

TANZANIA MINERALS CORP.

ANNUAL CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

February 28, 2018

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Tanzania Minerals Corp.

We have audited the accompanying consolidated financial statements of Tanzania Minerals Corp., which comprise the consolidated statements of financial position as at February 28, 2018 and 2017 and the consolidated statements of operations and comprehensive loss, cash flows and changes in shareholders' deficiency for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Tanzania Minerals Corp. as at February 28, 2018 and 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.



Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Tanzania Minerals Corp.'s ability to continue as a going concern.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

June 28, 2018

TANZANIA MINERALS CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

AS AT

	February 28, 2018	February 28, 2017
ASSETS		
Current		
Cash	\$ 734	\$ 731
Receivables	4,245	2,390
	4,979	3,121
Investment (Note 5)	-	10,000
Due from related party (Note 7)	-	30,000
	\$ 4,979	\$ 43,121
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 433,227	\$ 330,611
SHAREHOLDERS' DEFICIENCY		
Capital stock (Note 6)	13,660,966	13,660,966
Reserves (Note 6)	2,514,841	2,514,841
Deficit	(17,499,062)	(17,356,270)
Accumulated other comprehensive income	895,007	892,973
	(428,248)	(287,490)
	\$ 4,979	\$ 43,121

Nature of operations (Note 1)

Going concern (Note 2)

Subsequent event (Note 12)

Approved on behalf of the Board on June 28, 2018:

Robert Dzisiak

Director

Grant Hall

Director

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

TANZANIA MINERALS CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	February 28, 2018	February 28, 2017
Expenses		
Consulting fees (Note 7)	\$ 58,250	\$ -
General and administrative expenses	22,581	9,850
Professional fees (Note 9)	81,594	96,152
Loss on fair value of investments (Note 5)	-	8,750
Gain on settlement of debt	(19,633)	(18,936)
Loss for the year	(142,792)	(95,816)
Translation adjustment	2,034	1,097
Comprehensive loss for the year	\$ (140,758)	\$ (94,719)
Basic and diluted loss per common share	\$ (0.06)	\$ (0.04)
Weighted average number of common shares outstanding – basic and diluted	2,405,106	2,405,106

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

TANZANIA MINERALS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
For the years ended

	February 28, 2018	February 28, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (142,792)	\$ (95,816)
Items not involving cash:		
Unrealized foreign exchange	2,034	1,097
Loss on fair value of investments	-	8,750
Changes in non-cash working capital items:		
(Increase) decrease in receivables	(1,855)	(1,407)
Increase in accounts payable and accrued liabilities	102,616	80,498
Net cash used in operating activities	(39,997)	(6,878)
CASH FLOWS FROM INVESTING ACTIVITIES		
Amounts due from related party receivable	30,000	-
Sale of investments	10,000	-
Net cash provided by investing activities	40,000	-
Decrease in cash	3	(6,878)
Cash, beginning of year	731	7,609
Cash, end of year	\$ 734	\$ 731
Cash paid during the year for:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

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

TANZANIA MINERALS CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
(Expressed in Canadian Dollars)

	Capital Stock		Reserves	Deficit	Accumulated Other Comprehensive Income	Total
	Number	Amount				
Balance, February 29, 2016	2,405,106	\$13,660,966	\$ 2,514,841	\$ (17,260,454)	\$ 891,876	\$ (192,771)
Loss for the year	-	-	-	(95,816)	-	(95,816)
Translation adjustment	-	-	-	-	1,097	1,097
Balance, February 28, 2017	2,405,106	13,660,966	2,514,841	(17,356,270)	892,973	(287,490)
Loss for the year	-	-	-	(142,792)	-	(142,792)
Translation adjustment	-	-	-	-	2,034	2,034
Balance, February 28, 2018	2,405,106	\$ 13,660,966	\$ 2,514,841	\$ (17,499,062)	\$ 895,007	\$ (428,248)

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

TANZANIA MINERALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2018
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Tanzania Minerals Corp. (the “Company”) is an exploration stage company and was in the business of exploration and evaluation of mineral properties in Tanzania, Africa through its wholly owned subsidiary, Tansmin Resources (Tanzania) Limited (“Tansmin”). The Company was incorporated under the laws of the British Columbia on June 29, 2007. The Company has its head office at #410-1040 West Georgia, Vancouver, BC V6E 4H1.

To date, the Company has not earned significant revenues, and is considered to be in the exploration stage.

