the agreements, the Company entered into one 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. 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%.

As at August 31, 2015, the balance outstanding under capital lease obligations is \$496,559 (August 31, 2014 - \$Nil) and is repayable within one year based on the monthly payments as described above. As such, the capital 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>2015</b>		<b>2014</b>	
	<b>Salaries and benefits (1)</b>	<b>Share based payments (2), (3)</b>	Salaries and benefits (1)	Share based payments (2), (3)
Management	\$ 346,464	\$ 397,440	\$ 446,640	\$ 720,336
Directors	175,056	192,468	181,752	194,682
<b>Total</b>	<b>\$ 521,520</b>	<b>\$ 589,908</b>	<b>\$ 628,392</b>	<b>\$ 915,018</b>

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

### **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, 2015 and 2014 with the Report of Independent Registered Public Accounting Firm, comprised of:

- (a) Consolidated Balance Sheets as of August 31, 2015 and 2014;
- (b) Consolidated Statements of Comprehensive Loss for the years ended August 31, 2015 and 2014;
- (c) Consolidated Statements of Changes in Equity for the years ended August 31, 2015 and 2014;
- (d) Consolidated Statements of Cash Flows for the years ended August 31, 2015 and 2014; and
- (e) Notes to the consolidated financial statements.

#### *Dividend Policy*

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

#### *Legal Proceedings*

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

### **B. Significant Changes**

None.

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

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

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

As of August 31, 2015 there were 1,478 registered shareholders in the United States holding 43.15% of the Company’s outstanding common shares, representing approximately 81.30% of the total number of registered shareholders. The Company’s common shares are issued in registered form and the percentage of shares reported to be held by registered holders in the United States is taken from the records of the Computershare Trust Company, the registrar and transfer agent for the Company’s common shares.

The number of registered shareholders resident in the United States is attributed as to 0.23% to directors and officers of the Company who are United States residents; a further 0.20% held by United States residents who are immediate family members of a director and officer of the Company; and the balance of 39.39% are United States residents who have purchased shares in the secondary market, through the facilities of the TSX or NYSE MKT.

The high and low market prices expressed in Canadian dollars on the TSX and the high and low expressed in US dollars on the NYSE MKT for the Company’s common shares for the last five years, for the last six months, and each quarter for the last three fiscal years

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**TSX**  
**(Canadian Dollars)**

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<i>Last Six Months</i>	<i>High</i>	<i>Low</i>	<i>Volume</i>
October 1 – 31, 2015	0.50	0.385	344,132
September 2015	0.46	0.355	346,902
August 2015	0.56	0.39	764,605
July 2015	0.61	0.39	1,383,403
June 2015	0.44	0.32	971,405
May 2015	0.495	0.325	1,176,962

<i>Fiscal 2015</i>	<i>High</i>	<i>Low</i>	<i>Volume</i>
Fourth Quarter ended August 31, 2015	0.61	0.32	3,119,413
Third Quarter ended May 31, 2015	0.77	0.325	2,902,256
Second Quarter ended February 28, 2015	1.24	0.60	3,574,535
First Quarter ended November 30, 2014	2.70	1.10	3,299,296

<i>Fiscal 2014</i>	<i>High</i>	<i>Low</i>	<i>Volume</i>
Fourth Quarter ended August 31, 2014	2.75	1.89	2,210,839
Third Quarter ended May 31, 2014	3.13	1.81	3,360,408
Second Quarter ended February 28, 2014	2.91	1.75	4,058,712
First Quarter ended November 30, 2013	4.15	2.05	9,312,124

<i>Fiscal 2013</i>	<i>High</i>	<i>Low</i>	<i>Volume</i>
Fourth Quarter ended August 31, 2013	4.40	2.20	4,863,35,7
Third Quarter ended May 31, 2013	4.32	2.38	4,699,925
Second Quarter ended February 28, 2013	4.78	3.02	3,153,469
First Quarter ended November 30, 2012	5.21	4.28	3,575,412

<i>Last Five Fiscal Years</i>	<i>High</i>	<i>Low</i>
2015	2.70	0.32
2014	4.15	1.75
2013	5.21	2.20
2012	5.87	1.59
2011	7.79	5.32

**NYSE MKT  
(US Dollars)**

<i>Last Six Months</i>	<i>High</i>	<i>Low</i>	<i>Volume</i>
October 1 – 31, 2015	0.383	0.2876	2,997,909
September 2015	0.3336	0.27	2,410,527
August 2015	0.41	0.29	3,692,209
July 2015	0.4774	0.305	6,853,223
June 2015	0.36	0.25	6,124,107
May 2015	0.41	0.269	8,015,831

<i>Fiscal 2015</i>	<i>High</i>	<i>Low</i>	<i>Volume</i>
Fourth Quarter ended August 31, 2015	0.4774	0.25	16,444,940
Third Quarter ended May 31, 2015	0.6504	0.2690	29,318,531
Second Quarter ended February 28, 2015	1.10	0.52	34,660,791
First Quarter ended November 30, 2014	2.45	0.94	21,851,367

<i>Fiscal 2014</i>	<i>High</i>	<i>Low</i>	<i>Volume</i>
Fourth Quarter ended August 31, 2014	2.57	1.72	16,057,300
Third Quarter ended May 31, 2014	2.81	1.69	13,660,500
Second Quarter ended February 28, 2014	2.67	1.63	21,779,200
First Quarter ended November 30, 2013	4.06	1.98	37,997,000

<i>Fiscal 2013</i>	<i>High</i>	<i>Low</i>	<i>Volume</i>
Fourth Quarter ended August 31, 2013	4.15	2.14	30,463,361
Third Quarter ended May 31, 2013	4.20	2.35	30,245,852
Second Quarter ended February 28, 2013	4.79	3.03	25,583,328
First Quarter ended November 30, 2012	5.34	4.32	20,539,806

<i>Last Five Fiscal Years</i>	<i>High</i>	<i>Low</i>
2015	2.45	0.25
2014	4.06	1.63
2013	5.34	2.14
2012	5.94	1.56
2011	7.82	5.38

**B. Plan of Distribution**

Not applicable.

