

Form 51-102F3
Material Change Report

1. Name and Address of Company

True Zone Resources Inc./ Moshi Mountain Industries Ltd.
Suite 600, 666 Burrard Street
Vancouver, B.C. V6C 3P5

2. Date of Material Change

March 2, 2015

3. News Release

A news release was issued on March 2, 2015 and disseminated through Canada Stockwatch and Market News.

4. Summary of Material Change

The Company announces that further to the new release dated March 2, 2015, the plan of arrangement between the Company and Moshi Mountain Industries Ltd. (“Moshi”) became effective on March 2, 2015.

The share distribution of Moshi is planned to occur in or before then end of 2015.

The CSE has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

5. Full Description of Material Change

See below.

5.1 Disclosure for Restructuring Transactions

The plan of arrangement (the “Arrangement”) among True Zone, its wholly owned subsidiary Moshi and the shareholders of True Zone was filed with the Corporate Registry and became effective on March 2, 2015. Pursuant to the Arrangement Agreement dated September 25, 2015, True Zone transferred the following asset:

- i) a sub-option to acquire an 80% undivided right, title and interest in and to a property known as the Kwedilima Cheetah Property to Moshi.

As at the share distribution record date of January 26, 2015, True Zone had 45,775,300 shares issued and outstanding (the “True Zone Shares”). In exchange for the transfer of the above mentioned sub option, Moshi issued 457,753 common shares in their respective capital stock to True Zone on behalf of the shareholders of True Zone, being equivalent to 1% of the issued and outstanding True Zone shares.

For more detailed information regarding this plan of arrangement please see “Notice of Annual General and Special Meeting and Management Information Circular” of the Company dated December 1, 2014 attached hereto.

6. Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable

7. Omitted Information

Not applicable

8. Executive Officer

Souhail Abi-Farrage
Director
Tel: (778) 891-2701

9. Date of Report

March 2, 2015

**Notice of Annual General and Special Meeting and Management Information Circular of True
Zone Resources Inc. dated December 1, 2014**



TRUEZONE
— RESOURCES INC. —

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING

AND

MANAGEMENT INFORMATION CIRCULAR

December 1, 2014

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LIST OF SCHEDULES

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SCHEDULE 4	FORM OF ARRANGEMENT AND AMALGAMATION RESOLUTIONS
SCHEDULE 5	ARRANGEMENT AGREEMENT AND PLAN OF ARRANGEMENT
SCHEDULE 6	FAIRNESS OPINION
SCHEDULE 7	DISSENT PROCEDURES
SCHEDULE 8	TRUE ZONE COMBINED PRO-FORMA FINANCIAL STATEMENTS AS AT JULY 31, 2014 (UNAUDITED)
SCHEDULE 9	AUDITED FINANCIAL STATEMENTS OF FIVE SUBSIDIARIES OF TRUE ZONE FROM THE DATE OF INCORPORATION TO AUGUST 31, 2014
SCHEDULE 10	AUDITED FINANCIAL STATEMENTS OF FIVE CAPITAL COMPANIES FROM THE DATE OF INCORPORATION TO AUGUST 31, 2014
SCHEDULE 11	STOCK OPTION PLAN OF FIVE SUBSIDIARIES

TRUE ZONE RESOURCES INC.

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that pursuant to the order of the Supreme Court of British Columbia dated December 5, 2014, an annual general and special meeting (the "Meeting") of the shareholders (the "True Zone Shareholders") of TRUE ZONE RESOURCES INC. (the "Company") will be held at the registered and records office of office of the Company at Suite 1780, 400 Burrard Street, Vancouver, BC on January 12, 2015 at 10 a.m. for the following purposes:

1. To receive the audited financial statements of the Company for the fiscal year ended April 30, 2014, together with the auditors' report thereon.
2. To appoint the auditors for the Company.
3. To fix the number of directors and to elect directors for the ensuing year.
4. To re-approve the Company's stock option plan
5. To consider and, if thought fit, pass, with or without variation, a special resolution approving an arrangement (the "Plan of Arrangement") under Division 5 of Part 9 of the *Business Corporations Act* (British Columbia) (the "Act") which involves, among other things, the distribution to the True Zone Shareholders shares of the Company's wholly-owned subsidiaries, being Patch Industries Ltd., Frond Resources Ltd., Oak Cliff Resources Ltd., Moshi Mountain Industries Ltd., Elm Resources Ltd. and transfer of certain assets of the Company to these subsidiaries, all as more fully set forth in the accompanying management information circular of the Company. The full text of the resolution is set forth in the Circular.
6. To approve share option plans of True Zone subsidiaries: Patch Industries Ltd., Frond Resources Ltd., Oak Cliff Resources Ltd., Moshi Mountain Industries Ltd. and Elm Resources Ltd.
7. To consider and, if thought fit, pass, with or without variation, a special resolution, the text of which is set forth in the Circular, approving the following amalgamations:
 - a) an amalgamation between Patchouli Capital Inc. and Patch Industries Ltd.;
 - b) an amalgamation between Frond Capital Inc. and Frond Resources Ltd.;
 - c) an amalgamation between Oak Cliff Capital Inc. and Oak Cliff Resources Ltd.;
 - d) an amalgamation between Moshing Capital Inc. and Moshi Mountain Industries Ltd.; and
 - e) an amalgamation between Elmira Capital Inc. and Elm Resources Ltd.

To transact such other business as may properly be brought before the Meeting.

Information relating to the matters to be brought before the Meeting is set forth in the information circular accompanying this Notice of Meeting.

AND TAKE NOTICE that True Zone Shareholders who validly dissent from the Arrangement or the Amalgamations will be entitled to be paid the fair value of their common shares subject to strict compliance with the provisions of the interim order (as set forth herein), the Plan of Arrangement and sections 237 to 247 of the Act. The dissent rights are described in Schedule 7 of the accompanying management information circular (the "Circular"). Failure to comply strictly with the requirements set forth in the Plan of Arrangement and sections 237 to 247 of the Act may result in the loss of any right of dissent.

The Circular provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this Notice. Also accompanying the Notice and the Circular is a form of proxy for use at the Meeting. Any adjourned meeting resulting from an adjournment of the Meeting will be held at a time and place to be specified at the

Meeting. Only True Zone Shareholders of record at the close of business on December 8, 2014, will be entitled to receive notice of and vote at the Meeting.

Registered True Zone Shareholders unable to attend the Meeting are requested to date, sign and return the enclosed form of proxy and deliver it in accordance with the instructions set out in the proxy and in the Circular. If you are a non-registered True Zone Shareholder and receive the materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or the other intermediary. Failure to do so may result in your shares of the Company not being voted at the Meeting.

Dated at Vancouver, British Columbia, this 1st day of December, 2014.

BY ORDER OF THE BOARD OF DIRECTORS

“Souhail Abi Farrage”

Souhail Abi Farrage
President and CEO

GLOSSARY OF TERMS

The following is a glossary of general terms and abbreviations used in this Circular:

“**Act**” means the *Business Corporations Act* (British Columbia), S.B.C. 2002, c. 57, as may be amended or replaced from time to time;

“**AFGF**” means AFGF Holdings (Tanzania) Limited, the original optionor of the Tanzania Property;

“**Amalco1**” means the resulting company following the Amalgamation of Patch and Patchouli Capital, the name of which shall be “Patch Industries Ltd.”, as described in this Circular, after all accompanying changes have been made and require approvals received;

“**Amalco2**” means the resulting company following the Amalgamation of Frond and Frond Capital, the name of which shall be “Frond Resources Ltd.” as described in this Circular, after all accompanying changes have been made and required approvals received;

“**Amalco3**” means the resulting company following the Amalgamation of Oak and Oak Capital, the name of which shall be “Oak Cliff Resources Ltd.” as described in this Circular, after all accompanying changes have been made and required approvals received;

“**Amalco4**” means the resulting company following the Amalgamation of Moshi and Moshing Capital, the name of which shall be “Moshi Mountain Industries Ltd.” as described in this Circular, after all accompanying changes have been made and required approvals received;

“**Amalco5**” means the resulting company following the Amalgamation of Elm and Elmira Capital, the name of which shall be “Elm Resources Ltd.” as described in this Circular, after all accompanying changes have been made and required approvals received;

“**Amalgamated Companies**” means collectively, Amalco1, Amalco2, Amalco3, Amalco4, and Amalco5.

“**Amalgamation Agreement**” means each agreement dated October 20, 2014 between each True Zone Subsidiary and its respective amalgamating Capital Company pursuant to which Patch will amalgamate with Patchouli Capital, Frond will amalgamate with Frond Capital, Oak Cliff will amalgamate with Oak Cliff Capital, Moshi will amalgamate with Moshing Capital, and Elm will amalgamate with Elmira Capital.

“**Amalgamations**” means, collectively the amalgamations to form Amalco1, Amalco2, Amalco3, Amalco4 and Amalco5;

“**Applicable Laws**” means all applicable corporate laws, rules of applicable stock exchanges and applicable securities laws, including the rules, regulations, notices, instruments, blanket orders and policies of the securities regulatory authorities in Canada;

“**Arrangement**” means the arrangement pursuant to Section 288 of the BCBCA set forth in the Plan of Arrangement;

“**Arrangement Agreement**” means the agreement dated October 20, 2014 among True Zone, the True Zone Subsidiaries and the Capital Companies.

“**Arrangement Provisions**” means Part 9, Division 5 of the BCBCA;

“**Arrangement Resolution**” means the special resolution in respect to the Arrangement and other related matters to be considered at the True Zone Meeting as more particularly described in this Circular, the full text of which is set out in Schedule 4 attached hereto;

“**Assignment Agreement**” means each agreement dated September 26, 2014 between True Zone, AFGF and each True Zone Subsidiary, pursuant to which each True Zone Subsidiary shall acquire a sub-option to earn an undivided 80% interest in one of the five sub-optioned portions of the Tanzania Property pursuant to the Arrangement and a respective Sub-option Agreement.

“**Assets**” means the assets of True Zone to be transferred to the True Zone Subsidiaries pursuant to the Arrangement;

“**BCBCA**” means the *Business Corporations Act*, S.B.C. 2002, c. 57, as amended, including the regulations promulgated thereunder;

“**Board**” means the board of directors of True Zone;

“**Business Day**” means a day other than a Saturday, Sunday or other than a day when banks in the City of Vancouver, British Columbia are not generally open for business;

“**Capital Companies**” means Elmira Capital, Frond Capital, Moshing Capital, Oak Capital, and Patchouli Capital;

“**CEO**” means an individual who acted as chief executive officer of the company, or acted in a similar capacity, for any part of the most recently completed financial year;

“**CFO**” means an individual who acted as chief financial officer of the company, or acted in a similar capacity, for any part of the most recently completed financial year;

“**Circular**” means this management information circular;

“**Company**” means True Zone Resources Inc., a company incorporated under the BCBCA;

“**Conversion Factor**” means 0.01;

“**Court**” means the Supreme Court of British Columbia;

“**Depositary**” means Equity Financial Trust Company;

“**Distributed Patch, Frond, Oak, Moshi, and Elm Shares**” means the Patch Shares, Frond Shares, Oak Shares, Moshi Shares, and Elm Shares that are to be distributed to the True Zone Shareholders pursuant to §3.1 of the Plan of Arrangement;

“**Dissenting Shareholder**” means an True Zone Shareholder who validly exercises rights of dissent under the Arrangement and who will be entitled to be paid fair value for his, her or its True Zone Shares in accordance with the Interim Order and the Plan of Arrangement;

“**Dissenting Shares**” means the True Zone Shares in respect of which Dissenting Shareholders have exercised a right of dissent;

“**Effective Date**” means the date the Arrangement is filed with the Registrar;

“**Elm**” means Elm Resources Ltd., a private company incorporated under the BCBCA;

“**Elm Shareholder**” means a holder of Elm Shares;

“**Elm Shares**” means the common shares without par value in the authorized share structure of Elm;

“**Elmira Capital**” means Elmira Capital Inc., a private company incorporated under the BCBCA;

“**Equity Financial**” means Equity Financial Trust Company, the transfer agent for the Company;

“**Fairness Opinion**” means the opinion of All-tech Services to the Company opining that, as of October 20, 2014 and subject to the assumptions and limitations set out therein, the Arrangement is fair, from a financial point of view, to the True Zone Shareholders holding True Zone Shares as of the Share Distribution Record Date, the full text of which is attached as Schedule 6 hereto.

“**FronD**” means Frond Resources Ltd., a private company incorporated under the BCBCA;

“**FronD Capital**” means Frond Capital Inc., a private company incorporated under the BCBCA;

“**FronD Shareholder**” means a holder of Frond Shares;

“**FronD Shares**” means the common shares without par value in the authorized share structure of Frond;

“**Final Order**” means the order of the Court approving the Arrangement, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

“**IFRS**” means International Financial Reporting Standards;

“**Information Circular**” means the management proxy circular of True Zone to be sent by True Zone to the True Zone Shareholders in connection with the True Zone Meeting;

“**Incentive Plan**” means any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period;

“**Incentive Plan Award**” means compensation awarded, earned, paid, or payable under an Incentive Plan;

“**Interim Order**” means an interim order of the Court concerning the Arrangement in respect of True Zone, containing declarations and directions with respect to the Arrangement and the holding of the True Zone Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

“**Moshi**” means Moshi Mountain Industries Ltd., a private company incorporated under the BCBCA;

“**Moshi Shareholder**” means a holder of Moshi Shares;

“**Moshi Shares**” means the common shares without par value in the authorized share structure of Moshi;

“**Moshing Capital**” means Moshing Capital Inc. a private company incorporated under the BCBCA;

“**NEO**” or “**named executive officer**” means each of the following individuals:

- (a) a CEO;
- (b) a CFO;
- (c) each of the 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 whose total compensation was, 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 that financial year;

“**New Shares**” means the new class of common shares without par value which True Zone will create pursuant to §3.1 of the Plan of Arrangement and which, immediately after the Effective Date, will be identical in every relevant respect to the True Zone Shares;

“**Notice of Meeting**” means the notice of special meeting of the True Zone Shareholders in respect of the True Zone Meeting;

“**Oak**” means Oak Cliff Resources Ltd., a private company incorporated under the BCBCA;

“**Oak Capital**” means Oak Cliff Capital Inc., a private company incorporated under the BCBCA;

“**Oak Shareholder**” means a holder of Oak Shares;

“**Oak Shares**” means the common shares without par value in the authorized share structure of Oak;

“**Patch**” means Patch Industries Ltd., a private company incorporated under the BCBCA;

“**Patch Shareholder**” means a holder of Patch Shares;

“**Patch Shares**” means the common shares without par value in the authorized share structure of Patch;

“**Patchouli Capital**” means Patchouli Capital Inc., a private company incorporated under the BCBCA;

“**Parties**” means True Zone and the True Zone Subsidiaries; and “**Party**” means any one of them;

“**Person**” means an individual, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal representative;

“**Plan of Arrangement**” or “**Arrangement**” means the plan of arrangement attached as Schedule “A” to the Arrangement Agreement, the full text of which is attached to this Circular as Schedule 5;

“**Registrar**” means the Registrar of Companies for the Province of British Columbia duly appointed under the BCBCA;

“**Registered Shareholder**” means a registered holder of True Zone Shares as recorded in the shareholder register of True Zone maintained by **Equity Financial**;

“**SEC**” means the United States Securities and Exchange Commission;

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval;

“**Share Distribution Record Date**” means the close of business on the day as determined by the directors of True Zone, which date establishes the True Zone Shareholders who will be entitled to receive Patch, Frond, Oak, Moshi, and Elm Shares pursuant to this Plan of Arrangement;

“**Sub-option Agreement**” means each agreement dated September 26, 2014 between AFGF, True Zone and each True Zone Subsidiary pursuant to which True Zone will grant a sub-option to earn an 80% interest in one of the five sub-optioned portions of the Tanzania Property to each of its subsidiaries Patch, Frond, Oak, Moshing and Elm.

“**Tanzania Property**” means the property situated south and west of the city of Handeni in the Handeni Rural administration District of the Tanga Region, 5 kilometres south and 10 kilometres west of the city of Handeni, in the United Republic of Tanzania, East Africa. (as shown in Figure 1 of this Circular) which property is approximately an area of 505 km² and includes the five 30 hectare portions referred to as: Gombero East Property, Kwedilima West Property, Gombero Lion Property, Kwedilima Cheetah Property, and Gombero West Property; which five portions are to be sub-optioned to the True Zone Subsidiaries pursuant to the Arrangement.

“**True Zone**” means True Zone Resources Inc., a company incorporated under the BCBCA;

“**True Zone Class A Shares**” means the renamed and re-designated True Zone Shares as described in §3.1 of the Plan of Arrangement;

“**True Zone Class A Preferred Shares**” means the Class “A” preferred shares without par value which True Zone will create and issue pursuant to §3.1 of the Plan of Arrangement;

“**True Zone Meeting**” means the special meeting of the True Zone Shareholders to be held to approve this Arrangement Agreement, and any adjournment(s) or postponement(s) thereof;

“**True Zone Shares**” means the common shares without par value in the authorized share capital of True Zone;

“**True Zone Shareholders**” means the holders from time to time of True Zone Shares;

“**True Zone Subsidiaries**” or “**Subsidiaries**” means collectively Patch, Frond, Oak, Moshi, and Elm;

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, all as amended from time to time;

“**U.S. Securities Act**” means the United States *Securities Act of 1933*, as may be amended, or replaced, from time to time; and

“**U.S. Securities Exchange Act**” means the *Securities Exchange Act of 1934*, as amended, of the United States of America.

TRUE ZONE RESOURCES INC.
Suite 1780, 400 Burrard Street, Vancouver, BC, V6C 3A6

INFORMATION FOR ALL SHAREHOLDERS

This Circular is furnished in connection with the solicitation of proxies by management of TRUE ZONE RESOURCES INC. for use at an annual general and special meeting of shareholders of the Company (the “Meeting”) to be held on January 12, 2015, at 10:00 a.m. (Vancouver time) at the registered and records office of the Company at Suite 1780, 400 Burrard Street, Vancouver, BC.

This Circular describes the matters that need to be dealt with in an annual general and special meeting of the Company and the Arrangement. Unless the context otherwise requires, capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Glossary of Terms in this Circular. In considering whether to vote for the approval of the Arrangement and the Amalgamations, True Zone Shareholders should be aware that there are various risks, including those described in the Section entitled “Risk Factors” in this Circular. True Zone Shareholders should carefully consider these risk factors, together with other information included in this Circular, before deciding whether to approve the Arrangement and the Amalgamations.

ANNUAL GENERAL AND SPECIAL MEETING MATTERS

At the Meeting, the True Zone Shareholders will be asked, to consider and, if thought fit, to pass resolutions fixing the number of directors, electing directors, appointing auditors, the Arrangement Resolution approving the Arrangement among the Company, Patch, Frond, Oak, Moshi, Elm, and the True Zone Shareholders. The Arrangement will consist of the distribution of Patch Shares, Frond Shares, Oak Shares, and Elm Shares to the True Zone Shareholders.

In addition, the True Zone shareholders will be asked to approve the amalgamations between Patch and Patchouli Capital, Frond and Frond Capital, Oak and Oak Capital, Moshi and Moshing Capital, Elm and Elmira Capital.

By passing the Arrangement Resolution, the True Zone Shareholders will also be giving authority to the Board to use its best judgment to proceed with and cause the Company to complete the Arrangement without any requirement to seek or obtain any further approval of the True Zone Shareholders.

NOTICE TO UNITED STATES SHAREHOLDERS

This Circular has been prepared in accordance with applicable disclosure requirements in Canada. Holders of True Zone Shares in the United States should be aware that Canadian requirements are different than those of the United States applicable to registration statements under the U.S. Securities Act and proxy statements under the U.S. Securities Exchange Act.

True Zone Shareholders should be aware that the transactions contemplated herein may have tax consequences both in the United States and in Canada. Such consequences for investors who are resident in, or citizens of, the United States may not be described fully herein.

The enforcement by True Zone Shareholders of civil liabilities under the United States federal securities laws may be affected adversely by the fact that True Zone and its Subsidiaries are incorporated outside of the United States, that some or all of their officers and directors and the experts named herein are resident outside of the United States, and that all or a substantial portion of the assets of True Zone and such other persons may be located outside the United States. As a result, it may be difficult or impossible for True Zone Shareholders who are residents of the United States to effect service of process within the United States upon True Zone, its Subsidiaries or such other person(s) name herein, their directors or officers or the experts named herein, or to realize against them upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or the securities or “blue sky” laws of any state within the United States. In addition, True Zone Shareholders who are residents of the United States should not assume that the courts of Canada: (a) would allow them to sue True Zone, its Subsidiaries or such other person(s) name herein, or their officers or directors in the courts of Canada; (b) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or the securities or “blue sky” laws of any state within the United States; or (c) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or the securities or “blue sky” laws of any state within the United States.

INFORMATION CONTAINED IN THIS CIRCULAR

The information contained in this Circular is given as at December 1, 2014, unless otherwise noted.

No person has been authorized to give any information or to make any representation in connection with the Arrangement and other matters described herein other than those contained in this Circular and, if given or made, any such information or representation should be considered not to have been authorized by the Company. This Circular does not constitute the solicitation of an offer to purchase any securities or the solicitation of a proxy by any person in any jurisdiction in which such solicitation is not authorized or in which the person making such solicitation is not qualified to do so or to any person to whom it is unlawful to make such solicitation. Information contained in this Circular should not be construed as legal, tax or financial advice and True Zone Shareholders are urged to consult their own professional advisers in connection therewith. Descriptions in the body of this Circular of the terms of the Arrangement Agreement and the Plan of Arrangement are merely summaries of the terms of those documents. True Zone Shareholders should refer to the full text of the Arrangement Agreement and the Plan of Arrangement for complete details of those documents. The full text of the Arrangement Agreement and the Plan of Arrangement is attached to this Circular as Schedule 5.

INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS

Except for statements of historical fact contained herein, the information presented in this Circular constitutes “forward-looking statements” or “information” (collectively “statements”). These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

In some cases, forward-looking statements can be identified by terminology such as “may”, “will”, “expect”, “plan”, “anticipate”, “believe”, “intend”, “estimate”, “predict”, “forecast”, “outlook”, “potential”, “continue”, “should”, “likely”, or the negative of these terms or other comparable terminology. Although management believes that the anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve assumptions, known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company or Patch, Patchouli Capital, Frond, Frond Capital, Oak, Oak Capital, Moshi, Moshing Capital, Elm, Elmira Capital, to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements and information. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements and information include, but are not limited, risks related to our limited operating history and history of limited or no earnings, competition from other companies in similar industries, risks inherent with operations in emerging countries, uncertainties with respect to titles of mineral properties, patents, aboriginal land title claims, changes to government regulations in the areas of mineral exploration, insurance industry and renewable energy industry; dependence on key personnel; general economic conditions, local economic conditions, interest rates; availability of equity and debt financing, development costs, including costs of labor, equipment and environmental compliance, inability to secure drilling and exploration permits, lack of mineral reserves and other risks factors described from time to time in the documents filed by us with applicable securities regulators, including in this Circular under the heading “Risk Factors”.

Forward-looking statements are made based on management’s beliefs, estimates and opinions on the date the statements are made and the Company undertakes no obligation to update any forward-looking statement if these beliefs, estimates and opinions or other circumstances should change, except as may be required by applicable law.

GENERAL PROXY INFORMATION

Solicitation of Proxies

This Circular is furnished in connection with the solicitation of proxies by management of True Zone for use at the Meeting, and at any adjournment(s) or postponement(s) thereof.

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors or officers of the Company. The Company will bear all costs of this solicitation. The Company has arranged for Intermediaries to forward the meeting materials to Beneficial Shareholders held of record by those Intermediaries and the Company may reimburse the Intermediaries for their reasonable fees and disbursements in that regard.

Currency

In this Circular, except where otherwise indicated, all dollar amounts are expressed in the lawful currency of Canada.

Record Date

The Board has fixed December 8, 2014 as the record date (the "Record Date") for determination of persons entitled to receive notice of and to vote at the Meeting. Only True Zone Shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described herein will be entitled to vote or to have their True Zone Shares voted at the Meeting.

Appointment and Revocation of Proxies

The persons named in the accompanying instrument of proxy are directors or officers of the Company. A shareholder has the right to appoint a person other than the persons named in the enclosed instrument of proxy to attend and act for him on his behalf at the Meeting. To exercise this right, a registered shareholder shall strike out the names of the persons named in the instrument of proxy and insert the name of his nominee in the blank space provided, or complete another instrument of proxy. The completed instrument of proxy should be deposited with the Company's registrar and transfer agent, Equity Financial Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario M5H 4J1 Canada at least 48 hours before the time of the Meeting or any adjournment thereof, excluding Saturdays and holidays.

The instrument of proxy must be dated and be signed by the registered shareholder or by his attorney in writing, or, if the shareholder is a corporation, it must either be under its common seal or signed by a duly authorized officer.

In addition to revocation in any other manner permitted by law, a registered shareholder may revoke a proxy either by (a) signing a proxy bearing a later date and depositing it at the place and within the time aforesaid, or (b) signing and dating a written notice of revocation (in the same manner as the instrument of proxy is required to be executed as set out in the notes to the instrument of proxy) and either depositing it at the place and within the time aforesaid or with the chairman of the Meeting prior to the commencement of the Meeting or any adjournment thereof, or (c) registering with the scrutineer at the Meeting as a shareholder present in person, whereupon such proxy shall be deemed to have been revoked.

Only registered shareholders have the right to revoke a proxy. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

Voting of Shares and Exercise of Discretion of Proxies

On any poll, the persons named in the enclosed instrument of proxy will vote the shares in respect of which they are appointed and, where directions are given by the shareholder in respect of voting for or against any resolution, will do so in accordance with such direction.

In the absence of any direction in the instrument of proxy, it is intended that such shares will be voted in favour of the motions proposed to be made at the Meeting as stated under the headings in this information circular. The instrument of proxy enclosed, when properly signed, confers discretionary authority with respect to amendments or variations to any matters which may properly be brought before the Meeting. The enclosed instrument of proxy does not confer authority to vote for the election of any person as a director of the Company other than for those persons named in this information circular.

At the time of printing of this information circular, the management of the Company is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. **However, if any other matters which are not now known to the management should properly come before the Meeting, the proxies hereby solicited will be exercised on such matters in accordance with the best judgment of the nominee.**

Beneficial (Non-Registered) Shareholders

Only shareholders whose names have been entered in the register of common shareholders at the close of business on the Record Date ("Registered Shareholders") will be entitled to receive notice of, and to vote at, the Meeting.

Only Registered Shareholders or duly appointed proxy holders are permitted to vote at the Meeting. Most shareholders of the Company are "non-registered" shareholders because the common shares they own are not registered in their names but are instead

registered in the name of the brokerage firm, bank or trust company through which they purchased the common shares. More particularly, a person is not a Registered Shareholder in respect of common shares which are held on behalf of that person (the “Non-Registered Holder”) but which are registered either: (a) in the name of an intermediary (an “Intermediary”) that the Non-Registered Holder deals with in respect of the common shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency of which the Intermediary is a participant. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration for the Canadian Depository for Securities, which company acts as nominee for many Canadian brokerage firms).

Non-Registered Holders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Company are referred to as “NOBO’s”. Those Non-Registered Holders who have objected to their Intermediary disclosing ownership information about themselves to the Company are referred to as “OBO’s”. In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Company has elected to send the Notice of Meeting, this Information Circular and the Proxy (collectively, the “Meeting Materials”) directly to the NOBO’s, and indirectly through Intermediaries to the OBO’s. The Intermediaries (or their service companies) are responsible for forwarding the Meeting Materials to each OBO, unless the OBO has waived the right to receive them.

Meeting Materials sent to Non-Registered Holders who have not waived the right to receive Meeting Materials are accompanied by a request for voting instructions (a “VIF”) instead of a proxy. By returning the VIF in accordance with the instructions noted on it, a Non-Registered Holder is able to instruct the Registered Shareholder how to vote on behalf of the Non-Registered Shareholder. VIFs, whether provided by the Company or by an Intermediary, should be completed and returned in accordance with the specific instructions noted on the VIF.

In either case, the purpose of this procedure is to permit Non-Registered Holders to direct the voting of the common shares which they beneficially own. Should a Non-Registered Holder who receives a VIF wish to attend the Meeting or have someone else attend on his/her behalf, the Non-Registered Holder may request a legal proxy as set forth in the VIF, which will grant the Non-Registered Holder or his/her nominee the right to attend and vote at the Meeting. **Non-Registered Holders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered.**

These Meeting Materials are being sent to both Registered Shareholders and Non-Registered Shareholders. If you are a Non-Registered Shareholder, and the Company or its agent has sent these Meeting Materials directly to you, your name and address and information about your holding of common shares of the Company have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf.

By choosing to send these materials to you directly, the Company (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the VIF.

All references to shareholders in this information circular, the accompanying form of proxy and the notice of meeting are to Registered Shareholders unless specifically stated otherwise.

United States

The Distributed Patch, Frond, Oak, Moshi, and Elm Shares to be issued under the Arrangement have not been and will not be registered under the U.S. Securities Act and will be issued in reliance upon the exemption from registration requirements provided by Section 3(a)(10) of the U.S. Securities Act. Section 3(a)(10) of the U.S. Securities Act is an exemption from U.S. Securities Act registration for offers and sales of securities issued in exchange for one or more outstanding securities where the terms and conditions of the issuance and exchange of such securities have been approved by any court authorized to grant such approval after a hearing upon the fairness of the terms and conditions of the issuance and exchange at which all persons to whom the securities will be issued have the right to appear. The Court is authorized to conduct a hearing at which the fairness of the terms and conditions of the Arrangement will be considered. The Court entered the Interim Order on December 5, 2014 and, subject to the approval of the Arrangement by the True Zone Shareholders, the application for the Final Order approving the Arrangement is scheduled for January 16, 2015 or as soon thereafter as counsel may be heard in the Court.

Under SEC rules, the securities to be issued to the True Zone Shareholders will be freely tradable under U.S. federal securities laws, except by persons who are “affiliates” of True Zone after the Arrangement. Persons who may be deemed to be “affiliates” of an issuer include individuals or entities that control, are controlled by, or are under common control with, the issuer, and generally include executive officers and directors of the issuer as well as principal shareholders of the issuer.

Any resale of such securities by such an affiliate may be subject to the registration requirements of the U.S. Securities Act, absent an exemption therefrom. Securities to be issued to such affiliates pursuant to the Arrangement may also be resold in compliance with the resale provisions of Rule 145(d)(1) under the U.S. Securities Act, or as otherwise permitted under the U.S. Securities Act. Rule 145(d)(1) generally provides that such affiliates may not sell the securities received pursuant to the Arrangement unless pursuant to an effective registration statement or in accordance with the volume, current public information and manner of sale limitations of Rule 144 under the U.S. Securities Act. These limitations generally require that any sales made by an affiliate in any three month period not exceed the greater of 1% of the outstanding securities of True Zone or, if such securities are listed on a United States securities exchange (such as the NYSE or NASDAQ), the average weekly trading volume over the four calendar weeks preceding the placement of the sell order, and that sales be made in unsolicited, open market “broker transactions” (as such term is defined in Rule 144 under the U.S. Securities Act) or other limited specified transactions at times when certain information specified by Rule 144 is publicly available with respect to True Zone.

In addition, persons who are affiliates of True Zone solely by virtue of holding a position as an officer or director of True Zone, may sell Distributed Patch, Frond, Oak, Moshi, and Elm Shares without registration under the U.S. Securities Act if such sales are made in accordance with Rule 904 of Regulation S. Other affiliates of True Zone may sell Distributed Patch, Frond, Oak, Moshi, and Elm Shares without registration under the U.S. Securities Act if such sales are made in accordance with Rule 903 of Regulation S.

The foregoing discussion is only a general overview of certain requirements of United States securities laws applicable to the Distributed Patch, Frond, Oak, Moshi, and Elm Shares. All recipients of such securities are urged to consult with counsel to ensure that the resale of their securities complies with applicable securities laws and regulations.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

No director or executive officer of the Company, or any person who has held such a position since the beginning of the last completed financial year-end of the Company, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting, other than the election of directors, the appointment of the auditor and as may be otherwise set out herein.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed herein, no informed person of the Company, director of the Company or any associate or affiliate of an informed person or director, has any material interest, direct or indirect, in any transaction since the commencement of the Company’s most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its Subsidiaries.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Company is authorized to issue an unlimited number of common shares without par value. At the Record Date, 45,775,333 common shares without par value of the Company were issued and outstanding, each share carrying the right to one vote. At the Meeting, on a show of hands, every Shareholder present in person shall have one vote and, on a poll, every shareholder shall have one vote for each common share of which he is the holder.

Only common shareholders of record on the close of business of the Record Date who either personally attend the Meeting or who complete and deliver an instrument of proxy in the manner and subject to the provisions set out under the heading “Appointment and Revocation of Proxies” will be entitled to have his or her shares voted at the Meeting or any adjournment thereof.

To the knowledge of the Directors and executive officers of the Company there are no beneficial owners or persons exercising control or direction over Company shares carrying more than 10% of the outstanding voting rights.

VOTES NECESSARY TO PASS RESOLUTIONS

A simple majority of affirmative votes cast in person or by proxy at the Meeting is required to pass the resolution(s) described herein as ordinary resolutions and an affirmative vote of 66 and 2/3rds of the votes cast in person or by proxy at the Meeting is required to pass the resolution(s) described herein as special resolutions.

ELECTION OF DIRECTORS

The board proposes that the number of directors is fixed at three (3). Shareholders will therefore be asked to approve by an ordinary resolution that the number of directors elected be fixed at three (3).

The term of office of each of the current directors will end at the conclusion of the Meeting. Unless the director's office is earlier vacated in accordance with the provisions of the Act, each director elected will hold office until the conclusion of the next annual general meeting of the Company, or if no director is then elected, until a successor is elected.

The following table sets out the names of management's nominees for election as directors, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment for the five preceding years for new director nominees, the period of time during which each has been a director of the Company and the number of True Zone Shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the date of this Circular.

Name of Proposed Nominee, Municipality of Residence	Principal Occupation	Director Since	Current Position(s) with the Company	Number of Common Shares beneficially owned, directly or indirectly, or controlled or directed ⁽¹⁾
Souhail Abi Farrage ⁽²⁾ Surrey, BC	President, Chief Executive Officer	2007-09-10	President, Chief Executive Officer	4,192,000 ⁽⁴⁾
Michael Mulberry ⁽²⁾ West Vancouver, BC	Corporate Consultant	2007-04-26	Director Former CEO and President (3)	2,528,075 ⁽⁵⁾
Leonard Vernon Senft ⁽²⁾ Surrey, BC	Businessman and Corporate Consultant	2013-01-22	Director	4,150,000

- Notes:
- (1) The information as to True Zone Shares beneficially owned, not being within the knowledge of True Zone, has been obtained from SEDI or furnished by the directors individually and does not include True Zone Shares issuable upon exercise of options or warrants.
 - (2) Member of the audit committee of the Board (the "Audit Committee").
 - (3) Mr. Mulberry resigned as the Company's President and CEO on July 21, 2014.
 - (4) Includes 3,000,000 Shares held by Bahega Consulting Ltd.
 - (5) Includes 100,000 Shares held in his RRSP Account.

Pursuant to the requirements of applicable securities legislation, we are providing additional biographical information for each of the above directors.

Souhail Abi Farrage – President, Chief Executive Officer/Director – Mr. Farrage is the company's main financial consultant and has successfully financed and operated restaurant turnkey operation throughout the Vancouver and upper Washington State Region. He was President of Consolidated Gold Win Ventures Ltd. until 2008 (predecessor of WestKam Gold) and through his efforts he has raised over \$5,000,000 for mineral exploration and new development projects throughout British Columbia (Bonaparte mine, Yeti Area, and Stewart Area), the Yukon Territory (Underworld area), the Northwest Territory (DryBones Bay Kimberlite area) the Ungava Region of Quebec and Nevada (Dolly Varden Area).

Michael Mulberry – Director – Mr. Mulberry has been associated with the mineral exploration and public investment community since the 1990's. He has had hands on experience running and supervising all aspects of exploration for other companies. He has a B.A. Commerce and successfully started his own insurance company in the late 1990's and early 2000's.

Leonard Senft – Director – is a retired construction supervisor with a Building Technology Diploma from BCIT. He worked for 40 years in the industry on both commercial and residential projects in Canada, Asia and Central America. He has extensive experience investing in the equities markets, having focused particularly on the junior resource sector.

Cease Trade Orders and Bankruptcy

Except for as disclosed herein, none of our directors or officers are, or have been within the last 10 years, directors or officers of any other issuer that, while that person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than 30 consecutive days or 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 the assets of that issuer.

Mr. Mulberry was a director of World Organics Inc. when it became the subject of a cease trade order issued by the British Columbia Securities Commission on June 2, 2004 for failure to file financial statements and a cease trade order issued by the Alberta Securities Commission on June 18, 2004 for failure to file financial statements. On August 23, 2011 both cease trade orders were revoked. Mr. Mulberry was a director of Encore Renaissance Resources Corp. (now WestKam Gold Corp.) when it became the subject of a cease trade order issued by the British Columbia Securities Commission on March 8, 2010 for failure to file annual financial statements and management discussion and analysis for the year ended October 31, 2009 and a cease trade order issued by the Alberta Securities Commission on June 17, 2010 for failure to file annual financial statements for the year ended October 31, 2009 and interim financial statements and management discussion and analysis for the period ended January 31, 2010. On August 27, 2010 both cease trade orders were revoked.

Mr. Farrage was a director of Declan Resources Inc. (“Declan”) when he became the subject of a management cease trade order issued by the British Columbia Securities Commission on February 1, 2011 for Declan’s failure to file annual financial statements and management discussion and analysis for the year ended September 30, 2010. The management cease trade order was revoked on April 19, 2011. Mr. Farrage was a director of Cameo Resources Corp. (then Sidon International Resources Corporation) (“Cameo”) when he became the subject of a management cease trade order issued by the British Columbia Securities Commission dated August 30, 2011 for Cameo’s failure to file a comparative financial statement for the financial year ended April 30, 2011 and a management’s discussion and analysis for the period ended April 30, 2011. In addition, Cameo became the subject of a cease trade order issued by the British Columbia Securities Commission for failure to file a comparative financial statement for the financial year ended April 30, 2011, interim financial statements for the financial period ended July 31, 2011 and a management’s discussion and analysis for the periods ended April 30, 2011 and July 31, 2011. On February 1, 2012, Cameo also became the subject of a cease trade order issued by the Alberta Securities Commission for failure to file annual audited financial statements, annual management’s discussion and analysis and certification of annual filings for the year ended April 30, 2011 and interim unaudited financial statements, interim management’s discussion and analysis and certification of interim filings for the interim periods ended July 31, 2011 and October 31, 2011. The cease trade orders were revoked by the BCSC on May 22, 2013.

CORPORATE GOVERNANCE

General

The Board believes that good corporate governance improves corporate performance and benefits all shareholders. National Instrument 58-101 Disclosure of Corporate Governance Practices prescribes certain disclosure by the Company of its corporate governance practices. This section sets out the Company’s approach to corporate governance and addresses the Company’s compliance with National Instrument 58-101.

Board of Directors

The Board is currently composed of Michael Mulberry, Souhail Abi Farrage and Leonard Vernon Senft. All of the proposed nominees for election as directors are currently directors of the Company.

National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) suggests that the board of directors of a public company should be constituted with a majority of individuals who qualify as “independent” directors.

An “**independent**” director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the director’s ability to act with a view to the best interests of the company, other than interests and relationships arising from shareholding. In addition, where a company has a significant shareholder, NI 58-101 suggests that a board of directors should include a number of directors who do not have interests in either the company or the significant shareholder.

Of the proposed director nominees, Leonard Vernon Senft is considered by the Board to be “independent” within the meaning of NI 58-101. Souhail Abi Farrage is currently an executive officer of the Company, and accordingly, he is considered to be “non-independent”. Mr. Michael Mulberry is considered non-independent because of his recent position as the CEO of the Company.

The Board meets formally on an as needed basis to review and discuss the Company’s business activities and to consider and, if thought fit, to approve matters presented to the Board for approval, and to provide guidance to management. In addition, management informally provides updates to the Board at least once per quarter between formal meetings. In general, management consults with the Board when deemed appropriate to keep it informed regarding the Company’s affairs.

The Board facilitates the exercise of independent supervision over management through these various meetings. At present, the Board has an audit committee. When necessary, the Board will strike a special committee of independent directors to deal with matters requiring independence. The composition of the Board is such that the independent directors have significant experience in business affairs and, as a result, these directors are able to provide significant and valuable independent supervision over management.

In the event of a conflict of interest at a meeting of the Board, the conflicted director will in accordance with corporate law and in accordance with his fiduciary obligations as a director of the Company, disclose the nature and extent of his interest to the meeting and abstain from voting on or against the approval of such participation.

Directorships

The directors of the Company named in the table below are directors of other reporting issuers as shown.

Name of Director	Name of Other Reporting Issuer
Michael Mulberry	Secova Metals Corp.
Souhail Abi Farrage	Cameo Resources Corp.
Leonard Vernon Senft	Cameo Resources Corp.

Orientation and Continuing Education

The Board has not adopted a formal policy on the orientation and continuing education of new and current directors. When a new director is appointed, the Board delegates individual directors the responsibility for providing an orientation and education program for any new director. This may be delivered through informal meetings between the new directors and the Board and senior management, complemented by presentations on the main areas of the Company’s business. When required the Board may arrange for topical seminars to be provided to members of the Board or committees of the Board. Such seminars may be provided by one or more members of the Board and management or by external professionals.

Ethical Business Conduct

The directors encourage and promote a culture of ethical business conduct through communication and supervision as part of their overall stewardship responsibility.

In addition, some of the directors of the Company also serve as directors and officers of other companies, the Board must comply with the conflict of interest provisions of the Business Corporations Act (British Columbia), as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Each director is required to declare the nature and extent of his interest and is not entitled to vote at meetings which involve such conflict.

Nomination of Directors

The Board performs the functions of a nominating committee with respect to appointment of directors. The Board believes that this is a practical approach at this stage of the Company's development. While there are not specific criteria for board membership, the Company attempts to attract and maintain directors with business knowledge, which assists in guiding management of the Company.

Compensation

The Board of Directors reviews the compensation of the directors and the Chief Executive Officer once a year. To make its recommendations on such compensation, the Board of Directors takes into account the types of compensation and the amounts paid to

directors and officers of comparable publicly traded Canadian companies, as well as the success of the directors and officers in helping the Company to achieve its objectives and the Company's financial resources.

Other Board Committees

The Board has no committees other than the audit committee, the members of which are Michael Mulberry, Souhail Abi Farrage and Leonard Vernon Senft.

Assessments

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and committees.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The primary objectives of the Company's executive compensation program are to attract, motivate and retain highly trained, experienced and committed executive officers who have the necessary skills, education, experience and personal qualities required to manage the Company's business for the benefit of its shareholders, and to align their success with that of the shareholders.

During the year ended August 31, 2014, compensation to the Company's Named Executive Officers consisted of fees for services in their respective roles.

The Company relies on the board of directors in determining executive compensation and option based awards to executive officers. The objectives of the compensation program of the Company are attraction and retention of qualified executives, compensation for services, and developing the Company's projects.

The amount of compensation is determined by the board of directors.

The Company has a stock option plan which it can utilize by granting stock options to its executive officers, directors and employees in the future.

Previous grants of option-based awards, the financial performance of the Company, the position of an executive officer and the amount of time spent on the affairs of the Company are taken into account when considering new stock option grants.

The board of directors considered the implications of the risks associated with the Company's compensation practices. The current situation of the financial markets has been identified as the major risk in implementing the compensation program of the Company.

The Company does not prohibit its executive officers to purchase financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the executive officers of directors.

Summary Compensation Table for Named Executive Officers

The following table sets forth all compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, for the fiscal years ended August 31, 2014, April 30, 2013 and 2012 to the Company's Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO").

Name and Principal Position	Fiscal Year Ended	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) ⁽⁴⁾	Non-equity incentive plan compensation (\$)		Pension Value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans (\$)	Long-term incentive plans			
Michael Mulberry Former Former President and CEO ⁽¹⁾	2014	NIL	N/A	NIL	N/A	N/A	N/A	\$43,000(7)	\$43,000(7)
	2013	NIL	N/A	NIL	N/A	N/A	N/A	\$10,000	\$10,000

Name and Principal Position	Fiscal Year Ended	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) ⁽⁴⁾	Non-equity incentive plan compensation (\$)		Pension Value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans (\$)	Long-term incentive plans			
	2012	NIL	N/A	NIL	N/A	N/A	N/A	\$58,329 ⁽⁵⁾	\$58,329 ⁽⁵⁾
Souhail Abi Farrage President and CEO ⁽²⁾	2014	NIL	N/A	NIL	N/A	N/A	N/A	\$78,000 ⁽⁶⁾	\$78,000 ⁽⁶⁾
	2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2012	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Toni Bold De Haughton Former CFO ⁽³⁾	2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2013	NIL	N/A	NIL	N/A	N/A	N/A	N/A	N/A
	2012	NIL	N/A	NIL	N/A	N/A	N/A	\$39,530 ⁽⁶⁾	\$39,530 ⁽⁶⁾
James Henning CFO ⁽⁴⁾	2014	NIL	N/A	NIL	N/A	N/A	N/A	N/A	N/A
	2013	NIL	N/A	NIL	N/A	N/A	N/A	N/A	N/A
	2012	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) Ceased to hold office of President and CEO July 21, 2014
- (2) Appointed July 21, 2014
- (3) Ceased to hold office December 17, 2012
- (4) Appointed as CFO on January 28, 2013
- (5) The option values were estimated using the Black-Scholes option pricing model.
- (6) Fees for Consulting services (\$60,000) and rent (\$18,000)
- (7) Fees for Management services

Incentive Plan Awards

The following table provides for each NEO for all awards outstanding at the end of the most recently completed financial year and includes awards granted before the most recently completed financial year.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#) ⁽⁴⁾	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^{(2) (3)} (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share – based awards that have not vested (\$)	Market / payout value of vested share-based awards not paid out or distributed (\$)
Michael Mulberry, Former President and CEO	200,000	\$0.05	July 22, 2019	N/A	N/A	N/A	N/A
Souhail Abi Farrage President and CEO	1,000,000	\$0.05	July 22, 2019	N/A	N/A	N/A	N/A
James Henning, CFO	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Pension Plan Benefits

The Company does not provide any pension plan benefits to its executive officers, directors or employees.

Termination and Change of Control Benefits

There are no written employment contracts between the Company and NEOs. There are no compensatory plan(s) or arrangement(s), with respect to the NEOs resulting from the resignation, retirement or any other termination of employment of the officer's employment or from a change of NEOs' responsibilities following a change in control. The Company has no termination or change of control benefits. In case of termination of NEOs common law and statutory law applies.

Director Compensation

The following are all amounts of compensation provided to the directors, who were not NEOs, for the Company's most recent completed financial year.

Name	Fees earned (\$)	Share – based awards (\$)	Option based awards (\$) ⁽¹⁾	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Leonard Vernon Senft	Nil	\$5,000	\$17,500	Nil	Nil	Nil	\$22,500

The following table provides incentive plan awards – value vested or earned during the most recently completed financial year for directors, who were not NEOs.

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 (\$)
Leonard Vernon Senft	Nil	Nil	Nil

There are no other arrangements from those disclosed above under which directors were compensated by the Company and its Subsidiaries during the most recently completed financial year for their services in their capacity as directors or consultants.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Company's stock option plan was approved by the shareholders during the last annual general meeting. It is a rolling stock option plan. The maximum number of True Zone Shares reserved for issuance under the True Zone stock option plan is ten (10%) percent of the issued and outstanding True Zone Shares on a "rolling" basis.

The shareholders will be asked to re-approve the same stock option plan again by an ordinary resolution. The full text of the plan is available at the registered office of True Zone.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets out equity compensation plan information as at the end of the financial year ended April 30, 2014.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)

Equity compensation plans approved by securityholders	Nil	N/A	2,322,533
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	Nil	N/A	2,322,533

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No directors, proposed nominees for election as directors, executive officers or their respective associates or affiliates, or other management of the Company were indebted to the Company as of the end of the most recently completed financial year or as at the date hereof.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of management of the Company, no informed person (a director, officer or holder of 10% or more of the True Zone Shares) or nominee for election as a director of the Company or any associate or affiliate of any informed person or director had any interest in any transaction which has materially affected or would materially affect the Company or any of its Subsidiaries during the year ended April 30, 2014, or has any interest in any material transaction in the current year other than as set out herein.

MANAGEMENT CONTRACTS

There are no management functions of the Company, which are to any substantial degree performed by a person or company other than the directors or executive officers of the Company.

APPOINTMENT OF AUDITOR

The current auditors of the Company MNP LLP, Chartered Accountants, located at 2300, 1055 Dunsmuir Street, Vancouver, British Columbia, V7X 1J1, will be nominated at the Meeting for reappointment as auditor of the Company at remuneration to be fixed by the directors.