On September 16, 2016, trading in the Company’s shares was suspended on the TSX Venture Exchange (“TSX-V”). On January 29, 2018, the cease trade order was removed, and the Company’s shares were reinstated for trading on the NEX Board of the TSX-V.

On April 26, 2018, the Company consolidated its share capital on the basis of one post consolidated common share for every 30 pre-consolidated common shares. All common share and per common share amounts, including options, in these financial statements have been adjusted to give retroactive effect to the share consolidation (Note 12).

2. GOING CONCERN

These consolidated financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going-concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in the consolidated financial statements. The ability of the Company to continue as a going concern is dependent on its ability to obtain additional equity financing and achieve future profitable operations.

As at February 28, 2018, the Company had a working capital deficit (excess of current liabilities over current assets) of \$428,248 (February 28, 2017 - \$327,490). The Company’s liquidity is dependent on its ability to obtain additional equity financing.

The Company has not generated revenue from operations and will require additional financing to maintain its operations and activities. These material uncertainties and conditions may cast significant doubt as to the Company’s ability to continue as a going concern.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

3. BASIS OF PRESENTATION

Statement of compliance

The consolidated financial statements of the Company for the year ending February 28, 2018, including comparatives, are prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”).

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, or available-for-sale, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The consolidated financial statements were authorized for issue by the Board of Directors on June 28, 2018.

Basis of measurement

The consolidated financial statements are presented in Canadian dollars, unless otherwise stated.

These consolidated financial statements include the financial statements of the Company, 0886940 B.C. Ltd., and Tansmin, which are wholly owned, and controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the Company’s subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

Critical accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Critical judgments in applying accounting policies

The preparation of these consolidated financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 2, as well as the determination of functional currency. The functional currency is the currency of the primary economic environment in which an entity operates, and has been determined for each entity within the Company. The functional currency for the Company and 0886940 B.C. Ltd. has been determined to be the Canadian dollar, while the functional currency of Tansmin has been determined to be the United States (“US”) dollar.

3. BASIS OF PRESENTATION (cont'd...)

Critical accounting judgments and estimates (cont'd...)

Key Sources of Estimation Uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant. Significant estimates made by management affecting our consolidated financial statements include:

Fair value of share-based payments

Determining the fair value of warrants and stock options granted requires judgments related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or on other components of equity. The value of share-based payments expense for the year, along with the assumptions and model used for estimating the fair value for share-based payment transactions are disclosed in Note 6.

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets and liabilities will not be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared in accordance with IFRS and reflect the following significant accounting policies:

Financial instruments

All financial instruments are initially recognized at fair value on the statement of financial position. The Company has classified each financial instrument into one of the following categories: (1) financial assets or liabilities at fair value through profit or loss ("FVTPL"), (2) loans and receivables, (3) financial assets available-for-sale, (4) financial assets held-to-maturity, and (5) other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments (cont'd...)

Financial assets and liabilities at FVTPL are subsequently measured at fair value with changes in those fair values recognized in the statement of operations and comprehensive loss. Financial assets “available-for-sale” are subsequently measured at fair value with changes in fair value recognized in other comprehensive income (loss), net of tax.

Financial assets and liabilities “held-to-maturity”, “loans and receivables”, and “other financial liabilities” are subsequently measured at amortized cost using the effective interest method.

The Company has classified its cash as fair value through profit or loss. The Company’s receivables and due from related party are classified as loans and receivables. The Company’s investment is classified as available for sale. The Company’s accounts payable and accrued liabilities are classified as other financial liabilities.

Financial instruments measured at fair value are classified into one of three levels in a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

See Note 9 for relevant disclosures.

Exploration and evaluation assets

Once the legal right to explore a property has been acquired, costs related to the acquisition and exploration of evaluation and exploration assets are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. Each of the Company’s evaluation and exploration assets is considered to be a cash generating unit. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable over the estimated economic life of the property, or the property is abandoned, or management deems there to be an impairment in value, the property is written down to its net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation asset. If payments received exceed the capitalized cost of the exploration and evaluation asset, the excess is recognized as income in the year received. The amounts shown for evaluation and exploration assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Impairment

At each financial position reporting date the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use, which is the present value of future cash flows expected to be derived from the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or 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. A reversal of an impairment loss is recognized immediately in profit or loss.