### C. Markets

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

### D. Selling Shareholders

Not applicable.

### E. Dilution

Not applicable.

### F. Expenses of the Issue

Not applicable.

## Item 10. Additional Information

### A. Share Capital

The Company's Restated Articles of Incorporation authorize the Company to issue an unlimited number of common shares. On November 23, 2011, the Board resolved that the Company authorize for issuance up to a maximum of 115,000,000 common shares, subject to further resolutions of the Company's Board of Directors. As of August 31, 2015, there were 107,853,554 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, 2013</b>	<b>100,922,582</b>	<b>115,614,202</b>
<i>Add:</i> Issued pursuant to Restricted Share Unit Plan	320,893	1,354,235
Issued on settlement of lawsuit	82,405	185,000
<b>Total Outstanding as of August 31, 2014</b>	<b>101,325,880</b>	<b>117,153,437</b>
<i>Add:</i> Issued pursuant to Restricted Share Unit Plan	174,608	729,699
Finders fee on convertible senior note financing	400,000	264,000
Shares issued on amendment of convertible senior note financing	500,000	250,000
Redemption of convertible senior notes	5,010,518	1,958,397
Finder's fee on loan agreement	442,548	177,019
<b>Total Outstanding as of August 31, 2015</b>	<b>107,853,554</b>	<b>120,532,634</b>

Shares are issued by the Company with the regulatory acceptance of the Toronto Stock Exchange and NYSE MKT, upon resolution of the Board of Directors of the Company. As of August 31, 2015, there are a

total of 107,853,554 common shares issued and a further 1,382,143 common shares reserved for issuance under outstanding RSUs.

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

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

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

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

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

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

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

- the provisions of the Articles authorizing the issue of Class “B” Voting shares, Class “C” Non-Voting shares and Class “D” Preferred shares were deleted;
- Class “A” voting shares were redesignated as common shares; and
- a provision was added to allow meetings of shareholders to be held outside Alberta in either of the cities of Vancouver, British Columbia or Toronto, Ontario.

The Articles of the Company were further amended on February 28, 2006, as follows:

- the name of the Company was changed to its present name, “*Tanzanian Royalty Exploration Corporation*”.

The Articles of the Company were further amended on February 29, 2008 as follows:

- Pursuant to Section 173(1)(l) of the *Business Corporations Act* (Alberta), Item 5 of the Articles of the Company was amended by changing the maximum number of directors from 9 to 11.

## **Common Shares**

All issued and outstanding common shares are fully paid and non-assessable. Each holder of record of common shares is entitled to one vote for each common share so held on all matters requiring a vote of shareholders, including the election of directors. The holders of common shares will be entitled to dividends on a pro-rata basis, if and when as declared by the board of directors. There are no preferences, conversion rights, preemptive rights, subscription rights, or restrictions or transfers attached to the common

shares. In the event of liquidation, dissolution, or winding up of the Company, the holders of common shares are entitled to participate in the assets of the Company available for distribution after satisfaction of the claims of creditors.

The rights of shareholders cannot be changed without a special resolution of at least 2/3 of the votes cast by the shareholders who voted in respect of the resolution, and separate classes of shareholders are entitled to separate class votes. Any such alteration of shareholder's rights would also require the regulatory acceptance of the TSX. There are no provisions of the Company's Articles or Bylaws that would have the effect of delaying, deferring, or preventing a change of control of the Company, and that would operate only with respect to a merger, acquisition, or corporate restructuring involving the Company (or any of its subsidiaries).

### **Powers and Duties of Directors**

The directors shall manage or supervise the management of the affairs and business of the Company and shall have authority to exercise all such powers of the Company as are not, by the *Business Corporations Act* (Alberta) or by the Articles or Bylaws, required to be exercised by the Company in a general meeting.

Directors will serve as such until the next annual meeting. In general, a director who is, in any way, directly or indirectly interested in an existing or proposed contract or transaction with the Company whereby a duty or interest might be created to conflict with his duty or interest director, shall declare the nature and extent of his interest in such contract or transaction or the conflict or potential conflict with his duty and interest as a director. Such director shall not vote in respect of any such contract or transaction with the Company in which he is interested and if he shall do so, his vote shall not be counted, but he shall be counted in the quorum present at the meeting at which such vote is taken. However, notwithstanding the foregoing, directors shall have the right to vote on determining the remuneration of the directors.

The directors may from time to time on behalf of the Company: (a) borrow money in such manner and amount from such sources and upon such terms and conditions as they think fit; (b) issue bonds, debentures and other debt obligations; or (c) mortgage, charge or give other security on the whole or any part of the property and assets of the Company.

At least one-quarter of the directors of the Company should be persons ordinarily resident in Canada and all must be at least 18 years of age. There is no minimum share ownership to be a director. No person shall be a director of the Company who is not capable of managing their own affairs; is an undischarged bankrupt or who is a person who is not an individual.

### **Shareholders**

An annual general meeting shall be held once in every calendar year at such time and place as may be determined by the directors. A quorum at an annual general meeting and special meeting shall be two shareholders or one or more proxy holder representing two shareholders, or one shareholder and a proxy holder representing another shareholder. There is no limitation imposed by the laws of Canada or by the charter or other constituent documents of the Company on the right of a non-resident to hold or vote the common shares, other than as provided in the *Investment Canada Act*, (the "**Investment Act**") discussed below under "*Item 10. Additional Information, D. Exchange Controls.*"

In accordance with Alberta law, directors shall be elected by an "ordinary resolution" which means (a) a resolution passed by the shareholders of the Company in general meeting by a simple majority of the votes cast in person or by proxy, or (b) a resolution that has been signed by all shareholders entitled to vote on the resolution.

Under Alberta law certain items such as an amendment to the Company's articles or entering into a merger, requires approval by a special resolution, which means (a) a resolution passed by a majority of not less than 2/3 of the votes cast by the shareholders of the Company who, being entitled to do so, vote in person or by proxy at a general meeting of the company (b) a resolution consented to in writing by every shareholder of the Company who would have been entitled to vote in person or by proxy at a general meeting of the Company, and a resolution so consented to is deemed to be a special resolution passed at a general meeting of the Company.