SUMMARY OF THE ARRANGEMENT AND AMALGAMATIONS

The following is a summary of the information contained elsewhere in this Circular concerning a proposed reorganization of the Company by way of the Arrangement. Certain capitalized words and terms used in this summary are defined in the Glossary of Terms. This summary is qualified in its entirety by the more detailed information and financial statements appearing or referred to elsewhere in this Circular and the schedules attached hereto.

The Company is a publicly traded mineral exploration company with its shares listed on the CSE. The Company's has an option to earn 80 % interest in the Tanzania Property located in Tanzania and an option to acquire 51% interest in Spring Canyon Property located in Nevada.

The particulars of the Tanzania Property are provided in the National Instrument 43-101 ("NI 43-101") technical report dated October 25, 2014, which is available on www.sedar.com under the profile of True Zone and at the registered and records office of True Zone.

The Company has identified five non-core 30 hectare land parcels (0.3 km² each for a total of 1.8 km²) within the 505 km² Tanzania Property and intends to transfer interest of the Assets to the Subsidiaries pursuant to the Arrangement by way of the Sub-option Agreements. Interest in these five non-core sections of the Tanzania Property are to be transferred to five wholly owned Subsidiaries of the Company, namely Patch, Frond, Oak, Moshi, and Elm.

The five sections of the Tanzania Property to be transferred to the Subsidiaries are called Gombero East Property (optioned to Patch), Kwedilima West Property (optioned to Frond), Gombero Lion Property (optioned to Oak), Kwedilima Cheetah Property (optioned to Moshi), Gombero West Property (optioned to Elm).

Pursuant to the Arrangement, on the Effective Date, the following shall occur and be deemed to occur in the following chronological order without further act or formality, notwithstanding anything contained in the provisions attaching to any of True Zone, Patch, Frond, Oak, Moshi, and Elm Shares:

- (a) Pursuant to the Assignment Agreement and the Sub-option Agreement True Zone will transfer the Assets to each of Patch, Frond, Oak, Moshi, and Elm in consideration for Patch Shares, Frond Shares, Oak Shares, Moshi Shares, and Elm Shares (the “**Distributed Patch, Frond, Oak, Moshi, and Elm Shares**”), such that the number of Distributed Patch, Frond, Oak, Moshi, and Elm Shares received by True Zone from each True Zone Subsidiary in consideration for the Assets will equal the number of issued and outstanding True Zone Shares multiplied by the Conversion Factor as of the Share Distribution Record Date, and True Zone will be added to the central securities register of each of Patch, Frond, Oak, Moshi, and Elm in respect of such Patch Shares, Frond Shares, Oak Shares, Moshi Shares and Elm Shares;
- (b) The authorized share capital of True Zone will be changed by:
 - (i) Altering the identifying name of the True Zone Shares to Class A Shares;
 - (ii) Creating a class consisting of an unlimited number of common shares without par value (the “**New Shares**”); and
 - (iii) Creating a class consisting of an unlimited number of class “A” preferred shares without par value, having the rights and restrictions described in Schedule “A” to the Plan of Arrangement, being the True Zone Class A Preferred Shares;
- (c) Each issued True Zone Class A Share will be exchanged for one New Share and one True Zone Class A Preferred Share and, subject to the exercise of a right of dissent, the holders of the True Zone Class A Shares will be removed from the central securities register of True Zone and will be added to the central securities register as the holders of the number of New Shares and True Zone Class A Preferred Shares that they have received on the exchange;
- (d) All of the issued True Zone Class A Shares will be cancelled with the appropriate entries being made in the central securities register of True Zone and the aggregate paid up capital (as that term is used for purposes of the Tax Act) of the True Zone Class A Shares immediately prior to the Effective Date will be allocated between the New Shares and the True Zone Class A Preferred Shares so that the aggregate paid up capital of the True Zone Class A Preferred Shares is equal to the aggregate fair market value of the Distributed Patch, Frond, Oak, Moshi, and Elm Shares as of the Effective Date, and each True Zone Class A Preferred Share so issued will be issued by True Zone at an issue price equal to such aggregate fair market value divided by the number of issued True Zone Class A Preferred Shares, such aggregate fair market value of the Distributed Patch, Frond, Oak, Moshi, and Elm Shares to be determined as at the Effective Date by resolution of the board of directors of True Zone;
- (e) True Zone will redeem the issued True Zone Class A Preferred Shares for consideration consisting solely of the Distributed Patch, Frond, Oak, Moshi, and Elm Shares such that each holder of True Zone Class A Preferred Shares will, subject to the rounding of fractions and the exercise of rights of dissent, receive that number of Patch Shares, Frond Shares, Oak Shares, Moshi Shares, and Elm Shares that is equal to the number of True Zone Class A Preferred Shares multiplied by the Conversion Factor held by such holder;
- (f) The name of each holder of True Zone Class A Preferred Shares will be removed as such from the central securities register of True Zone, and all of the issued True Zone Class A Preferred Shares will be cancelled with the appropriate entries being made in the central securities register of True Zone;
- (g) The Distributed Patch, Frond, Oak, Moshi, and Elm Shares transferred to the holders of the True Zone Class A Preferred Shares pursuant to step §(e) above will be registered in the names of the former holders of True Zone Class A Preferred Shares and appropriate entries will be made in the central securities register of Patch, Frond, Oak, Moshi, and Elm;
- (h) The True Zone Class A Shares and the True Zone Class A Preferred Shares, none of which will be allotted or issued once the steps referred to in steps §(c) and §(e) above are completed, will be cancelled and the authorized share structure of True Zone will be changed by eliminating the True Zone Class A Shares and the True Zone Class A Preferred Shares therefrom;
- (i) The Notice of Articles and Articles of True Zone will be amended to reflect the changes to its authorized share structure made pursuant to the Plan of Arrangement; and

Following the transfer of the interest pursuant to the Arrangement and the Sub-option Agreements, in order to maintain the right to and exercise their respective option, each of Patch, Frond, Oak, Moshi, and Elm must issue 500,000 shares in their capital stock to True Zone on or before September 26, 2015, pay \$25,000 to AFGF Holdings (Tanzania) Limited, and incur an aggregate of \$150,000 in exploration expenditures on their respective section of the Tanzania Property, \$75,000 of which to be incurred on or before September 26, 2015.

If the Arrangement receives the required shareholder and court approvals, then Patchouli Capital will amalgamate with Patch, Frond Capital will amalgamate with Frond, Oak Cliff Capital will amalgamate with Oak, Moshing Capital Inc. will amalgamate with Moshi, Elmira Capital will amalgamate with Elm under separate amalgamation agreements.

Fairness Opinion

The True Zone Board of Directors retained All- Tech Services as an independent financial advisor to provide an opinion as to the fairness of the arrangement to True Zone Shareholders, from a financial point of view, of the consideration payable pursuant to the arrangement with Patch, Frond, Oak, Moshing and Elm. In connection with this mandate, All- Tech Services has prepared a Fairness Opinion. The Fairness Opinion concludes that, on the basis of the particular assumptions, qualifications and limitations set forth therein, as well as other matters it considered relevant, All- Tech Services is of the opinion that, as of October 20, 2014 the consideration payable pursuant to the arrangement is fair, from a financial point of view, to the True Zone Shareholders.

The Fairness Opinion addresses only the fairness of consideration under the arrangement from a financial point of view and is not and should not be construed as a valuation of True Zone or its subsidiaries or any of their respective assets or securities or a recommendation to any True Zone Shareholder as to whether to vote in favour of the Arrangement Resolution. True Zone Shareholders are urged to, and should, read the Fairness Opinion in its entirety. See “The Fairness Opinion” at Schedule 6 for the full text of the Fairness Opinion.

Neither All- Tech Services nor any of its affiliates is an insider, associate or affiliate (as such terms are defined in the Securities Act) of True Zone or its subsidiaries or any of their respective associates or affiliates. All- Tech Services was paid a fee upon delivery of the Fairness Opinion to the True Zone Board of Directors. Payment of such fees is not contingent on the successful outcome of the arrangement. In addition, All- Tech Services is to be reimbursed for its reasonable expenses and is to be indemnified in respect of certain liabilities that might arise out of its engagement.

The True Zone Board of Directors has received the Fairness Opinion opining that, as of October 20, 2014, and subject to the assumptions and limitations set out therein, the consideration payable pursuant to the arrangement is fair, from a financial point of view, to the True Zone Shareholders.

The full text of the Fairness Opinion, which sets forth, among other things, assumptions made, information reviewed, matters considered and limitations on the scope of the review undertaken by the Independent Financial Advisor in rendering the Fairness Opinion, is attached as Schedule 6 to this Information Circular. The Fairness Opinion was prepared for the use of the True Zone Board of Directors to facilitate the arrangement including filing it with the regulatory authorities and/or including it in any required mailing or for the Company making such disclosure that in the judgment of the True Zone Board of Directors is required. All- Tech Services has expressly consented to True Zone including in any disclosure documents in connection with the arrangement the complete text of the Fairness Opinion in its final form and/or a summary thereof. The summary of the Fairness Opinion set forth in this Circular is qualified in its entirety by reference to the full text of the Fairness Opinion. True Zone Shareholders are urged to read the Fairness Opinion carefully and in its entirety.

Recommendation and Approval of the Board of Directors

The directors of the Company have concluded that the terms of the Arrangement are fair and reasonable to, and in the best interests of, the Company and the True Zone Shareholders. The Board has therefore approved the Arrangement and authorized the submission of the Arrangement to the True Zone Shareholders and the Court for approval. The Board recommends that True Zone Shareholders vote FOR the approval of the Arrangement. See “The Arrangement and Amalgamations – Recommendation of Directors”.

Reasons for the Arrangement

The Board of True Zone reviewed the terms and conditions of the Arrangement and, took into account the Fairness Opinion and such other matters as it considered relevant, including but not limited to the below primary determinations and unanimously determined that the Arrangement is fair to the True Zone Shareholders:

- (a) parceling the Company’s option in the Tanzania Property into five pieces and transferring to each Subsidiary the right to earn an interest in one of five such pieces of Tanzania Property by way of granting of sub-options may create additional value with respect to the Tanzania Property;
- (b) True Zone will continue to focus its exploration efforts on the main part of the Tanzania Property;

- (c) the formation of Patch, Frond, Oak, Moshi and Elm should facilitate separate development strategies for the portions of the Tanzania Property to be optioned to these Subsidiaries;
- (d) the distribution of Patch Shares, Frond Shares, Oak Shares, Moshi Shares and Elm Shares will give the True Zone Shareholders a direct interest in Patch, Frond, Oak, Moshi and Elm;
- (e) as separate companies with separate assets, True Zone, Patch, Frond, Oak, Moshi and Elm will have direct access to public and private capital markets and should be able to issue debt and equity to fund improvements and development of their assets and to finance the acquisition and development of any new assets they may acquire on a priority basis;
- (f) the subsequent amalgamations between the Subsidiaries and the Capital Companies should help to raise some of the capital required to develop the new companies;
- (g) through Patch, Frond, Oak, Moshi and Elm, True Zone Shareholders will retain an interest in Patch, Frond, Oak, Moshi and Elm's existing business and receive an interest in any future business that may be developed by Patch, Frond, Oak, Moshi and Elm;
- (h) the procedures by which the Arrangement will be approved, including the requirement the Arrangement Resolution be passed by an affirmative vote of at least two-thirds of the total votes cast on the resolution by the True Zone Shareholders present in person or by proxy at the Meeting. and approval by the Court after a hearing at which fairness will be considered;
- (i) the continued listing of the True Zone Shares on the Canadian Securities Exchange (CSE);
- (j) the opportunity for True Zone Shareholders who are opposed to the Arrangement, upon compliance with certain conditions, to dissent from the approval of the Arrangement in accordance with the Interim Order and to be paid fair value for their True Zone Shares; and
- (k) each True Zone Shareholder on the Share Distribution Record Date will participate in the Arrangement on a pro-rata basis and, upon completion of the Arrangement, will continue to hold the same pro-rata interest that such True Zone Shareholder held in True Zone prior to completion of the Arrangement and substantially the same pro-rata interest in each of Patch, Frond, Oak, Moshi and Elm.

Conduct of Meeting and Shareholder Approval

The Interim Order provides that in order for the Arrangement to proceed, the Arrangement Resolution must be passed, with or without variation, by at least 66.66% of the eligible votes cast with respect to the Arrangement Resolution by True Zone Shareholders present in person or by proxy at the Meeting.

Court Approval

The Arrangement, as structured, requires the approval of the Court. Prior to the mailing of this Circular, the Company obtained the Interim Order authorizing the calling and holding of the Meeting and providing for certain other procedural matters. The Interim Order does not constitute approval of the Arrangement or the contents of this Circular by the Court.

The Notice of Hearing of the Petition with respect to the Final Order is attached to this Circular. In hearing the petition for the Final Order, the Court will consider, among other things, the fairness of the Arrangement to the True Zone Shareholders. Assuming approval of the Arrangement by the True Zone Shareholders at the Meeting, the hearing for the Final Order is scheduled to take place at 9:45 a.m. (Vancouver time) on or after January 16, 2015, at the Courthouse located at 800 Smithe Street, Vancouver, British Columbia, or at such other date and time as the Court may direct. At this hearing, any True Zone Shareholder or director, creditor, auditor or other interested party of the Company who wishes to participate or to be represented or who wishes to present evidence or argument may do so, subject to filing an application response and satisfying certain other requirements. See "The Arrangement and Amalgamations – Court Approval of the Arrangement".

Income Tax Considerations

True Zone Shareholders should carefully review the tax considerations applicable to them under the Arrangement and are urged to consult their own legal, tax and financial advisors at their own expense in regard to their particular circumstances.

Right to Dissent

True Zone Shareholders will have the right to dissent from the Plan of Arrangement as provided in the Interim Order, the Plan of Arrangement and sections 237 to 247 of the Act. Any True Zone Shareholder who dissents will be entitled to be paid in cash the fair value for their True Zone Shares held so long as such Dissenting Shareholder: (i) does not vote any of his, her or its True Zone Shares in favour of the Arrangement Resolution, (ii) provides to the Company written objection to the Plan of Arrangement to the Company's registered and records office at Suite 1780, 400 Burrard Street, Vancouver, BC, V6C 3A6, at least two (2) days before the Meeting or any postponement(s) or adjournment(s) thereof, and (iii) otherwise complies with the requirements of the Plan of Arrangement and section 237 to 247 of the Act. See "Right of Dissent".

Stock Exchange Listing

The True Zone Shares are currently listed and traded on the CSE and will continue to be listed on the CSE following completion of the Arrangement.

There can be no guarantee that the Patch, Frond, Oak, Moshi, and Elm Shares will be listed on any stock exchange as a result of the completion of the Arrangement.

Information Concerning the Company and Patch, Frond, Oak, Moshi, and Elm after the Arrangement

Following completion of the Arrangement, the Company will continue to carry on its primary business activities and will focus on the exploration of its mineral properties. The True Zone Shares will continue to be listed on the CSE. Each True Zone Shareholder will continue to be a shareholder of the Company. Each True Zone Shareholder on the Share Distribution Record Date will receive one Patch, Frond, Oak, Moshi, and Elm shares for every one True Zone Share (multiplied by the Conversion Factor). See "The Company after the Arrangement" for a summary description of the Company assuming completion of the Arrangement, including selected unaudited financial information for the Company.

Following completion of the Arrangement, Patch will be amalgamated with Patchouli Capital and continue on as Amalco1, Frond will amalgamate with Frond Capital and will continue as Amalco2, Oak will amalgamate with Oak Capital and will continue as Amalco3, Moshi will Amalgamate with Moshing Capital and will continue as Amalco 4, Elm will amalgamate with Elmira Capital and will continue as Amalco5.

See "Amalco1, Amalco2, Amalco3, Amalco4, and Amalco5 after the Arrangement" for a description of the corporate structure and business, including selected unaudited financial information of Amalco1 Amalco2, Amalco3, Amalco4, and Amalco5 assuming completion of the Arrangement and the Amalgamations.

Selected Unaudited Financial Information for the Company

The following selected financial information for the Company is based on April 30, 2014. Audited statement of the Company with the assumptions described in the notes to the Company's unaudited combined financial statements as at July 31, 2014. The balance sheet has been prepared based on the assumption that, among other things, the Arrangement and the Amalgamations occurred on July 31, 2014.

	as at July 31, 2014 on completion of the Arrangement
	(unaudited)
Cash	\$ 2,899
Other current assets	\$ 405,842
Current assets	\$ 408,741
Subsidiary Interests	\$ 1
Mineral property Interests	\$1,345,650
Total assets	\$ 1,754,392
Payables and accruals	\$ 15,086
Due to related parties	\$ 150,001
Equity	\$1,589,305
Total liabilities and shareholders' equity	\$1,754,392

Selected Unaudited Financial Information for Patch

In connection with the Arrangement, True Zone will assign the right to earn an 80% interest in a part of the Tanzania Property known as Gombero East Property by way of sub-option to Patch.

The following selected unaudited financial information for Patch is based on the assumptions described in the notes to the True Zone unaudited balance sheet as at July 31, 2014, attached to this Circular as Schedule 8. The balance sheet has been prepared based on the assumption that, among other things, the Arrangement and the Amalgamation have occurred on August 31, 2014.

	As of August 31, 2014	as at August 31, 2014 on completion of the Arrangement	as at August 31, 2014 on completion of the Amalgamation
	(unaudited)	(unaudited)	(unaudited)
Cash	\$1	\$1	\$26,460
Advances			\$10,500
Total assets	\$1	\$1	\$36,960
Capital stock	\$1	\$1	\$37,001
Deficit			(\$41)
Total liabilities and shareholders' equity	\$1	\$1	\$36,960
Number of issued Patch Shares	1	457,753	3,057,755

The pro forma changes to Patch consist of (i) the issuance of 457,753 shares based on the conversion factor calculation in consideration for the assignment of the sub-option, which for accounting purposes isn't ascribed any value. Patch did not qualify as a business according to the definition in IFRS 3, the reverse takeover transaction does not constitute a business combination; rather it is treated as an issuance of shares by Patchouli Capital for the net assets of Patch, and (ii) the amalgamation further described under "Information of Amalco1 After Giving Effect to the Arrangement and Amalgamation between Patch and Patchouli Capital".

Selected Unaudited Financial Information for Frond

In connection with the Arrangement, True Zone will assign the right to earn an 80% interest in a part of the Tanzania Property known as Kwedilima West Property by way of sub-option to Frond.

The following selected unaudited financial information for Frond is based on the assumptions described in the notes to the True Zone unaudited balance sheet as at July 31, 2014, attached to this Circular as Schedule 8. The balance sheet has been prepared based on the assumption that, among other things, the Arrangement and the Amalgamation have occurred on August 31, 2014.

	As of August 31, 2014	as at August 31, 2014 on completion of the Arrangement	as at August 31, 2014 on completion of the Amalgamation
	(unaudited)	(unaudited)	(unaudited)
Cash	\$1	\$1	\$26,460
Advances			\$10,500
Total assets	\$1	\$1	\$36,960
Capital stock	\$1	\$1	\$37,001
Deficit			(\$41)
Total liabilities and shareholders' equity	\$1	\$1	\$36,960
Number of issued Patch Shares	1	457,753	3,057,755

The pro forma changes to Frond consist of the issuance of 457,753 shares based on the conversion factor calculation for the sub-option agreement, which for accounting purposes isn't ascribed any value. Frond did not qualify as a business according to the definition in IFRS 3, the reverse takeover transaction does not constitute a business combination; rather it is treated as an issuance of shares by Frond Capital for the net assets of Frond. For a pro forma description of the amalgamated companies as approved under the

Plan of Arrangement, See “Information of Amalco2 After Giving Effect to the Arrangement and Amalgamation between Frond and Frond Capital”.

Selected Unaudited Financial Information for Oak

In connection with the Arrangement, True Zone will assign the right to earn an 80% interest in a part of the Tanzania Property known as Gombero Lion Property by way of sub-option to Oak.

The following selected unaudited financial information for Oak is based on the assumptions described in the notes to the True Zone unaudited balance sheet as at July 31, 2014, attached to this Circular as Schedule 8. The balance sheet has been prepared based on the assumption that, among other things, the Arrangement and the Amalgamation have occurred on August 31, 2014.

	As of August 31, 2014	as at August 31, 2014 on completion of the Arrangement	as at August 31, 2014 on completion of the Amalgamation
	(unaudited)	(unaudited)	(unaudited)
Cash	\$1	\$1	\$26,460
Advances			\$10,500
Total assets	\$1	\$1	\$36,960
Capital stock	\$1	\$1	\$37,001
Deficit			(\$41)
Total liabilities and shareholders' equity	\$1	\$1	\$36,960
Number of issued Patch Shares	1	457,753	3,057,755

The pro forma changes to Oak consist of the issuance 457,753 shares based on the conversion factor calculation for the sub-option agreement, which for accounting purposes isn't ascribed any value. Oak did not qualify as a business according to the definition in IFRS 3, the reverse takeover transaction does not constitute a business combination; rather it is treated as an issuance of shares by Oak Capital for the net assets of Oak. For a pro forma description of the amalgamated companies as approved under the Plan of Arrangement, See “Information of Amalco3 After Giving Effect to the Arrangement and Amalgamation between Oak and Oak Capital”.

Selected Unaudited Financial Information for Moshi

In connection with the Arrangement, True Zone will assign the right to earn an 80% interest in a part of the Tanzania Property known as Kwedilima Cheetah Property by way of sub-option to Moshi.

The following selected unaudited financial information for Moshi is based on the assumptions described in the notes to the True Zone unaudited balance sheet as at July 31, 2014, attached to this Circular as Schedule 8. The balance sheet has been prepared based on the assumption that, among other things, the Arrangement and the Amalgamation have occurred on August 31, 2014.

	As of August 31, 2014	as at August 31, 2014 on completion of the Arrangement	as at August 31, 2014 on completion of the Amalgamation
	(unaudited)	(unaudited)	(unaudited)
Cash	\$1	\$1	\$26,460
Advances			\$10,500
Total assets	\$1	\$1	\$36,960
Capital stock	\$1	\$1	\$37,001
Deficit			(\$41)
Total liabilities and shareholders' equity	\$1	\$1	\$36,960
Number of issued Patch Shares	1	457,753	3,057,755

The pro forma changes to Moshi consist of the issuance of 457,753 shares based on the conversion factor calculation for the sub-option agreement, which for accounting purposes isn't ascribed any value. Moshi did not qualify as a business according to the definition in IFRS 3, the reverse takeover transaction does not constitute a business combination; rather it is treated as an issuance of shares by Moshing Capital for the net assets of Moshi. For a pro forma description of the amalgamated companies as approved under the Plan of Arrangement, See "Information of Amalco4 After Giving Effect to the Arrangement and Amalgamation between Moshi and Moshing Capital".

Selected Unaudited Financial Information for Elm

In connection with the Arrangement, True Zone will assign the right to earn an 80% interest in a part of the Tanzania Property known as Gombero West Property by way of sub-option to Elm.

The following selected unaudited financial information for Elm is based on the assumptions described in the notes to the True Zone unaudited balance sheet as at July 31, 2014, attached to this Circular as Schedule 8. The balance sheet has been prepared based on the assumption that, among other things, the Arrangement and the Amalgamation have occurred on August 31, 2014.

	As of August 31, 2014	as at August 31, 2014 on completion of the Arrangement	as at August 31, 2014 on completion of the Amalgamation
	(unaudited)	(unaudited)	(unaudited)
Cash	\$1	\$1	\$26,460
Advances			\$10,500
Total assets	\$1	\$1	\$36,960
Capital stock	\$1	\$1	\$37,001
Deficit			(\$41)
Total liabilities and shareholders' equity	\$1	\$1	\$36,960
Number of issued Patch Shares	1	457,753	3,057,755

The pro forma changes to Elm consist of the issuance of 457,753 shares based on the conversion factor calculation for the sub-option agreement, which for accounting purposes isn't ascribed any value. Elm did not qualify as a business according to the definition in IFRS 3, the reverse takeover transaction does not constitute a business combination; rather it is treated as an issuance of shares by Elmira Capital for the net assets of Elm. For a pro forma description of the amalgamated companies as approved under the Plan of Arrangement, See "Information of Amalco5 After Giving Effect to the Arrangement and Amalgamation between Elm and Elmira Capital – Directors and Officers of Amalco5".

Risk Factors

In considering whether to vote for the approval of the Arrangement, True Zone Shareholders should be aware that there are various risks, including those described in the Section entitled "Risk Factors" in this Circular. True Zone Shareholders should carefully consider these risk factors, together with other information included in this Circular, before deciding whether to approve the Arrangement and the Amalgamations.

THE ARRANGEMENT AND AMALGAMATIONS

The following description concerning a proposed reorganization of the Company by way of the Arrangement, followed by the amalgamations are qualified in their entirety by reference to the full text of the Arrangement Agreement and the Plan of Arrangement, a copy of which is attached as Schedule 5 to this Circular and the amalgamation agreements which are summarized in this Circular and are available for inspection at the registered office of True Zone at Suite 1780, 400 Burrard Street, Vancouver, BC, V6C 3A6. Each of these documents should be read carefully in their entirety. Certain capitalized words and terms used in this summary are defined in the Glossary of Terms. The information contained herein is dated as of the date of this circular, unless otherwise indicated.

True Zone and its Business

The Company is a publicly traded mineral exploration company with its shares listed on the CSE. The Company's main assets are option agreements with respect to mineral properties located in Tanzania and Nevada. The particulars of those mineral properties are provided in the NI 43-101 Technical Report, which is available on www.sedar.com under the profile of True Zone.

The Company plans to retain an interest in the major portion of its Tanzania Property and sub-option portions of that property to its wholly owned Subsidiaries (collectively, the “Assets”) pursuant to the Arrangement.

Patch, Patchouli Capital and their Businesses

Patch was incorporated under the Act on August 21, 2014 and is a wholly owned subsidiary of True Zone.

Patchouli Capital was incorporated under the Act on August 22, 2014. Patchouli Capital has cash and promissory notes as its sole assets.

Patch and Patchouli Capital have entered into an amalgamation agreement dated October 20, 2014 whereby they agreed to amalgamate and to continue as Amalco1 effective as of the date of registration or filing indicated upon a certificate of amalgamation to be issued by the Registrar under the BCBCA giving effect to the amalgamation. As a condition to the amalgamation, the Company must receive necessary approvals of the Arrangement from both the True Zone Shareholders and the Court. After the amalgamation Amalco1 plans to explore a portion of the Tanzania Property known as the Gombero East Property and will be looking for other business opportunities.

FronD, FronD Capital and their Businesses

FronD was incorporated on August 21, 2014 and is a wholly owned subsidiary of True Zone.

FronD Capital was incorporated under the Act on August 22, 2014. FronD Capital has cash as its sole asset.

FronD and FronD Capital have entered into an amalgamation agreement dated October 20, 2014 to form Amalco2. As a condition to the amalgamation, the Company must receive necessary approvals of the Arrangement from both the True Zone Shareholders and the Court. After the amalgamation Amalco2 plans to explore a portion of the Tanzania Property known as the Kwedilima West Property and will be looking for other business opportunities.

Oak, Oak Capital and their Businesses

Oak was incorporated on August 21, 2014 and is a wholly owned subsidiary of True Zone.

Oak Capital was incorporated under the Act on August 22, 2014. Oak Capital has cash as its sole asset.

Oak and Oak Capital have entered into an amalgamation agreement dated October 20, 2014 to form Amalco3. As a condition to the amalgamation, the Company must receive necessary approvals of the Arrangement from both the True Zone Shareholders and the Court. After the amalgamation Amalco3 plans to explore a portion of the Tanzania Property known as the Gombero Lion Property and will be looking for other business opportunities.

Moshi, Moshing Capital and their Businesses

Moshi was incorporated on August 21, 2014 and is a wholly owned subsidiary of True Zone.

Moshing Capital was incorporated under the Act on August 22, 2014. Moshing Capital has cash as its sole asset.

Moshi and Moshing Capital have entered into an amalgamation agreement dated October 20, 2014 to form Amalco4. As a condition to the amalgamation, the Company must receive necessary approvals of the Arrangement from both the True Zone Shareholders and the Court. After the amalgamation Amalco4 plans to explore a portion of the Tanzania Property known as the Kwedilima Cheetah Property and will be looking for other business opportunities.

Elm, Elmira Capital and their Businesses

Elm was incorporated on August 21, 2014 and is a wholly owned subsidiary of True Zone.

Elmira Capital was incorporated under the Act on August 22, 2014. Elmira Capital has cash as its sole asset.

Elm and Elmira Capital have entered into an amalgamation agreement dated October 20, 2014 to form Amalco5. As a condition to the amalgamation, the Company must receive necessary approvals of the Arrangement from both the True Zone Shareholders and the Court. After the amalgamation Amalco5 plans to explore a portion of the Tanzania Property known as the Gombero West Property and will be looking for other business opportunities.

Details of the Arrangement and Amalgamations

The Arrangement has been proposed to facilitate spinning out of True Zone's non-core assets into its five subsidiaries Patch, Frond, Oak, Moshi, and Elm and the amalgamations to form Amalco1, Amalco2, Amalco3, Amalco4, and Amalco5. The Arrangement is described in Article 3 of the Plan of Arrangement, which states:

3.1 On the Effective Date, the following shall occur and be deemed to occur in the following chronological order without further act or formality, notwithstanding anything contained in the provisions attaching to any of True Zone, Patch, Frond, Oak, Moshi, and Elm Shares but subject to the provisions of Article 6:

a) True Zone will transfer the Assets to each of Patch, Frond, Oak, Moshi, and Elm in consideration for Patch Shares, Frond Shares, Oak Shares, Moshi Shares, and Elm Shares (the “**Distributed Patch, Frond, Oak, Moshi, and Elm Shares**”), such that the number of Distributed Patch, Frond, Oak, Moshi, and Elm Shares received by True Zone from each True Zone Subsidiary in consideration for the Assets will equal the number of issued and outstanding True Zone Shares multiplied by the Conversion Factor as of the Share Distribution Record Date, and True Zone will be added to the central securities register of each of Patch, Frond, Oak, Moshi, and Elm in respect of such Patch Shares, Frond Shares, Oak Shares, Moshi Shares, and Elm Shares;

b) The authorized share capital of True Zone will be changed by:

(i) Altering the identifying name of the True Zone Shares to Class A Shares;

(ii) Creating a class consisting of an unlimited number of common shares without par value (the “**New Shares**”); and

(iii) Creating a class consisting of an unlimited number of class “A” preferred shares without par value, having the rights and restrictions described in Schedule “A” to the Plan of Arrangement, being the True Zone Class A Preferred Shares;

c) Each issued True Zone Class A Share will be exchanged for one New Share and one True Zone Class A Preferred Share and, subject to the exercise of a right of dissent, the holders of the True Zone Class A Shares will be removed from the central securities register of True Zone and will be added to the central securities register as the holders of the number of New Shares and True Zone Class A Preferred Shares that they have received on the exchange;

d) All of the issued True Zone Class A Shares will be cancelled with the appropriate entries being made in the central securities register of True Zone and the aggregate paid up capital (as that term is used for purposes of the Tax Act) of the True Zone Class A Shares immediately prior to the Effective Date will be allocated between the New Shares and the True Zone Class A Preferred Shares so that the aggregate paid up capital of the True Zone Class A Preferred Shares is equal to the aggregate fair market value of the Distributed Patch, Frond, Oak, Moshi, and Elm Shares as of the Effective Date, and each True Zone Class A Preferred Share so issued will be issued by True Zone at an issue price equal to such aggregate fair market value divided by the number of issued True Zone Class A Preferred Shares, such aggregate fair market value of the Distributed Patch, Frond, Oak, Moshi, and Elm Shares to be determined as at the Effective Date by resolution of the board of directors of True Zone;

e) True Zone will redeem the issued True Zone Class A Preferred Shares for consideration consisting solely of the Distributed Patch, Frond, Oak, Moshi, and Elm Shares such that each holder of True Zone Class A Preferred Shares will, subject to the rounding of fractions and the exercise of rights of dissent, receive that number of Patch Shares, Frond Shares, Oak Shares, Moshi Shares, and Elm Shares that is equal to the number of True Zone Class A Preferred Shares multiplied by the Conversion Factor held by such holder;

f) The name of each holder of True Zone Class A Preferred Shares will be removed as such from the central securities register of True Zone, and all of the issued True Zone Class A Preferred Shares will be cancelled with the appropriate entries being made in the central securities register of True Zone;

g) The Distributed Patch, Frond, Oak, Moshi, and Elm Shares transferred to the holders of the True Zone Class A Preferred Shares pursuant to step §(e) above will be registered in the names of the former holders of True Zone Class A Preferred Shares and appropriate entries will be made in the central securities register of Patch, Frond, Oak, Moshi, and Elm;

h) The True Zone Class A Shares and the True Zone Class A Preferred Shares, none of which will be allotted or issued once the steps referred to in steps §(c) and §(e) above are completed, will be cancelled and the authorized share structure of True Zone will be changed by eliminating the True Zone Class A Shares and the True Zone Class A Preferred Shares there from;

i) The Notice of Articles and Articles of True Zone will be amended to reflect the changes to its authorized share structure made pursuant to this Plan of Arrangement; and

3.2 Notwithstanding §3.1(e), no fractional Patch, Frond, Oak, Moshi, Elm or Elm Shares shall be distributed to the True Zone Shareholders and as a result all fractional share amounts arising under such sections shall be rounded down to the nearest whole number. Any Distributed Patch, Frond, Oak, Moshi, and Elm Shares not distributed as a result of this rounding down shall be dealt with as determined by the board of directors of True Zone in its absolute discretion.

3.3 The holders of the True Zone Class A Shares and the holders of New Shares and True Zone Class A Preferred Shares referred to in §3.1(c), and the holders of the True Zone Class A Preferred Shares referred to in §3.1(e), §3.1(f) and §3.1(g), shall mean in all cases those persons who are True Zone Shareholders at the close of business on the Share Distribution Record Date, subject to Article 5.

3.4 All New Shares, True Zone Class A Preferred Shares and Patch Shares, Frond Shares, Oak Shares, Moshi Shares, and Elm Shares issued pursuant to this Plan of Arrangement shall be deemed to be validly issued and outstanding as fully paid and non-assessable shares for all purposes of the BCBCA.

3.5 The Arrangement shall become final and conclusively binding on the True Zone Shareholders, the Patch Shareholders, the Frond Shareholders, the Oak Shareholders, the Moshi Shareholders, the Elm Shareholders, and on True Zone, Patch, Frond, Oak, Moshi, and Elm on the Effective Date.

3.6 Notwithstanding that the transactions and events set out in §3.1 shall occur and shall be deemed to occur in the chronological order therein set out without any act or formality, each of True Zone and Patch, Frond, Oak, Moshi, and Elm shall be required to make, do and execute or cause and procure to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may be required to give effect to, or further document or evidence, any of the transactions or events set out in §3.1, including, without limitation, any resolutions of directors authorizing the issue, transfer or redemption of shares, any share transfer powers evidencing the transfer of shares and any receipt therefore, and any necessary additions to or deletions from share registers.

If the Arrangement receives the required shareholder and court approvals, then Patchouli Capital will amalgamate with Patch to form Amalco1, Frond Capital will amalgamate with Frond to form Amalco 2, Oak Capital will amalgamate with Oak to form Amalco 3, Moshing Capital will amalgamate with Moshi to form Amalco4, Elmira Capital will amalgamate with Elm to form Amalco5. Pursuant to the five amalgamation agreements regarding Amalco1, Amalco2, Amalco3, Amalco4, and Amalco5, the shares of the amalgamating companies will be exchanged on a one to one basis for the shares of Amalco1, Amalco2, Amalco3, Amalco4, and Amalco5, respectively. The shares of the amalgamating companies will be cancelled.

The property of each of the amalgamating companies shall continue to be the property of Amalco1, Amalco2, Amalco3, Amalco4, and Amalco5, respectively. Amalco1, Amalco2, Amalco3, Amalco4, and Amalco5 shall continue to be liable for the obligations of each of the amalgamating companies. Any existing cause of action, claim or liability to prosecution of each of the amalgamating companies may be continued to be prosecuted by or against Amalco1, Amalco2, Amalco3, Amalco4, and Amalco5, respectively. A conviction against, or ruling, order or judgment in favour of or against, each of the amalgamating companies may be continued to be prosecuted by or against Amalco1, Amalco2, Amalco3, Amalco4, and Amalco5, respectively. A conviction against, or ruling, order or judgment in favour of or against, each of the amalgamating companies may be enforced by or against Amalco1, Amalco2, Amalco3, Amalco4, and Amalco5, respectively.

The first directors of Amalco1 shall be Souhail Abi Farrage and Aaron Triplet, the current directors of Patch. Amalco1 will assume the name of "Patch Industries Ltd." or such other name as the board of directors may designate and approve.

The first directors of Amalco2 shall be Souhail Abi Farrage and James Henning, the current directors of Frond. Amalco2 will assume the name of “FronD Resources Ltd.” or such other name as the board of directors may designate and approve.

The first directors of Amalco3 shall be Souhail Abi Farrage and Lincoln Fuqua, the current directors of Oak. Amalco3 will assume the name of “Oak Cliff Resources Ltd.” or such other name as the board of directors may designate and approve.

The first directors of Amalco4 shall be Souhail Abi Farrage and Gurminder Sangha, the current directors of Moshi. Amalco4 will assume the name of “Moshi Mountain Industries Ltd.” or such other name as the board of directors may designate and approve.

The first directors of Amalco5 shall be Souhail Abi Farrage and Gopal Sahota, the current directors of Elm. Amalco5 will assume the name of “Elm Resources Ltd.” or such other name as the board of directors may designate and approve.

The registered and records office of Amalco1, Amalco2, Amalco3, Amalco4, and Amalco5 shall be at Suite 1780, 400 Burrard Street, Vancouver, BC, V6C 3A6.

All five amalgamation agreements are available for inspection at the registered office of True Zone at Suite 1780, 400 Burrard Street, Vancouver, BC, V6C 3A6.

Following the Arrangement and the Amalgamations, the Company will continue to carry on its primary business activities. Each True Zone Shareholder will receive one common share of each of Patch, Frond, Oak, Moshi, and Elm for every 100 common shares of True Zone they own on the Share Distribution Record Date. Following the amalgamations, these shares will be replaced with the shares of Amalco1, Amalco2, Amalco3, Amalco4, and Amalco5.

On the effective date of the amalgamations, based on the issued share capital of the amalgamating companies on the date of this Circular the following tables provide a summaries of shares, options and warrants in Amalco1, Amalco2, Amalco3, Amalco4, and Amalco5.

Amalco 1 (Patch Industries Ltd.)

Shares	Position after Share Distribution Record Date	Position in Amalco1	Percentage in Amalco1
Patch Shares	457,753	457,753	15%
Patchouli Capital Shares	2,600,002	2,600,002	85%
Total Amalco1 shares	3,057,755	3,057,755	100%

Amalco 2 (FronD Resources Ltd.)

Shares	Position after Share Distribution Record Date	Position in Amalco2	Percentage in Amalco2
FronD Shares	457,753	457,753	15%
FronD Capital Shares	2,600,002	2,600,002	85%
Total Amalco2 shares	3,057,755	3,057,755	100%

Amalco 3 (Oak Cliff Resources Ltd.)

Shares	Position after Share Distribution Record Date	Position in Amalco3	Percentage in Amalco3
Oak Shares	457,753	457,753	15%
Oak Capital Shares	2,600,002	2,600,002	85%
Total Amalco3 shares	3,057,755	3,057,755	100%

Amalco 4 (Moshi Mountain Industries Ltd.)

Shares	Position after Share Distribution Record Date	Position in Amalco4	Percentage in Amalco4
Moshi Shares	457,753	457,753	15%
Moshing Capital Shares	2,600,002	2,600,002	85%
Total Amalco4 shares	3,057,755	3,057,755	100%

Amalco 5 (Elm Resources Ltd.)

Shares	Position after Share Distribution Record Date	Position in Amalco5	Percentage in Amalco5
Elm Shares	457,753	457,753	15%
Elmira Capital Shares	2,600,002	2,600,002	85%
Total Amalco5 shares	3,057,755	3,057,755	100%

Following the Amalgamations, Amalco1, Amalco2, Amalco3, Amalco4, and Amalco5 will become reporting issuers in Ontario and British Columbia.

The Meeting

At the True Zone Meeting, the True Zone Shareholders will be asked, to consider and, if thought fit, to pass resolutions with respect to the matters described in the Notice of Meeting and this Circular.

By passing the resolutions regarding the Arrangement, the True Zone Shareholders will also be giving authority to the boards of directors of True Zone to use their best judgment to proceed with and cause the Arrangement without any requirement to seek or obtain any further approval of the True Zone Shareholders.

Conditions to the Amalgamations

The respective obligations of all amalgamating companies to complete the transaction contemplated by the five amalgamations are subject to conditions set out in the five amalgamation agreements that must be satisfied in order for the amalgamations to become effective. The amalgamation agreements are available for inspection at the registered office of True Zone and will be available at the meeting.

Procedure for the Amalgamations to Become Effective

Pursuant to the Amalgamation Agreements, the following steps must be taken for the Amalgamations to become effective:

- 1) True Zone Shareholders must approve the amalgamations at the True Zone meeting;
- 2) The shareholders of the amalgamating companies will have to approve the amalgamations;
- 3) all conditions precedent to the amalgamations, as set forth in the amalgamation agreements, must be satisfied or waived by the appropriate party; and
- 4) the Amalgamation Applications in the forms prescribed by the BCBCA must be filed by the amalgamating companies with the Registrar.

Background to and Benefits of the Arrangement and Amalgamations

Management of True Zone discussed the possibility of the Arrangement and the Amalgamations and believes that the Arrangement and the Amalgamations are in the best interest of True Zone.

The transactions proposed under the Arrangement and the Amalgamation Agreements are arm's length transactions and no insiders, promoters, or control persons of True Zone will receive any consideration in addition to their usual remuneration if the transaction proceeds except as disclosed below.

Mr. Farrage is a director of True Zone and a director of the Subsidiaries. He will also be a director of Amalco1, Amalco2, Amalco3, Amalco4, and Amalco5 following the plan of Arrangement and the Amalgamations.

The board of directors of True Zone believes that separating True Zone into five additional public companies offers a number of benefits to shareholders.

- 1) First, the Company believes that after the separation, each company will be better able to pursue its own specific operating strategies without being subject to the financial constraints of the other businesses.
- 2) After the separation, each company will also have the flexibility to implement its own unique growth strategies, allowing each organization to refine and refocus its business strategy.
- 3) Additionally, because the resulting businesses will be focused on separate businesses, they will be more readily understood by public investors, allowing each company to be better positioned to raise capital and align management and employee incentives with the interests of shareholders.

The board of directors of True Zone believes that the Amalgamations of its five Subsidiaries to form Amalco1, Amalco2, Amalco3, Amalco4, and Amalco5 respectively, is in the best interest of True Zone Shareholders and that these Amalgamations provides a number of benefits primarily relating to an improved platform to enhance value to True Zone Shareholders and to reduce risk, including the following:

- 1) the combined balance sheet and cash flows may provide Amalco1, Amalco2, Amalco3, Amalco4, and Amalco5 with the capacity to expand its operations;
- 2) the ability of Amalco1, Amalco2, Amalco3, Amalco4, and Amalco5 to access capital markets may be enhanced;
- 3) the continuous reporting and governance obligations of a reporting issuer can improve transparency of the operations of Amalco1, Amalco2, Amalco3, Amalco4, and Amalco5 and allow broader participation in fund raising and trading; and
- 4) the combination of public company experience and operational experience of the directors and officers of the five companies can provide synergies to the benefit of all six companies as a result of the Amalgamations.

Approval

True Zone Shareholder Approval

The Interim Order provides that in order for the Arrangement to proceed, the Arrangement Resolution must be passed, with or without variation, by at least 66.66% of the eligible votes cast with respect to the Arrangement Resolution by True Zone Shareholders present in person or by proxy at the Meeting.

Notwithstanding the foregoing, the special resolution to approve the Arrangement will authorize the Board of True Zone, without further notice or approval of the True Zone Shareholders, subject to the terms of the Arrangement, to amend the Arrangement, to decide not to proceed with the Arrangement and to revoke such special resolution at any time prior to the Arrangement becoming effective pursuant to the provisions of the Act.

Shareholder Approval of the Plan of Arrangement for Patch, Frond, Oak, Moshi and Elm

The Company, being the sole shareholder of Patch, Frond, Oak, Moshi and Elm, has approved the Arrangement and the amalgamations by consent resolution.

Court Approval of the Arrangement

The Arrangement, as structured, requires the approval of the Court. Prior to the mailing of this Circular, the Company obtained the Interim Order authorizing the calling and holding of the Meeting and providing for certain other procedural matters. The Interim Order

does not constitute approval of the Arrangement or the contents of this Circular by the Court. The Interim Order is attached as Schedule 2 to this Circular.

The Notice of Hearing for the Final Order is attached as Schedule 3 to this Circular. In hearing the petition for the Final Order, the Court will consider, among other things, the fairness of the Arrangement to the True Zone Shareholders. Assuming approval of the Arrangement by the True Zone Shareholders at the Meeting, the hearing for the Final Order is scheduled to take place at 9:45 a.m. (Vancouver time) on or after January 16, 2015, at the Courthouse located at 800 Smithe Street, Vancouver, British Columbia, or at such other date and time as the Court may direct. At this hearing, any True Zone Shareholder or director, creditor, auditor or other interested party of the Company who wishes to participate or to be represented or who wishes to present evidence or argument may do so, subject to filing an application response and satisfying certain other requirements.

The Court has broad discretion under the Act when making orders in respect of arrangements and the Court may approve the Arrangement as proposed or as amended in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court thinks appropriate. There can be no guarantee that the Court will approve the plan of arrangement. The Court, in hearing the application for the Final Order, will consider, among other things, the fairness of the terms and conditions of the Arrangement to the True Zone Shareholders.

Right to Dissent

True Zone Shareholders will have the right to dissent from the Plan of Arrangement as provided in the Interim Order, the Plan of Arrangement and sections 237 to 247 of the Act. Any True Zone Shareholder who dissents will be entitled to be paid in cash the fair value for their True Zone Shares held so long as such Dissenting Shareholder: (i) does not vote any of his, her or its True Zone Shares in favour of the Arrangement Resolution, (ii) provides to the Company written objection to the Plan of Arrangement to the Company's registered office at Suite 1780, 400 Burrard Street, Vancouver, BC, V6C 3A6, at least two (2) days before the Meeting or any postponement(s) or adjournment(s) thereof, and (iii) otherwise complies with the requirements of the Plan of Arrangement and section 237 to 247 of the Act.

The shareholders of Patchouli Capital, Frond Capital, Oak Capital, Moshing Capital, and Elmira Capital will have the same right to dissent from the Amalgamation as the shareholders of Patch, Frond, Oak, Moshi, and Elm.

Stock Exchange Listing

The True Zone Shares are currently listed and traded on the CSE and are expected to continue to be listed on the CSE following completion of the Arrangement.

The closing of the Arrangement is conditional on the Court approving the Plan of Arrangement. *There can be no guarantee that the shares of Amalco1, Amalco2, Amalco3, Amalco4, and Amalco5 will be listed on any stock exchange.*

Recommendation and Approval of the Board of Directors

The directors of the Company have concluded that the terms of the Arrangement and the Amalgamations of the five wholly owned Subsidiaries of the Company are fair and reasonable to, and in the best interests of, the Company and the True Zone Shareholders. The Board has therefore approved the Arrangement and the Amalgamations and authorized the submission of the Arrangement to the True Zone Shareholders and the Court for approval. The Board recommends that True Zone Shareholders vote FOR the approval of the Arrangement. In reaching this conclusion, the Board considered the benefits to the Company and the True Zone Shareholders, as well as the financial position, opportunities and the outlook for the future potential and operating performance of the Company and *Amalco1, Amalco2, Amalco3, Amalco4, and Amalco5.*

Fairness of the Arrangement

The Arrangement was determined to be fair to the True Zone Shareholders by the Board based upon the following factors, among others:

1. the procedures by which the Arrangement will be approved, including the requirement for 66.66% True Zone Shareholder approval and approval by the Court after a hearing at which fairness will be considered;
2. the possibility of pursuing a listing of the Amalco1, Amalco2, Amalco3, Amalco4, and Amalco5 Shares on a stock exchange and the continued listing of the True Zone Shares on the CSE;

3. the opportunity for True Zone Shareholders who are opposed to the Arrangement, upon compliance with certain conditions, to dissent from the approval of the Arrangement in accordance with the Interim Order, and to be paid fair value for their True Zone Shares; and
4. each True Zone Shareholder on the Share Distribution Record Date will participate in the Arrangement on a *pro-rata* basis and, upon completion of the Arrangement, will continue to hold substantially the same *pro-rata* interest that such True Zone Shareholder held in the Company prior to completion of the Arrangement and substantially the same *pro-rata* interest in the Subsidiaries its direct holdings of the shares of the Subsidiaries.