Future reclamation costs

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of evaluation and exploration assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

For the years presented, the Company does not have any significant future reclamation costs.

Foreign currency translation

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency of the Company and 0886940 B.C. Ltd. is the Canadian dollar, and the functional currency of Tansmin is the United States dollar.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Foreign currency translation (cont'd...)

Accordingly, the accounts of Tansmin are translated into Canadian dollars as follows:

- all of the assets and liabilities are translated at the rate of exchange in effect on the date of the statement of financial position;
- revenue and expenses are translated at the exchange rate approximating those in effect on the date of the transactions; and
- exchange gains and losses arising from translation are included in accumulated other comprehensive income.

Transactions in currencies other than the functional currency are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the date of the statement of financial position while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of operations and comprehensive loss.

Basic and diluted loss per share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. For diluted per share computations, assumptions are made regarding potential common shares outstanding during the year. The weighted average number of common shares is increased to include the number of additional common shares that would be outstanding if, at the beginning of the year, or at time of issuance, if later, all options and warrants are exercised. Proceeds from exercise are used to purchase the Company's common shares at their average market price during the year, thereby reducing the weighted average number of common shares outstanding. If these computations prove to be anti-dilutive, diluted loss per share is the same as basic loss per share.

Income taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probably that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probably that future taxable profit will allow the deferred tax asset to be recovered.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Share based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and service providers. The Company recognizes share-based compensation expense based on the estimated fair value of the options. A fair value measurement is made for each vesting installment within each option grant and is determined using the Black-Scholes option-pricing model. The fair value of the options is recognized over the vesting period of the options granted as both share-based compensation expense and reserves. This includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods. The reserves account is subsequently reduced if the options are exercised and the amount initially recorded is then credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's equity that results from transactions and other events from other than the Company's shareholders and includes items that would not normally be included in net earnings, such as unrealized gains and losses on available-for-sale investments. Gains and losses that would otherwise be recorded as part of net earnings is presented in other "comprehensive income" until it is considered appropriate to recognize into net earnings. The Company's translation of its subsidiary (Tansmin) into Canadian dollars is the only item affecting comprehensive income (loss) for the years presented.

Recent Accounting Pronouncements

IFRS 9, Financial Instruments ("IFRS 9") is effective for annual periods beginning on or after January 1, 2018. IFRS 9 introduces new requirements for the classification and measurement of financial assets and liabilities as well as derecognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is amortized at cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest, otherwise it is at fair value through profit and loss. The Company has analyzed the impact of adopting IFRS 9 and anticipates that there will be no material changes as a result of adopting this new standard.

5. INVESTMENT

The Company held 1,250,000 shares of Karoo Exploration Corp. that were sold for proceeds of \$10,000 during the year ended February 28, 2018:

Balance, February 29, 2016	\$	18,750
Fair market value adjustment		(8,750)
Balance, February 28, 2017		10,000
Disposal		(10,000)
Balance, February 28, 2018	\$	-

6. CAPITAL STOCK AND RESERVES

The authorized capital stock of the Company is unlimited common shares without par value.

The authorized preferred shares of the Company is unlimited preferred shares without par value.

There were no capital stock transactions during the year ended February 28, 2017 or the year ended February 28, 2018.

On April 26, 2018, the Company consolidated its share capital on the basis of one post consolidated common share for every 30 pre-consolidated common shares. All common share and per common share amounts, including options and warrants, in these financial statements have been adjusted to give retroactive effect to the share consolidation.

Warrants

There were no warrants outstanding as at and for the years ended February 28, 2017 and February 28, 2018.

Stock options

The Company has established a stock option plan pursuant to which options to purchase common shares may be granted to certain officers, directors, and employees of the Company as well as persons providing ongoing services to the Company. The exercise price of options is to equal at least the market price of the Company's stock on the date of grant. Stock options are exercisable for a five-year term in accordance with TSX-V policy. The options vest at the discretion of the Board of Directors. The number of common shares reserved for issuance may not exceed 10% of the issued and outstanding common shares of the Company.

	Number of Stock Options	Weighted Average Exercise Price
Outstanding and exercisable at February 29, 2016	159,167	\$ 11.66
Expired	(72,500)	23.80
Outstanding and exercisable at February 28, 2017	86,667	1.50
Expired	(21,667)	1.50
Outstanding and exercisable at February 28, 2018	65,000	\$ 1.50

At February 28, 2018 the following stock options were outstanding and exercisable:

Outstanding and Exercisable	Exercise Price	Remaining Contractual Life (years)	Expiry Date
65,000	\$ 1.50	1.74	November 24, 2019

Share-based payments

The Company recognizes share-based payments expense for all stock options granted using the fair value based method of accounting. There were no stock options granted during the year ended February 28, 2018 or February 28, 2017.