### C. Material Contracts

The following are the material contracts of the Company (other than contracts in the ordinary course of business) entered into within the last two years:

<b>Date</b>	<b>Names of Parties</b>	<b>Description of General Nature of the Contract</b>	<b>Consideration Paid; Terms and Conditions</b>
June 22, 2015	Hoffman Heritage Ranches LLC	Secured Gold Loan Agreement	US\$1,015,000 in gold for a term of one year, maturing on June 22, 2016
June 22, 2015	William L. Holter	Secured Gold Loan Agreement	US\$515,000 in gold for a term of one year, maturing on June 22, 2016
December 9, 2014	JGB (Cayman) Weston Ltd.	Securities Purchase Agreement	8% Original Issue Discount Senior Convertible Debenture in the principal sum of up to US\$15 Million
December 9, 2014	JGB (Cayman) Weston Ltd.	Registration Rights Agreement	Obligation to file Registration Statement in the US covering the resale of securities under the Securities Purchase Agreement
December 9, 2014	JGB (Cayman) Weston Ltd.	8% Original Issue Discount Senior Convertible Debenture due December 9, 2016	Principal Sum of up to \$15 Million
December 9, 2014	JGB (Cayman) Weston Ltd. and Wells Fargo Bank, National Association	Escrow Agreement	Deposit of US\$9,115,000 in escrow pursuant to Securities Purchase Agreement
December 9, 2014	JGB (Cayman) Weston Ltd.	Common Stock Purchase Warrant	To purchase up to 982,143 common shares at a price of US\$0.98 per share, on or before December 9, 2019



Date	Names of Parties	Description of General Nature of the Contract	Consideration Paid; Terms and Conditions
December 9, 2014	JGB (Cayman) Weston Ltd.	Continuing Guaranty	For Itetemia Mining Company Limited, Lunguya Mining Company Ltd., Tancan Mining Company Limited, Tanzania American International Development Corporation 2000 Limited, Buckreef Gold Company Limited and Northwest Basemetals Company Limited
May 23, 2014	David Duval	Mutual Settlement and Release of All Claims	\$185,000 by way of issuance of 82,405 common shares

#### 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**

#### **Canadian Federal Income Tax Consequences**

The following summarizes the principal Canadian federal income tax consequences applicable to the holding and disposition of common shares in the capital of the Company by a United States resident, a corporation or partnership created or organized in or under the laws of the United States or of any political subdivision thereof, an entity created or organized in or under the laws of the United States or of any political subdivision thereof, which has elected to be treated as a corporation for U.S. federal income tax purposes, an estate whose income is taxable in the U.S. irrespective of source, or a trust subject to primary supervision of a court within the U.S. and control of a U.S. fiduciary, and who holds common shares solely as capital property and who owns (directly and indirectly) no more than 5% of the value of the total outstanding stock of the Company (a "**U.S. Holder**"). This summary is based on the current provisions of the *Income Tax Act* (Canada) (the "**Tax Act**"), the regulations thereunder, all amendments thereto publicly proposed by the government of Canada, the published administrative practices of Canada Revenue Agency, and on the current provisions of the *Canada-United States Income Tax Convention*, 1980, as amended (the "**Treaty**"). Except as otherwise expressly provided, this summary does not take into account any provincial, territorial or foreign (including without limitation, any U.S.) tax law or treaty. It has been assumed that all currently proposed amendments will be enacted substantially as proposed and that there is no other relevant change in any governing law or practice, although no assurance can be given in these respects.

Each U.S. Holder is advised to obtain tax and legal advice applicable to such U.S. Holder's particular circumstances.

Every U.S. Holder is liable to pay a Canadian withholding tax on every dividend that is or is deemed to be paid or credited to the U.S. Holder on the U.S. Holder's common shares. The statutory rate of withholding tax is 25% of the gross amount of the dividend paid. The Treaty reduces the statutory rate with respect to dividends paid to a U.S. Holder for the purposes of the Treaty. Where applicable, the general rate of withholding tax under the Treaty is 15% of the gross amount of the dividend, but if the U.S. Holder is a corporation that owns at least 10% of the voting stock of the Company and beneficially owns the dividend, the rate of withholding tax is 5% for dividends paid or credited after 1996 to such corporate U.S. Holder. The Company is required to withhold the applicable tax from the dividend payable to the U.S. Holder, and to remit the tax to the Receiver General of Canada for the account of the U. S. Holder.

Pursuant to the Tax Act, a U.S. Holder will not be subject to Canadian capital gains tax on any capital gain realized on an actual or deemed disposition of a common share, including a deemed disposition on death, provided that the U.S. Holder did not hold the common share as capital property used in carrying on a business in Canada, and that neither the U. S. Holder nor persons with whom the U.S. Holder did not deal arms length (alone or together) owned or had the right or an option to acquire 25% or more of the issued shares of any class of the Company at any time in the five years immediately preceding the disposition.

### **United States Federal Income Tax Consequences**

The following is a discussion of material United States federal income tax consequences, under current law, generally applicable to a U.S. Holder (as defined above) of common shares of the Company. This discussion does not address all potentially relevant federal income tax matters and it does not address consequences peculiar to persons subject to special provisions of federal income tax law. In addition, this discussion does not cover any state, local or foreign tax consequences. (See "*Taxation – Canadian Federal Income Tax Consequences*" above). Accordingly, holders and prospective holders of common shares of the Company are urged to consult their own tax advisors about the specific federal, state, local, and foreign tax consequences to them of purchasing, owning and disposing of common shares of the Company, based upon their individual circumstances.

The following discussion is based upon the sections of the *Internal Revenue Code of 1986*, as amended (the "*Code*"), Treasury Regulations, published Internal Revenue Service ("*IRS*") rulings, published administrative positions of the IRS and court decisions that are currently applicable, any or all of which could be materially and adversely changed, possibly on a retroactive basis, at any time and which are subject to differing interpretations. This discussion does not consider the potential effects, both adverse and beneficial, of any proposed legislation which, if enacted, could be applied, possibly on a retroactive basis, at any time. There can be no assurance that future changes in applicable law or administrative and judicial interpretations thereof will not adversely affect the tax consequences discussed herein.