Authority of the Board

By passing the Arrangement Resolution, the True Zone Shareholders will also be giving authority to the Board to use its best judgment to proceed with and cause the Company to complete the Arrangement and the Amalgamations without any requirement to seek or obtain any further approval of the True Zone Shareholders.

The Arrangement Resolution also provides that the Plan of Arrangement may be amended by the Board before or after the Meeting without further notice to True Zone Shareholders. The Board has no current intention to amend the Plan of Arrangement; however, it is possible that the Board may determine that it is appropriate that amendments be made.

Conditions to the Arrangement

The Arrangement Agreement provides that the Arrangement will be subject to the fulfillment of certain conditions, including the following:

1. the Arrangement Agreement must be approved by the True Zone Shareholders at the Meeting in the manner referred to under “Shareholder Approval”;
2. the Arrangement must be approved by the Court in the manner referred to under “Court Approval of the Arrangement”;
3. all other consents, orders, regulations and approvals, including regulatory and judicial approvals and orders, required, necessary or desirable for the completion of the Arrangement must have been obtained or received, each in a form acceptable to the Company and the Subsidiaries; and
4. the Arrangement Agreement must not have been terminated.

If any of the conditions set out in the Arrangement Agreement are not fulfilled or performed, the Arrangement Agreement may be terminated, or in certain cases the Company or the Subsidiaries of the Capital Companies as the case may be, may waive the condition in whole or in part. As soon as practicable after the fulfillment of the conditions contained in the Arrangement Agreement, the Board intends to cause a certified copy of the Final Order to be filed with the Registrar under the Act, together with such other material as may be required by the Registrar, in order that the Arrangement will become effective.

Proposed Timetable for Arrangement

The anticipated timetable for the completion of the Arrangement and the key dates proposed are as follows:

Obtaining the Interim Order: December 5, 2014
Record Date for the purposes of the Meeting: December 8, 2014
Meeting: January 12, 2015
Obtaining the Final Order: January 16, 2015
Share Distribution Record Date: January 26, 2015
Effective date: May 26, 2015, or such sooner or later date as determined by the Board

Notice of the actual Share Distribution Record Date and Effective Date will be given to the True Zone Shareholders through one or more press releases. The Board of the Company, the Subsidiaries and the Capital Companies, respectively, will determine the Effective Date depending upon satisfaction that all of the conditions to the completion of the Arrangement are satisfied.

DRS Statements of Amalco1, Amalco2, Amalco3, Amalco4, and Amalco5

As soon as practicable after the Effective Date, share certificates or certificates of direct share registration (as may be determined by the boards of directors of respective companies) representing the appropriate number of Amalco1, Amalco2, Amalco3, Amalco4, and Amalco5 Shares will be sent to all True Zone Shareholders of record on the Share Distribution Record Date.

Relationship between the Company and Amalco1, Amalco2, Amalco3, Amalco4, and Amalco5 after the Arrangement

It is expected that on completion of the Arrangement, Mr. Farrage will be a common director of True Zone and the Subsidiaries and Amalco1, Amalco 2, Amalco3, Amalco4, and Amalco5.

Please also see the information about Amalco1, Amalco 2, Amalco3, Amalco4, and Amalco5.

Resale of Amalco1, Amalco2, Amalco3, Amalco4, and Amalco5 Shares

Exemption from Canadian Prospectus Requirements and Resale Restrictions

The issue of the Amalco1, Amalco2, Amalco3, Amalco4, and Amalco5 Shares pursuant to the Arrangement and the Amalgamations will be made pursuant to exemptions from the registration and prospectus requirements contained in applicable provincial securities legislation in Canada.

Existing hold periods on any True Zone Shares in effect on the Effective Date will remain in effect.

The foregoing discussion is only a general overview of the requirements of Canadian securities laws for the resale of the Amalco1, Amalco2, Amalco3, Amalco4, and Amalco5 Shares received upon completion of the Arrangement. All holders of True Zone Shares are urged to consult with their own legal counsel to ensure that any resale of their True Zone Shares, Oak Shares, Frond Shares, Oak Shares, Amalco1 Shares and Amalco2 Shares complies with applicable securities legislation.

Expenses of Arrangement

Pursuant to the arrangement and amalgamation agreements disclosed herein the costs relating to the Arrangement, including without limitation, financial, advisory, accounting and legal fees will be borne by True Zone.

INFORMATION CONCERNING THE TANZANIA PROPERTY AND PORTIONS TO BE TRANSFERRED TO THE SUBSIDIARIES PURSUANT TO THE ARRANGEMENT

Technical Disclosure Regarding the Tanzania Property and the Portions Thereof Being Transferred to the Subsidiaries

A technical report on the portions of the Tanzania Property being transferred to the Subsidiaries by way of sub-option pursuant to the Arrangement was commissioned by True Zone (the "Technical Report") in order to review the geology, mineralization and previous work and to make recommendations for further work to advance the various portions being sub-optioned. The Technical Report was prepared in accordance with National Instrument 43-101 by Ramadhani Ndonde, P.Geol., who is a "qualified person" as defined in that instrument. A copy of the Technical Report can be reviewed by advance request of True Zone Shareholders during normal business hours at the head office of True Zone, and the Technical Report is anticipated to be posted under each of the Subsidiaries' respective profile on SEDAR at www.sedar.com in due course following the successful completion of the Arrangement and the Subsidiaries' becoming a reporting issuer. The disclosure below is derived from the Technical Report and on information the Technical Report was based on.

Property Description and Location

The Tanzania Property is located in Handeni, Tanzania and comprises of two prospecting licenses (PL 6903/2011 and PL 6905/2011) representing an aggregate area of land covering 505 km² (50,500 hectares).

Each of (i) the Gombero East Property, to be sub-optioned to Patch; (ii) the Kwedilima West Property, to be sub-optioned to Frond; (iii) the Gombero Lion Property, to be sub-optioned to Oak Cliff; (iv) the Kwedilima Cheetah Property, to be sub-optioned to Moshi; and the Gombero West Property, to be sub-optioned to Elm; covers an area of approximately 30 hectares. As such, the aggregate area of land for which an interest is to be transferred to the Subsidiaries pursuant to the Plan of Arrangement is 1.5 km² or 0.30% of the

Tanzania Property.

The Tanzania Property is owned and held in the name of AFGF Holdings (Tanzania) Limited. AFGF has optioned the Tanzania Property to True Zone.

Both prospecting licenses were issued on February 28, 2011 and grant rights for a period of 48 months effective from the grant date to carry on prospecting operations, and execute other such operations as are necessary for that purpose. Both prospecting licenses were transferred on June 17, 2011 in the name of AFGF.

A prospecting license grants exclusive exploration rights over an area not exceeding 300 km² for a period of four years. Annual work expenditures are US\$300/km² for the initial 4-year period. Annual land rents are US\$20/km² for the initial 4-year period. Quarterly reporting of exploration activities is required but no other permitting to conduct exploration is required.

Surface rights are not part of a mineral license and agreement should be made with the lawful occupiers of land and their written consent obtained to carry out mining or prospecting operations.

In December 2013, True Zone entered into a letter of intent for the grant of an option to acquire an initial 80% interest in the Tanzania Property from AFGF. According to the letter of intent, AFGF granted to True Zone an option to acquire an 80% interest in and to the Tanzania Property subject to a 2% net smelter royalty (NSR).

On September 18, 2014, True Zone entered into a formal option agreement with AFGF to earn an 80% interest in a Tanzania Property, which agreement superseded the previously entered into letter of intent. In order to exercise its option, True Zone must:

- a) pay \$500,000 to AFGF on or before December 31, 2015
- b) issue to AFGF a total of 5,000,000 common shares of True Zone on or before the dates below:
 - i. 2,000,000 shares are to be issued by December 31, 2014
 - ii. 3,000,000 shares are to be issued by December 31, 2015 and;
- c) incur expenditures on the Tanzania Property of \$300,000 on or before December 31, 2015.

On September 26, 2014, each of the Subsidiaries entered into a sub-option agreement with True Zone and AFGF Holdings (Tanzania) Limited in relation to a portion of the Property that is subject to the Technical Report, the grant of which individual sub-option is subject to a respective assignment agreement effective on the same date which provides that the right earn to an 80% interest shall be assigned to the Subsidiaries pursuant to a sub-option: (i) granted under a sub-option agreement and (ii) granted effective the completion of a proposed plan of arrangement among True Zone, and the Subsidiaries .

Following the deemed grant by True Zone to the Subsidiaries of such sub-option, the Subsidiaries may earn an 80% interest in the sub-optioned portion of the Tanzania Property as follows:

- a) each Subsidiary must pay \$25,000 cash to AFGF;
- b) each Subsidiary must issue 500,000 common shares in its capital stock to True Zone on or before September 26, 2015;
- c) each Subsidiary must incur on their respective portion of the Tanzania Property \$75,000 in exploration expenses on or before September 26, 2015; and an additional \$75,000 in exploration expenses on or before September 26, 2016.

The Tanzania Property is situated south and west of the city of Handeni in the Handeni Rural administration District of the Tanga Region, 5 kilometres south and 10 kilometres west of the city of Handeni, in the United Republic of Tanzania, East Africa. A central point in the property is located at UTM coordinates 379000m East and 9391000 m North (WGS84 Datum, UTM Zone 37M) or Latitude 50 30' 50.0"S and Longitude 370 54' 45" E (Figure 1).

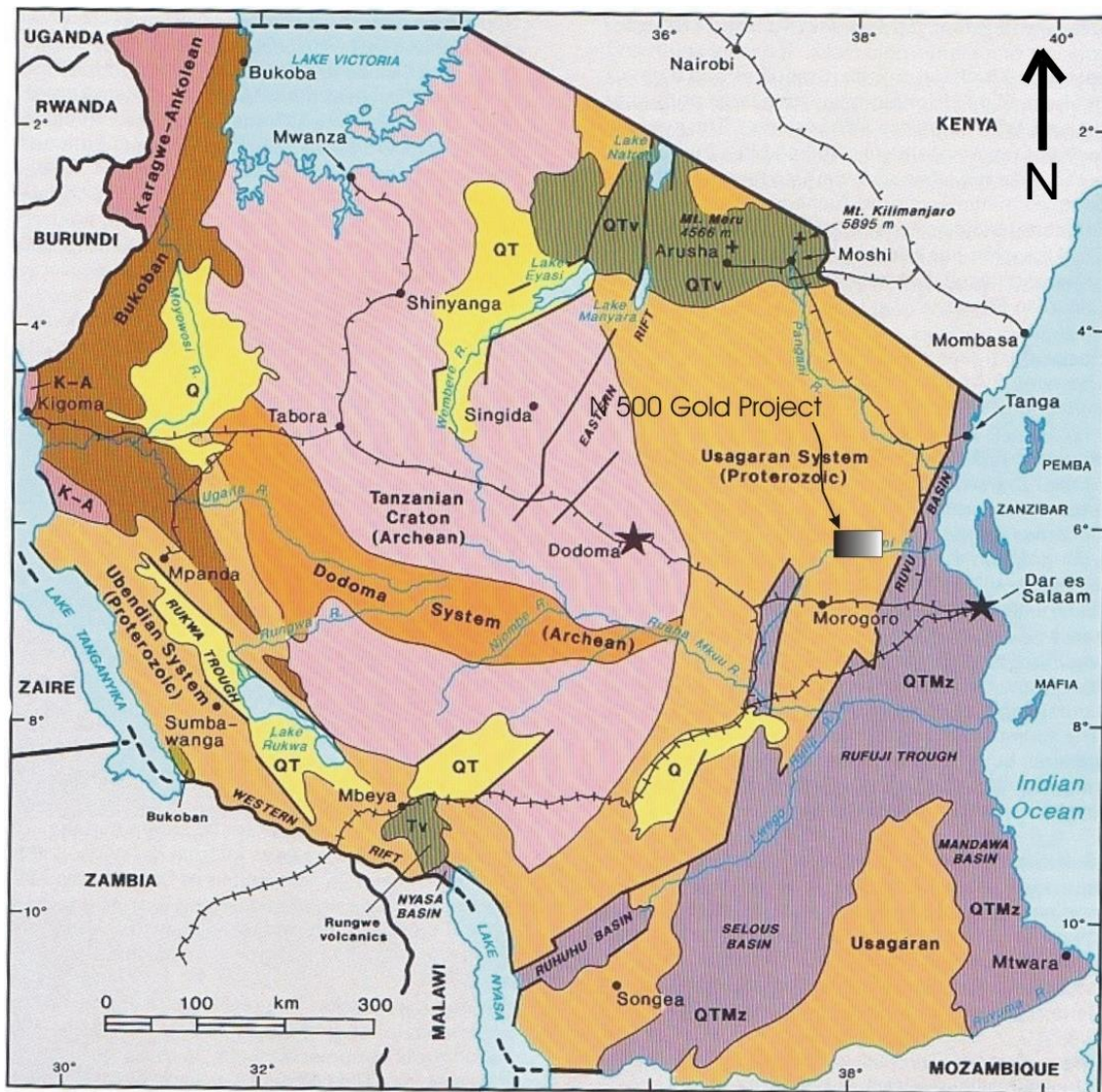


Figure 1 – Location of the Tanzania Property referred to on map as “N 500 Gold Project”

Source: technical report dated October 25, 2014 prepared for True Zone Resources Inc. by Ramadhani Ndonde, P.Geol.

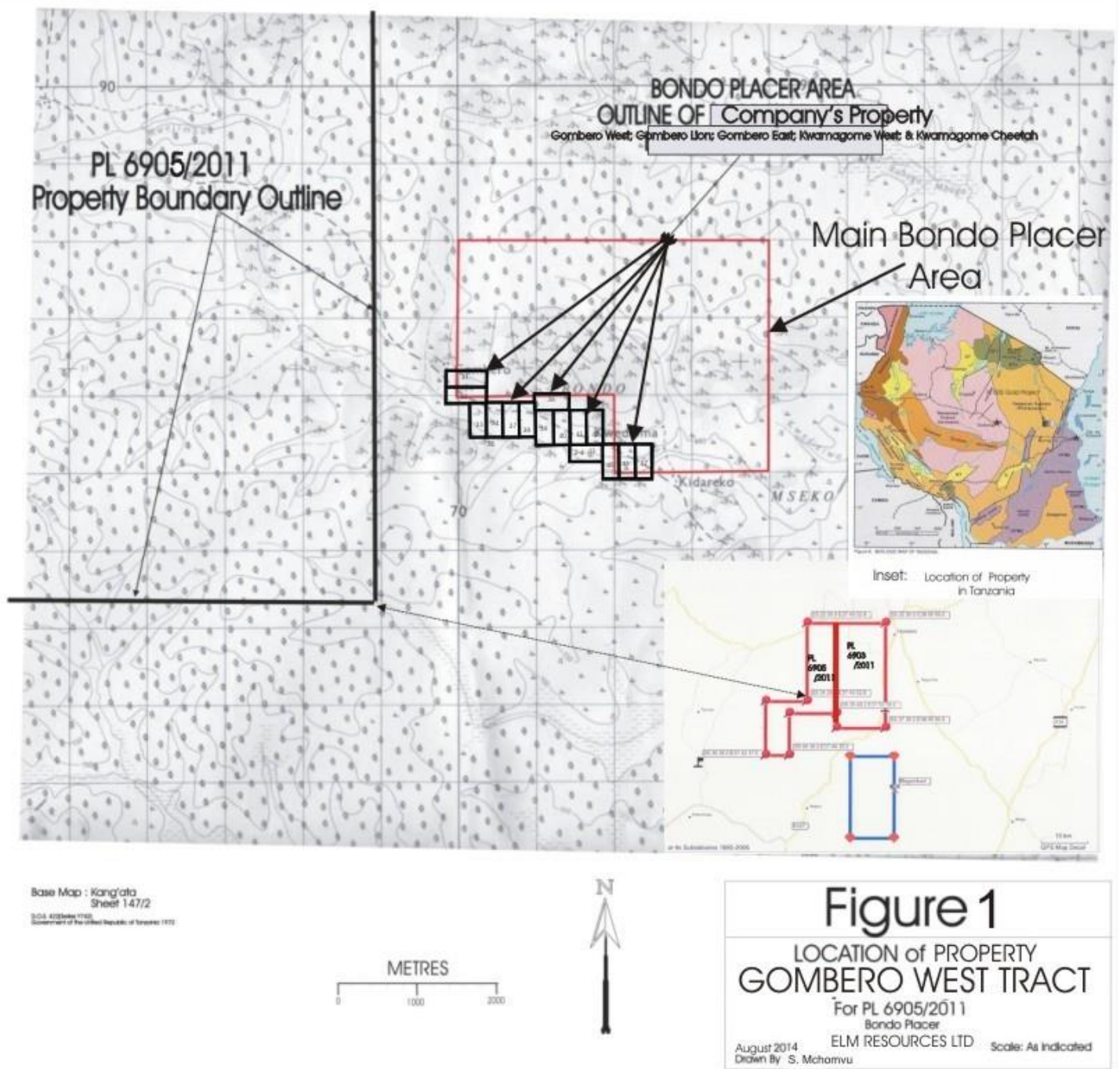


Figure 1 cont'd

Source: technical report dated October 25, 2014 prepared for True Zone Resources Inc. by Ramadhani Ndonde, P.Geol.

Note: Each rectangle indicated above covers an area of 10 hectares. Each portion of the Tanzania Property to be transferred to a True Zone Subsidiary is represented by three rectangles. Commencing from left to right, in groups of three rectangles, and as indicated by the arrows, the portions of the Tanzania Property to be transferred to the True Zone Subsidiaries are as follows: Gombero West (to be transferred to Elm); Gombero Lion (to be transferred to Oak); Gombero East (to be transferred to Patch); Kwedelima West (to be transferred to Frond); and Kwedelima Cheetah (to be transferred to Moshi).

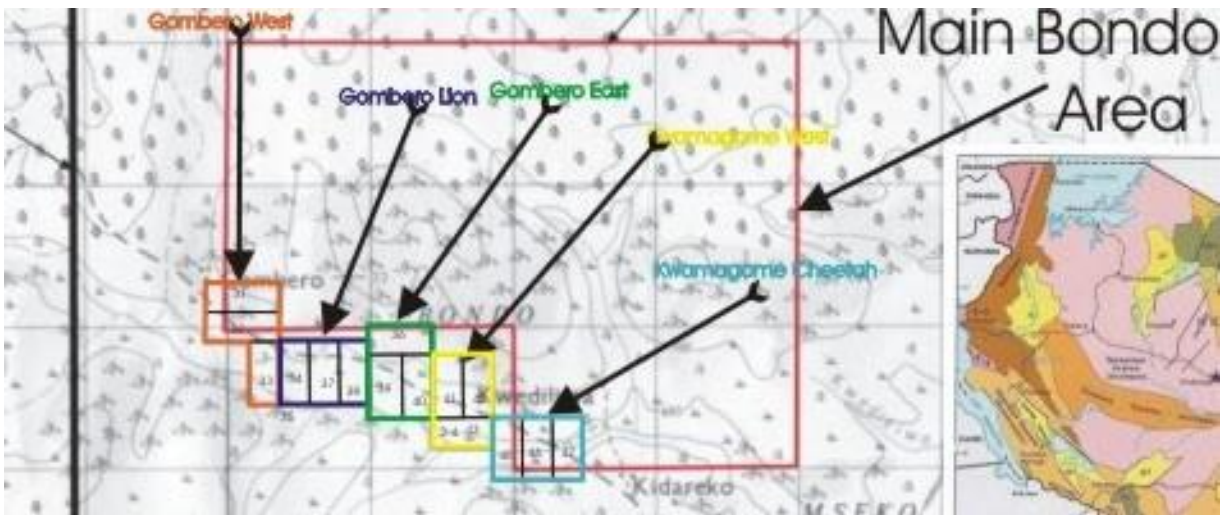


Figure 1 cont'd

Date: December 1, 2014. Source: True Zone Resources Inc.

Each of (i) the Gombero East Property, to be sub-optioned to Patch; (ii) the Kwedilima West Property, to be sub-optioned to Frond; (iii) the Gombero Lion Property, to be sub-optioned to Oak Cliff; (iv) the Kwedilima Cheetah Property, to be sub-optioned to Moshi; and the Gombero West Property, to be sub- optioned to Elm; covers an area of approximately 30 hectares. As such, the aggregate area of land for which an interest is to be transferred to the Subsidiaries pursuant to the Plan of Arrangement is 1.5 km² or 0.30% of the Tanzania Property.

As part of the Arrangement and prior to the Amalgamations the following transfer of interest from the Company to the Subsidiaries shall take place:

Patch Industries Ltd. is to be granted pursuant to a sub-option the right to acquire an 80% interest in a 30 ha. mineral exploration property in Tanzania known as Gombero East Property, which property is centered on: 5°33'34"S and 37°50'13.3"E and whose corner locations are: NW 5° 33' 23.6", 37° 50' 05.4" ; NE 5° 33' 23.6", 37° 50' 21.2" ; SW 5° 33' 43.1", 37° 50' 05.4" ; SE 5° 33' 43.1", 37° 50' 21.2".

FronD Resources Ltd. is to be granted pursuant to a sub-option the right to acquire an 80% interest in a 30 ha. mineral exploration property in Tanzania known as Kwedilima West Property, which property is centered on 5°33'40"S and 37°50'28.6"E and whose corner locations are: NW 5° 33' 30.1", 37° 50' 21.2" ; NE 5° 33' 30.1", 37° 50' 35.9" ; SW 5° 33' 49.6", 37° 50' 21.2" ; SE 5° 33' 49.6", 37° 50' 35.9".

Oak Cliff Resources Ltd. is to be granted pursuant to a sub-option the right to acquire an 80% interest in a 30 ha. mineral exploration property in Tanzania known as Gombero Lion Property, which property is centered on 5°33'34"S and 37°49'52.8"E and whose corner locations are: NW 5° 33' 27.5", 37° 49' 40.2" ; NE 5° 33' 27.5", 37° 50' 05.4" ; SW 5° 33' 40.5", 37° 49' 40.2" ; SE 5° 33' 40.2", 37° 50' 05.4".

Moshi Mountain Industries Ltd. is to be granted pursuant to a sub-option the right to acquire an 80% interest in a 30 ha. mineral exploration property in Tanzania known as Kwedilima Cheetah Property, which property is centered on 5°33'50"S and 37° 50'48.5"E and whose corner locations are: NW 5° 33' 43.1", 37° 50' 35.9" ; NE 5° 33' 43.1", 37° 51' 01.1" ; SW 5° 33' 56.1", 37° 50' 35.9" ; SE 5° 33' 56.1", 37° 51' 01.0".

Elm Resources Ltd. is to be granted pursuant to a sub-option the right to acquire an 80% interest in a 30 ha. mineral exploration property in Tanzania known as Gombero West Property, which property is centered on 5°33'53"S and 37°51'09.5"E and whose corner locations are: NW 5° 33' 15.6", 37° 49' 23.4" ; NE 5° 33' 21.1", 37° 49' 40.2" ; SE 5° 33' 40.5", 37° 49' 40.2" ; Intermediate sSW 5° 33' 40.5", 37° 49' 31.8" ; Intermediate SW 5° 33' 27.5", 37° 49' 31.8" ; SW 5° 34' 02.6", 37° 51' 01.1".

The Tanzania Property, and the portions thereof being sub-optioned to the Subsidiaries, are not subject to any royalties, back-in agreements, other payments or encumbrances.

There are no known environmental liabilities on the portions of the Tanzania Property being sub-optioned to the Subsidiaries.

Some showings in metasediment amphibolitic rocks and associated with quartz veins have been identified on the two PLs comprising the Tanzania Property. No detailed investigation of them has been conducted and they are noted only to place them in the published record. No alluvial gold has been identified on the portions of the Tanzania Property being sub-optioned to the Subsidiaries to date but the adjacent feeding drainages that feed the main river valley system located on the Tanzania Property and the portions thereof being sub-optioned to the Subsidiaries include reported showings of visible gold. There are no additional permits that must be acquired to conduct the work proposed for the portions of the Tanzania Property being sub-optioned to the Subsidiaries.

The author of the Technical Report is unaware of any other significant factors and risks that may affect access, title, or the right or ability to perform work on the portions of the Tanzania Property being sub-optioned to the Subsidiaries.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Access to the Tanzania Property is south and west from the regional centre of Handeni with an approximate population size of 250,000 people, along the gravel Secondary Highway, Handeni Morogoro Highway, and the main Tanga – Handeni Highway west of Handeni, to the Tanzania Property approximately 5 and 10 kilometres, respectively, from the city of Handeni. The highway which is used by cars buses and trucks is passes through the north and western portion of the Tanzania Property. Paths and roads transect the whole Tanzania Property. The author of the Technical Report had no difficulty accessing the area of the Tanzania Property along any of the “roads” with a 4-wheel drive truck.

Access to each of the portions of the Tanzania Property being sub-optioned to the Subsidiaries may be reached by 4-wheel drive truck using the paths and roads that transect the Tanzania Property.

Topography in the area is moderate to gentle rising from 600 metres to over 660 metres. The land is open pasture or wooded parkland of the Tanzanian interior plateau with typical moderate to thin forest vegetation of the plateau area in the higher elevations. There is a mix of acacia trees with palms and other African species through the area. Undergrowth brush is typically thin with taller grasses in the areas of the rivers.

Year round exploration is possible. Tanzania’s climate varies markedly with its topography. There are four main climatic zones: the hot, humid coastal plain with average temperatures of 27-29°C; the hot, semi-arid central plateau where maximum daytime temperatures average 20-32°C; the high-moist lake regions; and the temperate highland areas. Throughout the country there are two rainy seasons, mid-March through May, November through December. Much of central Tanzania is semi-arid with less than 500 mm of rain per year, though the western part of the plateau is generally moister. This area’s climate is a mix between the eastern interior plateau and the humid coastal plain area with 600 mm of annual precipitation and temperatures in excess of 30° C.

True Zone, and the Subsidiaries, respectively, have not yet negotiated the surface rights to the Tanzania Property and the respective portions thereof being sub-optioned to the Subsidiaries, with the lawful occupiers of land to obtain their written consent to carry out mining or prospecting operations.

Water is available from local wells and from nearby rivers which flow intermittently. There is a power grid at city of Handeni. In Tanzania, mining is a recent development and local mining personnel are available but the scope of their experience is limited and training and supervision by expatriates will be necessary. Geologists educated in Tanzania are available for exploration work, having been variably trained for exploration and production skills by the major mining companies which are locally active. Handeni would be able to supply most casual labour needs. The Tanzania Property, and the portions thereof sub-optioned to the Subsidiaries, have sufficient space for potential tailings storage areas, waste disposal areas, heap leach pad areas, and a processing plant site.

History

The prospecting licenses comprising the Tanzania Property were originally granted to Abdalla Selemani in February of 2011, and subsequently transferred to AFGF in June of 2011. AFGF originally granted True Zone an option to earn an 80% interest in the entire Tanzania Property in December 2013. True Zone then granted to each Subsidiary a sub-option for a portion of the Tanzania Property in September 2014 in connection with and subject to the completion of the Plan of Arrangement. The author of the Technical Report is unaware of ownership of the Tanzania Property prior to February 2011.

During 2011/2012 in association with its work in the area, AFGF conducted the first regional and detailed exploration of the area north of the Magambazi discovery (owned by East Africa Metals). This work included taking over 3,000 grid soil samples digging several trenches and numerous pits, as well as conducting regional survey forays that collected soil and stream samples as well as detailing the geology.

In late 2013, AFGF conducted an exploration program to relate the alluvial gold in the valleys to the outcrop gold by trenching and pitting across the valley of the artisanal workings. This preliminary work is on-going. This exploration work on the intermittent stream drainages that feed the main valley of the Tanzania Property was funded by True Zone.

That program to investigate the alluvial gold in a subsidiary valley that fed into the main valley outline the presence of gold and with the knowledge of additional of these side drainages to the north and south of the main drainage, there was felt that a good possibility that the main valley drainage would also be auriferous.

In total over \$800,000 was spent on exploration since the Tanzania Property from the time the prospecting licenses were issued in February 2011 up until April of 2014.

Geology Setting and Mineralization

Regional Geology

The Archaean Tanzanian Craton and its surrounding Proterozoic mobile belts underlie much of the Central Plateau of Tanzania (Figure 2). The east and southeast limit of the craton is marked by the Lower to Middle Proterozoic Usagaran belt, dated at 2,000Ma, and by the Late Palaeozoic (900-500Ma) Mozambique collisional belt.

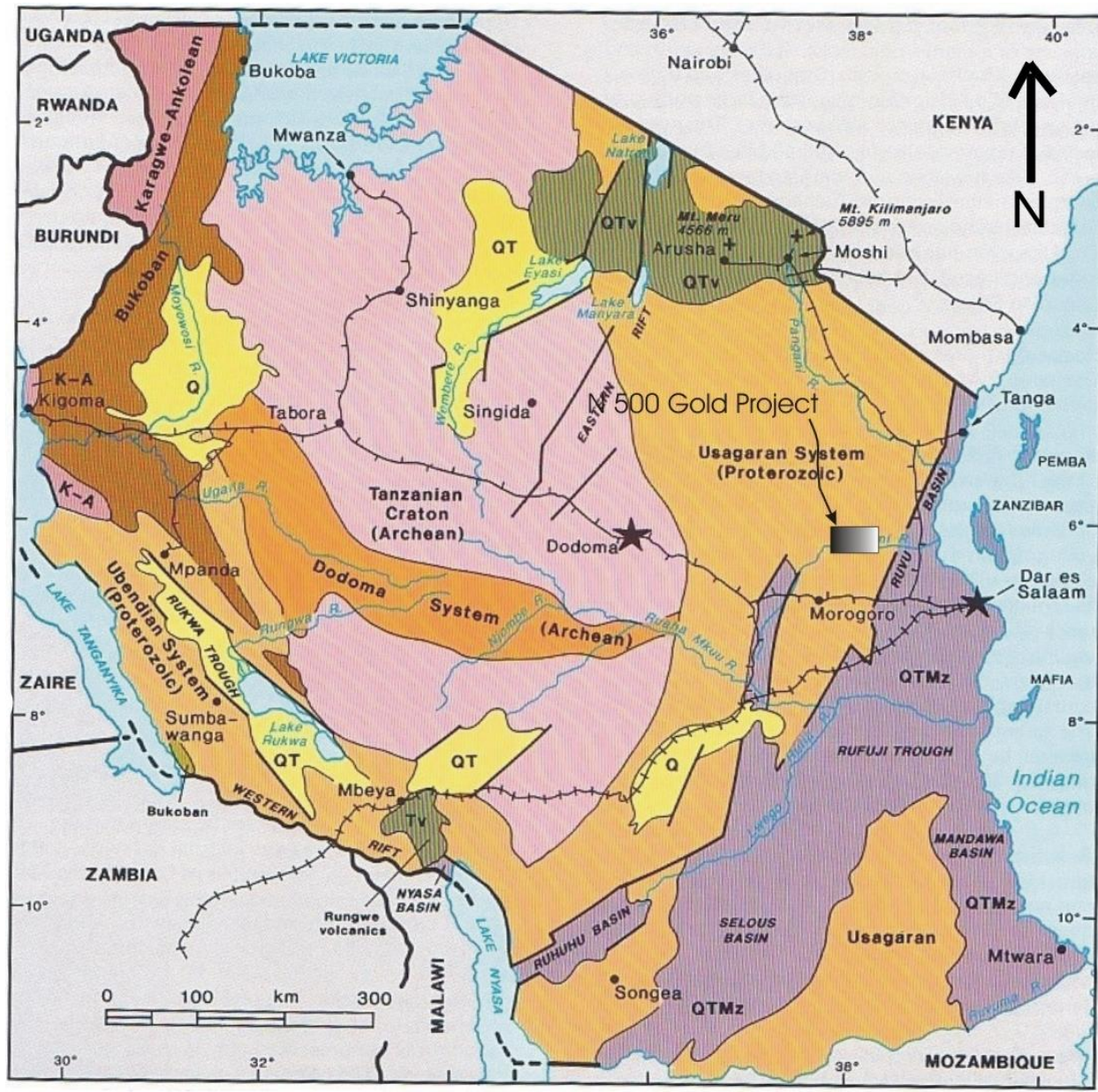
To the southwest, the 2,000Ma Ubendian belt marks the edge of the craton, whereas to the west the boundary is marked by the Late Proterozoic Karagwe-Ankolean belt and the early Palaeozoic Bukoban system. Completing the boundary in the northwest is the Ruwenzorian belt of Uganda.

The main part of the Archaean craton comprises migmatites, biotite gneisses, gneissic granites and local massifs of biotite granites, and the Nyanzian greenstone belts to the south and east of Lake Victoria. These greenstone belts host the major gold deposits in Tanzania.

The Nyanzian is unconformably overlain (locally) by conglomerates, arkoses and quartzites of the Kavirondian System. These rocks appear to have been derived, at least in part, from the Nyanzian and contain clasts of all Nyanzian lithologies, some apparently deformed.

A major period of granitoid emplacement followed the Kavirondian, and was followed in turn by major tectonic deformation. Syntectonic granitoids have been dated at 2450-2500 Ma while some unfoliated granitoids may be post-tectonic. Many hypabyssal intrusives cut these Archaean sequences, including feldspar-porphyrates and lamprophyres. Abundant younger dykes are related to Mesozoic and Tertiary tectonic events.

Tertiary mafic to intermediate volcanics including carbonatites occur mainly in the Kilimanjaro and Eastern Rift areas of the north of the country.



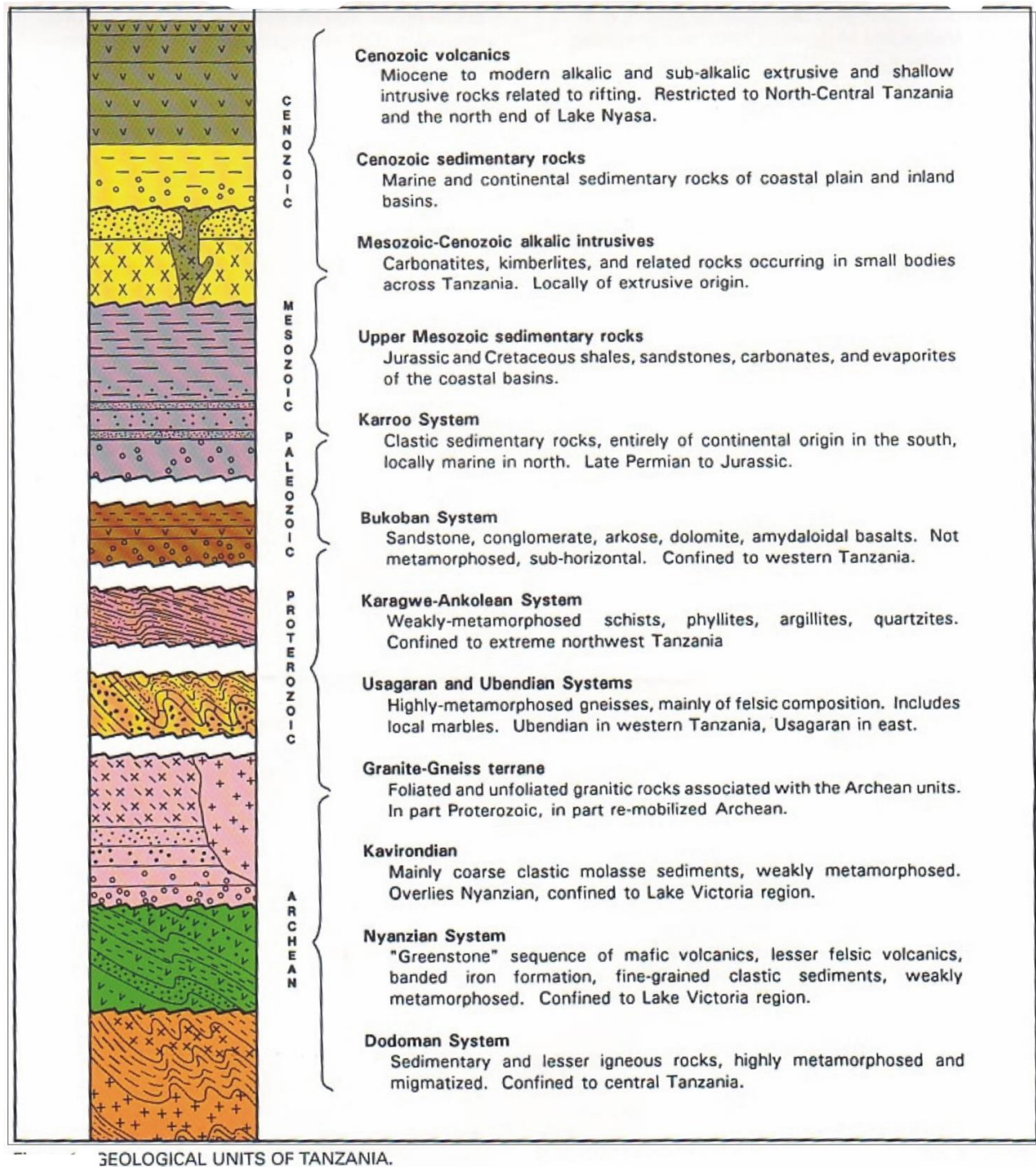


Figure 2 – Regional Geology

Source: technical report dated October 25, 2014 prepared for True Zone Resources Inc. by Ramadhani Ndonde, P.Geol.

Local Geology

The property is located within a pan-African belt of metamorphic rocks known as the Mozambique Belt. The Mozambique Belt is a major orogenic belt along the east coast of Africa that stretches from the south of Mozambique to Sudan and Ethiopia.

Geological mapping by the government suggest a northwest southeast striking belt of metasedimentary rocks around a central core of a mafic amphibolite unit in granitic gneisses and/or intrusive equivalents which are striking northwest and associated with the Magambazi zone. The area's biotite gneiss' metasedimentary nature has been observed and suggests that the geology is not unlike that found in other areas of this region. The mafic unit could be related to a large dark red lateritic soil profile visible along the main

highway on the east side of the property and was observed. The structural complexity of the area remains to be determined and significant folding has been observed in the region.

The resistant “knobs” of hills that is visibly associated with the main Magambazi area are present on the property, although, except in the south portion, with lower relief. Their direct geology has not been related but no exploration has been completed on them. Some showings in metasediment amphibolitic rocks and associated with quartz veins have been identified on the two PLs. No detailed investigation of them has been conducted and they are noted only to place them in the published record.

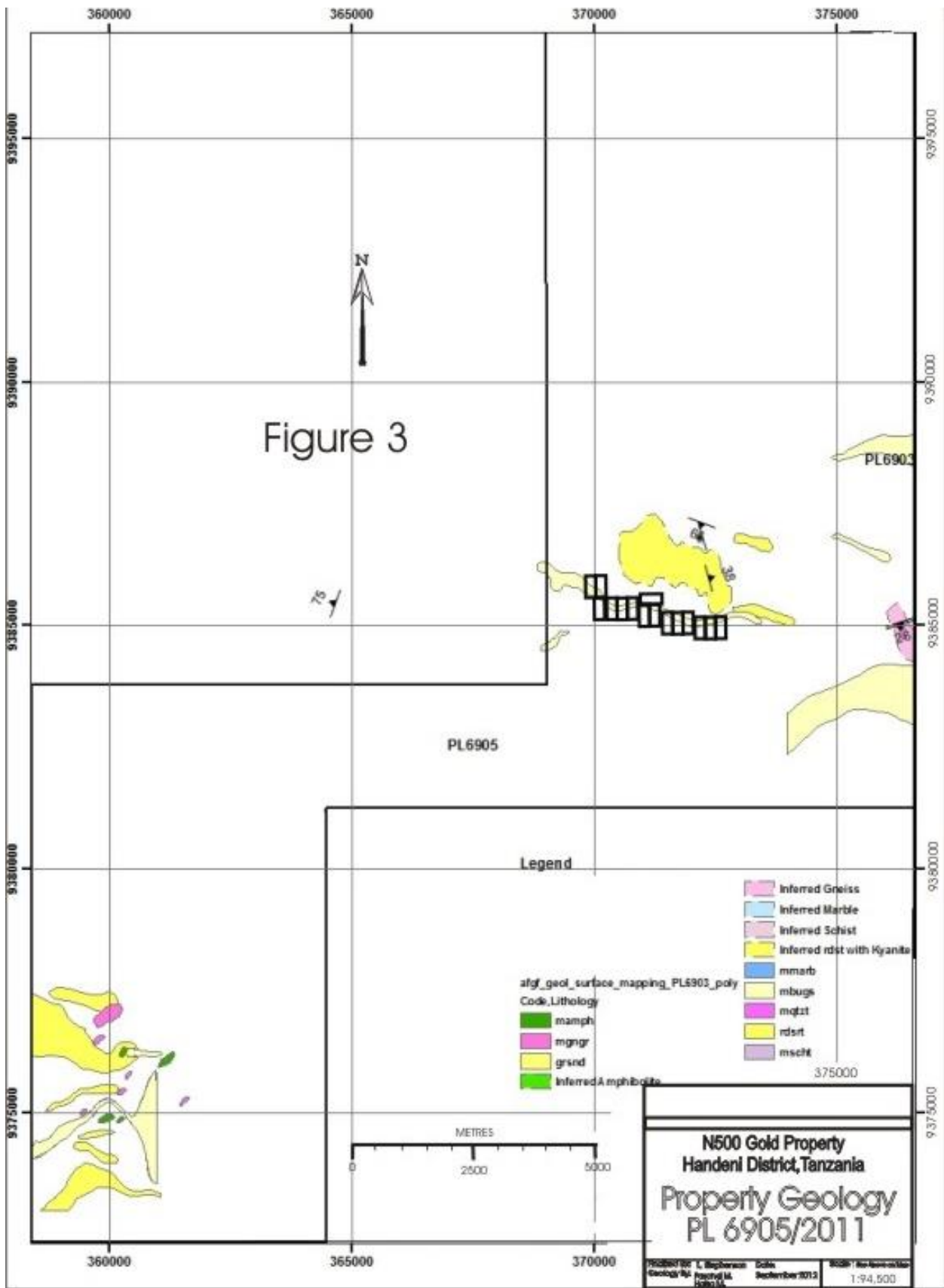
Work by AFGF in the area has expanded our knowledge of the area’s local geology and we add the following observations.

The geology of this region represents a non-traditional exploration environment dominated by high-grade metamorphic (granulite to amphibolite facies) of both sedimentary and igneous rocks. Upper amphibolite facies metamorphism has created a sequence including a variety of rocks including Feldspar-quartz biotite gneiss and Pegmatite, Kyanite and Garnet pelite to amphibolites and pyroxene-olivine ultramafic rocks. Quartz feldspathic rocks are more resistant to weathering than the mafic rocks and other units and are most prominent in the hills.

Property Geology

True Zone has identified an extensive potential area placer (alluvial) gold system that potentially feeds the main valley river system of the Tanzania Property however the Company does not have the resources to comprehensively explore on all fronts the alluvial gold deposits in the “feeder” valleys, the identified bed rock gold associations, and the full potential of the “main” valley system.

No geology is outlined on subject property. It is almost entirely covered by alluvium related to the adjacent hills and drainages. The property has a recent alluvium deposition that fills the main valley that are adjacent to the ridges of outcrop that host the main auriferous structures in the Bondo area. The Alluvium appears to be un-stratified composing of cobbles, pebbles, gravel and sand. The cobbles and pebbles for the most part appear to be quartz although a few metasediment types were noted. The auriferous unit is sand and almost colluvial in appearance. The “pay streak” is beneath 5-6 metres of barren clay silt valley fill contains the gold. No reports of intersecting the basal placer bedrock interface were noted.



Source: technical report dated October 25, 2014 prepared for True Zone Resources Inc. by Ramadhani Ndonde, P.Geol.

Mineralization

No alluvial gold has been identified on the subject property to date but the adjacent feeding drainages have alluvial gold.

The alluvial gold observed in the pan concentrates of the associated drainages alluvium consisted of coarse flakes of gold that showed little sign of flattening or abrasion. The flakes in some instances looked pretty pristine.

One pan of material (approximately 400 cubic centimeters) was panned down by local miners and revealed an estimated tenth of a gram of gold in coarse pristine type flakes that were observed to be in the 1-2 mm range and suggest a very proximal source.

No analysis of the gold content has been completed. Little oxidization was observed on the gold. Black sand of an unknown composition was the other pan concentrate.

Exploration

No direct exploration has been completed by True Zone or the Subsidiaries on the Tanzania Property or portions thereof being sub-optioned to the Subsidiaries.

Drilling

No drilling has been completed by True Zone or the Subsidiaries on the Tanzania Property or portions thereof being sub-optioned to the Subsidiaries.

Sample Preparation, Analyses and Security

No sampling program has been conducted by True Zone or the Subsidiaries on the Tanzania Property or portions thereof being sub-optioned to the Subsidiaries.

Mineral Resources and Mineral Reserves

There are no mineral resources or reserves as defined in NI 43-101 being reported on the Tanzania Property or portions thereof being sub-optioned to the Subsidiaries.

Exploration and Development

As mentioned above, AFGF is conducting an exploration program to relate the alluvial gold in the valleys to the outcrop gold by trenching and pitting across the valley of the artisanal workings. This exploration work on the intermittent stream drainages that feed the main valley of the Tanzania Property is being funded by True Zone.

That program to investigate the alluvial gold in a subsidiary valley that fed into the main valley outline the presence of gold and with the knowledge of additional of these side drainages to the north and south of the main drainage, there was felt that a good possibility that the main valley drainage would also be auriferous.

Although no geology has been outlined on the portions of the Tanzania Property being sub-optioned to the Subsidiaries, the areas are almost entirely covered by alluvium related to the adjacent hills and drainages and a recommended work program has been prepared for each portion of the Tanzania Property sub-optioned.

The Technical Report states that the portions of the Tanzania Property have a recent alluvium deposition that fills the main valley that are adjacent to the ridges of outcrop that host the main auriferous structures in the Bondo area and the alluvium appears to be unstratified composing of cobbles, pebbles, gravel and sand. The cobbles and pebbles for the most part appear to be quartz although a few metasediment types were noted. The auriferous unit is sand and almost colluvial in appearance. The “pay streak” is beneath 5-6 metres of barren clay silt valley fill contains the gold. No reports of intersecting the basal placer bedrock interface were noted.

Work to date on the Tanzania Property has confirmed the potential of the portioned property to be worthy of continued exploration. The large extent of potential alluvial placer gold strains the resources of True Zone and the attractive potential of the main valley drainage being a collector of the gold from the adjacent drainages cannot be readily evaluated. It provides an opportunity for the Subsidiaries to use the knowledge that True Zone has acquired to advance an exploration test program on this main valley drainage.

The auriferous placer valley has had gold being traced towards the main valley. The area is an area of low energy gradient with an intermittent flowing water course indicating the source of the gold is proximal.

Visible gold has been identified in outcrops on ridge of rocks to the west. Visible gold in panned soils has been observed for over 1.2 km and in pits dug to bedrock along 600 m of the length have also shown visible gold in pan samples. The whole ridge area which is 2-3 km in diameter is possible mineralized as there is alluvial workings all around the limits and all these adjacent drainages feed into the main valley where the subject property is located.

The recent exploration test pitting of the alluvium and discovery of the gold in the adjacent valley to the west has confirmed that the size of potential area feeding the drainage systems but with the discovery of alluvial gold on the south side of the main river valley the potential size could be increased but has not been delineated.

Exploration has just commenced on this area and more work is necessary. The presence of the gold in the alluvium represents an excellent placer operation prospect for the prospecting license. Placer operations will recover gold that appears not to have traveled far and analysis could be useful in delineating further the lode gold potential of the area. The drainage valleys are narrow but the main intermittent river system valley which could also be auriferous is wide and if found to contain gold, increases the potential alluvium mineral resource.

Exploration trenching and pitting on the placer deposit is recommended to identify the scope of the gold mineralization, at a budgeted cost of \$75,000 for each of the five properties (in total \$375,000 for all five properties).

Ramadhani Ndonde, P.Geol. is a “qualified person” in accordance with National Instrument 43-101 and has reviewed and approved the technical data in this Circular.

INFORMATION CONCERNING THE COMPANY

Note to Reader

The disclosure in this section has been prepared prior to giving effect to the Arrangement. Unless otherwise defined herein, all capitalized words and phrases used herein have the meanings ascribed to such words and phrases under the headings “Glossary of Terms” in the Circular.

Name, Address and Incorporation

The full name of the Company is True Zone Resources Inc. The head office and principal address of the Company are located at 600-666 Burrard Street, Vancouver, BC, V6C 3P6. The registered and records offices address of the Company are located at Suite 1780, 400 Burrard Street, Vancouver, BC, V6C 3A6.

The Company was incorporated in the Province of British Columbia on April 26, 2007.

Patch, Frond, Oak, Moshi, and Elm are wholly owned subsidiaries of the Company.