(Expressed in Canadian Dollars)

7. RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	For the year ended	
	February 28, 2018	February 28, 2017
Consulting and professional fees	\$ 99,000	\$ 70,500
	<u>\$ 99,000</u>	<u>\$ 70,500</u>

Other related parties

As at February 28, 2018, \$74,955 (February 28, 2017, \$136,026) was included in accounts payable due to various related parties. During the fiscal year, \$190,250 owing to related parties were assigned to a third party.

As at February 28, 2018, \$nil (February 28, 2017, \$30,000) was included in due from related party and was due from American Helium Inc. (formerly Karoo Exploration Corp.). On March 9, 2017, the amounts owing from American Helium Inc. (formerly Karoo Exploration Corp.) were settled to a third party for \$30,000.

8. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and evaluation of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

In the management of capital, the Company considers components of shareholders' equity(deficiency).

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year.

9. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, due from related party, investment, and accounts payable and accrued liabilities. The Company has classified its cash as fair value through profit or loss. The Company's receivables and due from related party are classified as loans and receivables. The Company's investment is classified as available for sale. The Company's accounts payable and accrued liabilities is classified as other financial liabilities. The fair value of the Company's receivables, and accounts payable and accrued liabilities approximate the carrying value, which is the amount on the consolidated statements of financial position due to their short-term maturities or ability of prompt liquidation. The Company's cash and investment, under the fair value hierarchy are measured at fair value, based on level one quoted prices in active markets for identical assets or liabilities.

As at February 28, 2018, the Company's risk exposures and the impact on the Company is financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk as the majority of its cash is held at a large Canadian bank.

The Company's receivables consist mainly of input tax credits receivable from the Government of Canada, and as a result the Company does not believe it is subject to significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at February 28, 2018, the Company had cash of \$734 to settle current liabilities of \$433,227. The Company's liquidity is dependent on its ability to obtain additional equity financing.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company has cash balances and an amount due from related party which bears interest. The Company has no interest bearing debt. The interest earned on cash and the amount due from related party is insignificant, and the Company does not rely on interest received to fund its operations. As a result, the Company is not at a significant risk to fluctuating interest rates.

b) Currency risk

The Company's operations are in Canada and accordingly the Company is not subject to significant foreign currency risk.

9. FINANCIAL INSTRUMENTS (cont'd...)

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and copper, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

10. SEGMENTED INFORMATION

The Company primarily operates in one reportable operating segment, being the acquisition, exploration, and evaluation of resource properties.

11. INCOME TAXES

Following is a reconciliation of income taxes attributable to operations computed at the statutory tax rates to income tax recovery.

	February 28, 2018	February 28, 2017
Loss for the year	\$ (142,792)	\$ (95,816)
Expected income tax recoverable at statutory rate	(38,554)	(24,912)
Non-deductible items	-	(88)
Change in statutory, foreign tax, and other	287,648	-
Change in unrecognized deductible temporary differences	(2,257,094)	25,000
Adjustment to prior years provision versus statutory tax return	(13,000)	-
Expiry of non-capital losses	2,021,000	-
Total income taxes	\$ -	\$ -

The significant unrecognized deductible temporary differences, unused tax losses and expiry dates are as follows:

	February 28, 2018		February 28, 2017	
Exploration and evaluation assets	\$ 1,493,000	no expiry	\$ 1,493,000	no expiry
Equipment	158,000	no expiry	158,000	no expiry
Allowable capital losses-Canada	15,000	no expiry	15,000	no expiry
Non-capital losses available for future periods-Tanzania	4,231,000	no expiry	4,231,000	no expiry
Non-capital losses available for future periods-Canada	4,691,000	2027 - 2038	7,754,000	2027 - 2037

Tax attributes are subject to review, and potential adjustment, by tax authorities.

12. SUBSEQUENT EVENT

On April 26, 2018 the Company announced that it had implemented a 30 for 1 consolidation of its common shares to be effective April 27, 2018. The consolidation was approved by the Company's shareholders at the annual general and special meeting of shareholders.