Since the United States federal income and withholding tax treatment may vary depending upon a U.S. Holder's particular situation, a U.S. Holder may be subject to special rules that may have been excluded in this discussion. Special rules will apply, for example, if the U.S. Holder is

- an insurance company;
- a tax-exempt organization;
- a financial institution;
- a person subject to the alternative minimum tax;
- a person who is a broker-dealer in securities;
- an S corporation;

- an expatriate subject to Section 877 of the Code;
- an owner of, directly, indirectly or by attribution, 10% or more of the outstanding common shares; or
- an owner holding common shares as part of a hedge, straddle, synthetic security or conversion transaction.

In addition, this summary is generally limited to persons holding common shares as "capital assets" within the meaning of Section 1221 of the Code, and whose functional currency is the U.S. dollar. The discussion below also does not address the effect of any United States state or local tax law or foreign tax law.

*Passive Foreign Investment Company.*

The Company believes that it could be a passive foreign investment company ("**PFIC**") for United States federal income tax purposes with respect to a U.S. Holder (as defined above). The Company will be a PFIC with respect to a U.S. Holder if, for any taxable year in which such U.S. Holder held the Company's shares, either (i) at least 75% of the gross income of the Company for the taxable year is passive income, or (ii) on average, at least 50% of the Company's assets are attributable to assets that produce or are held for the production of passive income. In each case, the Company must take into account a pro rata share of the income and the assets of any corporation in which the Company owns, directly or indirectly, 25% or more of the stock by value (the "**look-through**" rules). Passive income generally includes dividends, interest, royalties, rents (other than rents and royalties derived from the active conduct of a trade or business and not derived from a related person), annuities, and gains from assets that produce passive income. As a publicly traded corporation, the Company would apply the 50% asset test based on the value of the Company's assets.

Because the Company may be a PFIC, unless a U.S. Holder who owns shares in the Company (i) elects (a section 1295 election) to have the Company treated as a "qualified electing fund" (a "**QEF**") (described below), or (ii) marks the stock to market (described below), the following rules apply:

1. Distributions made by the Company during a taxable year to a U.S. Holder who owns shares in the Company that are an "excess distribution" (defined generally as the excess of the amount received with respect to the shares in any taxable year over 125% of the average received in the shorter of either the three previous years or such U.S. Holder's holding period before the taxable year) must be allocated ratably to each day of such shareholder's holding period. The amount allocated to the current taxable year and to years when the Company was not a PFIC must be included as ordinary income in the shareholder's gross income for the year of distribution. The remainder is not included in gross income but the shareholder must pay a deferred tax on that portion. The deferred tax amount, in general, is the amount of tax that would have been owed if the allocated amount had been included in income in the earlier year, plus interest. The interest charge is at the rate applicable to deficiencies in income taxes. For a U.S. Holder that is not a corporation, the interest charge is wholly non-deductible.
2. The entire amount of any gain realized upon the sale or other disposition of the shares will be treated as an excess distribution made in the year of sale or other disposition and as a consequence will be treated as ordinary income and, to the extent allocated to years prior to the year of sale or disposition, will be subject to the interest charge described above.

A shareholder that makes a section 1295 election will be currently taxable on his or her pro rata share of the Company's ordinary earnings and net capital gain (at ordinary income and long term capital gains rates, respectively) for each taxable year of the Company, regardless of whether or not distributions were received. The shareholder's basis in his or her shares will be increased to reflect taxed but undistributed

income. Distributions of income that had previously been taxed will result in a corresponding reduction of basis in the shares and will not be taxed again as a distribution to the shareholder.

A shareholder may make a section 1295 election with respect to a PFIC for any taxable year of the shareholder (shareholder's election year). A section 1295 election is effective for the shareholder's election year and all subsequent taxable years of the shareholder. Procedures exist for both retroactive elections and filing of protective statements. Once a section 1295 election is made it remains in effect, although not applicable, during those years that the Company is not a PFIC. Therefore, if the Company re-qualifies as a PFIC, the section 1295 election previously made is still valid and the shareholder is required to satisfy the requirements of that election. Once a shareholder makes a section 1295 election, the shareholder may revoke the election only with the consent of the Commissioner. Nevertheless, the Commissioner in his discretion may invalidate or terminate a section 1295 election applicable to a shareholder, if the shareholder and the Company fail the annual reporting requirements of the section 1295 election.

If a shareholder makes the section 1295 election for the first taxable year of the Company as a PFIC that is included in the shareholder's holding period of the PFIC shares, the PFIC qualifies as a pedigreed QEF with respect to the shareholder. If a QEF is an unpedigreed QEF with respect to the shareholder, the shareholder is subject to both the non-QEF and QEF regimes. Under the proposed regulations, a PFIC that qualifies as a pedigreed QEF with respect to the shareholder would be taxed currently on his or her share of the PFIC's earnings and profits, whether distributed or not. On the other hand, a PFIC that qualifies as an unpedigreed QEF with respect to the shareholder would be taxed currently on his or share of the PFIC's earnings and profits, whether distributed or not, during the period the PFIC shares qualify as a QEF; and would be taxed under the "excess distribution" and "interest charge" rules during the period the PFIC shares do not qualify as a QEF. Certain elections are available which enable shareholders to convert an unpedigreed QEF into a pedigreed QEF thereby avoiding such dual application.