Directors and Officers

The completion of the Arrangement and the Amalgamations will not cause any changes in the directors of the Company who are elected at the Meeting.

Business of the Company – Three-year history

The Company was incorporated under the Business Corporations Act of British Columbia on April 26, 2007. The Company is primarily engaged in the acquisition, exploration, and development of mineral properties. The Company’s shares are traded on the CSE under the symbol “TAZ”.

The Company initiated exploration on its listing property in Tanzania and continued with it until August of 2013 when management decided to drop the option on the West Ruvo River Project. It acquired an interest in January 2013 in a mineral property in the Dolly Varden Mountains of Nevada. Initial exploration was completed in 2013 and Management is reviewing the results.

In December 2013, the Company acquired an option to earn an 80% interest in the “N500 Bondo Property” in the Handeni area of Tanzania. In early 2014 it initiated attest mining program and is continuing to evaluate the potential of the property.

Business of the Company Following the Arrangement

Following completion of the Arrangement, True Zone will continue to operate as a publicly traded company focused on the exploration of its current core mineral assets.

Description of Share Capital

The authorized share capital of the Company consists of an unlimited number of True Zone Shares and an unlimited number of preferred shares. There are no special rights and restrictions attached to the True Zone Shares. There are special rights attached to the preferred shares but no preferred shares are issued.

Changes in Share Capital

As at the date of this Circular, the Company had 45,775,333 common shares, 15,000,000 warrants and 3,440,000 options issued or outstanding.

Dividend Policy

True Zone has not paid dividends since incorporation. True Zone currently intends to retain all available funds, if any, for use in its business.

Trading Price and Volume

The True Zone Shares are listed and posted for trading on the CSE under the symbol "TAZ". The following tables set forth information relating to the trading of the True Zone Shares on the CSE for the months indicated:

	CSE		
	Closing Price (\$)		Volume (#)
	High	Low	
September 2013	N/A	N/A	Nil
October 2013	\$0.40	\$0.04	11,000
November 2013	\$0.12	\$0.10	1,845,000
December 2013	\$0.09	\$0.09	242,000
January 2014	\$0.095	\$0.08	1,000,000
February 2014	\$0.09	\$0.01	986,500
March 2014	\$0.08	\$0.045	420,000
April 2014	\$0.065	\$0.025	1,229,000
May 2014	\$0.065	\$0.05	1,386,000
June 2014	N/A	N/A	Nil
July 2014	\$0.06	\$0.03	869,000
August 2014	\$0.065	\$0.04	1,237,000
September 2014	\$0.04	\$0.025	608,000
October 2014	\$0.035	\$0.02	125,000

Selected Unaudited Pro-Forma Financial Information of the Company

The following selected financial information for the Company is based on the April 30, 2014 audited financial statement of the Company. The balance sheet has been prepared based on the assumption that, among other things, the Arrangement occurred on August 31, 2014.

	as at August 31, 2014 on completion of the Arrangement (unaudited)
Cash	\$ 2,899
Amounts receivable	\$ 3,990
Prepayments.	\$ 28,467
Due from related parties	\$ 220,863
Marketable securities	\$ 152,523
Current assets	\$ 408,742
Subsidiary Interests	\$ 1
Mineral property Interests	\$1,345,650
Total assets	\$1,754,392
Payables and accruals	\$ 15,086
Due to related parties	\$ 150,001
Equity	\$1,589,305
Total Equity and liabilities	\$ 1,754,392

Material Contracts

The following are the contracts material to True Zone:

- (1) The Arrangement Agreement dated October 20, 2014 among True Zone, the True Zone Subsidiaries and the Capital Companies;
- (2) property option agreement between the Company and AFGF Holdings (Tanzania) Ltd. dated, September 18, 2014;
- (3) The Sub-option Agreement dated September 26, 2014 between AFGF, True Zone and each True Zone Subsidiary pursuant to which True Zone will grant a sub-option to earn an 80% interest in one of the five sub-optioned portions of the Tanzania Property to each of its subsidiaries Patch, Frond, Oak, Moshing and Elm, the completion of which requires the completion of the Arrangement as a condition to their effectiveness.
- (4) The Assignment Agreement dated September 26, 2014 between True Zone, AFGF and each True Zone Subsidiary, pursuant to which each True Zone Subsidiary shall acquire a sub-option to earn an undivided 80% interest in one of the five sub-optioned portions of the Tanzania Property pursuant to the Arrangement and a respective Sub-option Agreement.; and
- (5) The Amalgamation Agreement dated October 20, 2014 between each True Zone Subsidiary and its respective amalgamating Capital Company pursuant to which Patch will amalgamate with Patchouli Capital, Frond will amalgamate with Frond Capital, Oak Cliff will amalgamate with Oak Cliff Capital, Moshi will amalgamate with Moshing Capital, and Elm will amalgamate with Elmira Capital.

INFORMATION CONCERNING PATCH (Proposed to amalgamate with Patchouli Capital)

Note to Reader

The disclosure in this section has been prepared prior to giving effect to the Arrangement. Unless otherwise defined herein, all capitalized words and phrases used herein have the meanings ascribed to such words and phrases under the headings “Glossary of Terms” in the Circular.

Name, Address and Incorporation

Patch was incorporated as “Patch Industries Ltd.” pursuant to the Act on August 21, 2014, for the purposes of the Arrangement and the Amalgamation with Patchouli Capital. Patch is currently a private company and a wholly-owned subsidiary of True Zone. Patch’s registered and records offices are located at Suite 1780, 400 Burrard Street, Vancouver, BC, V6C 3A6.

Inter-corporate Relationships

Patch does not have any subsidiaries.

Significant Acquisition and Dispositions

Patch has not completed a fiscal year. There are no significant acquisitions or dispositions, completed or probable, for which financial statements would be required under applicable securities legislation, save pursuant to this Arrangement and amalgamation with Patchouli Capital described herein. Details of the Arrangement and Amalgamations are provided under “The Arrangement and Amalgamations”. The Arrangement and Amalgamations, if successfully completed, will result in Patch acquiring an option with respect to a portion of the Tanzanian Property known as Gombero East Property, which True Zone does not consider material, and amalgamating with Patchouli Capital. The future operating results and financial position of Patch cannot be predicted.

Trends

Patch plans to amalgamate with Patchouli Capital and become Amalco1, which plans to carry on a mineral exploration business. It may pursue other business opportunities. Accordingly, Amalco1’s financial success may be dependent upon the extent to which it can explore and develop mineral properties or other types of business.

The success of Patch is largely dependent upon factors beyond Patch’s control. See “Risk Factors”.

Other than as disclosed in this Circular, Patch is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon its revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

General Development of Patch’s Business

Patch was incorporated on August 21, 2014 and has not yet commenced commercial operations. Patch will be granted an option agreement with respect to a portion of the Tanzania Property known as the Gombero East Property as part of the Arrangement, will amalgamate with Patchouli Capital and may pursue other business opportunities as Amalco1. Completion of the Arrangement and the amalgamation are subject to the approval of the Arrangement by the True Zone Shareholders and the Court.

Patch’s Business History

Patch was incorporated on August 21, 2014 and does not yet have a business history.

The Board of True Zone has determined that it would be in the best interests of the Company to continue to focus its business efforts on the exploration of its core mineral properties and potential acquisitions of interests in other properties, and transfer its interest in the Gombero East Property to newly-formed subsidiary company, being Patch, which will subsequently amalgamate with Patchouli Capital to become Amalco1, in exchange for Frond Shares that would be distributed to the True Zone Shareholders.

Selected Unaudited Pro-Forma Financial Information of Patch

Patch was incorporated on August 21, 2014. Patch has not yet conducted any commercial operations. The following is a summary of certain financial information on a basis for Patch as at August 31, 2014, assuming completion of the Arrangement as of such date, and should be read in conjunction with the unaudited combined financial statements of True Zone appended to this Circular as Schedule 8. This balance sheet was prepared as if the Arrangement had occurred on August 31, 2014, taking into account the assumptions stated therein. The balance sheet is not necessarily reflective of the financial position that would have resulted if the events described therein had occurred on August 31, 2014. In addition, the balance sheet is not necessarily indicative of the financial position that may be attained in the future.

	Financial Information as at August 31, 2014 (unaudited)	
Cash	\$	1
Exploration and evaluation assets		0
Total assets	\$	1
Share capita		1
Deficit		0

Total liabilities and shareholders' equity	<u>\$</u> <u>1</u>
Number of issued Patch Shares	<u>1</u>

The pro forma change to the Patch shares consists of issuance of 457,753 shares based on the conversion factor calculation for the option agreement regarding a portion of the Tanzania Property known as the Gombero East Property.

Dividends

Patch does not anticipate paying any dividends on its common shares in the short or medium term. Any decision to pay dividends on the Patch Shares in the future will be made by the board of directors of Patch on the basis of the earnings, financial requirements and other conditions existing at such time.

Business of Patch

Patch is not carrying on any business at the present time. On completion of the Arrangement and the Amalgamation with Patchouli Capital, Patch will continue on as Amalco1 and commence its business as a mineral exploration company and will be evaluating other business opportunities.

Liquidity and Capital Resources

Since incorporation Patch's capital resources have been limited. Patch will rely upon the issue of equity securities to acquire interest in mineral properties acquisition payments and to pay operating expenses.

Once Patch is operational, it will require further working capital in order to continue the exploration activities and pay operating expenses and may seek to raise additional funds through one or more private placements.

Pursuant to the Arrangement, True Zone will grant to Patch an option on a portion of the Tanzania Property known as the Gombero East Property in exchange for the same number of Patch Shares as the issued and outstanding number of True Zone Shares multiplied by the Conversion Factor, which shares will be distributed to the True Zone Shareholders who hold True Zone Shares on the Share Distribution Record Date.

Patch is a start-up company and therefore has no regular source of income. As a result, Patch's ability to conduct operations is based on its current cash and its ability to raise funds, primarily from equity sources, and there can be no assurance that Patch will be able to do so. Patch does not have any other commitments for material capital expenditures over the near and long term other than as disclosed herein plus normal operating expenses. Pursuant to the Sub-option Agreement, Patch is required to incur exploration expenditures totaling not less than \$150,000 on or before September 26, 2016. As at August 31, 2014 \$Nil in exploration expenditures have been incurred. Patch's ongoing operating expenses are estimated to cost in the area of \$60,000 (\$5,000 per month) per year.

Off Balance Sheet Arrangements

There are no off balance sheet arrangements to which Patch is committed.

Transactions with related parties

There are no transactions with related parties as at August 31, 2014.

See "Selected Unaudited Financial Information" for information concerning the financial assets of Patch resulting from the Arrangement.

Results of Operations

Patch has not carried out any commercial operations to date.

Available Funds

The estimated unaudited working capital of Patch at August 31, 2014 was and as of the date of this Circular is \$1.00. Patch will need to raise funds in order to finance its activities.

Share Capital of Patch

The following table represents the share capitalization of Patch as at August 31, 2014, both prior to and assuming completion of the Arrangement and the Amalgamations.

Share Capital	Authorized	Prior to the Completion of The Arrangement	After Completion of the Arrangement	After Completion of the Amalgamation
Common Shares	Unlimited	1 ⁽¹⁾	457,753 ⁽²⁾	3,057,755
Preferred Shares	Unlimited	Nil	Nil	Nil

Notes:

⁽¹⁾ One Patch Share was issued to True Zone upon incorporation. After the completion of the Arrangement that one share will be cancelled.

⁽²⁾ As at the Effective Date, subject to multiplication by the Conversion Factor.

Patch is authorized to issue an unlimited number of preferred shares without par value and an unlimited number of common shares without par value. As a result of the Arrangement approximately 457,753 shares of Patch will be issued to the shareholders of True Zone. After the Amalgamation there will be 3,057,755 common shares issued (Patch continuing on as Amalco1) and no preferred shares will be issued and outstanding following completion of the Arrangement and the Amalgamation. There are no special rights or restrictions attached to Patch common shares.

Fully Diluted Share Capital of Patch

The fully diluted share capital of Patch, assuming completion of the Arrangement is set out below:

Designation of Patch Shares	Number of Patch Shares	Percentage of Total
Subscriber's share issued on incorporation ⁽¹⁾	1 ⁽³⁾	0.00
Patch Shares issued as consideration for Assets, which shares will be distributed to the True Zone Shareholders ⁽²⁾	457,753	100.00
Total	457,753	100.00

Notes:

⁽¹⁾ One common share of Patch was issued on incorporation and will be redeemed and cancelled concurrent with the completion of the Arrangement.

⁽²⁾ Subject to multiplication by the Conversion Factor. This share will be cancelled after the Plan of Arrangement

⁽³⁾ This share will be cancelled after the Plan of Arrangement.

The total number of shares after the completion of the amalgamation with Patch Capital will be 3,057,755.

Prior Sales of Securities of Patch

Patch issued one common share to True Zone at a price of \$0.02 pursuant to incorporation on August 21, 2014.

Principal Shareholders of Patch

To the knowledge of the directors and executive officers of the Company, no person will hold, directly or indirectly, or will have control or direction over, a combination of direct or indirect beneficial ownership of and control or direction over, voting securities that will constitute more than 10% of the issued Patch Shares after the Arrangement.

Directors and Officers of Patch

The following table sets out the names of the current and proposed directors and officers of Patch, the municipalities of residence of each, all offices currently held by each of them, their principal occupations within the five preceding years, the period of time for which each has been a director or executive officer of Patch, and the number and percentage of Patch Shares to be beneficially owned by each, directly or indirectly, or over which control or direction will be exercised, upon completion of the Arrangement.

Name, City and Province of Residence	Principal Occupation or Employment During the Past 5 Years	Current Position(s) with Patch	Director/ Officer Since	Number/ Percentage of Patch Shares Beneficially Owned or over which Control or Direction is Exercised *
Souhail Abi Farrage Surrey, BC	Business Consultant, President of Bahega Consulting	Director	August 21, 2014	Nil
Aaron Triplett Surrey, BC	Independent Chartered Accountant, Principal owner of A.R.T. Tax.	Director	August 21, 2014	Nil

*Prior to the Arrangement, Patch is a wholly owned subsidiary of True Zone.

Management of Patch

The following is a description of the individuals who will be directors and officers of Patch following the completion of the Arrangement:

Souhail Abi Farrage, President, CEO, Secretary and a director, will be responsible for ongoing development and management of activities and acquisitions of Patch. He will devote 10% of his time to the affairs of Patch. Mr. Farrage was the president (February 2003 to March 2008) and a director (October 1995 to March 2008) of Consolidated Gold Win Ventures Inc. (formerly Encore Renaissance and now West Kam Gold Inc.) , a TSX Venture company in the business of base and precious metal exploration. Mr. Farrage is also a director (January 2004 to present) and President of Cameo Resources Inc. (formerly Sidon International Resources Corporation), a metals and minerals exploration company and was a director (2008-2012) and President of Kokanee Minerals Inc. (2008-2011) which raised \$7.5 million for projects in Tanzania (name changed to Declan Resources Inc.). Mr. Farrage will be providing corporate and financial management strategic planning and administrative services to Patch as an independent contractor under his consulting business, Bahega.

Mr. Aaron Triplett, Director and proposed CFO, is a Chartered Accountant and has been the Chief Financial Officer at Angkor Gold Corp. since March 2014. Mr. Triplett is the Owner of A.R.T. Tax, a public accounting firm and serves as its Principal. Previously, he served as a Manager with the Assurance and Tax department of Buckley Dodds Parker LLP, Chartered Accountants. Prior to that, he served as a Senior Staff Accountant with BDO Dunwoody LLP at its office in Vancouver, British Columbia.

There are no non-competition and non-disclosure agreements between Patch and the proposed directors and officers.

Corporate Cease Trade Orders

Other than as disclosed below, no director, officer, promoter or other member of management of Patch is, or within the ten years prior to the date of this Circular has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that issuer, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days.

Mr. Abi Farrage was a director of Declan Resources Inc. (“Declan”) when he became the subject of a management cease trade order issued by the British Columbia Securities Commission on February 1, 2011 for Declan’s failure to file annual financial statements and management discussion and analysis for the year ended September 30, 2010. The management cease trade order was revoked on April 19, 2011. Mr. Farrage was a director of Cameo Resources Corp. (then Sidon International Resources Corporation) (“Cameo”) when he became the subject of a management cease trade order issued by the British Columbia Securities Commission dated August 30, 2011 for Cameo’s failure to file a comparative financial statement for the financial year ended April 30, 2011 and a management’s discussion and analysis for the period ended April 30, 2011. In addition, Cameo became the subject of a cease trade order issued by the British Columbia Securities Commission for failure to file a comparative financial statement for the financial year ended April 30, 2011, interim financial statements for the financial period ended July 31, 2011 and a management’s discussion and analysis for the periods ended April 30, 2011 and July 31, 2011. On February 1, 2012, Cameo also became the subject of a cease trade order issued by the Alberta Securities Commission for failure to file annual audited financial statements, annual management’s discussion and analysis and certification of annual filings for the year ended April 30, 2011 and interim unaudited financial statements, interim management’s discussion and analysis and certification of interim filings for the interim periods ended July 31, 2011 and October 31, 2011. The cease trade orders were revoked by the BCSC on May 22, 2013.

Penalties or Sanctions

No director, officer, promoter or other member of management of Patch has, during the ten years prior to the date of this Circular, been subject to any other penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of a publicly traded company, or involving fraud or theft.

Personal Bankruptcies

No director, officer, promoter or other member of management of Patch has, during the ten years prior to the date of this Circular, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

Conflicts of Interest

The directors of Patch are required by law to act honestly and in good faith with a view to the best interest of Patch and to disclose any interests which they may have in any project or opportunity of Patch. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not Patch will participate in any project or opportunity, that director will primarily consider the degree of risk to which Patch may be exposed and its financial position at that time.

Except as disclosed in this Circular, to the best of the Company's knowledge, there are no known existing or potential conflicts of interest among Patch and its promoters, directors, officers or other members of management as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

Executive Compensation of Patch

The proposed executive officers of Patch (the "**Executive Officers**") will be:

Souhail Abi Farrage	–	Chief Executive Officer
Aaron Triplett	–	Chief Financial Officer

Patch does not have an employment contract with any of its Executive Officers pursuant to which the Executive Officers will be compensated for their services as executive officers of Patch.

From the date of incorporation until the date of this Circular none of the executive officers or directors of Patch received compensation from Patch.

Indebtedness of Directors and Executive Officers of Patch

No individual who is, or at any time from the date of Patch's incorporation to the date hereof was a director or executive officer of Patch, or an associate or affiliate of such an individual, is or has been indebted to Patch.

Patch's Auditor

Kanester Johal, Chartered Accountants, of 208 - 3993 Henning Drive, Burnaby, BC V5C 6P7 are the proposed auditors of Patch.

Patch's Material Contracts

The following are the contracts which are material to Patch: (i) The Assignment Agreement, (ii) The Sub-option Agreement, (iii) The Arrangement Agreement and (iv) The Amalgamation Agreement between Patch and Patchouli.

The material contracts described above may be inspected at the registered office of Patch at Suite 1780, 400 Burrard Street, Vancouver, BC, during normal business hours prior to the Meeting and for a period of thirty days thereafter.

Promoters

The Company is the promoter of Patch.

INFORMATION CONCERNING PATCHOULI CAPITAL (Proposed to amalgamate with Patch)

Name, Address and Incorporation

Patchouli Capital was incorporated as “Patchouli Capital Inc.” pursuant to the Act on August 22, 2014, for the purposes of the Arrangement and the Amalgamation with Patch. Patchouli Capital is currently a private company. Patchouli Capital’s registered and records offices are located at Suite 1780, 400 Burrard Street, Vancouver, BC, V6C 3A6.

Inter-corporate Relationships

Patchouli Capital does not have any subsidiaries.

Significant Acquisition and Dispositions

Patchouli Capital has not completed a fiscal year. There are no significant acquisitions or dispositions, completed or probable, for which financial statements would be required under applicable securities legislation, save pursuant to the amalgamation with Patch described herein. The amalgamation, if successfully completed, will result in Patchouli Capital assets and liabilities merging with the assets and liabilities of Patch. The future operating results and financial position of Patchouli Capital cannot be predicted.

Trends

Patchouli Capital plans to amalgamate with Patch and become Amalco1, which plans to carry on a mineral exploration business. It may pursue other business opportunities. Accordingly, Amalco1’s financial success may be dependent upon the extent to which it can explore and develop mineral properties or other types of business.

The success of Patchouli Capital is largely dependent upon factors beyond Patchouli Capital’s control. See “Risk Factors”.

Other than as disclosed in this Circular, Patchouli Capital is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon its revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

General Development of Patchouli Capital’s Business

Patchouli Capital was incorporated on August 22, 2014 and has not yet commenced commercial operations. It raised capital by issuing shares. After the amalgamation with Patch it will become a mineral exploration company and may pursue other business opportunities as Amalco1. Completion of the amalgamation with Patch is subject to the approval of the Arrangement by the True Zone Shareholders and the Court and of the amalgamation by the True Zone shareholders and Patchouli Capital shareholders.

Patchouli Capital’s Business History

Patchouli Capital was incorporated on August 22, 2014 and does not yet have a business history.

Selected Unaudited Pro-Forma Financial Information of Patchouli Capital

Patchouli Capital was incorporated on August 22, 2014. Patchouli Capital has not yet conducted any commercial operations. The following is a summary of certain financial information on a basis for Patchouli Capital as at August 31, 2014, assuming completion of the Arrangement and amalgamation with Patch as of such date be read in conjunction with the unaudited combined financial statements of True Zone appended to this Circular as Schedule 8. This balance sheet was prepared as if the Arrangement and the amalgamation had occurred on August 31, 2014, taking into account the assumptions stated therein. The balance sheet is not necessarily reflective of the financial position that would have resulted if the events described therein had occurred on August 31, 2014. In addition, the balance sheet is not necessarily indicative of the financial position that may be attained in the future.

	Financial Information as at August 31, 2014
	(unaudited)
Cash	\$26,459
Advances	\$10,500
Total assets	\$36,959
Capital stock	\$37,000
Deficit	(\$41)
Total liabilities and shareholders' equity	\$36,959
Number of issued Patchouli Shares	2,600,002

The pro forma change to Patchouli Capital shares consists of issuance of nil shares.

For a pro forma description of the amalgamated companies as approved under the Plan of Arrangement, See "Information of Amalco1 After Giving Effect to the Arrangement and Amalgamation between Patch and Patchouli Capital".

Dividends

Patchouli Capital does not anticipate paying any dividends on its common shares in the short or medium term. Any decision to pay dividends on the Patchouli Capital Shares in the future will be made by the board of directors of Patchouli Capital on the basis of the earnings, financial requirements and other conditions existing at such time.

Business of Patchouli Capital

Patchouli Capital is not carrying on any business at the present time. On completion of the Arrangement and the Amalgamation with Patch, Patchouli Capital will continue on as Amalco1 and commence its business as a mineral exploration company and will be evaluating other business opportunities.

Liquidity and Capital Resources

Since incorporation, Patchouli Capital's capital resources have been limited. Patchouli Capital relied upon the issue of equity securities to acquire interest in mineral properties acquisition payments and to pay operating expenses.

On August 22, 2014, Patchouli Capital issued 2 common shares at \$0.005. On August 28, 2014, Patchouli Capital issued 1,000,000 common shares at a price of \$0.005 per share for total proceeds of \$5,000. On September 29, 2014, Patchouli Capital issued 1,600,000 common shares at \$0.02 per share for total proceeds of \$32,000 out of which \$24,000 was received subsequent to the year end. Patchouli Capital had working capital of \$26,459 as at August 31, 2014. On September 4, 5 and 10, 2014 Patchouli Capital advanced to AFGF \$5000, \$500, and \$5000 respectively

Patchouli Capital is a start-up company and therefore has no regular source of income. As a result, Patchouli Capital ability to conduct operations, is based on its current cash and its ability to raise funds, primarily from equity sources, and there can be no assurance that Patchouli Capital will be able to do so. Patchouli Capital does not have any commitments for material capital expenditure over the near and long term other than as disclosed above plus normal operating expenses. Patchouli Capital's ongoing operating expenses are estimated to cost in the area of \$30,000 (\$2500 per month) per year.

Patchouli Capital does not have any commitments for material capital expenditure over the near and long term other than as disclosed above plus normal operating expenses.

See "Selected Unaudited Financial Information" for information concerning the financial assets of Patchouli Capital resulting from the amalgamation with Patch.

Results of Operations

Patchouli Capital has not carried out any commercial operations to date.

Share Capital of Patchouli Capital

The following table represents the share capitalization of Patchouli Capital as at August 31, 2014, both prior to and assuming completion of the amalgamation with Patch.

Share Capital	Authorized	Prior to the Completion of Amalgamation
Common Shares	Unlimited	2,600,002
Preferred Shares	Unlimited	Nil

Patchouli Capital is authorized to issue an unlimited number of preferred shares without par value shares and unlimited number of common shares without par value. As a result of the Arrangement and the amalgamation with Patch approximately 457,753 shares of Amalco1 will be issued to the shareholders of True Zone and 2,600,002 shares will be issued to the shareholders of Patchouli Capital. No preferred shares will be issued and outstanding following completion of the Arrangement and the amalgamation with Patch.

Prior Sales of Securities of Patchouli Capital

The following table describes the issuance of share by Patchouli Capital from the date of incorporation until the date of this information circular.

Designation of Patchouli Capital Shares	Issue Date	Price per Share	Number of Shares
Common Shares	August 22, 2014	0.005	2
Common Shares	August 28, 2014	0.005	1,000,000
Common Shares	September 29, 2014	0.02	1,600,000
		Total	2,600,002

Patchouli Capital has not issued any share purchase warrants of stock options.

Principal Shareholders of Patchouli Capital

To the knowledge of the directors and executive officers of the Company, the following persons hold, directly or indirectly, or have control or direction over, a combination of direct or indirect beneficial ownership of and control or direction over, voting securities that constitute more than 10% of the issued Patchouli Capital shares.

Name	Approximate Number of Patchouli Capital shares	Approximate Percentage of Patchouli Capital shares
Sam Attara	1,000,000	38.4%
Amani Farrage	400,000	15.4%
Lincoln Fuqua	400,000	15.4%
Global Investment Network Corp	400,000	15.4%
Leonard Senft	400,000	15.4%

Directors and Officers of Patchouli Capital

The following table sets out the names of the current and proposed directors and officers of Patchouli Capital, the municipalities of residence of each, all offices currently held by each of them, their principal occupations within the five preceding years, the period of time for which each has been a director or executive officer of Patchouli Capital, and the number and percentage of Patchouli Capital Shares beneficially owned by each, directly or indirectly, or over which control or direction is exercised.

Name, City and Province of Residence	Principal Occupation or Employment During the Past 5 Years	Current Position(s) with Patchouli Capital	Director/ Officer Since	Number/ Percentage of Patchouli Capital Shares Beneficially Owned or over which Control or Direction is Exercised *
Monita Faris	Pacific Blue Holdings Ltd. Principal; Corporate and Compliance Service Consultant	Director	August 22, 2014	2/0%

Management of Patchouli Capital

The following is a description of the individual(s) who are directors and officers of Patchouli Capital.

Monita Faris, director, serves as corporate secretary of several public companies. She was educated at the University of Central Florida and obtained her BA in English. Based in Vancouver she has worked as a consultant for the past 12 years providing corporate and securities compliance services to private and public companies. Ms Faris actively attends securities programs and courses offered by the B.C. Securities Commission the Continuing Legal Education Society of B.C. and the Toronto Stock Exchange. She is currently responsible for the corporate and regulatory compliance aspects of several OTCBB TSX TSX.V and Canadian Securities Exchange companies. There are no non-competition and non-disclosure agreements between Patchouli Capital and the directors and officers.

Corporate Cease Trade Orders

Other than as disclosed below, no director, officer, promoter or other member of management of Patchouli Capital is, or within the ten years prior to the date of this Circular has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that issuer, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days.

Penalties or Sanctions

No director, officer, promoter or other member of management of Patchouli Capital has, during the ten years prior to the date of this Circular, been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of a publicly traded company, or involving fraud or theft.

Personal Bankruptcies

No director, officer, promoter or other member of management of Patchouli Capital has, during the ten years prior to the date of this Circular, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

Conflicts of Interest

The directors of Patchouli Capital are required by law to act honestly and in good faith with a view to the best interest of Patchouli Capital and to disclose any interests which they may have in any project or opportunity of Patchouli Capital. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not Patchouli Capital will participate in any project or opportunity, that director will primarily consider the degree of risk to which Patchouli Capital may be exposed and its financial position at that time.

Except as disclosed in this Circular, to the best of the Company's knowledge, there are no known existing or potential conflicts of interest among Patchouli Capital and its promoters, directors, officers or other members of management as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

Executive Compensation of Patchouli Capital

Monita Faris is the sole director of Patchouli Capital, which has not appointed any executive officers and has not paid any compensation from the date of incorporation until the date of this Circular.

Patchouli Capital does not have an employment contract with any of its Executive Officers pursuant to which the Executive Officers will be compensated for their services as executive officers of Patchouli Capital.

Indebtedness of Directors and Executive Officers of Patchouli Capital

No individual who is, or at any time from the date of Patchouli Capital's incorporation to the date hereof was a director or executive officer of Patchouli Capital, or an associate or affiliate of such an individual, is or has been indebted to Patchouli Capital.

Patchouli Capital's Auditor

Kanester Johal, Chartered Accountants, from Burnaby, BC are the proposed auditors of Patchouli Capital.

Patchouli Capital's Material Contracts

The following are the contracts which are material to Patchouli Capital: The Amalgamation Agreement between Patch and Patchouli Capital.

The material contracts described above may be inspected at the registered office of Patchouli Capital at Suite 1780, 400 Burrard Street, Vancouver, BC, during normal business hours prior to the Meeting and for a period of thirty days thereafter.

Promoters

Patchouli Capital has no promoters.

PRO – FORMA INFORMATION OF AMALCO1 AFTER GIVING EFFECT TO THE ARRANGEMENT AND AMALGAMATION BETWEEN PATCH AND PATCHOULI CAPITAL

The following is a description of Amalco1 assuming completion of the Arrangement and amalgamation between Patch and Patchouli Capital.

Amalco1 Selected Financial Information

The following tables set out certain combined financial information for Amalco1 after giving effect to the Amalgamation.

The information provided below is qualified in its entirety by the audited financial statements of Patch attached in Schedule 9. Reference should be made to those audited financial statements and the audited financial statements of Patchouli Capital, which are attached in Schedules 9 and 10, respectively.

	Financial Information as at August 31, 2014
	Financial Information as at August 31, 2014
Cash.....	(unaudited) \$26,459
Exploration and evaluation assets.....	\$10,500
Total assets	\$36,959
Share capital.....	\$37,001
Deficit.....	\$ (41)
Total liabilities and shareholders' equity	\$36,959

Number of issued Amalco1 Shares.....

3,057,755

Please refer to Schedule 8 for the following:

- Unaudited combined financial statements of True Zone.

Description of Amalco1 Securities

After giving effect to the Amalgamation between Patch and Patchouli Capital, Amalco1 will have authorized share capital of an unlimited number of common shares and preferred shares. Amalco1 will have approximately 3,057,753 common shares issued and outstanding. Former Patch Shareholders will hold approximately 457,753 Amalco1 shares and former Patchouli Capital Shareholders will hold approximately 2,600,002 Amalco1 shares following completion of the amalgamation.

Combined Capitalization

Share Capital

The following table sets out the share capital of Amalco1 after giving effect to the Amalgamation:

Designation of Security	Authorized	Outstanding After Giving Effect to the Amalgamation (Unaudited)
Common Shares	Unlimited	3,057,755 Amalco1 shares (457,753 held by former Patch Shareholders and 2,600,002 held by former Patchouli Capital Shareholders)
Preferred Shares	Unlimited	Nil

Working Capital

The working capital of Amalco1, after giving effect to the amalgamation, is \$26,459.

Fully Diluted Share Capital

The following tables set out the number and percentage of securities of Amalco1 proposed to be outstanding on a fully diluted basis after giving effect to the Arrangement and the Amalgamation and any other matters:

Number of Patch Shares outstanding	Number of Patch Warrants and Options outstanding	Number of Amalco1 shares issued in Exchange for Patch Shares under Amalgamation	Percentage of Amalco1 Shares
457,753	Nil warrants Nil options	457,753	15%

Number of Patchouli Capital Shares outstanding	Number of Patchouli Capital Warrants and Options outstanding	Number of Amalco1 shares issued in Exchange for Patchouli Capital Shares	Percentage of Amalco1 Shares
2,600,002	Nil warrants Nil options	2,600,002	85%

Dividends

The amalgamating companies have not declared or paid any dividends on their shares. Amalco1 has no present intention to declare any dividends on the Amalco1 shares. Any decision to pay dividends on Amalco1 shares will be made by the board of directors of Amalco1 on the basis of its earnings, financial requirements and other conditions existing at such time.

Principal Security Holders

To the knowledge of the directors and senior officers of Patch and Patchouli Capital, as at the date hereof, no person or company other than as disclosed in the following table will own, of record or beneficially, either directly or indirectly, or will exercise control or direction over, voting securities of Amalco1 carrying more than 10% of the voting rights attached to any class of voting securities of Amalco1 after giving effect to the Amalgamation.

Name	Number of Amalco1 shares after Amalgamation	Percentage of Amalco1 shares after Amalgamation
Leonard Senft	441,500	14.4%
Global Investment Network Corp	415,000	13.5%
Sam Attara	1,000,000	32.7%
Amani Farrage	409,000	13.4%
Lincoln Fuqua	400,000	13.1%

Directors, Officers, Promoters and Key Personnel of Amalco1

Amalco1 will have the same directors and officers as Patch. The disclosure with respect to the directors and officers of Patch, cease trade orders, penalties and sanctions, personal bankruptcies and conflicts of interest applies to the disclosure regarding the directors and officers of Amalco1. Their number of shares in Amalco1 will be the same as their number of shares in Patch before the amalgamation.

Additional directors and or officers may be identified and appointed after the amalgamation.

Other Reporting Issuer Experience

The following table sets out information for each director or officer of Amalco1 who is or, within the five years prior to the date of the Circular, has been a director or officer of any other reporting issuer.

Name of Director or Officer	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position - From and To
Souhail Abi Farrage	Cameo Resources Corp., British Columbia	Frankfurt, TSXV	Director from January 2004 until present. President from January 29, 2013 to present. CFO from September 2008 until January 2013.
	Declan Resources Inc., British Columbia	TSXV	Director from August 2005 to April 2012. President from August 2005 to November 2011
	WestKam Gold Corp., British Columbia	TSXV	Director from October 1995 to March 2008. President from February 2003 to March 2008
Aaron Triplett	Angkor Gold Corp.	TSXV	CFO from April 2014 to present

Executive Compensation

Management Agreement

Compensation will continue to be paid to certain proposed officers of Amalco1 through employment in connection with the day-to-day management of the business and operations of Amalco1. The compensation to directors for their services as directors of Amalco1 will be determined at a later date.

Indebtedness of Directors and Officers

No director or executive officer of Patch or Patchouli Capital, or associate or affiliate of any such director or senior officer, is or has been indebted to Patch or Patchouli Capital since the date of incorporation. No director or executive officer of Patch or Patchouli Capital, or associate or affiliate of any such director or senior officer, is or has been indebted to Patch or Patchouli Capital since the beginning of the last completed financial year of Patch and Patchouli Capital. None of the directors and officers of Amalco1 are indebted to Patch, Patchouli Capital or Amalco1.

Risk Factors

An investment in the Amalco1 shares would be subject to certain risks. Please refer to the section on “Risk Factors” in the Circular.

Escrowed Securities

Should Amalco1 decide to list its shares on the Exchange, as part of its listing application to the Exchange, Amalco1 will enter into an escrow agreement with its registrar and transfer agent and certain shareholders of Amalco1, including all of the directors, officers and consultants of Amalco1, whereby all securities of Amalco1, beneficially owned or controlled, directly or indirectly, or over which control or direction is exercised by the proposed directors, officers and consultants of Amalco1, and the respective affiliates or associates of any of them, will be placed in and made subject to an escrow agreement for a hold period of 36 months or a shorter period if permitted by the Exchange from the effective date of the Amalgamation.

Pursuant to the escrow agreement, 10% of the escrowed shares will be released from escrow on the date the Amalco1 shares are listed on the CSE, and 15% every six months thereafter, subject to acceleration provisions provided for in National Policy 46-201 – Escrow for Initial Public Offerings, and subject to the approval of the Exchange.

At this time is not known whether Amalco1 will apply for listing on any stock exchange and there can be no guarantee that the shares of Amalco1 will ever be listed on any stock exchange.

Auditor, Transfer Agent and Registrar

Kanester Johal, Chartered Accountants, from Burnaby, BC are the proposed auditors of Amalco1. Equity Financial Trust Company at its principal office in Vancouver, British Columbia, will be the transfer agent and registrar for the Amalco1 shares.

Material Facts

To the knowledge of Patch and Patchouli Capital, there are no other material facts about Patch, Patchouli Capital, Amalco1 or the amalgamation that have not been disclosed in this Circular as a whole.

Board Approval

The contents and the sending of this Circular have been approved by the Board of Directors of True Zone, Patch and Patch Capital, respectively.

INFORMATION CONCERNING FROND (Proposed to amalgamate with Frond Capital)

Note to Reader

The disclosure in this section has been prepared prior to giving effect to the Arrangement. Unless otherwise defined herein, all capitalized words and phrases used herein have the meanings ascribed to such words and phrases under the headings “Glossary of Terms” in the Circular.

Name, Address and Incorporation

FronD was incorporated as “FronD Resources Ltd.” pursuant to the Act on August 21, 2014, for the purposes of the Arrangement and the Amalgamation with FronD Capital. FronD is currently a private company and a wholly-owned subsidiary of True Zone. FronD’s registered and records offices are located at Suite 1780, 400 Burrard Street, Vancouver, BC, V6C 3A6.

Inter-corporate Relationships

FronD does not have any subsidiaries.

Significant Acquisition and Dispositions

FronD has not completed a fiscal year. There are no significant acquisitions or dispositions, completed or probable, for which financial statements would be required under applicable securities legislation, save pursuant to this Arrangement and amalgamation with FronD Capital described herein. Details of the Arrangement and Amalgamations are provided under “The Arrangement and Amalgamations”. The Arrangement and Amalgamations, if successfully completed, will result in Patch acquiring an option with respect to a portion of the Tanzanian Property known as Kwedilima West Property, which True Zone does not consider material, and amalgamating with FronD Capital. The future operating results and financial position of FronD cannot be predicted.

Trends

FronD plans to amalgamate with FronD Capital and become Amalco2, which plans to carry on a mineral exploration business. It may pursue other business opportunities. Accordingly, Amalco2’s financial success may be dependent upon the extent to which it can explore and develop mineral properties or other types of business.

The success of FronD is largely dependent upon factors beyond FronD’s control. See “Risk Factors”.

Other than as disclosed in this Circular, FronD is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon its revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

General Development of FronD’s Business

FronD was incorporated on August 21, 2014 and has not yet commenced commercial operations. FronD will be granted an option agreement with respect to the Kwedilima West Property as part of the Arrangement, will amalgamate with FronD Capital and may pursue other business opportunities as Amalco2. Completion of the Arrangement and the amalgamation are subject to the approval of the Arrangement by the True Zone Shareholders and the Court.

FronD’s Business History

FronD was incorporated on August 21, 2014 and does not yet have a business history.

The Board of True Zone has determined that it would be in the best interests of the Company to continue to focus its business efforts on the exploration of its core mineral properties and potential acquisitions of interests in other properties, and transfer its interest in a portion of the Tanzania Property known as the Kwedilima East Property to newly-formed subsidiary company, being FronD, which will subsequently amalgamate with FronD Capital to become Amalco2, in exchange for FronD Shares that would be distributed to the True Zone Shareholders.

Selected Unaudited Pro-Forma Financial Information of FronD

FronD was incorporated on August 21, 2014. FronD has not yet conducted any commercial operations. The following is a summary of certain financial information on a basis for FronD as at August 31, 2014, assuming completion of the Arrangement as of such date, and should be read in conjunction with the unaudited combined financial statements of True Zone appended to this Circular as Schedule 8. This balance sheet was prepared as if the Arrangement had occurred on August 31, 2014, taking into account the assumptions stated therein. The balance sheet is not necessarily reflective of the financial position that would have resulted if the events described therein had occurred on August 31, 2014. In addition, the balance sheet is not necessarily indicative of the financial position that may be attained in the future.

	Financial Information as at August 31, 2014
	(unaudited)
Cash	\$ 1
Exploration and evaluation assets	0
Total assets	\$ 1
Share capital	1
Deficit	0
Total liabilities and shareholders' equity	\$ 1
Number of issued Frond Shares	1

The pro forma change to Frond shares consists of issuance of 457,753 shares based on the conversion factor calculation for the option agreement regarding a portion of the Tanzania Property known as Kwedilima West Property.

Dividends

FronD does not anticipate paying any dividends on its common shares in the short or medium term. Any decision to pay dividends on the Frond Shares in the future will be made by the board of directors of Frond on the basis of the earnings, financial requirements and other conditions existing at such time.

Business of Frond

FronD is not carrying on any business at the present time. On completion of the Arrangement and the Amalgamation with Frond Capital, Frond will continue on as Amalco2 and commence its business as a mineral exploration company and will be evaluating other business opportunities.

Liquidity and Capital Resources

Since incorporation Frond's capital resources have been limited. Frond will rely upon the issue of equity securities to acquire interest in mineral properties acquisition payments and to pay operating expenses.

Once Frond is operational, it will require further working capital in order to continue the exploration activities and pay operating expenses and may seek to raise additional funds through one or more private placements.

Pursuant to the Arrangement, True Zone will grant to Frond an option on a portion of the Tanzania Property known as the Kwedilima West Property in exchange for the same number of Frond Shares as the issued and outstanding number of True Zone Shares multiplied by the Conversion Factor, which shares will be distributed to the True Zone Shareholders who hold True Zone Shares on the Share Distribution Record Date.

FronD is a start-up company and therefore has no regular source of income. As a result, Frond's ability to conduct operations is based on its current cash and its ability to raise funds, primarily from equity sources, and there can be no assurance that Frond will be able to do so. Frond does not have any other commitments for material capital expenditures over the near and long term other than as disclosed herein plus normal operating expenses. Pursuant to the Sub-option Agreement Frond is required to incur exploration expenditures totaling not less than \$150,000 on or before September 26, 2016. As at August 31, 2014 \$Nil in exploration expenditures have been incurred. Frond's ongoing operating expenses are estimated to cost in the area of \$60,000 (\$5,000 per month) per year.

See "Selected Unaudited Financial Information" for information concerning the financial assets of Frond resulting from the Arrangement.

Off Balance Sheet Arrangements

There are no off balance sheet arrangements to which Frond is committed.

Transactions with related parties

There are no transactions with related parties as at August 31, 2014.

Results of Operations

FronD has not carried out any commercial operations to date.

Available Funds

The estimated unaudited working capital of FronD at August 31, 2014 was and as of the date of this circular is \$1.00. FronD will need to raise funds in order to finance its activities.

Share Capital of FronD

The following table represents the share capitalization of FronD as at August 31, 2014, both prior to and assuming completion of the Arrangement and the Amalgamations.

Share Capital	Authorized	Prior to the Completion of The Arrangement	After Completion of the Arrangement	After Completion of the Amalgamation
Common Shares	Unlimited	1 ⁽¹⁾	457,753 ⁽²⁾	3,057,755
Preferred Shares	Unlimited	Nil	Nil	Nil

Notes:

⁽¹⁾ One FronD Share was issued to True Zone upon incorporation. After the completion of the Arrangement that one share will be cancelled.

⁽²⁾ As at the Effective Date, subject to multiplication by the Conversion Factor.

FronD is authorized to issue an unlimited number of preferred shares without par value and an unlimited number of common shares without par value. As a result of the Arrangement approximately 457,753 shares of FronD will be issued to the shareholders of True Zone. After the Amalgamation there will be 3,057,753 common shares issued (FronD continuing on as Amalco2) and no preferred shares will be issued and outstanding following completion of the Arrangement and the Amalgamation. There are no special rights or restrictions attached to FronD common shares.

Fully Diluted Share Capital of FronD

The fully diluted share capital of FronD, assuming completion of the Arrangement is set out below:

Designation of FronD Shares	Number of FronD Shares	Percentage of Total
Subscriber's share issued on incorporation ⁽¹⁾	1 ⁽³⁾	0.00
FronD Shares issued as consideration for Assets, which shares will be distributed to the True Zone Shareholders	457,753	100.00
Total	457,753	100.00

Notes:

⁽¹⁾ One common share of FronD was issued on incorporation and will be redeemed and cancelled concurrent with the completion of the Arrangement.

⁽²⁾ Subject to multiplication by the Conversion Factor. This share will be cancelled after the Plan of Arrangement

⁽³⁾ This share will be cancelled after the Plan of Arrangement.

The total number of shares after the completion of the amalgamation with FronD Capital will be 3,057,755.

Prior Sales of Securities of FronD

FronD issued one common share to True Zone at a price of \$0.02 pursuant to incorporation on August 21, 2014.

Principal Shareholders of FronD

To the knowledge of the directors and executive officers of the Company, the following no person will hold, directly or indirectly, or will have control or direction over, a combination of direct or indirect beneficial ownership of and control or direction over, voting securities that will constitute more than 10% of the issued FronD Shares after the Arrangement.

Directors and Officers of Frond

The following table sets out the names of the current and proposed directors and officers of Frond, the municipalities of residence of each, all offices currently held by each of them, their principal occupations within the five preceding years, the period of time for which each has been a director or executive officer of Frond, and the number and percentage of Frond Shares to be beneficially owned by each, directly or indirectly, or over which control or direction will be exercised, upon completion of the Arrangement.

Name, City and Province of Residence	Principal Occupation or Employment During the Past 5 Years	Current Position(s) with Frond	Director/ Officer Since	Number/ Percentage of Frond Shares Beneficially Owned or over which Control or Direction is Exercised *
Souhail Abi Farrage Surrey, BC	Business Consultant, President of Bahega Consulting	Director	August 21, 2014	Nil
James Henning Victoria, BC	Independent Chartered Accountant	Director	August 21, 2014	Nil

*Prior to the Arrangement Frond is a wholly owned subsidiary of True Zone.

Management of Frond

The following is a description of the individuals who will be directors and officers of Frond following the completion of the Arrangement:

Souhail Abi Farrage, President, CEO, Secretary and a director, will be responsible for ongoing development and management of activities and acquisitions of Frond. He will devote 10% of his time to the affairs of Frond. Mr. Farrage was the president (February 2003 to March 2008) and a director (October 1995 to March 2008) of Consolidated Gold Win Ventures Inc. (formerly Encore Renaissance and now West Kam Gold Inc.) , a TSX Venture company in the business of base and precious metal exploration. Mr. Farrage is also a director (January 2004 to present) and President of Cameo Resources Inc. (formerly Sidon International Resources Corporation), a metals and minerals exploration company and was a director (2008-2012) and President of Kokanee Minerals Inc. (2008-2011) which raised \$7.5 million for projects in Tanzania (name changed to Declan Resources Inc.). Mr. Farrage will be providing corporate and financial management strategic planning and administrative services to Frond as an independent contractor under his consulting business, Bahega.

Mr. James Henning, Director and proposed CFO, is chartered accountant, chartered business valuator and a CFA charter holder. Mr. Henning founded CorpFinance in 1984. Previously, Mr. Henning was a Tax and Business Valuation Manager at Touche Ross & Co. Mr. Henning has solid expertise and practical experience in valuating businesses in a broad range of industries. He has assisted companies in financing, public offerings, and restructuring. Areas of expertise include manufacturing, telecommunications, software, biomedical, oil and service industries.

There are no non-competition and non-disclosure agreements between Frond and the directors and officers.

Corporate Cease Trade Orders

Other than as disclosed below, no director, officer, promoter or other member of management of Frond is, or within the ten years prior to the date of this Circular has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that issuer, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days.

Mr. Abi Farrage was a director of Declan Resources Inc. (“Declan”) when he became the subject of a management cease trade order issued by the British Columbia Securities Commission on February 1, 2011 for Declan’s failure to file annual financial statements and management discussion and analysis for the year ended September 30, 2010. The management cease trade order was revoked on April 19, 2011. Mr. Farrage was a director of Cameo Resources Corp. (then Sidon International Resources Corporation) (“Cameo”) when he became the subject of a management cease trade order issued by the British Columbia Securities Commission dated August 30, 2011

for Cameo's failure to file a comparative financial statement for the financial year ended April 30, 2011 and a management's discussion and analysis for the period ended April 30, 2011. In addition, Cameo became the subject of a cease trade order issued by the British Columbia Securities Commission for failure to file a comparative financial statement for the financial year ended April 30, 2011, interim financial statements for the financial period ended July 31, 2011 and a management's discussion and analysis for the periods ended April 30, 2011 and July 31, 2011. On February 1, 2012, Cameo also became the subject of a cease trade order issued by the Alberta Securities Commission for failure to file annual audited financial statements, annual management's discussion and analysis and certification of annual filings for the year ended April 30, 2011 and interim unaudited financial statements, interim management's discussion and analysis and certification of interim filings for the interim periods ended July 31, 2011 and October 31, 2011. The cease trade orders were revoked by the BCSC on May 22, 2013.