A shareholder making the section 1295 election must make the election on or before the due date, as extended, for filing the shareholder's income tax return for the first taxable year to which the election will apply. A shareholder must make a section 1295 election by completing a Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund (the "*Form*"); attaching said Form to its federal income tax return; and reflecting in the Form the information provided in the PFIC Annual Information Statement or if the shareholder calculated the financial information, a statement to that effect. The PFIC Annual Information Statement must include the shareholder's pro rata shares of the ordinary earnings and net capital gain of the PFIC for the PFIC's taxable year or information that will enable the shareholder to calculate its pro rata shares. In addition, the PFIC Annual Information Statement must contain information about distributions to shareholders and a statement that the PFIC will permit the shareholder to inspect and copy its permanent books of account, records, and other documents of the PFIC necessary to determine that the ordinary earnings and net capital gain of the PFIC have been calculated according to federal income tax accounting principles. A shareholder may also obtain the books, records and other documents of the foreign corporation necessary for the shareholder to determine the correct earnings and profits and net capital gain of the PFIC according to federal income tax principles and calculate the shareholder's pro rata shares of the PFIC's ordinary earnings and net capital gain. In that case, the PFIC must include a statement in its PFIC Annual Information Statement that it has permitted the shareholder to examine the PFIC's books of account, records, and other documents necessary for the shareholder to calculate the amounts of ordinary earnings and net capital gain. A shareholder that makes a Section 1295 election with respect to a PFIC held directly or indirectly, for each taxable year to which the Section 1295 election applies, must comply with the foregoing submissions.

Because the Company's stock is "marketable" under section 1296(e), a U.S. Holder may elect to mark the stock to market each year. In general, a PFIC shareholder who elects under section 1296 to mark the marketable stock of a PFIC includes in ordinary income each year an amount equal to the excess, if any, of

the fair market value of the PFIC stock as of the close of the taxable year over the shareholder's adjusted basis in such stock. A PFIC shareholder is also generally allowed an ordinary deduction for the excess, if any, of the adjusted basis of the PFIC stock over the fair market value as of the close of the taxable year. Deductions under this rule, however, are allowable only to the extent of any net mark to market gains with respect to the stock included by the PFIC shareholder for prior taxable years. While the interest charge regime under the PFIC rules generally does not apply to distributions from and dispositions of stock of a PFIC where the U.S. Holder has marked to market, coordination rules for limited application will apply in the case of a U.S. Holder that marks to market PFIC stock later than the beginning of the shareholder's holding period for the PFIC stock, unless the PFIC stock was a QEF with respect to the U.S. Holder.

Special rules apply with respect to the calculation of the amount of the foreign tax credit with respect to excess distributions by a PFIC or current income inclusions under a QEF.

#### *Distribution on Common Shares of the Company*

In general, U.S. Holders receiving dividend distributions (including constructive dividends) with respect to common shares of the Company are required to include in gross income for United States federal income tax purposes the gross amount of such distributions, equal to the U.S. dollar value of such distributions on the date of receipt (based on the exchange rate on such date), to the extent that the Company has current or accumulated earnings and profits, without reduction for any Canadian income tax withheld from such distributions. Such Canadian tax withheld may be credited, subject to certain limitations, against the U.S. Holder's federal income tax liability or, alternatively, may be deducted in computing the U.S. Holder's federal taxable income. (See more detailed discussion at "*Foreign Tax Credit*" below). To the extent that distributions exceed current or accumulated earnings and profits of the Company, they will be treated first as a tax-free return of capital up to the U.S. Holder's adjusted basis in the common shares and thereafter as gain from the sale or exchange of property. Preferential tax rates for long-term capital gains are applicable to a U.S. Holder which is an individual, estate or trust. There are currently no preferential tax rates for long-term capital gains for a U.S. Holder which is a corporation.

In the case of foreign currency received as a dividend that is not converted by the recipient into U.S. dollars on the date of receipt, a U.S. Holder will have a tax basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Generally any gain or loss recognized upon a subsequent sale or other disposition of the foreign currency, including the exchange for U.S. dollars, will be ordinary income or loss. However, an individual whose realized gain does not exceed \$200 will not recognize that gain, provided that there are no expenses associated with the transaction that meet the requirements for deductibility as a trade or business expense (other than travel expenses in connection with a business trip) or as an expense for the production of income.

Dividends paid on the common shares of the Company generally will not be eligible for the dividends received deduction provided to corporations receiving dividends from certain United States corporations. A U.S. Holder which is a corporation and which owns shares representing at least 10% of the voting power and value of the Company may, under certain circumstances, be entitled to a 70% (or 80% if the U.S. Holder owns shares representing at least 20% of the voting power and value of the Company) deduction equal to the United States source portion of dividends received from the Company (unless the Company qualifies as a "passive foreign investment company" (a PFIC) as defined above). The Company does not anticipate that it will earn any U.S. source income, however, and therefore does not anticipate that any U.S. Holder which is a corporation will be eligible for the dividends received deduction.

### *Foreign Tax Credit*

A U.S. Holder who pays (or has withheld from distributions) Canadian income tax with respect to the ownership of common shares of the Company may be entitled, at the option of the U.S. Holder, to either receive a deduction or a tax credit for such foreign tax paid or withheld. Generally, it will be more advantageous to claim a credit because a credit reduces United States federal income taxes on a dollar-for-dollar basis, while a deduction merely reduces the taxpayer's income subject to tax. This election is made on a year-by-year basis and generally applies to all foreign taxes paid by (or withheld from) the U.S. Holder during that year. There are significant and complex limitations which apply to the credit, among which is the general limitation that the credit cannot exceed the proportionate share of the U.S. Holder's United States income tax liability that the U.S. Holder's foreign source income bears to his or its worldwide taxable income. In the determination of the application of this limitation, the various items of income and deduction must be classified into foreign and domestic sources. Complex rules govern this classification process. In addition, this limitation is calculated separately with respect to specific classes of income such as "passive income", "high withholding tax interest," "financial services income," "shipping income," and certain other classifications of income. Dividends distributed by the Company will generally constitute "passive income" or, in the case of certain U.S. Holders, "financial services income" for these purposes. The availability of the foreign tax credit and the application of the limitations on the credit are fact specific, and U.S. Holders of common shares of the Company should consult their own tax advisors regarding their individual circumstances. U.S. Holders should be aware that legislation eliminates the "financial services income" category for taxable years beginning after December 31, 2006. Under the legislation, the foreign tax credit limitation categories are limited to "passive category income" and "general category income".