Penalties or Sanctions

No director, officer, promoter or other member of management of Frond has, during the ten years prior to the date of this Circular, been subject to any other penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of a publicly traded company, or involving fraud or theft.

Personal Bankruptcies

No director, officer, promoter or other member of management of Frond has, during the ten years prior to the date of this Circular, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

Conflicts of Interest

The directors of Frond are required by law to act honestly and in good faith with a view to the best interest of Frond and to disclose any interests which they may have in any project or opportunity of Frond. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not Frond will participate in any project or opportunity, that director will primarily consider the degree of risk to which Frond may be exposed and its financial position at that time.

Except as disclosed in this Circular, to the best of the Company's knowledge, there are no known existing or potential conflicts of interest among Frond and its promoters, directors, officers or other members of management as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

Executive Compensation of Frond

The proposed executive officers of Frond (the "**Executive Officers**") will be:

Souhail Abi Farrage	–	Chief Executive Officer
James Henning	–	Chief Financial Officer

Frond does not have an employment contract with any of its Executive Officers pursuant to which the Executive Officers will be compensated for their services as executive officers of Frond.

From the date of incorporation until the date of this Circular none of the executive officers or directors of Frond received compensation from Frond.

Indebtedness of Directors and Executive Officers of Frond

No individual who is, or at any time from the date of Frond's incorporation to the date hereof was a director or executive officer of Frond, or an associate or affiliate of such an individual, is or has been indebted to Frond.

Frond's Auditor

Kanester Johal, Chartered Accountants, of 208 - 3993 Henning Drive, Burnaby, BC V5C 6P7 are the proposed auditors of Frond.

FronD's Material Contracts

The following are the contracts which are material to FronD:

(i) The Assignment Agreement, (ii) The Sub-option Agreement, (iii) The Arrangement Agreement and (iv) The Amalgamation Agreement between FronD and FronD Capital.

The material contracts described above may be inspected at the registered office of FronD at Suite 1780, 400 Burrard Street, Vancouver, BC, during normal business hours prior to the Meeting and for a period of thirty days thereafter.

Promoters

The Company is the promoter of FronD.

INFORMATION CONCERNING FROND CAPITAL (Proposed to amalgamate with FronD)

Name, Address and Incorporation

FronD Capital was incorporated as "FronD Capital Inc." pursuant to the Act on August 22, 2014, for the purposes of the Arrangement and the Amalgamation with FronD. FronD Capital is currently a private company. FronD Capital's registered and records offices are located at Suite 1780, 400 Burrard Street, Vancouver, BC, V6C 3A6.

Inter-corporate Relationships

FronD Capital does not have any subsidiaries.

Significant Acquisition and Dispositions

FronD Capital has not completed a fiscal year. There are no significant acquisitions or dispositions, completed or probable, for which financial statements would be required under applicable securities legislation, save pursuant to the amalgamation with FronD described herein. The amalgamation, if successfully completed, will result in FronD Capital assets and liabilities merging with the assets and liabilities of FronD. The future operating results and financial position of FronD Capital cannot be predicted.

Trends

FronD Capital plans to amalgamate with FronD and become Amalco1, which plans to carry on a mineral exploration business. It may pursue other business opportunities. Accordingly, Amalco1's financial success may be dependent upon the extent to which it can explore and develop mineral properties or other types of business.

The success of FronD Capital is largely dependent upon factors beyond FronD Capital's control. See "Risk Factors".

Other than as disclosed in this Circular, FronD Capital is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon its revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

General Development of FronD Capital's Business

FronD Capital was incorporated on August 22, 2014 and has not yet commenced commercial operations. It raised capital by issuing shares. After the amalgamation with FronD it will become a mineral exploration company and may pursue other business opportunities as Amalco1. Completion of the amalgamation with FronD is subject to the approval of the Arrangement by the True Zone Shareholders and the Court and of the amalgamation by the True Zone shareholders and FronD Capital shareholders.

FronD Capital's Business History

FronD Capital was incorporated on August 22, 2014 and does not yet have a business history.

Selected Unaudited Pro-Forma Financial Information of Frond Capital

FronD Capital was incorporated on August 22, 2014. FronD Capital has not yet conducted any commercial operations. The following is a summary of certain financial information on a basis for FronD Capital as at August 31, 2014, assuming completion of the Arrangement and amalgamation with FronD as of such date, and should be read in conjunction with the unaudited combined financial statements of True Zone appended to this Circular as Schedule 8. This balance sheet was prepared as if the Arrangement and the amalgamation had occurred on August 31, 2014, taking into account the assumptions stated therein. The balance sheet is not necessarily reflective of the financial position that would have resulted if the events described therein had occurred on August 31, 2014. In addition, the balance sheet is not necessarily indicative of the financial position that may be attained in the future.

	Financial Information as at August 31, 2014
	<u>(unaudited)</u>
Cash	\$26,459
Advances	\$10,500
Total assets	\$36,959
Capital stock	\$37,000
Deficit	\$ (41)
Total liabilities and shareholders' equity	\$36,959
Number of issued FronD Shares	2,600,002

The pro forma change to FronD Capital shares consists of issuance of nil shares.

For a pro forma description of the amalgamated companies as approved under the Plan of Arrangement, See "Information of Amalco2 After Giving Effect to the Arrangement and Amalgamation between FronD and FronD Capital".

Dividends

FronD Capital does not anticipate paying any dividends on its common shares in the short or medium term. Any decision to pay dividends on the FronD Capital Shares in the future will be made by the board of directors of FronD Capital on the basis of the earnings, financial requirements and other conditions existing at such time.

Business of FronD Capital

FronD Capital is not carrying on any business at the present time. On completion of the Arrangement and the Amalgamation with FronD, FronD Capital will continue on as Amalco2 and commence its business as a mineral exploration company and will be evaluating other business opportunities.

Liquidity and Capital Resources

Since incorporation, FronD Capital's capital resources have been limited. FronD Capital relied upon the issue of equity securities to acquire interest in mineral properties acquisition payments and to pay operating expenses.

On August 22, 2014, FronD Capital issued 2 common shares at \$0.005. On August 28, 2014, FronD Capital issued 1,000,000 common shares at a price of \$0.005 per share for total proceeds of \$5,000. On September 29, 2014, FronD Capital issued 1,600,000 common shares at \$0.02 per share for total proceeds of \$32,000 out of which \$24,000 was received subsequent to the year end. FronD Capital had working capital of \$26,459 as at August 31, 2014. On September 4, 5 and 10, 2014 FronD Capital advanced to AFGF \$5000, \$500, and \$5000 respectively.

FronD Capital is a start-up company and therefore has no regular source of income. As a result, FronD Capital's ability to conduct operations is based on its current cash and its ability to raise funds, primarily from equity sources, and there can be no assurance that FronD Capital will be able to do so. FronD Capital does not have any commitments for material capital expenditure over the near and long term other than as disclosed above plus normal operating expenses. FronD Capital's ongoing operating expenses are estimated to cost in the area of \$30,000 (\$2500 per month) per year.

See “Selected Unaudited Financial Information” for information concerning the financial assets of Frond Capital resulting from the amalgamation with Frond.

Results of Operations

Frond Capital has not carried out any commercial operations to date.

Share Capital of Frond Capital

The following table represents the share capitalization of Frond Capital as at August 31, 2014, both prior to and assuming completion of the amalgamation with Frond.

Share Capital	Authorized	Prior to the Completion of the Amalgamation
Common Shares	Unlimited	2,600,002 ⁽¹⁾
Preferred Shares	Unlimited	Nil

Frond Capital is authorized to issue an unlimited number of preferred shares without par value shares and unlimited number of common shares without par value. As a result of the Arrangement and the amalgamation with Frond approximately 457,753 shares of Amalco2 will be issued to the shareholders of True Zone and 2,600,002 shares will be issued to the shareholders of Frond Capital. No preferred shares will be issued and outstanding following completion of the Arrangement and the amalgamation with Frond.

Prior Sales of Securities of Frond Capital

The following table describes the issuance of share by Frond Capital from the date of incorporation until the date of this information circular.

Designation of Frond Capital Shares	Issue Date	Price per Share	Number of Shares
Common Shares	August 22, 2014	0.005	2
Common Shares	August 28, 2014	0.005	1,000,000
Common Shares	September 29, 2014	0.02	1,600,000
		Total	2,600,002

Frond Capital has not issued any share purchase warrants of stock options.

Principal Shareholders of Frond Capital

To the knowledge of the directors and executive officers of the Company, the following persons hold, directly or indirectly, or have control or direction over, a combination of direct or indirect beneficial ownership of and control or direction over, voting securities that constitute more than 10% of the issued Frond Capital shares.

Name	Approximate Number of Frond Capital shares	Approximate Percentage of Frond Capital shares
Sam Attara	1,000,000	38.4%
Amani Farrage	400,000	15.4%
Lincoln Fuqua	400,000	15.4%
Global Investments Network Corp	400,000	15.4%
Gopal Sahota	400,000	15.4%

Directors and Officers of Frond Capital

The following table sets out the names of the current and proposed directors and officers of Frond Capital, the municipalities of residence of each, all offices currently held by each of them, their principal occupations within the five preceding years, the period of

time for which each has been a director or executive officer of Frond Capital, and the number and percentage of Frond Capital Shares beneficially owned by each, directly or indirectly, or over which control or direction is exercised.

Name, City and Province of Residence	Principal Occupation or Employment During the Past 5 Years	Current Position(s) with Frond Capital	Director/ Officer Since	Number/ Percentage of Frond Capital Shares Beneficially Owned or over which Control or Direction is Exercised *
Ayman Chami Coquitlam, BC	Principal owner operator of fashion service provider Ayman & Co. since 2006	Director	September 22, 2014	2/0%

Management of Frond Capital

The following is a description of the individual(s) who are directors and officers of Frond Capital.

Ayman Chami, director, is Principal owner operator of fashion service provider Ayman & Co. since 2006.

There are no non-competition and non-disclosure agreements between Frond Capital and the directors and officers.

Corporate Cease Trade Orders

No director, officer, promoter or other member of management of Frond Capital is, or within the ten years prior to the date of this Circular has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that issuer, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days.

Penalties or Sanctions

No director, officer, promoter or other member of management of Frond Capital has, during the ten years prior to the date of this Circular, been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of a publicly traded company, or involving fraud or theft.

Personal Bankruptcies

No director, officer, promoter or other member of management of Frond Capital has, during the ten years prior to the date of this Circular, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

Conflicts of Interest

The directors of Frond Capital are required by law to act honestly and in good faith with a view to the best interest of Frond Capital and to disclose any interests which they may have in any project or opportunity of Frond Capital. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not Frond Capital will participate in any project or opportunity, that director will primarily consider the degree of risk to which Frond Capital may be exposed and its financial position at that time.

Except as disclosed in this Circular, to the best of the Company's knowledge, there are no known existing or potential conflicts of interest among Frond Capital and its promoters, directors, officers or other members of management as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

Executive Compensation of Frond Capital

Ayman Chami is the sole director of Frond Capital, which has not appointed any executive officers and has not paid any compensation from the date of incorporation until the date of this Circular.

FronD Capital does not have an employment contract with any of its Executive Officers pursuant to which the Executive Officers will be compensated for their services as executive officers of FronD Capital.

Indebtedness of Directors and Executive Officers of Frond Capital

No individual who is, or at any time from the date of FronD Capital's incorporation to the date hereof was a director or executive officer of FronD Capital, or an associate or affiliate of such an individual, is or has been indebted to FronD Capital.

FronD Capital's Auditor

Kanester Johal, Chartered Accountants, of 208 - 3993 Henning Drive, Burnaby, BC V5C 6P7 are the proposed auditors of FronD Capital.

FronD Capital's Material Contracts

The following are the contracts which are material to FronD Capital: The Amalgamation Agreement between FronD and FronD Capital.

The material contracts described above may be inspected at the registered office of FronD Capital at Suite 1780, 400 Burrard Street, Vancouver, BC, during normal business hours prior to the Meeting and for a period of thirty days thereafter.

Promoters

FronD Capital has no promoters.

PRO – FORMA INFORMATION OF AMALCO2 AFTER GIVING EFFECT TO THE ARRANGEMENT AND AMALGAMATION BETWEEN FROND AND FROND CAPITAL

The following is a description of Amalco2 assuming completion of the Arrangement and amalgamation between FronD and FronD Capital.

Amalco2 Selected Financial Information

The following tables set out certain combined financial information for Amalco2 after giving effect to the Amalgamation.

The information provided below is qualified in its entirety by the audited financial statements of FronD attached in Schedule 9 Reference should be made to those audited financial statements and the audited financial statements of FronD Capital, which are attached in Schedules 9 and 10, respectively.

	Financial Information as at August 31, 2014
	(unaudited)
Cash	\$26,459
Exploration and evaluation assets	\$10,500
Total assets	\$36,959
Share capita	\$37,001
Deficit	\$ (41)
Total liabilities and shareholders' equity	\$36,959

Number of issued Amalco2 Shares

3,057,755

Please refer to Schedule 8 for the following:

- Unaudited combined financial statements of True Zone.

Description of Amalco2 Securities

After giving effect to the Amalgamation between Frond and Frond Capital, Amalco2 will have authorized share capital of an unlimited number of common shares and preferred shares. Amalco2 will have approximately 3,057,753 common shares issued and outstanding. Former Frond Shareholders will hold approximately 457,753 Amalco2 shares and former Frond Capital Shareholders will hold approximately 2,600,002 Amalco2 shares following completion of the amalgamation.

Combined Capitalization

Share Capital

The following table sets out the share capital of Amalco2 after giving effect to the Amalgamation:

Designation of Security	Authorized	Outstanding After Giving Effect to the Amalgamation (Unaudited)
Common Shares	Unlimited	3,057,755 Amalco2 shares (457,753 held by former Frond Shareholders and 2,600,002 held by former Frond Capital Shareholders)
Preferred Shares	Unlimited	Nil

Working Capital

The working capital of Amalco2, after giving effect to the amalgamation is \$26,459.

Fully Diluted Share Capital

The following tables set out the number and percentage of securities of Amalco2 proposed to be outstanding on a fully diluted basis after giving effect to the Arrangement and the Amalgamation and any other matters:

Number of Frond Shares outstanding	Number of Frond Warrants and Options outstanding	Number of Amalco2 shares issued in Exchange for Frond Shares under Amalgamation	Percentage of Amalco2 Shares
457,753	Nil warrants Nil options.	457,753	15%

Number of Frond Capital Shares outstanding	Number of Frond Capital Warrants and Options outstanding	Number of Amalco2 shares issued in Exchange for Frond Capital Shares	Percentage of Amalco2 Shares
2,600,002	Nil warrants Nil options	2,600,002	85%

Dividends

The amalgamating companies have not declared or paid any dividends on their shares. Amalco2 has no present intention to declare any dividends on the Amalco2 shares. Any decision to pay dividends on Amalco2 shares will be made by the board of directors of Amalco2 on the basis of its earnings, financial requirements and other conditions existing at such time.

Principal Security Holders

To the knowledge of the directors and senior officers of Frond and Frond Capital, as at the date hereof, no person or company other than as disclosed in the following table will own, of record or beneficially, either directly or indirectly, or will exercise control or direction over, voting securities of Amalco2 carrying more than 10% of the voting rights attached to any class of voting securities of Amalco2 after giving effect to the Amalgamation.

Name	Number of Amalco2 shares after Amalgamation	Percentage of Amalco2 shares after Amalgamation
Global Investment Network Corp	415,000	13.5%
Sam Attara	1,000,000	32.7%
Amani Farrage	409,000	13.4%
Leonard Fuqua	400,000	13.1%
Gopal Sahota	400,000	13.1%

Directors, Officers, Promoters and Key Personnel of Amalco2

Amalco2 will have the same directors and officers as Frond. The disclosure with respect to the directors and officers of Frond, cease trade orders, penalties and sanctions, personal bankruptcies and conflicts of interest applies to the disclosure regarding the directors and officers of Amalco2. Their number of shares in Amalco2 will be the same as their number of shares in Patch before the amalgamation.

Additional directors and or officers may be identified and appointed after the amalgamation.

Other Reporting Issuer Experience

The following table sets out information for each director or officer of Amalco2 who is or, within the five years prior to the date of the Circular, has been a director or officer of any other reporting issuer.

Name of Director or Officer	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position - From and To
Souhail Abi Farrage	Cameo Resources Corp.	Frankfurt, TSXV	Director from January 2004 until present. President from January 29, 2013 to present. CFO from September 2008 until January 2013.
	Declan Resources Inc., British Columbia	TSXV	Director from August 2005 to April 2012. President from August 2005 to November 2011.
	WestKam Gold Corp., British Columbia	TSXV	Director from October 1995 to March 2008. President from February 2003 to March 2008.
James Henning	Cameo Resources Corp.	Frankfurt, TSXV	From December 2012 to present

Executive Compensation

Management Agreement

Compensation will continue to be paid to certain proposed officers of Amalco2 through employment in connection with the day-to-day management of the business and operations of Amalco2. The compensation to directors for their services as directors of Amalco2 will be determined at a later date.

Indebtedness of Directors and Officers

No director or executive officer of Frond or Frond Capital, or associate or affiliate of any such director or senior officer, is or has been indebted to Frond or Frond Capital since the date of incorporation. No director or executive officer of Frond or Frond Capital, or associate or affiliate of any such director or senior officer, is or has been indebted to Frond or Frond Capital since the beginning of the last completed financial year of Frond and Frond Capital. None of the directors and officers of Amalco2 are indebted to Frond, Frond Capital or Amalco2.

Risk Factors

An investment in the Amalco2 shares would be subject to certain risks. Please refer to the section on “Risk Factors” in the Circular.

Escrowed Securities

Should Amalco2 decide to list its shares on the Exchange, as part of its listing application to the Exchange, Amalco2 will enter into an escrow agreement with its registrar and transfer agent and certain shareholders of Amalco2, including all of the directors, officers and consultants of Amalco2, whereby all securities of Amalco2, beneficially owned or controlled, directly or indirectly, or over which control or direction is exercised by the directors, officers and consultants of Amalco2, and the respective affiliates or associates of any of them, will be placed in and made subject to an escrow agreement for a hold period of 36 months or a shorter period if permitted by the Exchange from the effective date of the Amalgamation.

Pursuant to the escrow agreement, 10% of the escrowed shares will be released from escrow on the date the Amalco2 shares are listed on the CSE, and 15% every six months thereafter, subject to acceleration provisions provided for in National Policy 46-201 – Escrow for Initial Public Offerings, and subject to the approval of the Exchange.

At this time is not known whether Amalco2 will apply for listing on any stock exchange and there can be no guarantee that the shares of Amalco2 will ever be listed on any stock exchange.

Auditor, Transfer Agent and Registrar

Kanester Johal, Chartered Accountants, of 208 - 3993 Henning Drive, Burnaby, BC V5C 6P7 are the proposed auditors of Amalco2. Equity Financial Trust Company at its principal office in Vancouver, British Columbia, will be the transfer agent and registrar for the Amalco2 shares.

Material Facts

To the knowledge of Frond and Frond Capital, there are no other material facts about Frond, Frond Capital, Amalco2 or the amalgamation that have not been disclosed in this Circular as a whole.

Board Approval

The contents and the sending of this Circular have been approved by the Board of Directors of True Zone, Frond and Frond Capital, respectively.

INFORMATION CONCERNING OAK (Proposed to amalgamate with Oak Capital)

Note to Reader

The disclosure in this section has been prepared prior to giving effect to the Arrangement. Unless otherwise defined herein, all capitalized words and phrases used herein have the meanings ascribed to such words and phrases under the headings “Glossary of Terms” in the Circular.

Name, Address and Incorporation

Oak was incorporated as “Oak Cliff Resources Ltd.” pursuant to the Act on August 21, 2014, for the purposes of the Arrangement and the Amalgamation with Oak Capital. Oak is currently a private company and a wholly-owned subsidiary of True Zone. Oak’s registered and records offices are located at Suite 1780, 400 Burrard Street, Vancouver, BC, V6C 3A6.

Inter-corporate Relationships

Oak does not have any subsidiaries.

Significant Acquisition and Dispositions

Oak has not completed a fiscal year. There are no significant acquisitions or dispositions, completed or probable, for which financial statements would be required under applicable securities legislation, save pursuant to this Arrangement and amalgamation with Oak Capital described herein. Details of the Arrangement and Amalgamations are provided under “The Arrangement and Amalgamations”. The Arrangement and Amalgamations, if successfully completed, will result in Oak acquiring an option with respect to a portion of the Tanzanian Property known as the Gombero Lion Property, which True Zone does not consider material, and amalgamating with Oak Capital. The future operating results and financial position of Oak cannot be predicted.

Trends

Oak plans to amalgamate with Oak Capital and become Amalco3, which plans to carry on a mineral exploration business. It may pursue other business opportunities. Accordingly, Amalco3’s financial success may be dependent upon the extent to which it can explore and develop mineral properties or other types of business.

The success of Oak is largely dependent upon factors beyond Oak’s control. See “Risk Factors”.

Other than as disclosed in this Circular, Oak is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon its revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

General Development of Oak’s Business

Oak was incorporated on August 21, 2014 and has not yet commenced commercial operations. Oak will be granted an option agreement with respect to the Gombero Lion Property as part of the Arrangement, will amalgamate with Oak Capital and may pursue other business opportunities as Amalco3. Completion of the Arrangement and the amalgamation are subject to the approval of the Arrangement by the True Zone Shareholders and the Court.

Oak’s Business History

Oak was incorporated on August 21, 2014 and does not yet have a business history.

The Board of True Zone has determined that it would be in the best interests of the Company to continue to focus its business efforts on the exploration of its core mineral properties and potential acquisitions of interests in other properties, and transfer its interest in a portion of the Tanzania Property known as the Gombero Lion Property to newly-formed subsidiary company, being Oak, which will subsequently amalgamate with Oak Capital to become Amalco3, in exchange for Oak Shares that would be distributed to the True Zone Shareholders.

Selected Unaudited Pro-Forma Financial Information of Oak

Oak was incorporated on August 21, 2014. Oak has not yet conducted any commercial operations. The following is a summary of certain financial information on a basis for Oak as at August 31, 2014, assuming completion of the Arrangement as of such date, and should be read in conjunction with the unaudited combined financial statements of True Zone appended to this Circular as Schedule 8. This balance sheet was prepared as if the Arrangement had occurred on August 31, 2014, taking into account the assumptions stated therein. The balance sheet is not necessarily reflective of the financial position that would have resulted if the events described therein had occurred on August 31, 2014. In addition, the balance sheet is not necessarily indicative of the financial position that may be attained in the future.

	Financial Information as at August 31, 2014	
	(unaudited)	
Cash	\$	1
Property Option Agreement		0
Total assets	\$	1
Current liabilities	\$	0
Share capital	\$	1
Total liabilities and shareholders' equity	\$	1
Number of issued Oak Shares		1

The pro forma change to Oak shares consists of issuance of 457,753 shares, based on the conversion factor calculation for the option agreement regarding a portion of the Tanzania Property known as the Gombero Lion Property.

Dividends

Oak does not anticipate paying any dividends on its common shares in the short or medium term. Any decision to pay dividends on the Oak Shares in the future will be made by the board of directors of Oak on the basis of the earnings, financial requirements and other conditions existing at such time.

Business of Oak

Oak is not carrying on any business at the present time. On completion of the Arrangement and the Amalgamation with Oak Capital, Oak will continue on as Amalco3 and commence its business as a mineral exploration company and will be evaluating other business opportunities.

Liquidity and Capital Resources

Since incorporation Oak's capital resources have been limited. Oak will rely upon the issue of equity securities to acquire interest in mineral properties acquisition payments and to pay operating expenses.

Once Oak is operational, it will require further working capital in order to continue the exploration activities and pay operating expenses and may seek to raise additional funds through one or more private placements.

Pursuant to the Arrangement, True Zone will grant to Oak an option on a portion of the Tanzania Property known as the Gombero Lion Property in exchange for the same number of Oak Shares as the issued and outstanding number of True Zone Shares multiplied by the Conversion Factor, which shares will be distributed to the True Zone Shareholders who hold True Zone Shares on the Share Distribution Record Date.

Oak is a start-up company and therefore has no regular source of income. As a result, Oak's ability to conduct operations, is based on its current cash and its ability to raise funds, primarily from equity sources, and there can be no assurance that Oak will be able to do so. Oak does not have any other commitments for material capital expenditures over the near and long term other than as disclosed herein plus normal operating expenses. Pursuant to the Sub-option Agreement, Oak is required to incur exploration expenditures totaling not less than \$150,000 on or before September 26, 2016. As at August 31, 2014 \$Nil in exploration expenditures have been incurred. Oak's ongoing operating expenses are estimated to cost in the area of \$60,000 (\$5,000 per month) per year.

See "Selected Unaudited Financial Information" for information concerning the financial assets of Oak resulting from the Arrangement.

Off Balance Sheet Arrangements

There are no off balance sheet arrangements to which Oak is committed.

Transactions with related parties

There are no transactions with related parties as at August 31, 2014.

Results of Operations

Oak has not carried out any commercial operations to date.

Available Funds

The estimated unaudited working capital of Oak at August 31, 2014 was and as of the date of this circular is \$1.00. Oak will need to raise funds in order to finance its activities.

Share Capital of Oak

The following table represents the share capitalization of Oak as at August 31, 2014, both prior to and assuming completion of the Arrangement and the Amalgamations.

Share Capital	Authorized	Prior to the Completion of The Arrangement	After Completion of the Arrangement	After Completion of the Amalgamation
Common Shares	Unlimited	1 ⁽¹⁾	457,753 ⁽²⁾	3,057,755
Preferred Shares	Unlimited	Nil	Nil	Nil

Notes:

⁽¹⁾ One Oak Share was issued to True Zone upon incorporation. After the completion of the Arrangement that one share will be cancelled.

⁽²⁾ As at the Effective Date, subject to multiplication by the Conversion Factor.

Oak is authorized to issue an unlimited number of preferred shares without par value shares and unlimited number of common shares without par value. As a result of the Arrangement approximately 457,753 shares of Oak will be issued to the shareholders of True Zone. After the Amalgamation there will be 3,057,755 common shares issued (Oak continuing on as Amalco3) and no preferred shares will be issued and outstanding following completion of the Arrangement and the Amalgamation. There are no special rights or restrictions attached to Oak common shares.

Fully Diluted Share Capital of Oak

The fully diluted share capital of Oak, assuming completion of the Arrangement is set out below:

Designation of Oak Shares	Number of Oak Shares	Percentage of Total
Subscriber's share issued on incorporation ⁽¹⁾	1 ⁽³⁾	0.00
Oak Shares issued as consideration for Assets, which shares will be distributed to the True Zone Shareholders ⁽²⁾	457,753	100.00
Total	457,753	100.00

Notes:

⁽¹⁾ One common share of Oak was issued on incorporation and will be redeemed and cancelled concurrent with the completion of the Arrangement.

⁽²⁾ Subject to multiplication by the Conversion Factor. This share will be cancelled after the Plan of Arrangement

⁽³⁾ This share will be cancelled after the Plan of Arrangement.

The total number of shares after the completion of the amalgamation with Oak Capital will be 3,057,753.

Prior Sales of Securities of Oak

Oak issued one common share to True Zone at a price of \$0.02 pursuant to incorporation on August 21, 2014.

Principal Shareholders of Oak

To the knowledge of the directors and executive officers of the Company, no person will hold, directly or indirectly, or will have control or direction over, a combination of direct or indirect beneficial ownership of and control or direction over, voting securities that will constitute more than 10% of the issued Oak Shares after the Arrangement.

Directors and Officers of Oak

The following table sets out the names of the current and proposed directors and officers of Oak, the municipalities of residence of each, all offices currently held by each of them, their principal occupations within the five preceding years, the period of time for which each has been a director or executive officer of Oak, and the number and percentage of Oak Shares to be beneficially owned by each, directly or indirectly, or over which control or direction will be exercised, upon completion of the Arrangement.

Name, City and Province of Residence	Principal Occupation or Employment During the Past 5 Years	Current Position(s) with Oak	Director/ Officer Since	Number/ Percentage of Oak Shares Beneficially Owned or over which Control or Direction is Exercised *
Souhail Abi Farrage Surrey, BC	Business Consultant, President of Bahega Consulting	Director	August 21, 2014	Nil
Lincoln Fuqua Victoria, BC	Business Consultant, Biochemist	Director	August 21, 2014	Nil

*Prior to the Arrangement Oak is a wholly owned subsidiary of True Zone.

Management of Oak

The following is a description of the individuals who will be directors and officers of Oak following the completion of the Arrangement:

Souhail Abi Farrage, President, CEO, Secretary and a director, will be responsible for ongoing development and management of activities and acquisitions of Oak. He will devote 10% of his time to the affairs of Oak. Mr. Farrage was the president (February 2003 to March 2008) and a director (October 1995 to March 2008) of Consolidated Gold Win Ventures Inc. (formerly Encore Renaissance and now West Kam Gold Inc.), a TSX Venture company in the business of base and precious metal exploration. Mr. Farrage is also a director (January 2004 to present) and President of Cameo Resources Inc. (formerly Sidon International Resources Corporation), a metals and minerals exploration company and was a director (2008-2012) and President of Kokanee Minerals Inc. (2008-2011) which raised \$7.5 million for projects in Tanzania (name changed to Declan Resources Inc.). Mr. Farrage will be providing corporate and financial management strategic planning and administrative services to Oak as an independent contractor under his consulting business, Bahega.

Mr. Lincoln Fuqua, Director and proposed CFO, Lincoln Fuqua holds a PHD in Biochemistry and has done Graduate and Post Graduate studies in Distance Learning Telecommunications. He has been a pioneer in computer based education, distance learning, electronic commerce and has developed software driven digital video compression technologies for telecommunications applications and Web TV box technology.

There are no non-competition and non-disclosure agreements between Oak and the directors and officers.

Corporate Cease Trade Orders

Other than as disclosed below, no director, officer, promoter or other member of management of Oak is, or within the ten years prior to the date of this Circular has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that issuer, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days.

Mr. Farrage was a director of Declan Resources Inc. ("Declan") when he became the subject of a management cease trade order issued by the British Columbia Securities Commission on February 1, 2011 for Declan's failure to file annual financial statements and management discussion and analysis for the year ended September 30, 2010. The management cease trade order was revoked on April

19, 2011. Mr. Farrage was a director of Cameo Resources Corp. (then Sidon International Resources Corporation) (“Cameo”) when he became the subject of a management cease trade order issued by the British Columbia Securities Commission dated August 30, 2011 for Cameo’s failure to file a comparative financial statement for the financial year ended April 30, 2011 and a management’s discussion and analysis for the period ended April 30, 2011. In addition, Cameo became the subject of a cease trade order issued by the British Columbia Securities Commission for failure to file a comparative financial statement for the financial year ended April 30, 2011, interim financial statements for the financial period ended July 31, 2011 and a management’s discussion and analysis for the periods ended April 30, 2011 and July 31, 2011. On February 1, 2012, Cameo also became the subject of a cease trade order issued by the Alberta Securities Commission for failure to file annual audited financial statements, annual management’s discussion and analysis and certification of annual filings for the year ended April 30, 2011 and interim unaudited financial statements, interim management’s discussion and analysis and certification of interim filings for the interim periods ended July 31, 2011 and October 31, 2011. The cease trade orders were revoked by the BCSC on May 22, 2013.

Penalties or Sanctions

No director, officer, promoter or other member of management of Oak has, during the ten years prior to the date of this Circular, been subject to any other penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of a publicly traded company, or involving fraud or theft.

Personal Bankruptcies

No director, officer, promoter or other member of management of Oak has, during the ten years prior to the date of this Circular, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

Conflicts of Interest

The directors of Oak are required by law to act honestly and in good faith with a view to the best interest of Oak and to disclose any interests which they may have in any project or opportunity of Oak. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not Oak will participate in any project or opportunity, that director will primarily consider the degree of risk to which Oak may be exposed and its financial position at that time.

Except as disclosed in this Circular, to the best of the Company’s knowledge, there are no known existing or potential conflicts of interest among Oak and its promoters, directors, officers or other members of management as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

Executive Compensation of Oak

The proposed executive officers of Oak (the “**Executive Officers**”) will be:

Souhail Abi Farrage	–	Chief Executive Officer
Lincoln Fuqua	–	Chief Financial Officer

Oak does not have an employment contract with any of its Executive Officers pursuant to which the Executive Officers will be compensated for their services as executive officers of Oak.

From the date of incorporation until the date of this Circular none of the executive officers or directors of Oak received compensation from Oak.

Indebtedness of Directors and Executive Officers of Oak

No individual who is, or at any time from the date of Oak’s incorporation to the date hereof was a director or executive officer of Oak, or an associate or affiliate of such an individual, is or has been indebted to Oak.

Oak's Auditor

Kanester Johal, Chartered Accountants, of 208 - 3993 Henning Drive, Burnaby, BC V5C 6P7 are the proposed auditors of Oak.

Oak's Material Contracts

The following are the contracts which are material to Oak:

(i) The Assignment Agreement, (ii) The Sub-option Agreement, (iii) The Arrangement Agreement and (iv) The Amalgamation Agreement between Oak and Oak Cliff Capital.

The material contracts described above may be inspected at the registered office of Oak at Suite 1780, 400 Burrard Street, Vancouver, BC, during normal business hours prior to the Meeting and for a period of thirty days thereafter.

Promoters

The Company is the promoter of Oak.

INFORMATION CONCERNING OAK CAPITAL (Proposed to amalgamate with Oak)

Name, Address and Incorporation

Oak Capital was incorporated as "Oak Cliff Capital Inc." pursuant to the Act on August 22, 2014, for the purposes of the Arrangement and the Amalgamation with Oak. Oak Capital is currently a private company. Oak Capital's registered and records offices are located at Suite 1780, 400 Burrard Street, Vancouver, BC, V6C 3A6.

Inter-corporate Relationships

Oak Capital does not have any subsidiaries.

Significant Acquisition and Dispositions

Oak Capital has not completed a fiscal year. There are no significant acquisitions or dispositions, completed or probable, for which financial statements would be required under applicable securities legislation, save pursuant to the amalgamation with Oak described herein. The amalgamation, if successfully completed, will result in Oak Capital assets and liabilities merging with the assets and liabilities of Oak. The future operating results and financial position of Oak Capital cannot be predicted.

Trends

Oak Capital plans to amalgamate with Oak and become Amalco3, which plans to carry on a mineral exploration business. It may pursue other business opportunities. Accordingly, Amalco3's financial success may be dependent upon the extent to which it can explore and develop mineral properties or other types of business.

The success of Oak Capital is largely dependent upon factors beyond Oak Capital's control. See "Risk Factors".

Other than as disclosed in this Circular, Oak Capital is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon its revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

General Development of Oak Capital's Business

Oak Capital was incorporated on August 22, 2014 and has not yet commenced commercial operations. It raised capital by issuing shares. After the amalgamation with Oak it will become a mineral exploration company and may pursue other business opportunities as Amalco3. Completion of the amalgamation with Oak is subject to the approval of the Arrangement by the True Zone Shareholders and the Court and of the amalgamation by the True Zone shareholders and Oak Capital shareholders.

Oak Capital's Business History

Oak Capital was incorporated on August 22, 2014 and does not yet have a business history.

Selected Unaudited Pro-Forma Financial Information of Oak Capital

Oak Capital was incorporated on August 22, 2014. Oak Capital has not yet conducted any commercial operations. The following is a summary of certain financial information on a basis for Oak Capital as at August 31, 2014, assuming completion of the Arrangement and amalgamation with Oak as of such date, and should be read in conjunction with the unaudited combined financial statements of True Zone appended to this Circular as Schedule 8. This balance sheet was prepared as if the Arrangement and the amalgamation had occurred on August 31, 2014, taking into account the assumptions stated therein. The balance sheet is not necessarily reflective of the financial position that would have resulted if the events described therein had occurred on August 31, 2014. In addition, the balance sheet is not necessarily indicative of the financial position that may be attained in the future.

	Financial Information as at August 31, 2014
	(unaudited)
Cash	\$26,459
Advances	\$10,500
Total assets	\$36,959
Capital stock	\$37,000
Deficit	\$ (41)
Total liabilities and shareholders' equity	\$36,959
Number of issued Oak Shares	2,600,002

The pro forma change to Oak Capital shares consists of issuance of nil shares.

For a pro forma description of the amalgamated companies as approved under the Plan of Arrangement, See "Information of Amalco3 After Giving Effect to the Arrangement and Amalgamation between Oak and Oak Capital".

Dividends

Oak Capital does not anticipate paying any dividends on its common shares in the short or medium term. Any decision to pay dividends on the Oak Capital Shares in the future will be made by the board of directors of Oak Capital on the basis of the earnings, financial requirements and other conditions existing at such time.

Business of Oak Capital

Oak Capital is not carrying on any business at the present time. On completion of the Arrangement and the Amalgamation with Oak, Oak Capital will continue on as Amalco3 and commence its business as a mineral exploration company and will be evaluating other business opportunities.

Liquidity and Capital Resources

Since incorporation, Oak Capital's capital resources have been limited. Oak Capital relied upon the issue of equity securities to acquire interest in mineral properties acquisition payments and to pay operating expenses.

On August 22, 2014, Oak Capital issued 2 common shares at \$0.005. On August 28, 2014, Oak Capital issued 1,000,000 common shares at a price of \$0.005 per share for total proceeds of \$5,000. On September 29, 2014, Oak Capital issued 1,600,000 common shares at \$0.02 per share for total proceeds of \$32,000 out of which \$24,000 was received subsequent to the year end. Oak Capital had working capital of \$26,459 as at August 31, 2014. On September 4, 5 and 10, 2014 Oak Capital advanced to AFGF \$5000, \$500, and \$5000 respectively.

Oak Capital is a start-up company and therefore has no regular source of income. As a result, Oak Capital's ability to conduct operations, is based on its current cash and its ability to raise funds, primarily from equity sources, and there can be no assurance that Oak Capital will be able to do so. Oak Capital does not have any commitments for material capital expenditure over the near and long

term other than as disclosed above plus normal operating expenses. Oak Capital's ongoing operating expenses are estimated to cost in the area of \$30,000 (\$2500 per month) per year.

See "Selected Unaudited Financial Information" for information concerning the financial assets of Oak Capital resulting from the amalgamation with Oak.

Results of Operations

Oak Capital has not carried out any commercial operations to date.

Share Capital of Oak Capital

The following table represents the share capitalization of Oak Capital as at August 31, 2014, both prior to and assuming completion of the amalgamation with Oak.

Share Capital	Authorized	Prior to the Completion of Amalgamation
Common Shares	Unlimited	2,600,002
Preferred Shares	Unlimited	Nil

Oak Capital is authorized to issue an unlimited number of preferred shares without par value shares and unlimited number of common shares without par value. As a result of the Arrangement and the amalgamation with Oak approximately 457,753 shares of Amalco3 will be issued to the shareholders of True Zone and 2,600,002 shares will be issued to the shareholders of Oak Capital. No preferred shares will be issued and outstanding following completion of the Arrangement and the amalgamation with Oak.

Prior Sales of Securities of Oak Capital

The following table describes the issuance of share by Oak Capital from the date of incorporation until the date of this information circular.

Designation of Oak Capital Shares	Issue Date	Price per Share	Number of Shares
Common Shares	August 22, 2014	0.005	2
Common Shares	August 28, 2014	0.005	1,000,000
Common Shares	September 29, 2014	0.02	1,600,000
			2,600,002

Oak Capital has not issued any share purchase warrants of stock options.

Principal Shareholders of Oak Capital

To the knowledge of the directors and executive officers of the Company, the following persons hold, directly or indirectly, or have control or direction over, a combination of direct or indirect beneficial ownership of and control or direction over, voting securities that constitute more than 10% of the issued Oak Capital shares.

Name	Approximate Number of Oak Capital shares	Approximate Percentage of Oak Capital shares
Sam Attara	1,000,000	38.4%
Monita Farris	400,000	15.4%
Amani Farrage	400,000	15.4%
Global Investment Network Corp	400,000	15.4%
Leonard Senft	400,000	15.4%

Directors and Officers of Oak Capital

The following table sets out the names of the current and proposed directors and officers of Oak Capital, the municipalities of residence of each, all offices currently held by each of them, their principal occupations within the five preceding years, the period of time for which each has been a director or executive officer of Oak Capital, and the number and percentage of Oak Capital Shares beneficially owned by each, directly or indirectly, or over which control or direction is exercised.

Name, City and Province of Residence	Principal Occupation or Employment During the Past 5 Years	Current Position(s) with Oak Capital	Director/ Officer Since	Number/ Percentage of Oak Capital Shares Beneficially Owned or over which Control or Direction is Exercised *
Jurgen Wolf Vancouver, BC	Retired businessman, involved in the oil and gas industry for over 22 years; director of several public companies	Director	August 22, 2014	0

Management of Oak Capital

The following is a description of the individual(s) who are directors and officers of Oak Capital.

Jurgen Wolf, director, has ~~over~~ been involved in the oil and gas industry for over 16 years and over 35 years of business experience working in Canada, and internationally as a C-level executive. He is a Self-employed General Contractor of commercial/ industrial construction. Mr. Wolf graduated in 1952 from Bencef Schule located in Stuttgart, Germany with a major in Hotel Management. He has been the President, Chief Executive Officer and Treasurer of Tasty Fries Inc. since October 27, 2007. Mr. Wolf serves as the President of Epic Investments Ltd.; Kruger Pacific Ltd. and Canadian Eagle Energy Corporation. There are no non-competition and non-disclosure agreements between Oak Capital and the directors and officers.

Other Reporting Issuer Experience

Mr. Wolf is a director of Curlew Lake Resources Inc. since October 2012; director of Altima Resources Ltd. (TSX-V) since May 2006; director of Petrichor Energy Inc. (TSX-V) since August 2005; director of Iconic Minerals Ltd. (TSX-V) since February 2006; director of TransAmerican Energy Inc. (TSX-V) since July 2005; director of Scavo Resource Corp. (TSX-V) since January 2012; director of Tasty Fries Inc. (OTC) since September 1995; director of Gainey Resources Ltd. (TSX-V) since October 2008.

Corporate Cease Trade Orders

Other than as disclosed below, no director, officer, promoter or other member of management of Oak Capital is, or within the ten years prior to the date of this Circular has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that issuer, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days.

Jurgen Wolf was:

- 1) a director of TransAmerican Energy Inc. (“TAE”) while that company was subject to:
 - (a) a Cease Trade Order issued August 20, 2008 by the British Columbia Securities Commission against TAE (the “TAE BC CTO”) for failure to file annual oil and gas disclosure prescribed by National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities (“NI 51-101”) for the years ended April 30, 2006 and 2007. TAE subsequently brought all of its annual continuous disclosure filings up-to-date, and the TAE BC CTO was revoked on November 19, 2008;
 - (b) a Cease Trade Order issued August 21, 2008 by the Alberta Securities Commission against TAE (the “TAE Alberta CTO”) for failure to file annual oil and gas disclosure provided by NI 51-101 for the year ended April 30, 2007. TAE subsequently brought all of its annual continuous disclosure filings up-to-date, and the TAE Alberta CTO was revoked on November 25, 2008; and

- (c) a Management Cease Trade Order issued August 31, 2009 by the British Columbia Securities Commission against TAE in connection with the late filing of audited financial statements for the year ended April 30, 2009 and related MD&A. The Management Cease Trade Order was revoked on October 2, 2009, after the relevant documents were filed,
- 2) a director, and officer/director, respectively, of Petrichor Energy Inc. (“Petrichor”) while that company was subject to:
- (a) a Management Cease Trade Order issued to Petrichor by the British Columbia Securities Commission on May 4, 2009 in connection with the late filing of Petrichor’s audited annual financial statements for its fiscal year ended December 30, 2008, and subsequently the delay in filing Petrichor’s interim financial statements for the three months ended March 31, 2009. The Management Cease Trade Order was revoked on June 8, 2009 after the relevant documents were filed;
 - (b) a Management Cease Trade Order issued to Petrichor by the British Columbia Securities Commission on June 18, 2010 in connection with the late filing of Petrichor’s audited annual financial statements for its fiscal year ended December 30, 2009, and subsequently the delay in filing Petrichor’s interim financial statements for the three months ended March 31, 2010. Although Petrichor filed the relevant annual and interim financials on July 14, 2010, a Cease Trade Order was issued by the British Columbia Securities Commission for failure to file NI 51-101 oil and gas forms as at the year ended December 31, 2010. On December 3, 2010 the TSX-V suspended trading of Petrichor’s shares. The oil and gas forms were subsequently filed and the CTO was revoked by the B.C. Commission on January 12, 2011, and the TSX-V reinstated Petrichor for trading on February 15, 2011; and
- 3) a director of Odyssey Petroleum Corp. (“Odyssey”) while that company was subject to:
- (a) a Management Cease Trade Order requested by management of Odyssey, and issued by the British Columbia Securities Commission on May 4, 2009 in connection with the late filing of Odyssey’s audited annual financial statements for its fiscal year ended December 30, 2008, and subsequently the delay in filing Odyssey’s interim financial statements for the three-months ended March 31, 2009. The Management Cease Trade Order was revoked on June 8, 2009 after the relevant documents were filed; and
 - (b) a Management Cease Trade Order requested by management of Odyssey, and issued by the British Columbia Securities Commission on June 18, 2010 in connection with the late filing of Odyssey’s audited annual financial statements for its fiscal year ended December 30, 2009. The annual financial statements were subsequently filed, however a Cease Trade Order was subsequently issued by the British Columbia Securities Commission on December 2, 2010 for failure to file annual oil and gas disclosure prescribed by National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities (“NI 51-101”) for the years ended December 30, 2009. Odyssey subsequently filed its NI 51-101 forms for that fiscal year end, and the CTO and the Management CTO were revoked by the B.C. Securities Commission on January 12, 2011.

Penalties or Sanctions

No director, officer, promoter or other member of management of Oak Capital has, during the ten years prior to the date of this Circular, been subject to any other penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of a publicly traded company, or involving fraud or theft.

Personal Bankruptcies

No director, officer, promoter or other member of management of Oak Capital has, during the ten years prior to the date of this Circular, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

Conflicts of Interest

The directors of Oak Capital are required by law to act honestly and in good faith with a view to the best interest of Oak Capital and to disclose any interests which they may have in any project or opportunity of Oak Capital. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining

whether or not Oak Capital will participate in any project or opportunity, that director will primarily consider the degree of risk to which Oak Capital may be exposed and its financial position at that time.

Except as disclosed in this Circular, to the best of the Company's knowledge, there are no known existing or potential conflicts of interest among Oak Capital and its promoters, directors, officers or other members of management as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

Executive Compensation of Oak Capital

Jurgen Wolf is the sole director of Oak Capital, which has not appointed any executive officers and has not paid any compensation from the date of incorporation until the date of this Circular.

Oak Capital does not have an employment contract with any of its Executive Officers pursuant to which the Executive Officers will be compensated for their services as executive officers of Oak Capital.

Indebtedness of Directors and Executive Officers of Oak Capital

No individual who is, or at any time from the date of Oak Capital's incorporation to the date hereof was a director or executive officer of Oak Capital, or an associate or affiliate of such an individual, is or has been indebted to Oak Capital.

Oak Capital's Auditor

Kanester Johal, Chartered Accountants, of 208 - 3993 Henning Drive, Burnaby, BC V5C 6P7 are the proposed auditors of Oak Capital.

Oak Capital's Material Contracts

The following are the contracts which are material to Oak Capital: The Amalgamation Agreement between Oak and Oak Capital.

The material contracts described above may be inspected at the registered office of Oak Capital at Suite 1780, 400 Burrard Street, Vancouver, BC, during normal business hours prior to the Meeting and for a period of thirty days thereafter.

Promoters

Oak Capital has no promoters.

PRO – FORMA INFORMATION OF AMALCO3 AFTER GIVING EFFECT TO THE ARRANGEMENT AND AMALGAMATION BETWEEN OAK AND OAK CAPITAL

The following is a description of Amalco3 assuming completion of the Arrangement and amalgamation between Oak and Oak Capital.

Amalco3 Selected Financial Information

The following tables set out certain combined financial information for Amalco3 after giving effect to the Amalgamation.

The information provided below is qualified in its entirety by the audited financial statements of Oak attached in Schedule 9 Reference should be made to those audited financial statements and the audited financial statements of Oak Capital, which are attached in Schedules 9 and 10 respectively.

	Financial Information as at August 31, 2014 (unaudited)
Cash	\$26,459
Exploration and evaluation assets	\$10,500
Total assets	<u>\$36,959</u>
Share capital	<u>\$37,001</u>

Deficit
 Total liabilities and shareholders' equity
Number of issued Amalco1 Shares

\$ (41)
\$36,959
3,057,755

Please refer to Schedule 8 for the following:

- Unaudited combined financial statements of True Zone.

Description of Amalco3 Securities

After giving effect to the Amalgamation between Oak and Oak Capital, Amalco3 will have authorized share capital of an unlimited number of common shares and preferred shares. Amalco3 will have approximately 3,057,755 common shares issued and outstanding. Former Oak Shareholders will hold 457,753 Amalco3 shares and former Oak Capital Shareholders will hold approximately 2,600,002 Amalco3 shares following completion of the amalgamation.

Combined Capitalization

Share Capital

The following table sets out the share capital of Amalco3 after giving effect to the Amalgamation:

Designation of Security	Authorized	Outstanding After Giving Effect to the Amalgamation (Unaudited)
Common Shares	Unlimited	3,057,755 Amalco3 shares (457,753 held by former Oak Shareholders and 2,600,002 held by former Oak Capital Shareholders)
Preferred Shares	Unlimited	Nil

Working Capital

The working capital of Amalco3, after giving effect to the amalgamation is \$26,459.

Fully Diluted Share Capital

The following tables set out the number and percentage of securities of Amalco3 proposed to be outstanding on a fully diluted basis after giving effect to the Arrangement and the Amalgamation and any other matters:

Number of Oak Shares outstanding	Number of Oak Warrants and Options outstanding	Number of Amalco3 shares issued in Exchange for Oak Shares under Amalgamation	Percentage of Amalco3 Shares
457,753	Nil warrants Nil options	457,753	15%

Number of Oak Capital Shares outstanding	Number of Oak Capital Warrants and Options outstanding	Number of Amalco3 shares issued in Exchange for Oak Capital Shares	Percentage of Amalco3 Shares
2,600,002	Nil warrants Nil options	2,600,002	85%

Dividends

The amalgamating companies have not declared or paid any dividends on their shares. Amalco3 has no present intention to declare any dividends on the Amalco3 shares. Any decision to pay dividends on Amalco3 shares will be made by the board of directors of Amalco3 on the basis of its earnings, financial requirements and other conditions existing at such time.

Principal Security Holders

To the knowledge of the directors and senior officers of Oak and Oak Capital, as at the date hereof, no person or company other than as disclosed in the following table will own, of record or beneficially, either directly or indirectly, or will exercise control or direction over, voting securities of Amalco3 carrying more than 10% of the voting rights attached to any class of voting securities of Amalco3 after giving effect to the Amalgamation.

Name	Number of Amalco3 shares after Amalgamation	Percentage of Amalco3 shares after Amalgamation
Leonard Senft	441,500	14.4%
Global Investment Network Corp	415,000	13.6%
Sam Attara	1,000,000	32.7%
Amani Farrage	409,000	13.4%
Monita Farris	400,000	13.1%

Directors, Officers, Promoters and Key Personnel of Amalco3

Amalco3 will have the same directors and officers as Oak. The disclosure with respect to the directors and officers of Oak, cease trade orders, penalties and sanctions, personal bankruptcies and conflicts of interest applies to the disclosure regarding the directors and officers of Amalco3. Their number of shares in Amalco3 will be the same as their number of shares in Oak before the amalgamation.

Other Reporting Issuer Experience

The following table sets out information for each director or officer of Amalco3 who is or, within the five years prior to the date of the Circular, has been a director or officer of any other reporting issuer.

Name of Director or Officer	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position - From and To
Souhail Abi Farrage	Cameo Resources Corp., British Columbia	Frankfurt, TSXV	Director from January 2004 to present. President from January 29, 2013 to present. CFO from September 2008 to January 2013
	Declan Resources Inc., British Columbia	TSXV	Director from August 2005 to April 2012. President from August 2005 to November 2011
	WestKam Gold Corp., British Columbia	TSXV	Director from October 1995 to March 2008. President from February 2003 to March 2008
Lincoln Fuqua	WestKam Gold Corp.	TSXV	Director since March 1999

Executive Compensation

Management Agreement

Compensation will continue to be paid to certain officers of Amalco3 through employment in connection with the day-to-day management of the business and operations of Amalco3. The compensation to directors for their services as directors of Amalco3 will be determined at a later date.

Indebtedness of Directors and Officers

No director or executive officer of Oak or Oak Capital, or associate or affiliate of any such director or senior officer, is or has been indebted to Oak or Oak Capital since the date of incorporation. No director or executive officer of Oak or Oak Capital, or associate or affiliate of any such director or senior officer, is or has been indebted to Oak or Oak Capital since the beginning of the last completed financial year of Oak and Oak Capital. None of the directors and officers of Amalco3 are indebted to Oak, Oak Capital or Amalco3.

Risk Factors

An investment in the Amalco3 shares would be subject to certain risks. Please refer to the section on “Risk Factors” in the Circular.

Escrowed Securities

Should Amalco3 decide to list its shares on the Exchange, as part of its listing application to the Exchange, Amalco3 will enter into an escrow agreement with its registrar and transfer agent and certain shareholders of Amalco3, including all of the proposed directors, officers and consultants of Amalco3, whereby all securities of Amalco3, beneficially owned or controlled, directly or indirectly, or over which control or direction is exercised by the proposed directors, officers and consultants of Amalco3, and the respective affiliates or associates of any of them, will be placed in and made subject to an escrow agreement for a hold period of 36 months or a shorter period if permitted by the Exchange from the effective date of the Amalgamation.

Pursuant to the escrow agreement, 10% of the escrowed shares will be released from escrow on the date the Amalco3 shares are listed on the CSE, and 15% every six months thereafter, subject to acceleration provisions provided for in National Policy 46-201 – Escrow for Initial Public Offerings, and subject to the approval of the Exchange.

At this time is not known whether Amalco3 will apply for listing on any stock exchange and there can be no guarantee that the shares of Amalco3 will ever be listed on any stock exchange.

Auditor, Transfer Agent and Registrar

Kanester Johal, Chartered Accountants, of 208 - 3993 Henning Drive, Burnaby, BC V5C 6P7 are the proposed auditors of Amalco3. Equity Financial Trust Company at its principal office in Vancouver, British Columbia, will be the transfer agent and registrar for the Amalco3 shares.

Material Facts

To the knowledge of Oak and Oak Capital, there are no other material facts about Oak, Oak Capital, Amalco3 or the amalgamation that have not been disclosed in this Circular as a whole.

Board Approval

The contents and the sending of this Circular have been approved by the Board of Directors of True Zone, Oak and Oak Capital, respectively.

INFORMATION CONCERNING MOSHI (Proposed to amalgamate with Moshing Capital)

Note to Reader

The disclosure in this section has been prepared prior to giving effect to the Arrangement. Unless otherwise defined herein, all capitalized words and phrases used herein have the meanings ascribed to such words and phrases under the headings “Glossary of Terms” in the Circular.

Name, Address and Incorporation

Moshi was incorporated as “Moshi Mountain Industries Ltd.” pursuant to the Act on August 21, 2014, for the purposes of the Arrangement and the Amalgamation with Moshing Capital. Moshi is currently a private company and a wholly-owned subsidiary of True Zone. Moshi’s registered and records offices are located at Suite 1780, 400 Burrard Street, Vancouver, BC, V6C 3A6.

Inter-corporate Relationships

Moshi does not have any subsidiaries.

Significant Acquisition and Dispositions

Moshi has not completed a fiscal year. There are no significant acquisitions or dispositions, completed or probable, for which financial statements would be required under applicable securities legislation, save pursuant to this Arrangement and amalgamation with Moshing Capital described herein. Details of the Arrangement and Amalgamations are provided under “The Arrangement and Amalgamations”. The Arrangement and Amalgamations, if successfully completed, will result in Moshi acquiring an option with respect to a portion of the Tanzanian Property known as the Gombero Lion Property, which True Zone does not consider material, and amalgamating with Moshing Capital. The future operating results and financial position of Moshi cannot be predicted.

Trends

Moshi plans to amalgamate with Moshing Capital and become Amalco4, which plans to carry on a mineral exploration business. It may pursue other business opportunities. Accordingly, Amalco4’s financial success may be dependent upon the extent to which it can explore and develop mineral properties or other types of business.

The success of Moshi is largely dependent upon factors beyond Moshi’s control. See “Risk Factors”.

Other than as disclosed in this Circular, Moshi is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon its revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

General Development of Moshi’s Business

Moshi was incorporated on August 21, 2014 and has not yet commenced commercial operations. Moshi will be granted an option agreement with respect to a portion of the Tanzania Property known as the Gombero Lion Property as part of the Arrangement, will amalgamate with Moshing Capital and may pursue other business opportunities as Amalco4. Completion of the Arrangement and the amalgamation are subject to the approval of the Arrangement by the True Zone Shareholders and the Court.

Moshi’s Business History

Moshi was incorporated on August 21, 2014 and does not yet have a business history.

The Board of True Zone has determined that it would be in the best interests of the Company to continue to focus its business efforts on the exploration of its core mineral properties and potential acquisitions of interests in other properties, and transfer its interest in the Kwedilima Cheetah Property to newly-formed subsidiary company, being Moshi, which will subsequently amalgamate with Moshing Capital to become Amalco4, in exchange for Frond Shares that would be distributed to the True Zone Shareholders.

Selected Unaudited Pro-Forma Financial Information of Moshi

Moshi was incorporated on August 21, 2014. Moshi has not yet conducted any commercial operations. The following is a summary of certain financial information on a basis for Moshi as at August 31, 2014, assuming completion of the Arrangement as of such date, and should be read in conjunction with the unaudited combined financial statements of True Zone appended to this Circular as Schedule 8. This balance sheet was prepared as if the Arrangement had occurred on August 31, 2014, taking into account the assumptions stated therein. The balance sheet is not necessarily reflective of the financial position that would have resulted if the events described therein had occurred on August 31, 2014. In addition, the balance sheet is not necessarily indicative of the financial position that may be attained in the future.

	Financial Information as at August 31, 2014	
	(unaudited)	
Cash	\$	1
Property Option Agreement		0

Total assets	<u>\$ 1</u>
Current liabilities	0
Share capital	1
Total liabilities and shareholders' equity	<u>\$ 1</u>
Number of issued Moshi Shares	<u>1</u>

The pro forma change to Moshi shares consists of issuance of an 457,753 shares based on the conversion factor calculation for the option agreement regarding a portion of the Tanzania Property known as Kwedilima Cheetah Property.

Dividends

Moshi does not anticipate paying any dividends on its common shares in the short or medium term. Any decision to pay dividends on the Moshi Shares in the future will be made by the board of directors of Moshi on the basis of the earnings, financial requirements and other conditions existing at such time.

Business of Moshi

Moshi is not carrying on any business at the present time. On completion of the Arrangement and the Amalgamation with Moshing Capital, Moshi will continue on as Amalco4 and commence its business as a mineral exploration company and will be evaluating other business opportunities.

Liquidity and Capital Resources

Since incorporation Moshi's capital resources have been limited. Moshi will rely upon the issue of equity securities to acquire interest in mineral properties acquisition payments and to pay operating expenses.

Once Moshi is operational, it will require further working capital in order to continue the exploration activities and pay operating expenses and may seek to raise additional funds through one or more private placements.

Pursuant to the Arrangement, True Zone will grant to Moshi an option on a portion of the Tanzania Property known as the Kwedilima Cheetah Property in exchange for the same number of Moshi Shares as the issued and outstanding number of True Zone Shares multiplied by the Conversion Factor, which shares will be distributed to the True Zone Shareholders who hold True Zone Shares on the Share Distribution Record Date.

Moshi is a start-up company and therefore has no regular source of income. As a result, Moshi's ability to conduct operations is based on its current cash and its ability to raise funds, primarily from equity sources, and there can be no assurance that Moshi will be able to do so. Moshi does not have any other commitments for material capital expenditures over the near and long term other than as disclosed herein plus normal operating expenses. Pursuant to the Sub-option Agreement, Moshi is required to incur exploration expenditures totaling not less than \$150,000 on or before September 26, 2016. As at August 31, 2014 \$Nil in exploration expenditures have been incurred. Moshi's ongoing operating expenses are estimated to cost in the area of \$60,000 (\$5,000 per month) per year.

See "Selected Unaudited Financial Information" for information concerning the financial assets of Moshi resulting from the Arrangement.

Off Balance Sheet Arrangements

There are no off balance sheet arrangements to which Moshi is committed.

Transactions with related parties

There are no transactions with related parties as at August 31, 2014.

Results of Operations

Moshi has not carried out any commercial operations to date.

Available Funds

The estimated unaudited working capital of Moshi at August 31, 2014 was and as of the date of this Circular is \$1.00, Moshi will need to raise funds in order to finance its activities.

Share Capital of Moshi

The following table represents the share capitalization of Moshi as at August 31, 2014, both prior to and assuming completion of the Arrangement and the Amalgamations.

Share Capital	Authorized	Prior to the Completion of The Arrangement	After Completion of the Arrangement	After Completion of the Amalgamation
Common Shares	Unlimited	1 ⁽¹⁾	457,753 ⁽²⁾	3,057,755
Preferred Shares	Unlimited	Nil	Nil	Nil

Notes:

⁽¹⁾ One Moshi Share was issued to True Zone upon incorporation. After the completion of the Arrangement that one share will be cancelled.

⁽²⁾ As at the Effective Date, subject to multiplication by the Conversion Factor.

Moshi is authorized to issue an unlimited number of preferred shares without par value and an unlimited number of common shares without par value. As a result of the Arrangement approximately 457,753 shares of Moshi will be issued to the shareholders of True Zone. After the Amalgamation there will be 3,057,755 common shares issued (Moshi continuing on as Amalco4) and no preferred shares will be issued and outstanding following completion of the Arrangement and the Amalgamation. There are no special rights or restrictions attached to Moshi common shares.

Fully Diluted Share Capital of Moshi

The fully diluted share capital of Moshi, assuming completion of the Arrangement is set out below:

Designation of Moshi Shares	Number of Moshi Shares	Percentage of Total
Subscriber's share issued on incorporation ⁽¹⁾	1 ⁽³⁾	0.00
Moshi Shares issued as consideration for Assets, which shares will be distributed to the True Zone Shareholders ⁽²⁾	457,753	100.00
Total	457,753	100.00

Notes:

⁽¹⁾ One common share of Moshi was issued on incorporation and will be redeemed and cancelled concurrent with the completion of the Arrangement.

⁽²⁾ Subject to multiplication by the Conversion Factor. This share will be cancelled after the Plan of Arrangement

⁽³⁾ This share will be cancelled after the Plan of Arrangement.

The total number of shares after the completion of the amalgamation with Moshing Capital will be 3,057,755.

Prior Sales of Securities of Moshi

Moshi issued one common share to True Zone at a price of \$0.02 pursuant to incorporation on August 21, 2014.

Principal Shareholders of Moshi

To the knowledge of the directors and executive officers of the Company, no person will hold, directly or indirectly, or will have control or direction over, a combination of direct or indirect beneficial ownership of and control or direction over, voting securities that will constitute more than 10% of the issued Moshi Shares after the Arrangement.

Directors and Officers of Moshi

The following table sets out the names of the current and proposed directors and officers of Moshi, the municipalities of residence of each, all offices currently held by each of them, their principal occupations within the five preceding years, the period of time for which each has been a director or executive officer of Moshi, and the number and percentage of Moshi Shares to be beneficially owned by each, directly or indirectly, or over which control or direction will be exercised, upon completion of the Arrangement.

Name, City and Province of Residence	Principal Occupation or Employment During the Past 5 Years	Current Position(s) with Moshi	Director/ Officer Since	Number/ Percentage of Moshi Shares Beneficially Owned or over which Control or Direction is Exercised *
Souhail Abi Farrage Surrey, BC	Business Consultant, President of Bahega Consulting.	Director	August 21, 2014	Nil
Gurminder Sangha Surrey, BC	President Verona Development from February 22, 2010 to present.	Director	August 21, 2014	Nil

*Prior to the Arrangement Moshi is a wholly owned subsidiary of True Zone.

Management of Moshi

The following is a description of the individuals who will be directors and officers of Moshi following the completion of the Arrangement:

Souhail Abi Farrage, President, CEO, Secretary and a director, will be responsible for ongoing development and management of activities and acquisitions of Moshi. He will devote 10% of his time to the affairs of Moshi. Mr. Farrage was the president (February 2003 to March 2008) and a director (October 1995 to March 2008) of Consolidated Gold Win Ventures Inc. (formerly Encore Renaissance and now West Kam Gold Inc.) , a TSX Venture company in the business of base and precious metal exploration. Mr. Farrage is also a director (January 2004 to present) and President of Cameo Resources Inc. (formerly Sidon International Resources Corporation), a metals and minerals exploration company and was a director (2008-2012)and President of Kokanee Minerals Inc. (2008-2011) which raised \$7.5 million for projects in Tanzania (name changed to Declan Resources Inc.). Mr. Farrage will be providing corporate and financial management strategic planning and administrative services to Moshi as an independent contractor under his consulting business, Bahega.

Mr. Gurminder Sangha, Director and CFO, is an independent business advisor to the mining industry. For over nine years, Mr. Sangha has focused on significant international exploration, development, and mining ventures, and all aspects of their structuring and finance. His previous positions include: Business Development Manager at Scotia McLeod; Commercial Banking Manager, Scotiabank; and has worked with numerous TSX-Venture companies throughout the financing and development of exploration and production stage companies. Mr. Sangha holds a Bachelor of Commerce degree.

There are no non-competition and non-disclosure agreements between Moshi and the directors and officers.

Corporate Cease Trade Orders

Other than as disclosed below, no director, officer, promoter or other member of management of Moshi is, or within the ten years prior to the date of this Circular has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that issuer, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days.

Mr. Farrage was a director of Declan Resources Inc. (“Declan”) when he became the subject of a management cease trade order issued by the British Columbia Securities Commission on February 1, 2011 for Declan’s failure to file annual financial statements and management discussion and analysis for the year ended September 30, 2010. The management cease trade order was revoked on April 19, 2011. Mr. Farrage was a director of Cameo Resources Corp. (then Sidon International Resources Corporation) (“Cameo”) when he became the subject of a management cease trade order issued by the British Columbia Securities Commission dated August 30, 2011 for Cameo’s failure to file a comparative financial statement for the financial year ended April 30, 2011 and a management’s discussion and analysis for the period ended April 30, 2011. In addition, Cameo became the subject of a cease trade order issued by the British Columbia Securities Commission for failure to file a comparative financial statement for the financial year ended April 30, 2011, interim financial statements for the financial period ended July 31, 2011 and a management’s discussion and analysis for the periods ended April 30, 2011 and July 31, 2011. On February 1, 2012, Cameo also became the subject of a cease trade order issued by the Alberta Securities Commission for failure to file annual audited financial statements, annual management’s discussion and analysis and certification of annual filings for the year ended April 30, 2011 and interim unaudited financial statements, interim

management's discussion and analysis and certification of interim filings for the interim periods ended July 31, 2011 and October 31, 2011. The cease trade orders were revoked by the BCSC on May 22, 2013.

Penalties or Sanctions

No director, officer, promoter or other member of management of Moshi has, during the ten years prior to the date of this Circular, been subject to any other penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of a publicly traded company, or involving fraud or theft.

Personal Bankruptcies

No director, officer, promoter or other member of management of Moshi has, during the ten years prior to the date of this Circular, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

Conflicts of Interest

The directors of Moshi are required by law to act honestly and in good faith with a view to the best interest of Moshi and to disclose any interests which they may have in any project or opportunity of Moshi. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not Moshi will participate in any project or opportunity, that director will primarily consider the degree of risk to which Moshi may be exposed and its financial position at that time.

Except as disclosed in this Circular, to the best of the Company's knowledge, there are no known existing or potential conflicts of interest among Moshi and its promoters, directors, officers or other members of management as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

Executive Compensation of Moshi

The proposed executive officers of Moshi (the "**Executive Officers**") will be:

Souhail Abi Farrage	–	Chief Executive Officer
Gurminder Sangha	–	Chief Financial Officer

Moshi does not have an employment contract with any of its Executive Officers pursuant to which the Executive Officers will be compensated for their services as executive officers of Moshi.

From the date of incorporation until the date of this Circular none of the executive officers or directors of Moshi received compensation from Moshi.

Indebtedness of Directors and Executive Officers of Moshi

No individual who is, or at any time from the date of Moshi's incorporation to the date hereof was a director or executive officer of Moshi, or an associate or affiliate of such an individual, is or has been indebted to Moshi.

Moshi's Auditor

Kanester Johal, Chartered Accountants, of 208 - 3993 Henning Drive, Burnaby, BC V5C 6P7 are the proposed auditors of Moshi.

Moshi's Material Contracts

The following are the contracts which are material to Moshi:

(i) The Assignment Agreement, (ii) The Sub-option Agreement, (iii) The Arrangement Agreement and (iv) The Amalgamation Agreement between Moshi and Moshing Capital.

The material contracts described above may be inspected at the registered office of Moshi at Suite 1780, 400 Burrard Street, Vancouver, BC, V6C 3A6, during normal business hours prior to the Meeting and for a period of thirty days thereafter.

Promoters

The Company is the promoter of Moshi.

INFORMATION CONCERNING MOSHING CAPITAL (Proposed to amalgamate with Moshi)

Name, Address and Incorporation

Moshing Capital was incorporated as “Moshing Capital Inc.” pursuant to the Act on August 22, 2014, for the purposes of the Arrangement and the Amalgamation with Moshi. Moshing Capital is currently a private company. Moshing Capital’s registered and records offices are located at Suite 1780, 400 Burrard Street, Vancouver, BC, V6C 3A6.

Inter-corporate Relationships

Moshing Capital does not have any subsidiaries.

Significant Acquisition and Dispositions

Moshing Capital has not completed a fiscal year. There are no significant acquisitions or dispositions, completed or probable, for which financial statements would be required under applicable securities legislation, save pursuant to the amalgamation with Moshi described herein. The amalgamation, if successfully completed, will result in Moshing Capital assets and liabilities merging with the assets and liabilities of Moshi. The future operating results and financial position of Moshing Capital cannot be predicted.

Trends

Moshing Capital plans to amalgamate with Moshi and become Amalco4, which plans to carry on a mineral exploration business. It may pursue other business opportunities. Accordingly, Amalco4’s financial success may be dependent upon the extent to which it can explore and develop mineral properties or other types of business.

The success of Moshing Capital is largely dependent upon factors beyond Moshing Capital’s control. See “Risk Factors”.

Other than as disclosed in this Circular, Moshing Capital is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon its revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

General Development of Moshing Capital’s Business

Moshing Capital was incorporated on August 22, 2014 and has not yet commenced commercial operations. It raised capital by issuing shares. After the amalgamation with Moshi it will become a mineral exploration company and may pursue other business opportunities as Amalco4. Completion of the amalgamation with Moshi is subject to the approval of the Arrangement by the True Zone Shareholders and the Court and of the amalgamation by the True Zone shareholders and Moshing Capital shareholders.

Moshing Capital’s Business History

Moshing Capital was incorporated on August 22, 2014 and does not yet have a business history.

Selected Unaudited Pro-Forma Financial Information of Moshing Capital

Moshing Capital was incorporated on August 22, 2014. Moshing Capital has not yet conducted any commercial operations. The following is a summary of certain financial information on a basis for Moshing Capital as at August 31, 2014, assuming completion of the Arrangement and amalgamation with Moshi as of such date, and should be read in conjunction with the unaudited combined financial statements of True Zone appended to this Circular as Schedule 8. This balance sheet was prepared as if the Arrangement and the amalgamation had occurred on August 31, 2014, taking into account the assumptions stated therein. The balance sheet is not

necessarily reflective of the financial position that would have resulted if the events described therein had occurred on August 31, 2014. In addition, the balance sheet is not necessarily indicative of the financial position that may be attained in the future.

	Financial Information as at August 31, 2014
	(unaudited)
Cash	\$26,459
Advances	\$10,500
Total assets	\$36,959
Capital stock	\$37,000
Deficit	\$ (41)
Total liabilities and shareholders' equity	\$36,959
Number of issued Patchouli Shares	2,600,002

For a pro forma description of the amalgamated companies as approved under the Plan of Arrangement, See "Information of Amalco4 After Giving Effect to the Arrangement and Amalgamation between Moshi and Moshing Capital".

Dividends

Moshing Capital does not anticipate paying any dividends on its common shares in the short or medium term. Any decision to pay dividends on the Moshing Capital Shares in the future will be made by the board of directors of Moshing Capital on the basis of the earnings, financial requirements and other conditions existing at such time.

Business of Moshing Capital

Moshing Capital is not carrying on any business at the present time. On completion of the Arrangement and the Amalgamation with Moshi, Moshing Capital will continue on as Amalco4 and commence its business as a mineral exploration company and will be evaluating other business opportunities.

Liquidity and Capital Resources

Since incorporation, Moshing Capital's capital resources have been limited. Moshing Capital relied upon the issue of equity securities to acquire interest in mineral properties acquisition payments and to pay operating expenses.

On August 22, 2014, Moshing Capital issued 2 common shares at \$0.005. On August 28, 2014, Moshing Capital issued 1,000,000 common shares at a price of \$0.005 per share for total proceeds of \$5,000. On September 29, 2014, Moshing Capital issued 1,600,000 common shares at \$0.02 per share for total proceeds of \$32,000 out of which \$24,000 was received subsequent to the year end. Moshing Capital had working capital of \$26,459 as at August 31, 2014. On September 4, 5 and 10, 2014 Moshing Capital advanced to AFGF \$5000, \$500, and \$5000 respectively.

Moshing Capital is a start-up company and therefore has no regular source of income. As a result, Moshing Capital's ability to conduct operations, is based on its current cash and its ability to raise funds, primarily from equity sources, and there can be no assurance that Moshing Capital will be able to do so. Moshing Capital does not have any commitments for material capital expenditure over the near and long term other than as disclosed above plus normal operating expenses. Moshing Capital's ongoing operating expenses are estimated to cost in the area of \$30,000 (\$2500 per month) per year.

See "Selected Unaudited Pro-forma Financial Information" for information concerning the financial assets of Moshing Capital resulting from the amalgamation with Moshi.

Results of Operations

Moshing Capital has not carries out any commercial operations to date.

Share Capital of Moshing Capital

The following table represents the share capitalization of Moshing Capital as at August 31, 2014, both prior to and assuming completion of the amalgamation with Moshi.

Share Capital	Authorized	Prior to the Completion of Amalgamation
Common Shares	Unlimited	2,600,002
Preferred Shares	Unlimited	Nil

Moshing Capital is authorized to issue an unlimited number of preferred shares without par value shares and unlimited number of common shares without par value. As a result of the Arrangement and the amalgamation with Moshi 457,753 shares of Amalco4 will be issued to the shareholders of True Zone and 2,600,002 shares will be issued to the shareholders of Moshing Capital. No preferred shares will be issued and outstanding following completion of the Arrangement and the amalgamation with Moshi.

Prior Sales of Securities of Moshing Capital

The following table describes the issuance of share by Moshing Capital from the date of incorporation until the date of this information circular.

Designation of Moshing Capital Shares	Issue Date	Price per Share	Number of Shares
Common Shares	August 22, 2014	0.005	2
Common Shares	August 28, 2014	0.005	1,000,000
Common Shares	September 29, 2014	0.02	1,600,000
		Total	2,600,002

Moshing Capital has not issued any share purchase warrants of stock options.

Principal Shareholders of Moshing Capital

To the knowledge of the directors and executive officers of the Company, the following persons hold, directly or indirectly, or have control or direction over, a combination of direct or indirect beneficial ownership of and control or direction over, voting securities that constitute more than 10% of the issued Moshing Capital shares.

Name	Approximate Number of Moshing Capital shares	Approximate Percentage of Moshing Capital shares
Sam Attara	400,000	15.4%
Amani Farrage	400,000	15.4%
Gopal Sahota	400,000	15.4%
Global Investment Network Corp	400,000	15.4%
Karnail Mangat	1,000,000	38.4%

Directors and Officers of Moshing Capital

The following table sets out the names of the current and proposed directors and officers of Moshing Capital, the municipalities of residence of each, all offices currently held by each of them, their principal occupations within the five preceding years, the period of time for which each has been a director or executive officer of Moshing Capital, and the number and percentage of Moshing Capital Shares beneficially owned by each, directly or indirectly, or over which control or direction is exercised.

Name, City and Province of Residence	Principal Occupation or Employment During the Past 5 Years	Current Position(s) with Moshing Capital	Director/ Officer Since	Number/ Percentage of Moshing Capital Shares Beneficially Owned or over which Control or Direction is Exercised *
Karnail Mangat	Principal and Director of Pacific Coast Insurance Brokers Ltd.	Director	August 22, 2014	1,000,000 / 38%

Management of Moshing Capital

The following is a description of the individual(s) who are directors and officers of Moshing Capital.

Karnail Mangat, director, is the Principal of Pacific Coast Insurance Brokers Ltd: providing services and support to customers for insurance services, including autoplan, commercial, home, fleet, cargo, life, travel and medical insurance.

There are no non-competition and non-disclosure agreements between Moshing Capital and the directors and officers.

Corporate Cease Trade Orders

Other than as disclosed below, no director, officer, promoter or other member of management of Moshing Capital is, or within the ten years prior to the date of this Circular has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that issuer, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days.

Penalties or Sanctions

No director, officer, promoter or other member of management of Moshing Capital has, during the ten years prior to the date of this Circular, been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of a publicly traded company, or involving fraud or theft.

Personal Bankruptcies

No director, officer, promoter or other member of management of Moshing Capital has, during the ten years prior to the date of this Circular, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

Conflicts of Interest

The directors of Moshing Capital are required by law to act honestly and in good faith with a view to the best interest of Moshing Capital and to disclose any interests which they may have in any project or opportunity of Moshing Capital. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not Moshing Capital will participate in any project or opportunity, that director will primarily consider the degree of risk to which Moshing Capital may be exposed and its financial position at that time.

Except as disclosed in this Circular, to the best of the Company's knowledge, there are no known existing or potential conflicts of interest among Moshing Capital and its promoters, directors, officers or other members of management as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

Executive Compensation of Moshing Capital

Kamal Mangat is the sole director of Moshing Capital, which has not appointed any executive officers and has not paid any compensation from the date of incorporation until the date of this Circular.

Moshing Capital does not have an employment contract with any of its Executive Officers pursuant to which the Executive Officers will be compensated for their services as executive officers of Moshing Capital.

Indebtedness of Directors and Executive Officers of Moshing Capital

No individual who is, or at any time from the date of Moshing Capital's incorporation to the date hereof was a director or executive officer of Moshing Capital, or an associate or affiliate of such an individual, is or has been indebted to Moshing Capital.

Moshing Capital's Auditor

Kanester Johal, Chartered Accountants, of 208 - 3993 Henning Drive, Burnaby, BC V5C 6P7 are the proposed auditors of Moshing Capital.

Moshing Capital's Material Contracts

The following are the contracts which are material to Moshing Capital: The Amalgamation Agreement between Moshi and Moshing Capital.

The material contracts described above may be inspected at the registered office of Moshing Capital at Suite 1780, 400 Burrard Street, Vancouver, BC, during normal business hours prior to the Meeting and for a period of thirty days thereafter.

Promoters

Moshing Capital has no promoters.

PRO – FORMA INFORMATION OF AMALCO4 AFTER GIVING EFFECT TO THE ARRANGEMENT AND AMALGAMATION BETWEEN MOSHI AND MOSHING CAPITAL

The following is a description of Amalco4 assuming completion of the Arrangement and amalgamation between Moshi and Moshing Capital.

Amalco4 Selected Financial Information

The following tables set out certain combined financial information for Amalco4 after giving effect to the Amalgamation.

The information provided below is qualified in its entirety by the audited financial statements of Moshi attached in Schedule 9. Reference should be made to those audited financial statements and the audited financial statements of Moshing Capital, which are attached in Schedules 9 and 10, respectively.

	Financial Information as at August 31, 2014
Cash	(unaudited) \$26,459
Exploration and evaluation assets	\$10,500
Total assets	\$36,959
Share capital	\$37,001
Deficit	\$ (41)
Total liabilities and shareholders' equity	\$36,959
Number of issued Amalco 4 Shares	3,057,755

Please refer to Schedule 8 for the following:

- Unaudited combined financial statements of True Zone.

Description of Amalco4 Securities

After giving effect to the Amalgamation between Moshi and Moshing Capital, Amalco4 will have authorized share capital of an unlimited number of common shares and preferred shares. Amalco4 will have approximately 3,057,753 common shares issued and outstanding. Former Moshi Shareholders will hold approximately 457,753 Amalco4 shares and former Moshing Capital Shareholders will hold approximately 2,600,002 Amalco4 shares following completion of the amalgamation.

Combined Capitalization

Share Capital

The following table sets out the share capital of Amalco4 after giving effect to the Amalgamation:

Designation of Security	Authorized	Outstanding After Giving Effect to the Amalgamation (Unaudited)
Common Shares	Unlimited	3,057,755 Amalco4 shares (457,753 held by former Moshi Shareholders and 2,600,002 held by former Moshing Capital Shareholders)
Preferred Shares	Unlimited	Nil

Working Capital

The working capital of Amalco4, after giving effect to the amalgamation, is \$26,459

Fully Diluted Share Capital

The following tables set out the number and percentage of securities of Amalco4 proposed to be outstanding on a fully diluted basis after giving effect to the Arrangement and the Amalgamation and any other matters:

Number of Moshi Shares outstanding	Number of Moshi Warrants and Options outstanding	Number of Amalco4 shares issued in Exchange for Moshi Shares under Amalgamation	Percentage of Amalco4 Shares
475,753	Nil warrants Nil options	457,753	15 %

Number of Moshing Capital Shares outstanding	Number of Moshing Capital Warrants and Options outstanding	Number of Amalco4 shares issued in Exchange for Moshing Capital Shares	Percentage of Amalco4 Shares
2,600,002	Nil warrants Nil options	2,600,002	85%

Dividends

The amalgamating companies have not declared or paid any dividends on their shares. Amalco4 has no present intention to declare any dividends on the Amalco4 shares. Any decision to pay dividends on Amalco4 shares will be made by the board of directors of Amalco4 on the basis of its earnings, financial requirements and other conditions existing at such time.

Principal Security Holders

To the knowledge of the directors and senior officers of Moshi and Moshing Capital, as at the date hereof, no person or company other than as disclosed in the following table will own, of record or beneficially, either directly or indirectly, or will exercise control or direction over, voting securities of Amalco4 carrying more than 10% of the voting rights attached to any class of voting securities of Amalco4 after giving effect to the Amalgamation.

Name	Number of Amalco4 shares after Amalgamation	Percentage of Amalco4 shares after Amalgamation
Global Investment Network Corp	415,000	13.6%
Sam Attara	400,000	13.1%
Amani Farrage	409,000	13.4%
Gopal Sahota	400,000	13.1%
Karnail Mangat	1,000,000	32.7%

Directors, Officers, Promoters and Key Personnel of Amalco4

Amalco4 will have the same directors and officers as Moshi. The disclosure with respect to the directors and officers of Moshi, cease trade orders, penalties and sanctions, personal bankruptcies and conflicts of interest applies to the disclosure regarding the directors and officers of Amalco4. Their number of shares in Amalco will be the same as their number of shares in Moshi before the amalgamation.

Other Reporting Issuer Experience

The following table sets out information for each director or officer of Amalco4 who is or, within the five years prior to the date of the Circular, has been a director or officer of any other reporting issuer.

Name of Director or Officer	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position - From and To
Souhail Abi Farrage	Cameo Resources Corp., British Columbia	Frankfurt, TSXV	Director from January 2004 until present. President from January 29, 2013 to present. CFO from September 2008 until January 2013.
	Declan Resources Inc., British Columbia	TSXV	Director from August 2005 to April 2012. President from August 2005 to November 2011
	WestKam Gold Corp., British Columbia	TSXV	Director from October 1995 to March 2008. President from February 2003 to March 2008
Gurminder Sangha	Verona Development Corp., British Columbia	TSXV	Director from February 2010 to present. President from August 2011 to present
	Global Hunter Corp.	TSXV	Director from April 2010 to August 2014
	RockBridge Resources Corp., British Columbia	TSXV	Director from December 2013 to present

Executive Compensation

Management Agreement

Compensation will continue to be paid to certain proposed officers of Amalco4 through employment in connection with the day-to-day management of the business and operations of Amalco4. The compensation to directors for their services as directors of Amalco4 will be determined at a later date.

Indebtedness of Directors and Officers

No director or executive officer of Moshi or Moshing Capital, or associate or affiliate of any such director or senior officer, is or has been indebted to Moshi or Moshing Capital since the date of incorporation. No director or executive officer of Moshi or Moshing Capital, or associate or affiliate of any such director or senior officer, is or has been indebted to Moshi or Moshing Capital since the beginning of the last completed financial year of Moshi and Moshing Capital. None of the proposed directors and officers of Amalco4 are indebted to Moshi, Moshing Capital or Amalco4.

Risk Factors

An investment in the Amalco4 shares would be subject to certain risks. Please refer to the section on “Risk Factors” in the Circular.

Escrowed Securities

Should Amalco4 decide to list its shares on the Exchange, as part of its listing application to the Exchange, Amalco4 will enter into an escrow agreement with its registrar and transfer agent and certain shareholders of Amalco4, including all of the proposed directors, officers and consultants of Amalco4, whereby all securities of Amalco4, beneficially owned or controlled, directly or indirectly, or over which control or direction is exercised by the proposed directors, officers and consultants of Amalco4, and the respective affiliates or associates of any of them, will be placed in and made subject to an escrow agreement for a hold period of 36 months or a shorter period if permitted by the Exchange from the effective date of the Amalgamation.

Pursuant to the escrow agreement, 10% of the escrowed shares will be released from escrow on the date the Amalco4 shares are listed on the CSE, and 15% every six months thereafter, subject to acceleration provisions provided for in National Policy 46-201 – Escrow for Initial Public Offerings, and subject to the approval of the Exchange.

At this time is not known whether Amalco4 will apply for listing on any stock exchange and there can be no guarantee that the shares of Amalco4 will ever be listed on any stock exchange.

Auditor, Transfer Agent and Registrar

Kanester Johal, Chartered Accountants, of 208 - 3993 Henning Drive, Burnaby, BC V5C 6P7 are the proposed auditors of Amalco4. Equity Financial Trust Company at its principal office in Vancouver, British Columbia, will be the transfer agent and registrar for the Amalco4 shares.

Material Facts

To the knowledge of Moshi and Moshing Capital, there are no other material facts about Moshi, Moshing Capital, Amalco4 or the amalgamation that have not been disclosed in this Circular as a whole.

Board Approval

The contents and the sending of this Circular have been approved by the Board of Directors of True Zone, Moshi and Moshing Capital, respectively.

INFORMATION CONCERNING ELM
(Proposed to amalgamate with Elmira Capital)

Note to Reader

The disclosure in this section has been prepared prior to giving effect to the Arrangement. Unless otherwise defined herein, all capitalized words and phrases used herein have the meanings ascribed to such words and phrases under the headings “Glossary of Terms” in the Circular.

Name, Address and Incorporation

Elm was incorporated as “Elm Resources Ltd.” pursuant to the Act on August 21, 2014, for the purposes of the Arrangement and the Amalgamation with Elmira Capital. Elm is currently a private company and a wholly-owned subsidiary of True Zone. Elm’s registered and records offices are located at Suite 1780, 400 Burrard Street, Vancouver, BC, V6C 3A6.

Inter-corporate Relationships

Elm does not have any subsidiaries.

Significant Acquisition and Dispositions

Elm has not completed a fiscal year. There are no significant acquisitions or dispositions, completed or probable, for which financial statements would be required under applicable securities legislation, save pursuant to this Arrangement and amalgamation with Elmira Capital described herein. Details of the Arrangement and Amalgamations are provided under “The Arrangement and Amalgamations”. The Arrangement and Amalgamations, if successfully completed, will result in Elm acquiring an option with respect to a portion of the Tanzanian Property known as the Gombero West Property, which True Zone does not consider material, and amalgamating with Elmira Capital. The future operating results and financial position of Elm cannot be predicted.

Trends

Elm plans to amalgamate with Elmira Capital and become Amalco5, which plans to carry on a mineral exploration business. It may pursue other business opportunities. Accordingly, Amalco5’s financial success may be dependent upon the extent to which it can explore and develop mineral properties or other types of business.

The success of Elm is largely dependent upon factors beyond Elm’s control. See “Risk Factors”.

Other than as disclosed in this Circular, Elm is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon its revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

General Development of Elm’s Business

Elm was incorporated on August 21, 2014 and has not yet commenced commercial operations. Elm will be granted an option agreement with respect to a portion of the Tanzania Property known as the Gombero West Property as part of the Arrangement and will amalgamate with Elmira Capital and may pursue other business opportunities as Amalco5. Completion of the Arrangement and the amalgamation are subject to the approval of the Arrangement by the True Zone Shareholders and the Court.

Elm’s Business History

Elm was incorporated on August 21, 2014 and does not yet have a business history.

The Board of True Zone has determined that it would be in the best interests of the Company to continue to focus its business efforts on the exploration of its core mineral properties and potential acquisitions of interests in other properties, and transfer its interest in the Gombero West Property to newly-formed subsidiary company, being Elm, which will subsequently amalgamate with Elmira Capital to become Amalco5, in exchange for Frond Shares that would be distributed to the True Zone Shareholders.

Selected Unaudited Pro-Forma Financial Information of Elm

Elm was incorporated on August 21, 2014. Elm has not yet conducted any commercial operations. The following is a summary of certain financial information on a basis for Elm as at August 31, 2014, assuming completion of the Arrangement as of such date, and should be read in conjunction with the unaudited combined financial statements of True Zone appended to this Circular as Schedule 8. This pro-forma balance sheet was prepared as if the Arrangement had occurred on August 31, 2014, taking into account the assumptions stated therein. The balance sheet is not necessarily reflective of the financial position that would have resulted if the events described therein had occurred on August 31, 2014. In addition, the balance sheet is not necessarily indicative of the financial position that may be attained in the future.

	Financial Information as at August 31, 2014
	(unaudited)
Cash	\$ 1
Property Option Agreement	0
Total assets	\$ 1
Current liabilities	0
Share capital	1
Total liabilities and shareholders' equity	\$ 1
Number of issued Elm Shares	1

The change to the Elm shares consists of the issue of 457,753 shares based on the conversion factor calculated for the Sub-option Agreement regarding a portion of the Tanzanian Property known as the Gombero West Property.

Dividends

Elm does not anticipate paying any dividends on its common shares in the short or medium term. Any decision to pay dividends on the Elm Shares in the future will be made by the board of directors of Elm on the basis of the earnings, financial requirements and other conditions existing at such time.

Business of Elm

Elm is not carrying on any business at the present time. On completion of the Arrangement and the Amalgamation with Elmira Capital, Elm will continue on as Amalco5 and commence its business as a mineral exploration company and will be evaluating other business opportunities.

Liquidity and Capital Resources

Since incorporation Elm's capital resources have been limited. Elm will rely upon the issue of equity securities to acquire interest in mineral properties acquisition payments and to pay operating expenses.

Once Elm is operational, it will require further working capital in order to continue the exploration activities and pay operating expenses and may seek to raise additional funds through one or more private placements.

Pursuant to the Arrangement, True Zone will grant to Elm an option on a portion of the Tanzania Property known as the Gombero West Property in exchange for the same number of Elm Shares as the issued and outstanding number of True Zone Shares multiplied by the Conversion Factor, which shares will be distributed to the True Zone Shareholders who hold True Zone Shares on the Share Distribution Record Date.

Elm is a start-up company and therefore has no regular source of income. As a result, Elm's ability to conduct operations, is based on its current cash and its ability to raise funds, primarily from equity sources, and there can be no assurance that Elm will be able to do so. Elm does not have any other commitments for material capital expenditures over the near and long term other than as disclosed herein plus normal operating expenses. Pursuant to the Sub-option Agreement, Elm is required to incur exploration expenditures

totaling not less than \$150,000 on or before September 26, 2016. As at August 31, 2014 \$Nil in exploration expenditures have been incurred. Elm's ongoing operating expenses are estimated to cost in the area of \$60,000 (\$5,000 per month) per year.

See "Selected Unaudited Financial Information" for information concerning the financial assets of Elm resulting from the Arrangement.

Off Balance Sheet Arrangements

There are no off balance sheet arrangements to which Elm is committed.

Transactions with related parties

There are no transactions with related parties as at August 31, 2014.

Results of Operations

Elm has not carried out any commercial operations to date.

Available Funds

The estimated unaudited working capital of Elm at August 31, 2014 was and as of the date of this Circular is \$1.00. Elm will need to raise funds in order to finance its activities.

Share Capital of Elm

The following table represents the share capitalization of Elm as at August 31, 2014, both prior to and assuming completion of the Arrangement and the Amalgamations.

Share Capital	Authorized	Prior to the Completion of The Arrangement	After Completion of the Arrangement	After Completion of the Amalgamation
Common Shares	Unlimited	1 ⁽¹⁾	457,7535 ⁽²⁾	3,057,755
Preferred Shares	Unlimited	Nil	Nil	Nil

Notes:

⁽¹⁾ One Elm Share was issued to True Zone upon incorporation. After the completion of the Arrangement that one share will be cancelled.

⁽²⁾ As at the Effective Date, subject to multiplication by the Conversion Factor.

Elm is authorized to issue an unlimited number of preferred shares without par value shares and unlimited number of common shares without par value. As a result of the Arrangement approximately 457,753 shares of Elm will be issued to the shareholders of True Zone. After the Amalgamation there will be 3,057,753 common shares issued (Elm continuing on as Amalco5) and no preferred shares will be issued and outstanding following completion of the Arrangement and the Amalgamation. There are no special rights or restrictions attached to Elm common shares.

Fully Diluted Share Capital of Elm

The fully diluted share capital of Elm, assuming completion of the Arrangement is set out below:

Designation of Elm Shares	Number of Elm Shares	Percentage of Total
Subscriber's share issued on incorporation ⁽¹⁾	1 ⁽³⁾	0.00
Elm Shares issued as consideration for Assets, which shares will be distributed to the True Zone Shareholders ⁽²⁾	457,753	100.00
Total	457,753	100.00

Notes:

⁽¹⁾ One common share of Elm was issued on incorporation and will be redeemed and cancelled concurrent with the completion of the Arrangement.

(2) Subject to multiplication by the Conversion Factor. This share will be cancelled after the Plan of Arrangement

(3) This share will be cancelled after the Plan of Arrangement.

The total number of shares after the completion of the amalgamation with Elm Capital will be 3,057,755.

Prior Sales of Securities of Elm

Elm issued one common share to True Zone at a price of \$0.02 pursuant to incorporation on August 21, 2014.

Principal Shareholders of Elm

To the knowledge of the directors and executive officers of the Company, no person will hold, directly or indirectly, or will have control or direction over, a combination of direct or indirect beneficial ownership of and control or direction over, voting securities that will constitute more than 10% of the issued Elm Shares after the Arrangement.

Directors and Officers of Elm

The following table sets out the names of the current and proposed directors and officers of Elm, the municipalities of residence of each, all offices currently held by each of them, their principal occupations within the five preceding years, the period of time for which each has been a director or executive officer of Elm, and the number and percentage of Elm Shares to be beneficially owned by each, directly or indirectly, or over which control or direction will be exercised, upon completion of the Arrangement.

Name, City and Province of Residence	Principal Occupation or Employment During the Past 5 Years	Current Position(s) with Elm	Director/ Officer Since	Number/ Percentage of Elm Shares Beneficially Owned or over which Control or Direction is Exercised *
Souhail Abi Farrage Surrey, BC	Business Consultant, President of Bahega Consulting.	Director	August 21, 2014	Nil
Gopal Sahota Surrey, BC	Realtor at Sutton Group West Coast Realty.	Director	August 21, 2014	Nil

*Prior to the Arrangement Elm is a wholly owned subsidiary of True Zone.

Management of Elm

The following is a description of the individuals who will be directors and officers of Elm following the completion of the Arrangement:

Souhail Abi Farrage, President, CEO, Secretary and a director, will be responsible for ongoing development and management of activities and acquisitions of Elm. He will devote 30% of his time to the affairs of Elm. Mr. Farrage was the president (February 2003 to March 2008) and a director (October 1995 to March 2008) of Consolidated Gold Win Ventures Inc. (formerly Encore Renaissance and now West Kam Gold Inc.), a TSX Venture company in the business of base and precious metal exploration. Mr. Farrage is also a director (January 2004 to present) and President of Cameo Resources Inc. (formerly Sidon International Resources Corporation), a metals and minerals exploration company and was a director (2008-2012) and President of Kokanee Minerals Inc. (2008-2011) which raised \$7.5 million for projects in Tanzania (name changed to Declan Resources Inc.). Mr. Farrage will be providing corporate and financial management strategic planning and administrative services to Elm as an independent contractor under his consulting business, Bahega.