### *Disposition of Common Shares of the Company*

In general, U.S. Holders will recognize gain or loss upon the sale of common shares of the Company equal to the difference, if any, between (i) the amount of cash plus the fair market value of any property received, and (ii) the shareholder's tax basis in the common shares of the Company. Preferential tax rates apply to long-term capital gains of U.S. Holders which are individuals, estates or trusts. In general, gain or loss on the sale of common shares of the Company will be long-term capital gain or loss if the common shares are a capital asset in the hands of the U.S. Holder and are held for more than one year. Deductions for net capital losses are subject to significant limitations. For a U.S. Holder that is an individual, estate, or trust, capital losses may be used to offset capital gains and up to US\$3,000 of ordinary income and any unused portion of net capital loss may be carried over to be used in later taxable years until such net capital loss is thereby exhausted. For U.S. Holders that are corporations (other than corporations subject to Subchapter S of the Code), an unused net capital loss may be carried back three years and carried forward five years from the loss year to be offset against capital gains until such net capital loss is thereby exhausted.

### *Controlled Foreign Corporations.*

Sections 951 through 964 and Section 1248 of the Code relate to controlled foreign corporations ("CFCs"). A foreign corporation that qualifies as a CFC will not be treated as a PFIC with respect to a shareholder during the portion of the shareholder's holding period after December 31, 1997, during which the shareholder owns, directly or indirectly, 10% or more of the total voting power of the outstanding shares of the Company (a "**10% Shareholder**") and the corporation is a CFC. A CFC is a foreign corporation where more than 50% of the corporation's voting stock or value is owned by U.S. shareholders on any day during the foreign corporation's taxable year. The PFIC provisions continue to apply in the case of PFIC that is also a CFC with respect to shareholders that are not 10% Shareholders.

The 10% Shareholders of a CFC are subject to current U.S. tax on their pro rata shares of certain income of the CFC and their pro rata shares of the CFC's earnings invested in certain U.S. property. The effect is that

the CFC provisions may impute some portion of such a corporation's undistributed income to certain shareholders on a current basis and convert into dividend income some portion of gains on dispositions of stock, which would otherwise qualify for capital gains treatment.

The Company does not believe that it will be a CFC. It is possible that the Company could become a CFC in the future. Even if the Company were classified as a CFC in a future year, however, the CFC rules referred to above would apply only with respect to 10% Shareholders.

#### *U.S. Information Reporting and Backup Withholding.*

Payments made within the United States, or by a U.S. payor or U.S. middleman, of dividends or proceeds arising from certain sales or other taxable dispositions of the common shares of the Company are generally subject to the information reporting requirements of the Code. Dividends may be subject to backup withholding at the rate of 28% unless the holder provides a taxpayer identification number on a properly completed Form W-9 or otherwise establishes an exemption. U.S. Holders that are corporations generally are excluded from these information reporting and backup withholding tax rules.

The amount of any backup withholding will not constitute additional tax and will be allowed as a credit against the U.S. Holder's federal income tax liability, provided the required information is furnished to the IRS.

#### *Filing of Information Returns.*

Under a number of circumstances, a U.S. Holder acquiring shares of the Company may be required to file an information return. In particular, any U.S. Holder who becomes the owner, directly or indirectly, of 10% or more of the shares of the Company will be required to file such a return. Other filing requirements may apply, and U.S. Holders should consult their own tax advisors concerning these requirements.

## **Tanzania**

### *Taxation*

Tax in Tanzania is levied based on residence and source. Resident persons are taxed on worldwide income whilst non-residents are only taxed on income sourced in Tanzania. An individual is considered to be Tanzanian resident if he has a permanent home in Tanzania and is present during any part of the year, he was resident in Tanzania during the year of income for periods amounting in aggregate to 183 days or more; or if he was in the United Republic in that year of income and each of the two preceding years of income for periods averaging more than 122 days in each such year of income.

The minimum annual income tax threshold is TShs. 2,040,000 or TShs. 170,000 per month. Income Tax Rates vary from Nil up to 30%. Prevailing corporate income tax rate is 30%.



### Value Added Tax (“VAT”)

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

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

### Withholding Tax

Withholding tax is charged at the rates specified below:

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

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

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

### Capital Gains Taxation

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

### Thin capitalisation

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

### Stamp duty

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

### Customs Duty

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

### Mining Sector

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

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

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

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

### Double Taxation Agreement

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

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

Not applicable.

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

Not applicable.

### **H. Documents on Display**

The Company files annual reports and other information with the SEC. You may read and copy any document that it files at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549.

Please call the SEC at 1-800-SEC-0330 for more information about the Public Reference Rooms. The SEC also maintains a website, [www.sec.gov](http://www.sec.gov), where you may obtain our reports. The Company also files certain reports with the Canadian Securities Administrators that you may obtain through access of the SEDAR website, [www.sedar.com](http://www.sedar.com).

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

## I. Subsidiary Information

Not applicable.

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

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

The following table sets forth the percentage of the Company's administrative expense by currency for the year ended August 31, 2015.

#### By Currency

	2015
Canadian Dollar	25%
U.S. Dollar	50%
Tanzanian Shilling	25%
<b>Total:</b>	100%

Such administrative expense by currency may change from time to time, but it has been roughly the same year to year. Further, the Company incurred net exploration costs of \$3,331,566 and \$2,329,901 for the years ended August 31, 2015 and 2014 respectively, which are primarily paid in U.S. dollars.

The Company has not entered into any material foreign exchange contracts to minimize or mitigate the effects of foreign exchange fluctuations on the Company's operations. Based on prior years, the Company does not believe that it is subject to material foreign exchange fluctuations. However, no assurance can be given that this will continue to be true in the future.

The market prices of most precious metals, including gold, have generally increased over the past three years, but are subject to market fluctuations based primarily on supply and demand.

The following table sets out the cumulative average prices of gold for the past five years, based on the London Metals Market afternoon price fix in U.S. dollars:

2015 (Average to August 31)	2014	2013	2012	2011
\$1,181.38	1,266.40	1,411.23	\$1,668.98	\$1,571.52

**Item 12. Description of Securities Other than Equity Securities**

Not applicable.