Mr. Gopal Sahota, Director and CFO, is a realtor and has worked as a Licensed Professional Realtor, for the Sutton Group West Coast Realty for over 20 years and maintains a high client oriented philosophy, utilizing the latest technologies for efficient service.

There are no non-competition and non-disclosure agreements between Elm and the proposed directors and officers.

Corporate Cease Trade Orders

Other than as disclosed below, no director, officer, promoter or other member of management of Elm is, or within the ten years prior to the date of this Circular has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that issuer, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days.

Mr. Farrage was a director of Declan Resources Inc. (“Declan”) when he became the subject of a management cease trade order issued by the British Columbia Securities Commission on February 1, 2011 for Declan’s failure to file annual financial statements and management discussion and analysis for the year ended September 30, 2010. The management cease trade order was revoked on April 19, 2011. Mr. Farrage was a director of Cameo Resources Corp. (then Sidon International Resources Corporation) (“Cameo”) when he became the subject of a management cease trade order issued by the British Columbia Securities Commission dated August 30, 2011 for Cameo’s failure to file a comparative financial statement for the financial year ended April 30, 2011 and a management’s discussion and analysis for the period ended April 30, 2011. In addition, Cameo became the subject of a cease trade order issued by the British Columbia Securities Commission for failure to file a comparative financial statement for the financial year ended April 30, 2011, interim financial statements for the financial period ended July 31, 2011 and a management’s discussion and analysis for the periods ended April 30, 2011 and July 31, 2011. On February 1, 2012, Cameo also became the subject of a cease trade order issued by the Alberta Securities Commission for failure to file annual audited financial statements, annual management’s discussion and analysis and certification of annual filings for the year ended April 30, 2011 and interim unaudited financial statements, interim management’s discussion and analysis and certification of interim filings for the interim periods ended July 31, 2011 and October 31, 2011. The cease trade orders were revoked by the BCSC on May 22, 2013.

Penalties or Sanctions

No director, officer, promoter or other member of management of Elm has, during the ten years prior to the date of this Circular, been subject to any other penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of a publicly traded company, or involving fraud or theft.

Personal Bankruptcies

No director, officer, promoter or other member of management of Elm has, during the ten years prior to the date of this Circular, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

Conflicts of Interest

The directors of Elm are required by law to act honestly and in good faith with a view to the best interest of Elm and to disclose any interests which they may have in any project or opportunity of Elm. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not Elm will participate in any project or opportunity, that director will primarily consider the degree of risk to which Elm may be exposed and its financial position at that time.

Except as disclosed in this Circular, to the best of the Company’s knowledge, there are no known existing or potential conflicts of interest among Elm and its promoters, directors, officers or other members of management as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

Executive Compensation of Elm

The executive officers of Elm (the “**Executive Officers**”) will be:

Souhail Abi Farrage	– Chief Executive Officer
Gopal Sahota	– Chief Financial Officer

Elm does not have an employment contract with any of its Executive Officers pursuant to which the Executive Officers will be compensated for their services as executive officers of Elm.

From the date of incorporation until the date of this Circular none of the executive officers or directors of Elm received compensation from Elm.

Indebtedness of Directors and Executive Officers of Elm

No individual who is, or at any time from the date of Elm's incorporation to the date hereof was a director or executive officer of Elm, or an associate or affiliate of such an individual, is or has been indebted to Elm.

Elm's Auditor

Kanester Johal, Chartered Accountants, of 208 - 3993 Henning Drive, Burnaby, BC V5C 6P7 are the proposed auditors of Elm.

Elm's Material Contracts

The following are the contracts which are material to Elm:

(i) The Assignment Agreement, (ii) The Sub-options Agreement, (iii) The Arrangement Agreement and (iv) The Amalgamation Agreement between Elm and Elmira Capital.

The material contracts described above may be inspected at the registered office of Elm at Suite 1780, 400 Burrard Street, Vancouver, BC, during normal business hours prior to the Meeting and for a period of thirty days thereafter.

Promoters

The Company is the promoter of Elm.

INFORMATION CONCERNING ELMIRA CAPITAL (Proposed to amalgamate with Elm)

Name, Address and Incorporation

Elmira Capital was incorporated as "Elmira Capital Inc." pursuant to the Act on August 22, 2014, for the purposes of the Arrangement and the Amalgamation with Elm. Elmira Capital is currently a private company. Elmira Capital's registered and records offices are located at Suite 1780, 400 Burrard Street, Vancouver, BC, V6C 3A6.

Inter-corporate Relationships

Elmira Capital does not have any subsidiaries.

Significant Acquisition and Dispositions

Elmira Capital has not completed a fiscal year. There are no significant acquisitions or dispositions, completed or probable, for which financial statements would be required under applicable securities legislation, save pursuant to the amalgamation with Elm described herein. The amalgamation, if successfully completed, will result in Elmira Capital assets and liabilities merging with the assets and liabilities of Elm. The future operating results and financial position of Elmira Capital cannot be predicted.

Trends

Elmira Capital plans to amalgamate with Elm and become Amalco5, which plans to carry on a mineral exploration business. It may pursue other business opportunities. Accordingly, Amalco5's financial success may be dependent upon the extent to which it can explore and develop mineral properties or other types of business.

The success of Elmira Capital is largely dependent upon factors beyond Elmira Capital's control. See "Risk Factors".

Other than as disclosed in this Circular, Elmira Capital is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon its revenues, income from continuing operations, profitability, liquidity or

capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

General Development of Elmira Capital's Business

Elmira Capital was incorporated on August 22, 2014 and has not yet commenced commercial operations. It raised capital by issuing shares. After the amalgamation with Elm it will become a mineral exploration company and may pursue other business opportunities as Amalco5. Completion of the amalgamation with Elm is subject to the approval of the Arrangement by the True Zone Shareholders and the Court and of the amalgamation by the True Zone shareholders and Elmira Capital shareholders.

Elmira Capital's Business History

Elmira Capital was incorporated on August 22, 2014 and does not yet have a business history.

Selected Unaudited Pro-Forma Financial Information of Elmira Capital

Elmira Capital was incorporated on August 22, 2014. Elmira Capital has not yet conducted any commercial operations. The following is a summary of certain financial information on a basis for Elmira Capital as at August 31, 2014, assuming completion of the Arrangement and amalgamation with Elm as of such date, and should be read in conjunction with the unaudited combined financial statements of True Zone appended to this Circular as Schedule 8. This balance sheet was prepared as if the Arrangement and the amalgamation had occurred on August 31, 2014, taking into account the assumptions stated therein. The balance sheet is not necessarily reflective of the financial position that would have resulted if the events described therein had occurred on August 31, 2014. In addition, the balance sheet is not necessarily indicative of the financial position that may be attained in the future.

	Financial Information as at August 31, 2014
	(unaudited)
Cash	\$26,459
Advances	\$10,500
Total assets	\$36,959
Capital stock	\$37,000
Deficit	\$ (41)
Total liabilities and shareholders' equity	\$36,959
Number of issued Elmira Capital Shares	2,600,002

For a pro forma description of the amalgamated companies as approved under the Plan of Arrangement, See "Information of Amalco5 After Giving Effect to the Arrangement and Amalgamation between Elm and Elmira Capital".

Dividends

Elmira Capital does not anticipate paying any dividends on its common shares in the short or medium term. Any decision to pay dividends on the Elmira Capital Shares in the future will be made by the board of directors of Elmira Capital on the basis of the earnings, financial requirements and other conditions existing at such time.

Business of Elmira Capital

Elmira Capital is not carrying on any business at the present time. On completion of the Arrangement and the Amalgamation with Elm, Elmira Capital will continue on as Amalco5 and commence its business as a mineral exploration company and will be evaluating other business opportunities.

Liquidity and Capital Resources

Since incorporation, Elm Capital's capital resources have been limited. Elm Capital relied upon the issue of equity securities to acquire interest in mineral properties acquisition payments and to pay operating expenses.

On August 22, 2014, Elm Capital issued 2 common shares at \$0.005. On August 28, 2014, Elm Capital issued 1,000,000 common shares at a price of \$0.005 per share for total proceeds of \$5,000. On September 29, 2014, Elm Capital issued 1,600,000 common shares at \$0.02 per share for total proceeds of \$32,000 out of which \$24,000 was received subsequent to the year end. Elm Capital had working capital of \$26,459 as at August 31, 2014. On September 4, 5 and 10, 2014 Elm Capital advanced to AFGF \$5000, \$500, and \$5000 respectively

Elm Capital is a start-up company and therefore has no regular source of income. As a result, Elm Capital's ability to conduct operations, is based on its current cash and its ability to raise funds, primarily from equity sources, and there can be no assurance that Elm Capital will be able to do so. Elm Capital does not have any commitments for material capital expenditure over the near and long term other than as disclosed above plus normal operating expenses. Elm Capital's ongoing operating expenses are estimated to cost in the area of \$30,000 (\$2500 per month) per year.

See "Selected Unaudited Financial Information" for information concerning the financial assets of Elmira Capital resulting from the amalgamation with Elm.

Results of Operations

Elmira Capital has not carried out any commercial operations to date.

Share Capital of Elmira Capital

The following table represents the share capitalization of Elmira Capital as at August 31, 2014, both prior to and assuming completion of the amalgamation with Elm.

Share Capital	Authorized	Prior to the Completion of Amalgamation
Common Shares	Unlimited	2,600,002
Preferred Shares	Unlimited	Nil

Elmira Capital is authorized to issue an unlimited number of preferred shares without par value shares and unlimited number of common shares without par value. As a result of the Arrangement and the amalgamation with Elm approximately 457,753 shares of Amalco5 will be issued to the shareholders of True Zone and 2,600,002 shares will be issued to the shareholders of Elmira Capital. No preferred shares will be issued and outstanding following completion of the Arrangement and the amalgamation with Elm.

The total number of shares after the completion of the Amalgamation with Elm will be 3,057,753.

Prior Sales of Securities of Elmira Capital

The following table describes the issuance of share by Elmira Capital from the date of incorporation until the date of this information circular.

Designation of Elmira Capital Shares	Issue Date	Price per Share	Number of Shares
Common Shares	August 22, 2014	0.005	2
Common Shares	August 28, 2014	0.005	1,000,000
Common Shares	September 29, 2014	0.02	1,600,000
		Total	2,600,002

Elmira Capital has not issued any share purchase warrants of stock options.

Principal Shareholders of Elmira Capital

To the knowledge of the directors and executive officers of the Company, the following persons hold, directly or indirectly, or have control or direction over, a combination of direct or indirect beneficial ownership of and control or direction over, voting securities that constitute more than 10% of the issued Elmira Capital shares.

Name	Approximate Number of Elmira Capital shares	Approximate Percentage of Elmira Capital shares
Sam Attara	1,000,000	38.4%
Amani Farrage	400,000	15.4%
Gurminder Sangha	400,000	15.4%
Global Investment Network Corp	400,000	15.4%
Leonard Senft	400,000	15.4%

Directors and Officers of Elmira Capital

The following table sets out the names of the current and proposed directors and officers of Elmira Capital, the municipalities of residence of each, all offices currently held by each of them, their principal occupations within the five preceding years, the period of time for which each has been a director or executive officer of Elmira Capital, and the number and percentage of Elmira Capital Shares beneficially owned by each, directly or indirectly, or over which control or direction is exercised.

Name, City and Province of Residence	Principal Occupation or Employment During the Past 5 Years	Current Position(s) with Elmira Capital	Director/ Officer Since	Number/ Percentage of Elmira Capital Shares Beneficially Owned or over which Control or Direction is Exercised *
Peter Grant Wilson	President of Sterling Grant Capital and independent business consultant	Director	August 22, 2014	2/0%

Management of Elmira Capital

The following is a description of the individual(s) who are directors and officers of Elmira Capital.

Peter Grant Wilson, director, during the past 18 years, has been actively involved in senior level management of public companies through his private investment company, Sterling Grant Capital Inc. His experience spans a wide range of project finance, development and contract negotiations within the mining, energy and real estate industries. His business experience includes international assignments in the United Kingdom, Canada, the United States, Switzerland and Norway. Mr. Wilson has worked extensively with overseas investor groups and within the E&P market in Louisiana, Texas and Oklahoma. Mr. Wilson holds an MBA from Harvard Business School and a Bachelor's Degree from McGill University. There are no non-competition and non-disclosure agreements between Elmira Capital and the directors and officers.

Other Reporting Issuer Experience

Mr. Wilson is a director of Guerrero Exploration Inc. since January 2013, a director of SecureCom Mobile Inc. since August 2014, a director of (the general partner of) HLD Land Development Limited Partnership since October 2010 and a director of Zadar Ventures Ltd. since April 2010.

Cease Trade Orders

Other than as disclosed below, no director, officer, promoter or other member of management of Elmira Capital is, or within the ten years prior to the date of this Circular has been, a director, officer, promoter or other member of management of any other issuer that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that issuer, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than thirty consecutive days.

Peter Wilson was a director of Mainland Resources Inc. when it was cease traded by the B.C. Securities Commission on November 18, 2009 for failure to file annual financial statements and corporate disclosure concerns regarding annual oil and gas disclosure

records. The cease trade order was revoked on January 29, 2010. Mainland Resources Inc. was cease traded by the B.C. Securities Commission on July 6, 2012 for failure to file annual financial statements for the financial year ended February 28, 2012, MD&A pertaining thereto and annual information form for the same financial year. The order is still in effect.

Penalties or Sanctions

No director, officer, promoter or other member of management of Elmira Capital has, during the ten years prior to the date of this Circular, been subject to any other penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of a publicly traded company, or involving fraud or theft.

Personal Bankruptcies

No director, officer, promoter or other member of management of Elmira Capital has, during the ten years prior to the date of this Circular, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

Conflicts of Interest

The directors of Elmira Capital are required by law to act honestly and in good faith with a view to the best interest of Elmira Capital and to disclose any interests which they may have in any project or opportunity of Elmira Capital. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not Elmira Capital will participate in any project or opportunity, that director will primarily consider the degree of risk to which Elmira Capital may be exposed and its financial position at that time.

Except as disclosed in this Circular, to the best of the Company's knowledge, there are no known existing or potential conflicts of interest among Elmira Capital and its promoters, directors, officers or other members of management as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

Executive Compensation of Elmira Capital

Mr. Peter Grant Wilson is the sole director of Elmira Capital, which has not appointed any executive officers and has not paid any compensation from the date of incorporation until the date of this Circular.

Elmira Capital does not have an employment contract with any of its Executive Officers pursuant to which the Executive Officers will be compensated for their services as executive officers of Elmira Capital.

Indebtedness of Directors and Executive Officers of Elmira Capital

No individual who is, or at any time from the date of Elmira Capital's incorporation to the date hereof was a director or executive officer of Elmira Capital, or an associate or affiliate of such an individual, is or has been indebted to Elmira Capital.

Elmira Capital's Auditor

Kanester Johal, Chartered Accountants, of 208 - 3993 Henning Drive, Burnaby, BC V5C 6P7 are the proposed auditors of Elmira Capital.

Elmira Capital's Material Contracts

The following are the contracts which are material to Elmira Capital: The Amalgamation Agreement between Elm and Elmira Capital.

The material contracts described above may be inspected at the registered office of Elmira Capital at Suite 1780, 400 Burrard Street, Vancouver, BC, during normal business hours prior to the Meeting and for a period of thirty days thereafter.

Promoters

Elmira Capital has no promoters.

PRO – FORMA INFORMATION OF AMALCO5 AFTER GIVING EFFECT TO THE ARRANGEMENT AND AMALGAMATION BETWEEN ELM AND ELMIRA CAPITAL

The following is a description of Amalco5 assuming completion of the Arrangement and amalgamation between Elm and Elmira Capital.

Amalco5 Selected Financial Information

The following tables set out certain combined financial information for Amalco5 after giving effect to the Amalgamation.

The information provided below is qualified in its entirety by the audited financial statements of Elm attached in Schedule 9. Reference should be made to those audited financial statements and the audited financial statements of Elmira Capital, which are attached in Schedules 9 and 10, respectively.

	Financial Information as at August 31, 2014
	(unaudited)
Cash	\$26,459
Exploration and evaluation assets	\$10,500
Total assets	\$36,959
Share capital	\$37,001
Deficit	\$ (41)
Total liabilities and shareholders' equity	\$36,959
Number of issued Amalco 5 Shares	3,057,755

Please refer to Schedule 8 for the following:

- Unaudited combined financial statements of True Zone.

Description of Amalco5 Securities

After giving effect to the Amalgamation between Elm and Elmira Capital, Amalco5 will have authorized share capital of an unlimited number of common shares and preferred shares. Amalco5 will have approximately 3,057,753 common shares issued and outstanding. Former Elm Shareholders will hold approximately 457,753 Amalco5 shares and former Elmira Capital Shareholders will hold approximately 2,600,002 Amalco5 shares following completion of the amalgamation.

Combined Capitalization

Share Capital

The following table sets out the share capital of Amalco5 after giving effect to the Amalgamation:

Designation of Security	Authorized	Outstanding After Giving Effect to the Amalgamation (Unaudited)
Common Shares	Unlimited	3,057,755 Amalco5 shares (457,753 held by former Elm Shareholders and 2,600,002 held by former Elmira Capital Shareholders)

Preferred Shares	Unlimited	Nil
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Working Capital

The working capital of Amalco5, after giving effect to the amalgamation is \$26,459

Fully Diluted Share Capital

The following tables set out the number and percentage of securities of Amalco5 proposed to be outstanding on a fully diluted basis after giving effect to the Arrangement and the Amalgamation and any other matters:

Number of Elm Shares outstanding	Number of Elm Warrants and Options outstanding	Number of Amalco5 shares issued in Exchange for Oak Shares under Amalgamation	Percentage of Amalco5 Shares
457,753	Nil warrants Nil options	457,753	15%

Number of Elmira Capital Shares outstanding	Number of Elmira Capital Warrants and Options outstanding	Number of Amalco5 shares issued in Exchange for Elmira Capital Shares	Percentage of Amalco5 Shares
2,600,002	Nil warrants Nil options	2,600,002	85%

Dividends

The amalgamating companies have not declared or paid any dividends on their shares. Amalco5 has no present intention to declare any dividends on the Amalco5 shares. Any decision to pay dividends on Amalco5 shares will be made by the board of directors of Amalco5 on the basis of its earnings, financial requirements and other conditions existing at such time.

Principal Security Holders

To the knowledge of the directors and senior officers of Elm and Elmira Capital, as at the date hereof, no person or company other than as disclosed in the following table will own, of record or beneficially, either directly or indirectly, or will exercise control or direction over, voting securities of Amalco5 carrying more than 10% of the voting rights attached to any class of voting securities of Amalco5 after giving effect to the Amalgamation.

Name	Number of Amalco5 shares after Amalgamation	Percentage of Amalco5 shares after Amalgamation
Leonard Senft	441,500	14.4%
Global Investment Network Corp	415,000	13.6%
Sam Attara	1,000,000	32.7%
Amani Farrage	409,000	13.4%
Gurminder Sangha	400,000	13.1%

Directors, Officers, Promoters and Key Personnel of Amalco5

Amalco5 will have the same directors and officers as Elm. The disclosure with respect to the directors and officers of Elm, cease trade orders, penalties and sanctions, personal bankruptcies and conflicts of interest applies to the disclosure regarding the directors

and officers of Amalco5. Their number of shares in Amalco5 will be the same as their number of shares in Elm before the amalgamation.

Other Reporting Issuer Experience

The following table sets out information for each director or officer of Amalco5 who is or, within the five years prior to the date of the Circular, has been a director or officer of any other reporting issuer.

Name of Director or Officer	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position - From and To
Souhail Abi Farrage	Cameo Resources Corp., British Columbia	Frankfurt, TSXV	Director from January 2004 to present. President from January 29, 2013 to present. CFO from [April] 2005 to January 2013
	Declan Resources Inc., British Columbia	TSXV	Director from August 2005 to April 2012 President from August 2005 to November 2011
	WestKam Gold Corp., British Columbia	TSXV	Director from October 1995 to March 2008 President from February 2003 to March 2008

Executive Compensation

Management Agreement

Compensation will continue to be paid to certain proposed officers of Amalco5 through employment in connection with the day-to-day management of the business and operations of Amalco5. The compensation to directors for their services as directors of Amalco5 will be determined at a later date.

Indebtedness of Directors and Officers

No director or executive officer of Elm or Elmira Capital, or associate or affiliate of any such director or senior officer, is or has been indebted to Elm or Elmira Capital since the date of incorporation. No director or executive officer of Elm or Elmira Capital, or associate or affiliate of any such director or senior officer, is or has been indebted to Elm or Elmira Capital since the beginning of the last completed financial year of Elm and Elmira Capital. None of the proposed directors and officers of Amalco5 are indebted to Elm, Elmira Capital or Amalco5.

Risk Factors

An investment in the Amalco5 shares would be subject to certain risks. Please refer to the section on “Risk Factors” in the Circular.

Escrowed Securities

Should Amalco5 decide to list its shares on the Exchange, as part of its listing application to the Exchange, Amalco5 will enter into an escrow agreement with its registrar and transfer agent and certain shareholders of Amalco5, including all of the proposed directors, officers and consultants of Amalco5, whereby all securities of Amalco5, beneficially owned or controlled, directly or indirectly, or over which control or direction is exercised by the proposed directors, officers and consultants of Amalco5, and the respective affiliates or associates of any of them, will be placed in and made subject to an escrow agreement for a hold period of 36 months or a shorter period if permitted by the Exchange from the effective date of the Amalgamation.

Pursuant to the escrow agreement, 10% of the escrowed shares will be released from escrow on the date the Amalco5 shares are listed on the CSE, and 15% every six months thereafter, subject to acceleration provisions provided for in National Policy 46-201 – Escrow for Initial Public Offerings, and subject to the approval of the Exchange.

At this time is not known whether Amalco5 will apply for listing on any stock exchange and there can be no guarantee that the shares of Amalco5 will ever be listed on any stock exchange.

Auditor, Transfer Agent and Registrar

Kanester Johal, Chartered Accountants, of 208 - 3993 Henning Drive, Burnaby, BC V5C 6P7 are the proposed auditors of Amalco5. Equity Financial Trust Company at its principal office in Vancouver, British Columbia, will be the transfer agent and registrar for the Amalco5 shares.

Material Facts

To the knowledge of Elm and Elmira Capital, there are no other material facts about Elm, Elmira Capital, Amalco5 or the amalgamation that have not been disclosed in this Circular as a whole.

Board Approval

The contents and the sending of this Circular have been approved by the Board of Directors of True Zone, Elm and Elm Capital, respectively.

INCOME TAX CONSIDERATIONS

Income Tax Considerations

The shareholders of True Zone, Patchouli Capital, Frond Capital, Oak Capital, Moshing Capital, and Elmira Capital should consult their tax advisers with respect to the tax implications of the Arrangement and the Amalgamations.

RIGHTS OF DISSENT

Dissenters' Rights

Pursuant to the terms of the Interim Order and the Plan of Arrangement, the Company has granted the True Zone Shareholders who object to the Arrangement Resolution the right to dissent (the “**Dissent Right**”) in respect of the Arrangement. A Dissenting Shareholder will be entitled to be paid in cash the fair value of the Dissenting Shareholder’s True Zone Shares so long as the dissent procedures are strictly adhered to. The Dissent Right is granted in Article 5 of the Plan of Arrangement. **A registered Dissenting Shareholder who intends to exercise the Dissent Right is referred to the full text of Sections 237 to 247 of the Act which is attached as Schedule 7 to this Circular.**

A True Zone Shareholder who wishes to exercise his or her Dissent Right must give written notice of his or her dissent (a “**Notice of Dissent**”) to the Company at its registered office at Suite 1780, 400 Burrard Street, Vancouver, BC, V6C 3A6, marked to the attention of the President, by either delivering the Notice of Dissent to the Company at least two days before the Meeting.

The giving of a Notice of Dissent does not deprive a Dissenting Shareholder of his or her right to vote at the Meeting on the Arrangement Resolution. However, the procedures for exercising Dissent Rights given in Schedule 7 must be strictly followed as a vote against the Arrangement Resolution or the execution or exercise of a proxy voting against the Arrangement Resolution does not constitute a Notice of Dissent.

True Zone Shareholders should be aware that they will not be entitled to exercise a Dissent Right with respect to any True Zone Shares if they vote (or instruct or are deemed, by submission of any incomplete proxy, to have instructed his or her proxy holder to vote) in favour of the Arrangement Resolution. A Dissenting Shareholder may, however, vote as a proxy for a True Zone Shareholder whose proxy requires an affirmative vote on the Arrangement Resolution, without affecting his or her right to exercise the Dissent Right.

In the event that a True Zone Shareholder fails to perfect or effectively withdraws its claim under the Dissent Right or forfeits its right to make a claim under the Dissent Right, each True Zone Share held by that True Zone Shareholder will thereupon be deemed to have been exchanged in accordance with the terms of the Arrangement as of the Effective Date.

True Zone Shareholders who wish to exercise Dissent Rights should review the dissent procedures described in Schedule 7 and seek legal advice, as failure to adhere strictly to the Dissent Right requirements will result in the loss or unavailability of any right to dissent.

RISK FACTORS

In evaluating the Arrangement, True Zone Shareholders should carefully consider, in addition to the other information contained in this Circular, the following risk factors associated with True Zone, Patch, Patchouli Capital, Frond, Frond Capital, Oak, Oak Capital, Moshi, Moshing Capital, Elm, Elmira Capital, Amalco1, Amalco2, Amalco3, Amalco4, and Amalco5. These risk factors are not a definitive list of all risk factors associated with True Zone and the business to be carried out by all companies described in this Circular. **True Zone Shareholders should carefully consider these risk factors, together with other information included in this Circular, before deciding whether to approve the Arrangement.**

Summary of Risk Factors

An investment in all companies mentioned in this Circular is speculative and extremely risky due to limited operating history and certain other factors. True Zone Shareholders should carefully consider all of the information disclosed in this Circular prior to voting on the matters being put before them at the True Zone Meeting. True Zone Shareholders should carefully consider that True Zone may not realize the anticipated benefits of the Arrangement and/or Amalgamations.

Investments in small and new businesses involve a high degree of risk and investors should not invest any funds in any of the companies mentioned in this Circular unless they can afford to lose their entire investment. Investors should consult with their professional advisers to assess an investment in the shares of any companies mentioned in this Circular.

There are risk factors associated with the Amalgamations including: (i) market reaction to the Amalgamations such that the future trading prices of securities of Amalco1, Amalco2, Amalco3, Amalco4, and Amalco5, if listed, cannot be predicted; (ii) the transactions may give rise to adverse tax consequences for True Zone Shareholders; each shareholder is urged to consult his or her own tax advisor; (iii) it is uncertain whether the Amalgamations will have a positive impact on the entities involved in the transactions; and (iv) **there is no assurance that required regulatory approvals will be received or that the Amalco1, Amalco2, Amalco3, Amalco4, and Amalco5 shares will ever be listed on any stock exchange.**

Prior to making an investment decision, investors should consider the investment risks set out below which are applicable entirely to (i) each of the Subsidiaries, (ii) each of the Capital Companies, and (iii) each of the resulting Amalgamated Companies and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of the Company consider the risks set out below to be the most significant to potential investors of the Company, but not all of the risks associated with an investment in True Zone Shares may be described below. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors are currently unaware or which they consider not to be material in relation to the Company's business, actually occur, the Company's assets, liabilities, financial conditions, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's shares could decline and investors may lose all or part of their investment.

Proposed Plan of Arrangement not Approved

The completion of the Plan of Arrangement is subject to the approval of the True Zone Shareholders and the Supreme Court of British Columbia. There can be no assurance that all of the necessary approvals will be obtained. If the Plan of Arrangement is not approved, the Company will continue to search for other opportunities; however, it will have incurred significant costs associated with the Plan of Arrangement.

The completion of the Amalgamations is subject to the approval of the shareholders of True Zone, Patchouli Capital, Frond Capital, Moshing Capital, Oak Capital, and Elmira Capital. There is no guarantee that these approvals will be obtained.

The Court may refuse to approve the Plan of Arrangement if the Company fails to meet the statutory or common law tests required to approve the Plan of Arrangement.

Under the Arrangement, True Zone Shareholders will receive shares of each True Zone Subsidiary based on a fixed exchange ratio that will not be adjusted to reflect the market fluctuations. Consequently, the number of shares received by True Zone Shareholders under the Arrangement may not be proportionate to the new market value of True Zone shares as quoted on Canadian Securities Exchange.

The Market Price for the Shares may Fluctuate Widely

The market price of the True Zone Shares may be subject to wide fluctuation in response to many factors, including variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects of the Company, general economic conditions, changes in mineral reserve or resource estimates, results of exploration, changes in results of mining operations, legislative changes, and other events and factors outside of the Company's control.

Except for the shares of True Zone, at this time there is no market for the shares of all companies mentioned in this Circular. **There can be no guarantee that these shares will be ever be listed on a stock exchange or that there will be market for these shares. And if these shares are listed for trading the market price of these shares may be subject to the same fluctuations as True Zone Shares.**

Conflicts of Interest

Certain directors and officers of True Zone and the Subsidiaries are and may continue to be, involved in acquiring assets through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of all companies mentioned in this Circular. Situations may arise in connection with potential acquisitions or investments where the other interests of these directors and officers may conflict with the interests of some or all companies mentioned in this Circular. The directors of all companies mentioned in this circular are required by law, however, to act honestly and in good faith with a view to the best interests of these companies. and their shareholders and to disclose any personal interest which they may have in any material transaction which is proposed to be entered into with any of the companies mentioned in this Circular and to abstain from voting as a director for the approval of any such transaction.

Dependency on a Small Number of Management Personnel

All companies named in this Circular are dependent on a very small number of key personnel, the loss of any of whom could have an adverse effect on their business operations.

Exploration and Mining Risks

Development of mineral properties depends on satisfactory exploration results. Exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. There is no assurance that expenditures made on future exploration by the Company or any of the True Zone Subsidiaries or Amalgamated Companies will result in new discoveries of commercial quantities.

The long-term profitability of the operations of the Company and the Amalgamated Companies 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 their control.

Exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which all companies named in this circular have a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of mineral resources, any of which could result in work stoppages, damage to property, and possible environmental damage.

Hazards such as unusual or unexpected formations and other conditions such as formation pressures, fire, power outages, labour disruptions, flooding, explorations, cave-ins, landslides and the inability to obtain suitable machinery, equipment or labour are involved in mineral exploration, development and operation. All companies named in this Circular 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 financial position of all companies mentioned in this circular.

All companies named in this circular will continue to rely upon consultants and others for exploration and development expertise. Substantial expenditures are required to establish mineral reserves through drilling, to develop metallurgical processes to extract minerals from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that gold or other metals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing gold properties is affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in mineral markets, allowable production, importing and exporting of minerals and metals and environmental protection. None of the companies named in this circular has any earnings record, reserves and producing resource properties.

Financing Risks

All parties involved in the Arrangement and the Amalgamation are limited in both financial resources, and sources of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under any applicable agreements. There can be no assurance that adequate financing will be obtained in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of operations.

Uninsurable Risks

The businesses of the parties involved in the Arrangement and the Amalgamation may not be insurable or the insurance may not be purchased due to high cost. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the Shares of the Company and other parties to the Arrangement and the Amalgamations.

Title Matters

There is no guarantee that the Tanzania Property has good title.

Permits and Licenses

The operations of all companies named in this circular may require licenses and permits from various governmental authorities. There can be no assurance that such licenses and permits will be granted.

Environmental Regulations

The operation of all companies named in this Circular may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the operations of any of the companies named in this circular. The Company, the Subsidiaries and the Amalgamated Companies intend to fully comply with all environmental regulations.

Fluctuating Price of Metals

The revenues of the Company and the Amalgamated Companies are expected to be in large part derived from the mining and sale of metals and other mineral resources. The price of those commodities has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Company or the Amalgamated Companies' control including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, and improved mining and production methods. The effect of these factors on the price of mineral resources and therefore the economic viability of any of the exploration projects of the Company, the Subsidiaries or the Amalgamated Companies cannot be accurately predicted.

Stage of Development

On completion of the Plan of Arrangement, the Company and the Subsidiaries will be in the business of exploring for, with the ultimate goal of developing and producing, metals from their mineral exploration properties. None of the Company's or the Subsidiaries' properties will have commenced commercial production and the Company and the Subsidiaries will have no history or earnings or cash flow from their operations. As a result of the foregoing, there can be no assurance that the Company or the Subsidiaries will be able to develop any of their properties profitably or that their activities will generate positive cash flow. The Company and the Subsidiaries will not have paid any dividends and it is unlikely to enjoy earnings or pay dividends in the immediate or foreseeable future. The Company and the Subsidiaries will have limited cash and other assets. A prospective investor in the Company or the Subsidiaries must be prepared to rely solely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Company and the Subsidiaries in all aspects of the development and implementation of the business activities of the Company and the Subsidiaries.

There can be no assurance that an active trading market in the True Zone, Patch, Patchouli Capital, Frond, Frond Capital, Oak, Oak Capital, Moshi, Moshing Capital, Elm, and Elm Capital Shares will be established and sustained. The market price for these shares

could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of the Company's peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the Shares of the Company and the Subsidiaries. The stock market has from time to time experienced extreme price and volume fluctuations, particularly in the mining sector, which have often been unrelated to the operating performance of particular companies.

No History of Earnings or Dividends

All companies named in this Circular have no history of earnings. There is no assurance that they will generate earnings, operate profitably or provide a return on investment in the future. None of the companies named in this circular has any plans to pay dividends for the foreseeable future.

Dilution

All companies named in this circular will require additional funds to further their operations. To obtain such funds, all companies named in this circular may sell additional securities including, but not limited to some form of convertible security, the effect of which would result in substantial dilution of the equity interests of the holders of all companies named in this circular.

ADDITIONAL INFORMATION

Additional information relating to the Company and the Arrangement is available on SEDAR at www.sedar.com. True Zone Shareholders may contact the Company to request copies of the Company's financial statements and management's discussion and analysis by sending a written request to Suite 1780, 400 Burrard Street, Vancouver, BC, V6C 3A6, Attention: President. Financial information is provided in the Company's comparative financial statements and management's discussion and analysis.

TRANSFER AGENT AND REGISTRAR

True Zone's registrar and transfer agent is Equity Financial Trust Company of 2700 – 650 West Georgia Street, Vancouver, BC V6B 4N9.

Patch, Frond, Moshi, Oak, Elm, and the Amalgamated Companies may appoint the same transfer agent as True Zone or another transfer agent.

EXPERTS

All audited financial statements included in this Circular have been so included in reliance upon the report of Kanester Johal, Chartered Accountants, and upon the authority of such firm as experts in accounting and auditing. Kanester Johal Chartered Accountants, is independent within the meaning of the applicable rules of professional conduct in Canada.

The following is a list of persons or companies whose profession or business gives authority to a statement made by a person or company named in this Circular as having prepared or certified a part of that document or report described in this Circular:

- (1) Kanester Johal, Chartered Accountants;
- (2) All-Tech Services, the author of the Fairness Opinion; and
- (3) Ramadhani Ndonde, P.Geol., the author of the Technical Report.

The above named experts have advised the Company that they do not beneficially own any shares of True Zone or other companies named in this Circular.

LEGAL PROCEEDINGS

The Company is unaware of pending legal proceedings to which any of the companies mentioned in this Circular is or is likely to be a party or of which any of its properties are, or to the best of knowledge of management of True Zone or other companies mentioned in this Circular are likely to be subject.

OTHER MATTERS

The Board are not aware of any other matters which they anticipate will come before the Meeting as of the date of this Circular.

APPROVAL OF INFORMATION CIRCULAR

The undersigned hereby certifies that the contents and the sending of this Circular have been approved by the Board.

Dated at Vancouver, British Columbia this 1st day of December, 2014.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ "Souhail Abi Farrage"

Souhail Abi Farrage

President

CERTIFICATE OF THE CORPORATION

Date December 1, 2014

The foregoing management information circular constitutes full, true and plain disclosure of all material facts relating to the transactions contemplated in this management information circular as required by the securities legislation of the Province of British Columbia.

By: */s/ "Souhail Abi Farrage"*

Souhail Abi Farrage

President, CEO and Director

LIST OF SCHEDULES

SCHEDULE 1	AUDIT COMMITTEE DISCLOSURE
SCHEDULE 2	INTERIM ORDER
SCHEDULE 3	NOTICE OF HEARING FOR FINAL ORDER
SCHEDULE 4	FORM OF ARRANGEMENT AND AMALGAMATION RESOLUTIONS
SCHEDULE 5	ARRANGEMENT AGREEMENT AND PLAN OF ARRANGEMENT
SCHEDULE 6	FAIRNESS OPINION
SCHEDULE 7	DISSENT PROCEDURES
SCHEDULE 8	TRUE ZONE COMBINED PRO-FORMA FINANCIAL STATEMENTS AS AT JULY 31, 2014 (UNAUDITED)
SCHEDULE 9	AUDITED FINANCIAL STATEMENTS OF FIVE SUBSIDIARIES OF TRUE ZONE FROM THE DATE OF INCORPORATION TO AUGUST 31, 2014
SCHEDULE 10	AUDITED FINANCIAL STATEMENTS OF FIVE CAPITAL COMPANIES FROM THE DATE OF INCORPORATION TO AUGUST 31, 2014
SCHEDULE 11	STOCK OPTION PLAN OF FIVE SUBSIDIARIES

SCHEDULE 1

FORM 52 – 110F2

THE AUDIT COMMITTEE DISCLOSURE

AUDIT COMMITTEE DISCLOSURE

Audit Committee

The Audit Committee is responsible for the Corporation's financial reporting process and the quality of its financial reporting. The Audit Committee is charged with the mandate of providing independent review and oversight of the Corporation's financial reporting process, the system of internal control and management of financial risks, and the audit process, including the selection, oversight and compensation of the Corporation's external auditors. The Audit Committee also assists the Board in fulfilling its responsibilities in reviewing the Corporation's process for monitoring compliance with laws and regulations and its own code of business conduct. In performing its duties, the Audit Committee maintains effective working relationships with the Board, management, and the external auditors and monitors the independence of those auditors. The Audit Committee is also responsible for reviewing the Corporation's financial strategies, its financing plans and its use of the equity and debt markets.

Audit Committee Charter

The text of the Audit Committee's charter is produced after this disclosure about audit committee.

The Audit Committee is comprised of the following members of the Board:

Name	Independent	Financial Literacy
Michael Mulberry	No	Yes
Souhail Abi Farrage	No	Yes
Leonard Vernon Searff	Yes	Yes

Mr. Farrage is not independent due to his positions as President and CEO. Mr. Mulberry is not independent due to his recent positions as president and CEO until July 21, 2014.

Relevant Education and Experience

In addition to each member's general business experience, the following describes the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities:

Souhail Abi Farrage - has over 25 years experience as a director of various public companies where his responsibilities included reviewing and approving financial statements. Mr. Farrage completed the first year of a financial business administration program at Capilano College, North Vancouver, BC

Michael Mulberry - has a BA from the University of Western Ontario and took undergraduate business at the Richard G. Ivey School of Business Administration. Mr. Mulberry is a certified financial planner and worked in the banking/brokerage business for 12 years for the Bank of Nova Scotia, London Life and Nesbitt Burns (now BMO Nesbitt Burns).

Leonard Vernon Searff - is a retired construction supervisor with a Building Technology Diploma from BCIT. He worked for 40 years in the industry on both commercial and residential projects in Canada, Asia and Central America. He has extensive experience investing in the equities markets, having focused particularly on the junior resource sector.

Reliance on Certain Exemptions

The Company is relying on the exemption provided by section 6.1 of NI 52-110 which provides that the Company, as a venture issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

Audit Committee Oversight

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

Pre-Approval Policies and Procedures

The audit committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Corporation's Board, and where applicable the audit committee, on a case-by-case basis.

External Auditor Service Fees

In the following table, "audit fees" are fees billed by the Corporation's external auditor for services provided in auditing the Corporation's annual financial statements for the subject year. "Audit-related fees" are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories.

The fees billed by the auditor for the last three (3) fiscal years ended April 30, 2014, 2013 and 2012 by category, are as follows:

Financial Year Ending	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees
2014	\$ 18,000	\$ -	\$ -	\$ -
2013	\$ 15,000	\$ -	\$ -	\$ -
2012	\$ 15,000	\$ -	\$ -	\$ -

True Zone Resources Inc.
(the "Corporation")

AUDIT COMMITTEE CHARTER

1. PURPOSE

The Audit Committee (the "Committee") will consist of a majority of independent directors and is appointed by the Board of Directors (the "Board") of True Zone Resources Inc. (the "Corporation") to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Corporation. The Committee's primary duties and responsibilities are to:

- conduct such reviews and discussions with management and the independent auditors relating to the audit and financial reporting as are deemed appropriate by the Committee;
- assess the integrity of internal controls and financial reporting procedures of the Corporation and ensure implementation of such controls and procedures;
- ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel;
- review the quarterly and annual financial statements and management's discussion and analysis of the Corporation's financial position and operating results and report thereon to the Board for approval of same;
- select and monitor the independence and performance of the Corporation's outside auditors (the "Independent Auditors"), including attending at private meetings with the Independent Auditors and reviewing and approving all renewals or dismissals of the Independent Auditors and their remuneration; and provide oversight to related party transactions entered into by the Corporation.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the Independent Auditors as well as any officer of the Corporation, or outside counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Corporation and has the authority to retain, at the expense of the Corporation, special legal, accounting, or other consultants or experts to assist in the performance of the Committee's duties.

The Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

In fulfilling its responsibilities, the Committee will carry out the specific duties set out in Part IV of this Charter.

2. AUTHORITY OF THE AUDIT COMMITTEE

The Committee shall have the authority to:

- engage independent counsel and other advisors as it determines necessary to carry out its duties;
- set and pay the compensation for advisors employed by the Committee; and
- communicate directly with the internal and external auditors.

3. COMPOSITION AND MEETINGS

- The Committee and its membership shall meet all applicable legal and listing requirements, including, without limitation, those of the *Business Corporations Act* (British Columbia) and all applicable securities regulatory authorities.
- The Committee shall be composed of three or more directors as shall be designated by the Board from time to time. The members of the Committee shall appoint from among themselves a member who shall serve as Chair.
- Each member of the Committee shall be "financially literate" (as defined by applicable securities laws and regulations).
- The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements. A minimum of two of the members of the Committee present either in person or by telephone shall constitute a quorum.
- If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as heretofore specified is not present within one hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum as heretofore specified is not present, the quorum for the adjourned meeting shall consist of the members then present.
- If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.
- The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by the Committee. A meeting of the Committee may be called by letter, telephone, facsimile, email or other communication equipment, by giving at least 48 hours notice, provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of conference telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.
- Any member of the Committee may participate in a meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.
- The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.
- The Committee may invite such officers, directors and employees of the Corporation and its subsidiaries as it may see fit, from time to time, to attend at meetings of the Committee.
- The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.
- Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose. Actions of the Committee may be taken by an instrument or instruments in writing signed by all the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. All decisions or recommendations of the Audit Committee shall require the approval of the Board prior to implementation.

4. RESPONSIBILITIES

A. Financial Accounting and Reporting Process and Internal Controls

- The Committee shall review the annual audited financial statements to satisfy itself that they are presented in accordance with applicable Canadian accounting standards and report thereon to the Board and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. The Committee shall also review and approve the interim financial statements. With respect to the annual and interim financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the Independent Auditors as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not significantly erroneous, misleading or incomplete and that the audit function has been effectively carried out.
- The Committee shall review management's internal control report and the evaluation of such report by the Independent Auditors, together with management's response.

- The Committee shall review the financial statements, management's discussion and analysis relating to annual and interim financial statements, annual and interim earnings press releases and any other public disclosure documents that are required to be reviewed by the Committee under any applicable laws before the Corporation publicly discloses this information.
- The Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in subsection (3), and periodically assess the adequacy of these procedures.
- The Committee shall meet no less frequently than annually with the Independent Auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, deems appropriate.
- The Committee shall inquire of management and the Independent Auditors about significant risks or exposures, both internal and external, to which the Corporation may be subject, and assess the steps management has taken to minimize such risks.
- The Committee shall review the post-audit or management letter containing the recommendations of the Independent Auditors and management's response and subsequent follow-up to any identified weaknesses.
- The Committee shall ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel.
- The Committee shall establish procedures for:
 - the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
 - the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- The Committee shall provide oversight to related party transactions entered into by the Corporation.

B. Independent Auditors

- The Committee shall be directly responsible for the selection, appointment, compensation and oversight of the Independent Auditors and the Independent Auditors shall report directly to the Committee.
- The Committee shall be directly responsible for overseeing the work of the external auditors, including the resolution of disagreements between management and the external auditors regarding financial reporting.
- The Committee shall pre-approve all audit and non-audit services (including, without limitation, the review of any interim financial statements of the Corporation by the Independent Auditors at the discretion of the Committee) not prohibited by law to be provided by the Independent Auditors.
- The Committee shall monitor and assess the relationship between management and the Independent Auditors and monitor, confirm, support and assure the independence and objectivity of the Independent Auditors. The Committee shall establish procedures to receive and respond to complaints with respect to accounting, internal accounting controls and auditing matters.
- The Committee shall review the Independent Auditor's audit plan, including scope, procedures and timing of the audit, conduct of the audit, and receive and review the auditor's interim review reports.
- The Committee shall obtain timely reports from the Independent Auditors describing critical accounting policies and practices, alternative treatments of information within applicable Canadian accounting principles that were discussed with management, their ramifications, and the Independent Auditors' preferred treatment and material written communications between the Corporation and the Independent Auditors.
- The Committee shall review fees paid by the Corporation to the Independent Auditors and other professionals in respect of audit and non-audit services on an annual basis.
- The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Corporation.
- The Committee shall monitor and assess the relationship between management and the external auditors, and monitor and support the independence and objectivity of the external auditors.

Other Responsibilities

The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.



Schedule "2"

No. S 149326
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF PART 9, DIVISION 5, SECTION 288 OF THE *BUSINESS CORPORATIONS ACT*,
S.B.C. 2002, c. 57, AS AMENDED

AND

IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT AMONG
TRUE ZONE RESOURCES INC., its SHAREHOLDERS, PATCH INDUSTRIES LTD., FROND
RESOURCES LTD., OAK CLIFF RESOURCES LTD., MOSHI MOUNTAIN INDUSTRIES LTD., AND
ELM RESOURCES LTD.

TRUE ZONE RESOURCES INC.

PETITIONER

ORDER MADE AFTER APPLICATION

BEFORE: *Honorable Justice Sherman*

December 5, 2014

ON THE APPLICATION WITHOUT NOTICE of the Petitioner, True Zone Resources Inc., without notice, coming on for hearing at 800 Smith Street, Vancouver, British Columbia on December 5, 2014 and hearing Paul M. Fang, counsel for the Petitioner and reading the Petition herein dated December 1, 2014 and Affidavit #1 of Souhail Abi-Farrage sworn on December 1, 2014;

THIS COURT ORDERS THAT:

THE MEETING

1. True Zone Resources Inc. ("True Zone") is authorized and directed to call, hold and conduct an annual general and special meeting (the "Meeting") of the common shareholders of True Zone (the "True Zone Shareholders") to be held at 9:45 a.m. on January 12, 2015 at the registered office of True Zone at Suite 1780, 400 Burrard Street, Vancouver, British Columbia V6C 3A6 or other location in British Columbia to be determined by True Zone.
2. At the Meeting, True Zone Shareholders will, *inter alia*, consider, and if deemed advisable, approve, with or without variation, a special resolution (the "Arrangement Resolution") approving, with or without amendment, the arrangement (the "Arrangement") involving True Zone, True Zone Shareholders and the wholly owned subsidiaries of True Zone, being Patch Industries Ltd. ("Patch"), Frond Resources Ltd. ("Frond"), Oak Cliff Resources Ltd. ("Oak"), Moshi Mountain Industries Ltd. ("Moshi") and Elm Resources Ltd. ("Elm"), as set forth more particularly in the plan of arrangement (the "Plan of Arrangement") attached as Exhibit "A" to the Affidavit #1 of Souhail Abi Farrage sworn on December 1, 2014 (the "Affidavit") and filed herein.

3. At the Meeting, True Zone may also transact such other business as is contemplated by the Information Circular or as otherwise may be properly brought before the Meeting.
4. The Meeting will be called, held and conducted in accordance with the Notice of Annual General and Special Meeting to be delivered to the True Zone Shareholders in substantially the form attached to and forming part of the Management Information Circular (the "Circular"), and in accordance with applicable provisions of the *Business Corporations Act* (British Columbia), S.B.C., 2002 c. 57 as amended ("BCBCA"), the Articles of True Zone, the *Securities Act* (British Columbia), R.S.B.C. 1996, c. 418, as amended (the "Securities Act"), and related rules and policies, the terms of this Order (the "Interim Order") and any further Order of this Court, the rulings and directions of the Chairman of the Meeting, and in accordance with the terms, restriction and conditions of the Articles of True Zone, including quorum requirements and all other matters. To the extent of any inconsistency or discrepancy between the Interim Order and the terms of any of the foregoing, this Interim Order will govern.