**Part II**

**Item 13. Defaults, Dividend Arrears and Delinquencies**

None.

**Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds**

At the annual general and special meeting held on March 1, 2012 the shareholders approved the Shareholder Rights Plan (the “*Rights Plan*”).

On November 23, 2011, the Directors of the Company approved the adoption of the Rights Plan designed to encourage the fair and equal treatment of shareholders in connection with any take-over bid for the outstanding common shares of the Company. The Company’s board is not aware of any specific take-over bid for the Company that has been made or is contemplated. In the event that a take-over bid is made for the Company’s common shares in the future, the Rights Plan is intended to provide the Company’s board with adequate time to assess a take-over bid, to consider alternatives to a take-over bid and to provide the Company’s shareholders with time to assess a take-over bid. Under the Rights Plan, offers that satisfy certain standards designed to protect shareholder interests will be considered to be “Permitted Bids”. Specifically, a Permitted Bid must be made to all shareholders of the Company and must be outstanding for a minimum period of 60 days, among other conditions. If a bid does not qualify as a Permitted Bid, shareholders other than the acquiring person and joint actors will become entitled to exercise the rights to acquire the Company’s common shares at a significant discount to the prevailing market.

A complete copy of the Rights Plan can be obtained either by accessing it on SEDAR ([www.sedar.com](http://www.sedar.com)) or upon written request to the Company, free of charge.

**Item 15. Controls and Procedures**

**Disclosure Controls and Procedures**

The Company’s management, with the participation of its Chief Executive Officer and Chief Financial Officer, as of the end of the period covered in this report, evaluated the effectiveness of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) and concluded that they are appropriately designed and operating effectively to ensure that information required to be disclosed by the Company in reports that the Company files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

**Management’s Annual Report on Internal Control Over Financial Reporting**

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting for the Company as defined in Rule 13a-15(f) under the Exchange Act. Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. The Company’s management, including its Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of its internal control over financial reporting as of August 31, 2015. In making this assessment, the Company’s management used the criteria established in Internal Control – Integrated Framework 2013, issued by the Committee of Sponsoring

Organizations of the Treadway Commission (“*COSO*”). The Company’s management has completed their review and testing of the Company’s internal control over financial reporting and concluded that they are appropriately designed and operating effectively as of August 31, 2015.

The Public Company Accounting Oversight Board’s Auditing Standard No. 5 defines a material weakness as a control deficiency, or a combination of control deficiencies, such that there is a reasonable possibility that a material misstatement of the Company’s annual financial statements will not be prevented or detected.

### **Attestation Report of the Registered Public Accounting Firm**

The Company’s independent auditor, Ernst & Young LLP, the independent registered public accounting firm that audited the financial statements included in this Form 20-F Annual Report, has issued an attestation report on the Company’s internal control over financial reporting. Their attestation report appears with the financial statements.

### **Changes in Internal Controls over Financial Reporting**

During the year ended August 31, 2015, there were no changes in the Company’s internal control over financial reporting that have materially affected, or are reasonable likely to materially affect, its internal control over financial reporting.

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

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

### **Item 16 B. Code of Ethics**

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

The Company undertakes to provide any person without charge a copy of its code of ethics. Persons requesting a copy should address their request to Corporate Secretary, Tanzanian Royalty Exploration Corporation, Suite 202, 5626 Larch Street, Vancouver, BC, V6M 4E1.

### **Item 16 C. Principal Accountant Fees and Services**

The Company’s independent auditor for the fiscal years ended August 31, 2015 and 2014 was Ernst & Young LLP, Chartered 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 Ernst & Young LLP for the years ended August 31, 2015 and August 31, 2014

<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>
2015	Canada – \$100,000 Tanzania - \$35,000	Nil Nil	Nil Nil	Nil Nil
2014	Canada – \$135,925 Tanzania - \$35,000	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 MKT. Section 110 of the NYSE MKT Company Guide permits NYSE MKT to consider the laws, customs and practices of foreign issuers in relaxing certain NYSE MKT listing criteria, and to grant exemptions from NYSE MKT listing criteria based on these considerations. A company seeking relief under these provisions is required to provide written certification from independent local counsel that the non-complying practice is not prohibited by home country law. The following is a description of the significant ways in which the Company's governance practices differ from those followed by domestic companies pursuant to NYSE MKT standards:

*Shareholder Meeting Quorum Requirement.* The NYSE MKT minimum quorum requirement for shareholder meeting is 33 1/3% of the outstanding shares of common stock. In addition, a company listed on NYSE MKT is required to state its quorum requirement in its bylaws. The Company's quorum requirement is set forth in its bylaws. The Company's bylaws provide that a quorum at any meeting of shareholders shall be persons present not being less than two in number and who hold or represent not less than 20% of the total number of the issued shares of the Company.

*Proxy Delivery Requirement.* NYSE MKT requires the solicitation of proxies and delivery of proxy statements for all shareholder meetings, and requires that these proxies be solicited pursuant to a proxy statement that conforms to the proxy rules of the SEC. The Company is a foreign private issuer as defined in Rule 3b-4 under the Exchange Act, and the equity securities of the Company are accordingly exempt from the proxy rules set forth in Sections 14(a), 14(b), 14(c) and 14(f) of such Act. The Company solicits proxies in accordance with applicable rules and regulations in Canada.

*Shareholder Approval Requirements.* NYSE MKT requires a listed company to obtain the approval of its shareholders for certain types of securities issuances, including private placements that may result in the issuance of common shares (or securities convertible into common shares) equal to 20% or more of presently outstanding shares for less than the greater of book or market value of the shares. In general, there is no such requirement under the rules of the TSX unless the transaction results in a change of control. The Company will seek a waiver from NYSE MKT's shareholder approval requirements in circumstances where the securities issuance does not trigger such a requirement under the rules of the TSX.

The foregoing is consistent with the laws, customs and practices in Canada.

#### **Item 16 H. Mine Safety Disclosure**

The Company is in the exploration stage and its mining properties are located outside the United States.

### **Part III**

#### **Item 17. Financial Statements**

Not applicable.

#### **Item 18. Financial Statements**

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and are expressed in Canadian dollars.

#### **Item 19. Exhibits**

<u>Exhibit No.</u>	<u>Name</u>
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- |     |   |
|-----|---|
| 1.1 | Articles and Bylaws of Tan Range Exploration Corporation, as amended. <sup>(1)</sup>  |
| 1.2 | Certificate of Amendment for Change of Name dated February 28, 2006 <sup>(6)</sup>  |
| 1.3 | Certificate of Amendment and Registration of Restated Articles dated March 7, 2008 for increase in the maximum number of directors to eleven <sup>(6)</sup> |
| 2.1 | Employee Share Ownership Plan (2003) <sup>(1)</sup>   |
| 2.2 | 2001 Stock Option Plan <sup>(1)</sup>   |
| 2.3 | Shareholder Rights Plan <sup>(2)</sup>  |
| 2.4 | 2011 Shareholder Rights Plan <sup>(9)</sup>   |
| 2.5 | Restricted Stock Unit Incentive Plan <sup>(4)</sup>   |
| 2.6 | Amended Restricted Stock Unit Incentive Plan <sup>(8)</sup>   |
| 4.1 | Subscription and Property Option Agreement dated May 31, 1999 between the Company and Barrick Gold Corporation <sup>(2)</sup>                               |
| 4.2 | Option Agreement dated December 14, 2001 between Tanzam 2000 Limited and Barrick Exploration Africa Limited <sup>(2)</sup>                                  |

- 4.3 Letter of Intent dated January 20, 2003 between the Company and Northern Mining Explorations Ltd., as amended by Letter Agreement dated March 18, 2003 <sup>(2)</sup>
- 4.4 Letter of Intent dated July 21, 2003 between the Company and Ashanti Goldfields (Cayman) Limited <sup>(2)</sup>
- 4.8 Option Agreement dated September 7, 2004 between the Company and Northern Mining Explorations Ltd. <sup>(3)</sup>
- 4.9 Purchase and Sale Agreement dated September 26, 2006 between the Company and Ashanti Goldfields (Cayman) Limited <sup>(4)</sup>
- 4.10 Option and Royalty Agreement dated January 25, 2007 between the Company and Sloane Developments Ltd. <sup>(5)</sup>
- 4.12 March 27, 2009 Subscription Agreement for purchase of 248,139 common shares with James E. Sinclair <sup>(6)</sup>
- 4.13 February 23, 2009 Subscription Agreement for purchase of 189,036 common shares with James E. Sinclair <sup>(6)</sup>
- 4.14 February 1, 2009 Subscription Agreement for purchase of \$3,000,000 of common shares with James E. Sinclair <sup>(6)</sup>
- 4.15 August 24, 2010 Subscription Agreement for purchase of 144,430 common shares with James E. Sinclair <sup>(7)</sup>
- 4.16 Heads of Agreement dated December 16, 2010 between the Company and State Mining Corporation <sup>(8)</sup>
- 4.17 Joint Venture Agreement dated October 25, 2011 between the Company and State Mining Corporation <sup>(8)</sup>
- 4.18 Kigosi Access Agreement dated December 10, 2012 between the Company and The Director of Wildlife, Wildlife Division, Ministry of Natural Resources and Tourism <sup>(10)</sup>
- 4.19 Securities Purchase Agreement dated December 9, 2014 with JGB (Cayman) Weston Ltd. <sup>(11)</sup>
- 4.20 Registration Rights Agreement dated December 9, 2014 with JGB (Cayman) Weston Ltd. <sup>(11)</sup>
- 4.21 8% Original Issue Discount Senior Convertible Debenture to JGB (Cayman) Weston Ltd. <sup>(11)</sup>
- 4.22 Escrow Agreement dated December 9, 2014 with JGB (Cayman) Weston Ltd. and Wells Fargo Bank, National Association <sup>(11)</sup>
- 4.23 Common Stock Purchase Warrant dated Decemer 9, 2014 to JGB (Cayman) Weston Ltd. <sup>(11)</sup>
- 4.24 Continuing Guaranty from Itetemia Mining Company Limited, Lunguya Mining Company Ltd., Tancan Mining Company Limited, Tanzania American International Development Corporation 2000 Limited, Buckreef Gold Company Limited and Northwest Basemetals Company Limited <sup>(11)</sup>
- 4.25 Secured Gold Loan Agreement dated June 22, 2015 with Hoffman Heritage Ranches LLC \*
- 4.26 Secured Gold Loan Agreement dated June 22, 2015 with William L. Holter \*
- 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, 2015 and 2014 \*
- 15.2 Management's Discussion and Analysis for the years ended August 31, 2015 and 2014 \*

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\* Filed herewith



- (1) *Previously filed with the SEC on Form 20-F Registration Statement on March 15, 2004*
- (2) *Previously filed with the SEC on Amendment No. 1 to Form 20 Registration Statement on June 28, 2004*
- (3) *Previously filed with the SEC on Form 20-F Annual Report on February 10, 2005*
- (4) *Previously filed with the SEC on Form 20-F Annual Report on November 30, 2006*
- (5) *Previously filed with the SEC on Form 20-F Annual Report on November 30, 2007*
- (6) *Previously filed with the SEC on Form 20-F Annual Report on November 25, 2009*
- (7) *Previously filed with the SEC on Form 20-F Annual Report on November 30, 2010*
- (8) *Previously filed with the SEC on Form 20-F Annual Report on December 12, 2011*
- (9) *Previously filed with the SEC on Form 20-F Annual Report on November 27, 2012*
- (10) *Previously filed with the SEC on Form 20-F Annual Report on November 15, 2013*
- (11) *Previously filed with the SEC on Form 6-K filed on December 15, 2014*

**SIGNATURE**

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

Date December 28, 2015

**TANZANIAN ROYALTY EXPLORATION CORPORATION**

By: “James E. Sinclair”  
James E. Sinclair,  
President and Chief Executive Officer  
(Principal Executive Officer”)