RECORD DATE FOR NOTICE

5. The record date for determination of the True Zone Shareholders entitled to receive the notice of Meeting, the Circular, this Interim Order, letters of transmittal, and a form of proxy (together, the "Meeting Materials") will be the close of business (Vancouver time) on December 8, 2014 (the "Record Date") or such other date as the directors of True Zone may determine in accordance with the Articles of True Zone, the BCBCA and the Securities Act, and as disclosed in the Meeting Materials.

NOTICE OF MEETING

6. The Meeting Materials, with such amendments or additional documents as counsel for True Zone may advise are necessary or desirable, and that are not inconsistent with the terms of this Interim Order, will be sent at least twenty-one (21) clear days prior to the date of the Meeting to: brokerage intermediaries (the "Brokerage Intermediaries") on behalf of beneficial True Zone Shareholders as of the Record Date, where applicable.

7. The Meeting Materials will be sent by prepaid ordinary mail addressed to each registered True Zone Shareholder at his, her or its address as maintained by the registrar and transfer agent of True Zone or delivery of same by courier service or by facsimile transmission or e-mail transmission to any such True Zone Shareholder who identifies himself, herself or itself to the satisfaction of True Zone and who requests such courier, facsimile or e-mail transmission.

8. The Meeting Materials will be sent to each beneficial owner of common shares of True Zone that is not a registered shareholder of True Zone in accordance with National Instrument 54-101 *Communications with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators.

9. Substantial compliance with paragraphs 6 to 8 will constitute good and sufficient notice of the Meeting and delivery of the Meeting Materials.

10. The accidental failure or omission by True Zone to give notice of the Meeting or the Petition to any person in accordance with this Interim Order, as a result of mistake or of events beyond the reasonable control of True Zone (including, without limitation, any inability to utilize postal services) shall not constitute a breach of this Interim Order or a defect in the calling of the Meeting and shall not invalidate any resolution passed or proceeding taken at the Meeting, but if any such

accidental failure or omission is brought to the attention of True Zone, then it shall use reasonable best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances. Such rectified notice shall be deemed to be good and sufficient notice of the Meeting and/or this Petition, as the case may be.

11. The Meeting Materials are hereby deemed to represent sufficient and adequate disclosure and True Zone shall not be required to send to the True Zone Shareholders any other or additional information.

12. True Zone is hereby authorized to make such amendments, revisions or supplements to the Meeting Materials ("Additional Information") in accordance with the terms of the Arrangement, as True Zone may determine to be necessary or desirable and notice of such Additional Information may be communicated to True Zone Shareholders by news release, newspaper advertisement or one of the methods by which the Meeting Materials will be distributed.

DEEMED RECEIPT OF MEETING MATERIALS

13. The Meeting Materials will be deemed, for the purposes of this Interim Order, to have been received by the True Zone Shareholders:

- a. In the case of mailing to registered True Zone Shareholders or, in the case of delivery by courier of materials to brokerage intermediaries, five days after delivery thereof to the post office or acceptance by the courier service, respectively; and
- b. In the case of delivery by courier, facsimile transmission or e-mail transmission directly to a registered True Zone Shareholder, the business day after such delivery or transmission of same.

PERMITTED ATTENDEES

14. The persons entitled to attend the Meeting will be True Zone Shareholders of record as of the close of business (Vancouver time) on the Record Date, their respective proxies, the officers, directors and advisors of True Zone and such other persons who receive the consent of the Chairman of the Meeting to attend.

VOTING AT THE MEETING

15. The only persons permitted to vote at the Meeting will be the registered True Zone Shareholders as of the close of business (Vancouver time) on the Record Date or their valid proxy holders as described in the Circular and as determined by the Chairman of the Meeting upon consultation with the Scrutineer (as hereinafter defined) and legal counsel to True Zone.

16. The requisite approval of the Arrangement Resolution will be the affirmative vote of at least two-thirds of the total votes cast on the resolution by the True Zone Shareholders present in person or by proxy at the Meeting.

17. Each True Zone Shareholder will be entitled to one vote on the Arrangement Resolution for each common share of True Zone owned of record as of the Record Date.

18. A quorum for the Meeting will be the quorum required by the Articles of True Zone.

19. In all other respects, the terms, restrictions and conditions of the constating documents of True Zone will apply in respect of the Meeting.

20. For the purposes of the Meeting, any spoiled votes, illegible votes, defective votes and abstentions shall be deemed to be votes not cast. Proxies that are properly signed and dated but which do not contain voting instructions shall be voted in favour of the Arrangement Resolution.

ADJOURNMENT OF MEETING

21. Notwithstanding any provision of the BCBCA or the Articles of True Zone, the board of directors of True Zone shall be entitled if it deems advisable, to adjourn or postpone the Meeting on one or more occasions without the necessity of first convening the Meeting or first obtaining any votes of the True Zone Shareholders respecting the adjournment or postponement and without the need for approval of the Court.

22. The Record Date for True Zone Shareholders entitled to notice of and to vote at the Meeting will not change in respect of adjournments or postponements of the Meeting.

AMENDMENTS

23. True Zone is authorized to make such amendments, revisions or supplements to the Plan of Arrangement as it may determine, provided it has obtained any required consents, and the Plan of Arrangement as so amended, revised or supplemented will be the Plan of Arrangement which is submitted to the Meeting and which will thereby become the subject of the Arrangement Resolution.

SCRUTINEER

24. A representative of True Zone's registrar and transfer agent (or any agent thereof) (the "Scrutineer") will be authorized to act as scrutineer for the Meeting.

PROXY SOLICITATION

25. True Zone is authorized to permit the True Zone Shareholders to vote by proxy using a form or forms of proxy that complies with the Articles of True Zone and the provisions of the BCBCA relating to the form and content of proxies and True Zone may in its discretion waive generally the time limits for deposit of proxies by the True Zone Shareholders if True Zone deems it reasonable to do so.

26. True Zone is authorized, at its expense, to solicit proxies, directly and through its officers, directors and employees, and through such agents or representatives as it may retain for the purpose, and by mail or such other forms of personal or electronic communications as it may determine.

27. True Zone may in its discretion waive the time limits for deposit of proxies by True Zone Shareholders if True Zone deems it reasonable to do so.

DISSENT RIGHTS

28. The True Zone Shareholders will, as set out in the Plan of Arrangement, be permitted to dissent from the Arrangement Resolution in accordance with the dissent procedures set forth in

Division 2 of Part 8 of the BCBCA, strictly applied and as may be modified by this Interim Order and the Plan of Arrangement.

SERVICE OF COURT MATERIALS

29. True Zone will include in the Meeting Materials a copy of this Interim Order, the Notice of Hearing of Petition and will make available to any True Zone Shareholder requesting same, a copy of each of the Petition herein and the accompanying Affidavit (collectively, the "Court Materials"). The service of the Petition and Affidavit in support of the present proceedings to any True Zone Shareholder requesting same is hereby dispensed with.

30. Delivery of the Court Materials given in accordance with this Interim Order will constitute good, sufficient and timely service of such Court Materials upon all persons who are entitled to receive the Court Materials pursuant to this Interim Order and no other form of service need be made and no other material need to be served on such persons in respect of these proceedings.

FINAL APPROVAL HEARING

31. Upon the approval by the True Zone Shareholders of the Plan of Arrangement in the manner set forth in this Interim Order, True Zone may apply for an order of this Honourable Court approving the Plan of Arrangement (the "Final Order") and that the Petition be set down for hearing before the presiding Judge in Chambers at the Courthouse at 800 Smith Street, Vancouver, British Columbia at **9:45 a.m. on January 16, 2015** or such later date as counsel for True Zone may be heard.

32. The Court shall consider at the hearing for the Final Order, the fairness of the terms and conditions of the Arrangement, as provided for in the Arrangement, and the rights and interest of every person affected thereby.

33. Any True Zone Shareholder has the right to appear (either in person or by counsel) and make submissions at the hearing of the application for the Final Order provided that such True Zone Shareholder shall file a Response, in the form provided by the Rules of Court of the Supreme Court of British Columbia, with this Court and deliver a copy of the filed Response together with a copy of all materials on which such True Zone Shareholder intends to rely at the submissions to the Petitioner at True Zone Resources Inc., Suite 1780, 400 Burrard Street, Vancouver, British Columbia V6C 3A6, Attention: Paul M. Fang at or before **10:00 a.m. on January 13, 2014**, subject to the direction of this Honourable Court.

34. If the application for the Final Order is adjourned, only those persons who have filed and delivered a Response to the Petition, in accordance with the preceding paragraph of this Interim Order, need to be served with notice of the adjourned date.

35. The Final Order, if granted, will provide the basis for True Zone to rely on the exemption from registration provided in Section 3(a)(10) of the *United States Securities Act of 1933* with respect to the issuance of the shares of True Zone and replacement securities pursuant to the Arrangement.

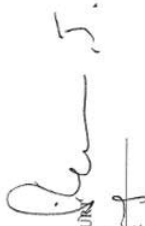
36. The Petitioner shall not be required to comply with Rule 8-1 and Rule 16-1 of the Rules of Court in relation to the hearing of the Final Order approving the Plan of Arrangement and such rules will not apply to any application to vary this Interim Order.

VARIANCE

37. True Zone is at liberty to apply to this Honourable Court to vary this Interim Order and for advice and direction with respect to the Plan of Arrangement or any of the matters related to this Interim Order and such further and other relief as this Honourable Court may consider just.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

"Paul M. Fang"
Lawyer for the Petitioner
Paul M. Fang

BY THE COURT

REGISTRAR

No. _____
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN THE MATTER OF PART 9, DIVISION 5, SECTION 291 OF THE *BUSINESS CORPORATIONS*
ACT, S.B.C. 2002, c. 57, AS AMENDED

AND
IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT AMONG TRUEZONE
RESOURCES INC., its SHAREHOLDERS, PATCH INDUSTRIES LTD., FROND RESOURCES LTD.,
OAK CLIFF RESOURCES LTD., MOSHI MOUNTAIN INDUSTRIES LTD., and ELM RESOURCES
LTD.

NOTICE OF HEARING FOR FINAL ORDER

To: The shareholders of True Zone Resources Inc.
Patch Industries Ltd.
Frond Resources Ltd.
Oak Cliff Resources Ltd.
Moshi Mountain Industries Ltd.
Elm Resources Inc.

TAKE NOTICE that a Petition dated **December 1, 2014** has been filed by True Zone Resources Inc. (the
"Petitioner") in the Supreme Court of British Columbia for approval of the plan of arrangement (the
"Arrangement"), pursuant to the *Business Corporations Act*, S.B.C. 2002, Chapter 57, as amended. (the "Act")

AND TAKE FURTHER NOTICE that by an Interim Order of the Supreme Court of British Columbia, pronounced
on **December 5, 2014**, the Court has given directions as to the calling of annual general and special meeting of the
holders of common shares in the capital of the Petitioner (the "Shareholders") for the purpose, *inter alia*, of
considering and voting upon the Arrangement and approving the Arrangement.

AND TAKE FURTHER NOTICE that the petition of True Zone Resources Inc. dated **December 1, 2014** for a Final
Order approving the Arrangement and for a determination that the terms and conditions of the Arrangement are fair
to the True Zone Shareholders shall be heard before the presiding judge in Chambers at the courthouse at 800
Smithe Street, Vancouver, British Columbia on **January 16, 2015 at 9:45 a.m.** or soon thereafter as counsel may be
heard.

IF YOU WISH TO BE HEARD any person affected by the Final Order sought may appear in person or by counsel
and make submissions at the hearing of the Final Application if such person has file with court at the court registry,
800 Smithe Street, Vancouver, British Columbia, a response to Petition in the form prescribed by the Civil Rules of
Court of the Supreme Court of British Columbia and delivered a copy of the filed response, together with all
material such person intends to rely at the hearing of the Final Application, including an outline of such person's
proposed submissions, to the Petitioner at the address for delivery set out below by or before 10:00 am (Vancouver
Time) on January 13, 2015.

The address for delivery is

Fang and Associates, Barristers and Solicitors
Suite 1780-400, Burrard Street,
Vancouver, B.C. V6C 3A6
Attention: Paul M. Fang

A copy of the said petition and other documents in the proceedings will be furnished to any shareholder upon
request in writing to the Petitioner's counsel at 1780-400, Burrard Street, Vancouver, BC V6C 3A6

1. Date of hearing

- The parties have agreed as to the date of the hearing of the petition.
- The parties have been unable to agree as to the date of the hearing but notice of the hearing will be given to
the petition respondents in accordance with Rule 16-1 (8) (b) of the Supreme Court Civil Rules.
- The petition is unopposed, by consent or without notice.

The date of the hearing has been determined pursuant to the Interim Order.

2. Duration of hearing

- It has been agreed by the parties that the hearing will take 5 minutes.
- The parties have been unable to agree as to how long the hearing will take and
 - (a) the time estimate of the petitioner(s) is 15 minutes, and
 - (b) the time estimate of the petition respondent(s) is minutes.
- the petition respondent have not given a time estimate.

*It is not known whether the matter will be contested and it is estimated by the Petitioner that the hearing will take
15 minutes.*

3. Jurisdiction

- This matter is within the jurisdiction of a master.
- This matter is not within the jurisdiction of a master.

Date: December 5, 2014.

"Paul M. Fang"
Signature of Paul M. Fang,
 Petitioner lawyer for Petitioner

This Notice of Hearing for Final Order was prepared by Paul M. Fang of the law firm of Fang and Associates,
Barristers & Solicitors, whose place of business and address for service is Suite 1780, 400 Burrard Street,
Vancouver, B.C., V6C 3A6, Telephone: (604) 688-6775; Facsimile: (604) 688-6995

SCHEDULE 4

FORM OF ARRANGEMENT AND AMALGAMATION RESOLUTIONS

Capitalized words used in this Schedule "4" and not otherwise defined shall have the meaning ascribed to such terms in the Circular.

1. BE IT RESOLVED AS SPECIAL RESOLUTIONS THAT:

- a) the Arrangement Agreement dated October 20, 2014, between True Zone Resources Inc. ("True Zone"), Patch Industries Ltd. ("Patch"), Frond Resources Ltd. ("Frond"), Oak Cliff Resources Ltd., ("Oak"), Moshi Mountain Industries Ltd. ("Moshi"), Elm Resources Ltd. ("Elm"), all incorporated under the laws of the Province of British Columbia (collectively "True Zone Subsidiaries") and Patchouli Capital Inc. ("Patchouli Capital"), Frond Capital Inc. ("Frond Capital"), Oak Cliff Capital Inc. ("Oak Capital"), Moshing Capital Inc. ("Moshing Capital"), and Elmira Capital Inc. ("Elmira Capital"), (collectively "Capital Companies") is hereby approved, ratified and affirmed;
- b) the Arrangement under Division 5 of Part 9 of the Act, substantially as set forth in the Plan of Arrangement attached as Schedule A to the Arrangement Agreement, is hereby approved and authorized;
- c) the Amalgamation between Patch and Patchouli Capital pursuant to the steps outlined in the Amalgamation Agreement dated October 20, 2014 between Patch and Patchouli Capital, be and is hereby authorized, approved and adopted;
- d) the Amalgamation between Frond and Frond Capital pursuant to the steps outlined in the Amalgamation Agreement dated October 20, 2014, between Frond and Frond Capital, be and is hereby authorized, approved and adopted;
- e) the Amalgamation between Oak and Oak Capital pursuant to the steps outlined in the Amalgamation Agreement dated October 20, 2014, between Oak and Oak Capital, be and is hereby authorized, approved and adopted;
- f) the Amalgamation between Moshi and Moshing Capital pursuant to the steps outlined in the Amalgamation Agreement dated October 20, 2014, between Moshi and Moshing Capital, be and is hereby authorized, approved and adopted;
- g) the Amalgamation between Elm and Elmira Capital pursuant to the steps outlined in the Amalgamation Agreement dated October 20, 2014, between Elm and Elmira Capital, be and is hereby authorized, approved and adopted;
- h) notwithstanding that this special resolution has been passed by the shareholders of the Company or that the Arrangement has received the approval of the Court, the Board may amend the Arrangement Agreement and/or decide not to proceed with the Arrangement or revoke this special resolution at any time prior to the filing of a certified copy of the court order approving the Arrangement with the Registrar without further approval of the shareholders of the Company; and
- i) notwithstanding that this resolution has been duly passed by the Shareholders of the Company, approval is hereby given to the board of directors of the Company to amend the terms of the Amalgamations, to the extent permitted by the Amalgamation Agreements in any manner, and subject to the terms of the Amalgamation Agreements, to determine not to proceed with the Amalgamations and to revoke this resolution at any time prior to the effective date of the Amalgamations;
- j) any director or officer of the Company be and is hereby authorized and directed, for and on behalf of the Company, to execute and deliver all such documents and to do all such other acts and things as such director or officer may determine to be necessary or advisable to give effect to this special resolution, the execution and delivery of any such document or the doing of any such other act or thing being conclusive evidence of such determination.

SCHEDULE "5"

ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT is dated as of the 20th day of October, 2014.

AMONG:

True Zone Resources Inc., a company incorporated under the laws of the Province of British Columbia ("True Zone")

- and-

Patch Industries Ltd. ("Patch"), Frond Resources Ltd. ("Frond"), Oak Cliff Resources Ltd. ("Oak"), Moshi Mountain Industries Ltd. ("Moshi"), Elm Resources Ltd. ("Elm") all incorporated under the laws of the Province of British Columbia (collectively "True Zone Subsidiaries")

- and-

Patchouli Capital Inc. ("Patchouli Capital"), Frond Capital Inc. ("Frond Capital"), Oak Cliff Capital Inc. ("Oak Capital"), Moshing Capital Inc. ("Moshing Capital"), and Elmira Capital Inc. ("Elmira Capital") (collectively "Capital Companies")

BACKGROUND INFORMATION:

- A. Patch, Frond, Oak, Moshi and Elm are the wholly owned subsidiaries of True Zone that were incorporated for the purposes of this plan of arrangement.
- B. Patchouli Capital, Frond Capital, Oak Capital, Moshing Capital and Elmira Capital are financial capital companies.
- C. Patch, Frond, Oak, Moshi and Elm wish to amalgamate with Patchouli Capital, Frond Capital, Oak Capital, Moshing Capital and Elmira Capital respectively as part of the corporate reorganization of True Zone if this Arrangement receives the required approvals.
- D. This Agreement is superseding and replacing the arrangement agreement dated September 25, 2014, which included the parties to this Agreement, Rocket Resources Limited and Rocket Age Capital Inc. because Rocket Resources Limited and Rocket Age Capital Inc. decided not to proceed with the previous arrangement agreement.

AND WHEREAS the Parties hereto intend to carry out the transactions contemplated herein by way of an arrangement under the provisions of the *Business Corporations Act* (British Columbia);

AND WHEREAS the Parties hereto have entered into this Agreement to provide for the matters referred to in the foregoing recital and for other matters relating to such arrangement;

NOW THEREFORE, in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereto do hereby covenant and agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, unless there is something in the context or subject matter inconsistent therewith, the following defined terms have the meanings hereinafter set forth:

- (a) **"Agreement", "herein", "hereof", "hereto", "hereunder"** and similar expressions mean and refer to this arrangement agreement (including the schedules hereto) as supplemented, modified or amended, and not to any particular article, section, schedule or other portion hereof;
- (b) **"Applicable Laws"** means all applicable corporate laws, rules of applicable stock exchanges and applicable securities laws, including the rules, regulations, notices, instruments, blanket orders and policies of the securities regulatory authorities in Canada;
- (c) **"Arrangement"** means the arrangement pursuant to Section 288 of the BCBCA set forth in the Plan of Arrangement;
- (d) **"Arrangement Provisions"** means Part 9, Division 5 of the BCBCA;
- (e) **"Arrangement Resolution"** means the special resolution in respect to the Arrangement and other related matters to be considered at the True Zone Meeting;
- (f) **"Assets"** means the assets of True Zone to be transferred to the True Zone Subsidiaries pursuant to the Arrangement, as more particularly described in Schedule B attached hereto and forming part of this Agreement;
- (g) **"BCBCA"** means the *Business Corporations Act*, S.B.C. 2002, c. 57, as amended, including the regulations promulgated thereunder;
- (h) **"Business Day"** means a day other than a Saturday, Sunday or other than a day when banks in the City of Vancouver, British Columbia are not generally open for business;
- (i) **"Capital Companies"** means Elmira Capital, Frond Capital, Moshing Capital, Oak Capital and Patchouli Capital;
- (j) **"Conversion Factor"** means 0.01;
- (k) **"Court"** means the Supreme Court of British Columbia;
- (l) **"Depository"** means Equity Financial Trust Company;
- (m) **"Distributed Patch, Frond, Oak, Moshi and Elm Shares"** means the Patch Shares, Frond Shares, Oak Shares, Moshi Shares and Elm Shares that are to be distributed to the True Zone Shareholders pursuant to §3.1 of the Plan of Arrangement
- (n) **"Dissenting Shareholder"** means an True Zone Shareholder who validly exercises rights of dissent under the Arrangement and who will be entitled to be paid fair value for his, her or its True Zone Shares in accordance with the Interim Order and the Plan of Arrangement;
- (o) **"Dissenting Shares"** means the True Zone Shares in respect of which Dissenting Shareholders have exercised a right of dissent;
- (p) **"Effective Date"** means the date the Arrangement is filed with the Registrar;

- (q) **"Elm"** means Elm Resources Ltd., a private company incorporated under the BCBCA;
- (r) **"Elm Shareholder"** means a holder of Elm Shares;
- (s) **"Elm Shares"** means the common shares without par value in the authorized share structure of Elm, as constituted on the date of this Agreement;
- (t) **"Elmira Capital"** means Elmira Capital Inc., a private company incorporated under the BCBCA;
- (u) **"Equity Financial"** means Equity Financial Trust Company;
- (v) **"Frond"** means Frond Resources Ltd., a private company incorporated under the BCBCA;
- (w) **"Frond Capital"** means Frond Capital Inc., a private company incorporated under the BCBCA;
- (x) **"Frond Shareholder"** means a holder of Frond Shares;
- (y) **"Frond Shares"** means the common shares without par value in the authorized share structure of Frond, as constituted on the date of this Agreement;
- (z) **"Final Order"** means the order of the Court approving the Arrangement, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (aa) **"IFRS"** means International Financial Reporting Standards;
- (bb) **"Information Circular"** means the management proxy circular of True Zone to be sent by True Zone to the True Zone Shareholders in connection with the True Zone Meeting;
- (cc) **"Interim Order"** means an interim order of the Court concerning the Arrangement in respect of True Zone, containing declarations and directions with respect to the Arrangement and the holding of the True Zone Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (dd) **"Moshi"** means Moshi Mountain Industries Ltd., a private company incorporated under the BCBCA;
- (ee) **"Moshi Shareholder"** means a holder of Moshi Shares;
- (ff) **"Moshi Shares"** means the common shares without par value in the authorized share structure of Moshi, as constituted on the date of this Agreement;
- (gg) **"Moshing Capital"** means Moshing Capital Inc. a private company incorporated under the BCBCA;
- (hh) **"New Shares"** means the new class of common shares without par value which True Zone will create pursuant to §3.1 of the Plan of Arrangement and which, immediately after the Effective Date, will be identical in every relevant respect to the True Zone Shares
- (ii) **"Notice of Meeting"** means the notice of special meeting of the True Zone Shareholders in respect of the True Zone Meeting;
- (jj) **"Oak"** means Oak Cliff Resources Ltd., a private company incorporated under the BCBCA;

- (kk) **"Oak Capital"** means Oak Cliff Capital Inc., a private company incorporated under the BCBCA;
- (ll) **"Oak Shareholder"** means a holder of Oak Shares;
- (mm) **"Oak Shares"** means the common shares without par value in the authorized share structure of Oak, as constituted on the date of this Agreement;
- (nn) **"Patch"** means Patch Industries Ltd., a private company incorporated under the BCBCA;
- (oo) **"Patch Shares"** means the common shares without par value in the authorized share structure of Patch, as constituted on the date of this Agreement;
- (pp) **"Patch Shareholder"** means a holder of Patch Shares;
- (qq) **"Patchouli Capital"** means Patchouli Capital Inc., a private company incorporated under the BCBCA;
- (rr) **"Parties"** means True Zone and the True Zone Subsidiaries; and **"Party"** means any one of them;
- (ss) **"Person"** means an individual, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal representative;
- (tt) **"Plan of Arrangement"** means the plan of arrangement substantially in the form set out in **Schedule A** to this Agreement, as amended or supplemented from time to time in accordance with Article 6 thereof and Article 6 hereof;
- (uu) **"Registrar"** means the Registrar of Companies for the Province of British Columbia duly appointed under the BCBCA;
- (vv) **"Registered Shareholder"** means a registered holder of True Zone Shares as recorded in the shareholder register of True Zone maintained by Equity Financial;
- (ww) **"Share Distribution Record Date"** means the close of business on the day as determined by the directors of True Zone, which date establishes the True Zone Shareholders who will be entitled to receive Patch, Frond, Oak, Moshi and Elm Shares pursuant to this Plan of Arrangement;
- (xx) **"True Zone Class A Shares"** means the renamed and re-designated True Zone Shares as described in §3.1 of the Plan of Arrangement;
- (yy) **"True Zone Class A Preferred Shares"** means the Class "A" preferred shares without par value which True Zone will create and issue pursuant to §3.1 of the Plan of Arrangement;
- (zz) **"True Zone Meeting"** means the special meeting of the True Zone Shareholders to be held to approve this Arrangement Agreement, and any adjournment(s) or postponement(s) thereof;
- (aaa) **"True Zone Options"** means the outstanding stock options, whether or not vested, to acquire True Zone Shares;
- (bbb) **"True Zone Shares"** means the common shares without par value in the authorized share capital of True Zone, as constituted on the date of this Agreement;
- (ccc) **"True Zone Shareholders"** means the holders from time to time of True Zone Shares;

- (ddd) **"True Zone Subsidiaries"** means collectively Patch, Frond, Oak, Moshi and Elm;
- (eee) **"True Zone Warrants"** means the common share purchase warrants of True Zone outstanding on the Effective Date; and
- (fff) **"Tax Act"** means the *Income Tax Act* (Canada) and the regulations thereunder, all as amended from time to time;

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into articles, sections and subsections is for convenience of reference only and does not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement (including Schedules A to F hereto) and not to any particular article, section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto.

1.3 Number, etc.

Words importing the singular number include the plural and vice versa, words importing the use of any gender include all genders, and words importing persons include firms and companies and vice versa.

1.4 Date for Any Action

If any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day and a business day in the place where an action is required to be taken, such action is required to be taken on the next succeeding day which is a Business Day and a business day, as applicable, in such place.

1.5 Entire Agreement

This Agreement, together with the agreements and documents herein and therein referred to, constitute the entire agreement among the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, among the Parties with respect to the subject matter hereof.

1.6 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada.

1.7 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under IFRS.

1.8 References to Legislation

References in this Agreement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

1.9 Enforceability

All representations, warranties, covenants and opinions in or contemplated by this Agreement as to the enforceability of any covenant, agreement or document are subject to enforceability being limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally, and the discretionary nature of certain remedies (including specific performance and injunctive relief and general principles of equity).

1.10 Schedules

The following schedules attached hereto are incorporated into and form an integral part of this Agreement:

- A - Plan of Arrangement with all schedules attached to it.

**ARTICLE 2
THE ARRANGEMENT**

2.1 Plan of Arrangement

True Zone and the True Zone Subsidiaries will forthwith jointly file, proceed with and diligently prosecute an application for an Interim Order providing for, among other things, the calling and holding of the True Zone Meeting for the purpose of considering and, if deemed advisable, approving the Arrangement Resolution and upon receipt thereof, True Zone and each of the True Zone Subsidiaries will forthwith carry out the terms of the Interim Order to the extent applicable to it. Provided all necessary approvals for the Arrangement Resolution are obtained from the True Zone Shareholders, True Zone and the True Zone Subsidiaries shall jointly submit the Arrangement to the Court and apply for the Final Order. Upon issuance of the Final Order and subject to the conditions precedent in Article 5, True Zone shall forthwith proceed to file the Final Order and such other documents as may be required to give effect to the Arrangement with the Registrar pursuant to the Arrangement Provisions, whereupon the transactions comprising the Arrangement shall occur and shall be deemed to have occurred in the order set out therein without any act or formality.

2.2 Interim Order

The Interim Order shall provide that:

True Zone

- (a) the securities of True Zone for which holders shall be entitled to vote on the Arrangement Resolution shall be the True Zone Shares;
- (b) the True Zone Shareholders shall be entitled to vote on the Arrangement Resolution, with each True Zone Shareholder being entitled to one vote for each True Zone Share held by such holder;
- (c) the requisite majority for the approval of the Arrangement Resolution shall be the majority prescribed by the articles of True Zone and the BCBCA.

2.3 Information Circular and Meetings

As promptly as practical following the execution of this Agreement and in compliance with the Interim Order and Applicable Laws:

- (a) True Zone shall:
 - (i) prepare the Information Circular and cause such circular to be mailed to the True Zone Shareholders and filed with applicable regulatory authorities and other governmental authorities in all jurisdictions where the same are required to be mailed and filed; and
 - (ii) convene the True Zone Meeting.

The Capital Companies shall provide the required information for the Information Circular with respect to the proposed amalgamations in a timely manner as requested by True Zone.

2.4 Effective Date

The Arrangement shall become effective in accordance with the terms of the Plan of Arrangement on the Effective Date.

**ARTICLE 3
COVENANTS**

3.1 Covenants Regarding the Arrangement

From the date hereof until the Effective Date, True Zone and each of the True Zone Subsidiaries will use all reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws to complete the Arrangement, including using reasonable efforts:

- (a) to obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases and other contracts;
- (b) to obtain all necessary consents, assignments, waivers and amendments to or terminations of any instruments and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby; and
- (c) to effect all necessary registrations and filings and submissions of information requested by governmental authorities required to be effected by it in connection with the Arrangement.

3.2 Covenants Regarding Execution of Documents

- (a) True Zone and each of the True Zone Subsidiaries will perform all such acts and things, and execute and deliver all such agreements, notices and other documents and instruments as may reasonably be required to facilitate the carrying out of the intent and purpose of this Agreement.

3.3 Giving Effect to the Arrangement

The Arrangement shall be effected in the following manner:

- (a) The Parties shall proceed forthwith to apply for the Interim Order providing for, among other things, the calling and holding of the True Zone Meeting for the purpose of, among other things, considering and, if deemed advisable, approving and adopting the Arrangement;
- (b) The Patch Shareholder(s), Frond Shareholder(s), Oak Shareholder(s), Moshi Shareholder(s) and Elm Shareholder(s) shall approve the Arrangement by a special resolution;
- (c) Upon obtaining the Interim Order, True Zone shall call the True Zone Meeting and mail the Information Circular and related Notice of Meeting and form of Proxy to the True Zone Shareholders;
- (d) If the True Zone Shareholders approve the Arrangement as set out in §3.3 hereof, True Zone shall thereafter (subject to the exercise of any discretionary authority granted to True Zone's directors by the True Zone Shareholders) take the necessary actions to submit the Arrangement to the Court for approval and grant of the Final Order; and
- (e) Upon receipt of the Final Order, True Zone shall, subject to compliance with any of the other conditions provided for in Article 3.3 hereof and to the rights of termination contained in Article 7 hereof, file the material described in §5.1 with the Registrar in accordance with the terms of the Plan of Arrangement.

3.4 True Zone Stock Options and Warrants

No shares, stocks, options or warrants will be issued by the True Zone Subsidiaries to the True Zone Shareholders upon the exercise of True Zone Stock Options or Warrants.

**ARTICLE 4
REPRESENTATIONS AND WARRANTIES**

4.1 Representations and Warranties

Each of the Parties hereby represents and warrants to the other that:

- (a) It is a company duly incorporated and validly subsisting under the laws of its jurisdiction of existence, and has full capacity and authority to enter into this Agreement and to perform its covenants and obligations hereunder;
- (b) It has taken all corporate actions necessary to authorize the execution and delivery of this Agreement and this Agreement has been duly executed and delivered by it;
- (c) Neither the execution and delivery of this Agreement nor the performance of any of its covenants and obligations hereunder will constitute a material default under, or be in any material contravention or breach of: (i) any provision of its constituting or governing corporate documents, (ii) any judgment, decree, order, law, statute, rule or regulation applicable to it or (iii) any agreement or instrument to which it is a party or by which it is bound; and
- (d) No dissolution, winding up, bankruptcy, liquidation or similar proceedings have been commenced or are pending or proposed in respect of it.

**ARTICLE 5
CONDITIONS PRECEDENT**

5.1 Mutual Conditions Precedent

The respective obligations of the Parties to consummate the transactions contemplated hereby, and in particular the Arrangement, are subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions, any of which may be waived by the mutual written consent of such Parties without prejudice to their right to rely on any other of such conditions:

- (a) the Interim Order shall have been granted in form and substance satisfactory to True Zone and each of the True Zone Subsidiaries, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to True Zone and each of the True Zone Subsidiaries, acting reasonably, on appeal or otherwise;
- (b) the Arrangement Resolution shall have been passed by the True Zone Shareholders at the True Zone Meeting in accordance with the Arrangement Provisions, the constating documents of True Zone, the Interim Order and the requirements of any applicable regulatory authorities;
- (c) the Arrangement and this Agreement, with or without amendment, shall have been approved by the Patch Shareholder(s), Frond Shareholder(s), Oak Shareholder(s), Moshi Shareholder(s) and Elm Shareholder(s) to the extent required by, and in accordance with, the Arrangement Provisions and the constating documents of each of the True Zone Subsidiaries;
- (d) the Final Order shall have been granted in form and substance satisfactory to True Zone and the True Zone Subsidiaries, acting reasonably;
- (e) all other consents, orders, regulations and approvals, including regulatory and judicial approvals and orders required or necessary or desirable for the completion of the transactions provided for in this Agreement and the Plan of Arrangement shall have been obtained or received from the persons, authorities or bodies having jurisdiction in the circumstances, each in form acceptable to True Zone and each of the True Zone Subsidiaries;
- (f) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement and the Arrangement; and
- (g) this Agreement shall not have been terminated under Article 7.

5.2 Closing

Unless this Agreement is terminated earlier pursuant to the provisions hereof, the parties shall meet at 700 - 595 Howe St., Vancouver, BC V6C 2T5, at 11:00 a.m. (Vancouver time) on such date as they may mutually agree (the "Closing Date"), and each of them shall deliver to the other of them:

- (a) the documents required to be delivered by it hereunder to complete the transactions contemplated hereby, provided that each such document required to be dated the

Effective Date shall be dated as of, or become effective on, the Effective Date and shall be held in escrow to be released upon the occurrence of the Effective Date; and

- (b) written confirmation as to the satisfaction or waiver by it of the conditions in its favour contained in this Agreement.

5.3 Merger of Conditions

The conditions set out in §5.1 hereof shall be conclusively deemed to have been satisfied, waived or released upon the occurrence of the Effective Date.

5.4 Merger of Representations and Warranties

The representations and warranties in §4.1 shall be conclusively deemed to be correct as of the Effective Date and each shall accordingly merge in and not survive the effectiveness of the Arrangement.

**ARTICLE 6
AMENDMENT**

6.1 Amendment

This Agreement may at any time and from time to time before or after the holding of the True Zone Meeting be amended by written agreement of the Parties hereto without, subject to Applicable Laws, further notice to or authorization on the part of their respective securityholders and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; or
- (d) waive compliance with or modify any other conditions precedent contained herein;

provided that no such amendment reduces or materially adversely affects the consideration to be received by a True Zone Shareholder without approval by the True Zone Shareholders, given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

**ARTICLE 7
TERMINATION**

7.1 Termination

Subject to §7.2, this Agreement may at any time before or after the holding of the True Zone Meeting, and before or after the granting of the Final Order, but in each case prior to the Effective Date, be terminated by direction of the board of directors of True Zone without further action on the part of the True Zone Shareholders, or by the board of directors of each of the True Zone Subsidiaries without further action on the part of the respective Patch Shareholder(s), Frond Shareholder(s), Oak Shareholder(s), Moshi Shareholder(s) or Elm Shareholder(s) and nothing expressed or implied herein

or in the Plan of Arrangement shall be construed as fettering the absolute discretion by the board of directors of True Zone or any of the True Zone Subsidiaries, respectively, to elect to terminate this Agreement and discontinue efforts to effect the Arrangement for whatever reasons it may consider appropriate.

7.2 Cessation of Right

The right of True Zone or any of the True Zone Subsidiaries or any other party to amend or terminate the Plan of Arrangement pursuant to §6.1 and §7.1 shall be extinguished upon the occurrence of the Effective Date.

**ARTICLE 8
NOTICES**

8.1 Notices

All notices which may or are required to be given pursuant to any provision of this Agreement are to be given or made in writing and served personally and in the case of:

True Zone Resources Inc. and True Zone Subsidiaries, to:

700-595 Howe Street
Vancouver, British Columbia V6C 2T5
Attention: President

Capital Companies, to:

700-595 Howe Street
Vancouver, British Columbia V6C 2T5
Attention: President

or such other address as the Parties may, from time to time, advise to the other Parties hereto by notice in writing. The date or time of receipt of any such notice will be deemed to be the date of delivery or the time such telecopy is received.

ARTICLE 9

AMALGAMATIONS

9.1 Amalgamations between Certain True Zone Subsidiaries and the Capital Companies

If the Arrangement receives the required shareholder and court approvals, then Patchouli Capital Inc. will amalgamate with Patch Industries Ltd., Frond Capital Inc. will amalgamate with Frond Resources Ltd., Oak Cliff Capital Inc. will amalgamate with Oak Cliff Resources Inc., Moshing Capital Inc. will amalgamate with Moshi Mountain Industries Ltd. and Elmira Capital Inc. will amalgamate with Elm Resources Ltd.

The Capital Companies shall provide the information to True Zone to be included in the information circular of True Zone with respect to the proposed amalgamations.

**ARTICLE 10
GENERAL**

10.1 Assignment and Emurement

This Agreement shall ensure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns. This Agreement may not be assigned by any party hereto without the prior consent of the other Parties hereto.

10.2 Disclosure

Each Party shall receive the prior consent, not to be unreasonably withheld, of the other Parties prior to issuing or permitting any director, officer, employee or agent to issue, any press release or other written statement with respect to this Agreement or the transactions contemplated hereby. Notwithstanding the foregoing, if any Party is required by law or administrative regulation to make any disclosure relating to the transactions contemplated herein, such disclosure may be made, but that Party will consult with the other Parties as to the wording of such disclosure prior to its being made.

10.3 Costs

The costs and expenses in connection with the transactions contemplated hereby will be covered by True Zone.

10.4 Severability

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

- (a) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and
- (b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Agreement in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Agreement in any other jurisdiction.

10.5 Further Assurances

Each Party hereto shall, from time to time and at all times hereafter, at the request of any other Party hereto, but without further consideration, do all such further acts, and execute and deliver all such further documents and instruments as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

10.6 Time of Essence

Time shall be of the essence of this Agreement.

10.7 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein and the Parties hereto irrevocably attorn to the jurisdiction of the courts of the Province of British Columbia. Each of the Parties hereto hereby irrevocably and unconditionally consents to and submits to the jurisdiction of the courts of the Province of British Columbia in respect of the Arrangement, all actions, suits or proceedings arising out of or relating to this Agreement or the matters contemplated hereby (and agrees not to commence any action, suit or proceeding relating thereto except in such courts) and further agrees that service of any process, summons, notice or document by single registered mail to the addresses of the parties set forth in this Agreement shall be effective service of process for any action, suit or proceeding brought against any Party in such court. The Parties hereby irrevocably and unconditionally waive any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the matters contemplated hereby in the courts of the Province of British Columbia and hereby further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding so brought has been brought in an inconvenient forum.

10.8 Waiver

No waiver by any Party shall be effective unless in writing and any waiver shall affect only the matter, and the occurrence thereof, specifically identified and shall not extend to any other matter or occurrence.

10.9 Replacement of Previous Agreement

This Agreement is superseding and replacing the arrangement agreement dated September 25, 2014, which included the parties to this Agreement, Rocket Resources Limited and Rocket Age Capital Inc.

10.10 Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together constitute one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement effective as of the date first above written.

True Zone Resources Inc.

"Signed"
Authorized Signatory

Patch Industries Ltd.

"Signed"
Authorized Signatory

FronD Resources Ltd.

"Signed"
Authorized Signatory

Oak Cliff Resources Ltd.

"Signed"
Authorized Signatory

**SCHEDULE "A" TO THE ARRANGEMENT AGREEMENT
PLAN OF ARRANGEMENT UNDER DIVISION 5 OF PART 9**

OF THE

Moshi Mountain Industries Ltd.

"Signed"
Authorized Signatory

Elm Resources Ltd.

"Signed"
Authorized Signatory

Elmira Capital Inc.

"Signed"
Authorized Signatory

Patchouli Capital Inc.

"Signed"
Authorized Signatory

Fronid Capital Inc.

"Signed"
Authorized Signatory

Oak Cliff Capital Inc.

"Signed"
Authorized Signatory

Moshing Capital Inc.

"Signed"
Authorized Signatory

BUSINESS CORPORATIONS ACT (BRITISH COLUMBIA)

S.B.C. 2002, c. 57

**ARTICLE 1
INTERPRETATION**

- 1.1 In this Plan of Arrangement, the terms and definitions have the same meaning as in Article 1.1 of the Arrangement Agreement.
- 1.2 The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.
- 1.3 Unless reference is specifically made to some other document or instrument, all references herein to articles and sections are to articles and sections of this Plan of Arrangement.
- 1.4 Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders; and words importing persons shall include individuals, partnerships, associations, corporations, funds, unincorporated organizations, governments, regulatory authorities, and other entities.
- 1.5 In the event that the date on which any action is required to be taken hereunder by any of the Parties is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.
- 1.6 References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

**ARTICLE 2
ARRANGEMENT AGREEMENT**

- 2.1 This Plan of Arrangement is made pursuant and subject to the provisions of, and forms part of, the Arrangement Agreement.
- 2.2 This Plan of Arrangement will become effective in accordance with its terms and be binding on the Effective Date on the True Zone Shareholders.

**ARTICLE 3
ARRANGEMENT**

3.1 On the Effective Date, the following shall occur and be deemed to occur in the following chronological order without further act or formality, notwithstanding anything contained in the provisions attaching to any of True Zone, Patch, Frond, Oak, Moshi and Elm Shares but subject to the provisions of Article 6:

- (a) True Zone will transfer the Assets to each of Patch, Frond, Oak, Moshi and Elm in consideration for Patch Shares, Frond Shares, Oak Shares, Moshi Shares and Elm Shares (the "**Distributed Patch, Frond, Oak, Moshi and Elm Shares**"), such that the number of Distributed Patch, Frond, Oak, Moshi and Elm Shares received by True Zone from each True Zone Subsidiary in consideration for the Assets will equal the number of issued and outstanding True Zone Shares multiplied by the Conversion Factor as of the Share Distribution Record Date, and True Zone will be added to the central securities register of each of Patch, Frond, Oak, Moshi and Elm in respect of such Patch Shares, Frond Shares, Oak Shares, Moshi Shares and Elm Shares;
- (b) The authorized share capital of True Zone will be changed by:
 - (i) Altering the identifying name of the True Zone Shares to Class A Shares;
 - (ii) Creating a class consisting of an unlimited number of common shares without par value (the "**New Shares**"); and
 - (iii) Creating a class consisting of an unlimited number of class "A" preferred shares without par value, having the rights and restrictions described in Schedule "A" to the Plan of Arrangement, being the True Zone Class A Preferred Shares;
- (c) Each issued True Zone Class A Share will be exchanged for one New Share and one True Zone Class A Preferred Share and, subject to the exercise of a right of dissent, the holders of the True Zone Class A Shares will be removed from the central securities register of True Zone and will be added to the central securities register as the holders of the number of New Shares and True Zone Class A Preferred Shares that they have received on the exchange;
- (d) All of the issued True Zone Class A Shares will be cancelled with the appropriate entries being made in the central securities register of True Zone and the aggregate paid up capital (as that term is used for purposes of the Tax Act) of the True Zone Class A Shares immediately prior to the Effective Date will be allocated between the New Shares and the True Zone Class A Preferred Shares so that the aggregate paid up capital of the True Zone Class A Preferred Shares is equal to the aggregate fair market value of the Distributed Patch, Frond, Oak, Moshi and Elm Shares as of the Effective Date, and each True Zone Class A Preferred Share so issued will be issued by True Zone at an issue price equal to such aggregate fair market value divided by the number of issued True Zone Class A Preferred Shares, such aggregate fair market value of the Distributed Patch, Frond, Oak, Moshi and Elm Shares to be determined as at the Effective Date by resolution of the board of directors of True Zone;
- (e) True Zone will redeem the issued True Zone Class A Preferred Shares for consideration consisting solely of the Distributed Patch, Frond, Oak, Moshi and Elm Shares such that

each holder of True Zone Class A Preferred Shares will, subject to the rounding of fractions and the exercise of rights of dissent, receive that number of Patch Shares, Frond Shares, Oak Shares, Moshi Shares and Elm Shares that is equal to the number of True Zone Class A Preferred Shares multiplied by the Conversion Factor held by such holder;

- (f) The name of each holder of True Zone Class A Preferred Shares will be removed as such from the central securities register of True Zone, and all of the issued True Zone Class A Preferred Shares will be cancelled with the appropriate entries being made in the central securities register of True Zone;
 - (g) The Distributed Patch, Frond, Oak, Moshi and Elm Shares transferred to the holders of the True Zone Class A Preferred Shares pursuant to step §(e) above will be registered in the names of the former holders of True Zone Class A Preferred Shares and appropriate entries will be made in the central securities register of Patch, Frond, Oak, Moshi and Elm;
 - (h) The True Zone Class A Shares and the True Zone Class A Preferred Shares, none of which will be allotted or issued once the steps referred to in steps §(c) and §(e) above are completed, will be cancelled and the authorized share structure of True Zone will be changed by eliminating the True Zone Class A Shares and the True Zone Class A Preferred Shares therefrom;
 - (i) The Notice of Articles and Articles of True Zone will be amended to reflect the changes to its authorized share structure made pursuant to this Plan of Arrangement; and
- 3.2 Notwithstanding §3.1(e), no fractional Patch, Frond, Oak, Moshi, Elm or Elm Shares shall be distributed to the True Zone Shareholders and as a result all fractional share amounts arising under such sections shall be rounded down to the nearest whole number. Any Distributed Patch, Frond, Oak, Moshi and Elm Shares not distributed as a result of this rounding down shall be dealt with as determined by the board of directors of True Zone in its absolute discretion.
- 3.3 The holders of the True Zone Class A Shares and the holders of New Shares and True Zone Class A Preferred Shares referred to in §3.1(c), and the holders of the True Zone Class A Preferred Shares referred to in §3.1(e), §3.1(f) and §3.1(g), shall mean in all cases those persons who are True Zone Shareholders at the close of business on the Share Distribution Record Date, subject to Article 5.
- 3.4 All New Shares, True Zone Class A Preferred Shares and Patch Shares, Frond Shares, Oak Shares, Moshi Shares and Elm Shares issued pursuant to this Plan of Arrangement shall be deemed to be validly issued and outstanding as fully paid and non-assessable shares for all purposes of the BCBCA.
- 3.5 The Arrangement shall become final and conclusively binding on the True Zone Shareholders, the Patch Shareholders, the Frond Shareholders, the Oak Shareholders, the Moshi Shareholders, the Elm Shareholders and on True Zone, Patch, Frond, Oak, Moshi and Elm on the Effective Date.
- 3.6 Notwithstanding that the transactions and events set out in §3.1 shall occur and shall be deemed to occur in the chronological order therein set out without any act or formality, each of True Zone and Patch, Frond, Oak, Moshi and Elm shall be required to make, do and execute or cause and procure to be made, done and executed all such further acts, deeds, agreements, transfers,

assurances, instruments or documents as may be required to give effect to, or further document or evidence, any of the transactions or events set out in §3.1, including, without limitation, any resolutions of directors authorizing the issue, transfer or redemption of shares, any share transfer powers evidencing the transfer of shares and any receipt therefore, and any necessary additions to or deletions from share registers.

**ARTICLE 4
CERTIFICATES**

4.1 Recognizing that the True Zone Shares shall be redeemed and re-designated as True Zone Class A Shares pursuant to §3.1(b)(i) and that the True Zone Class A Shares shall be exchanged partially for New Shares pursuant to §3.1(c), True Zone shall not issue replacement share certificates representing the True Zone Class A Shares.

4.2 Recognizing that the Distributed Patch, Frond, Oak, Moshi and Elm Shares shall be transferred to the True Zone Shareholders as consideration for the redemption of the True Zone Class A Preferred Shares pursuant to §3.1(e), Patch, Frond, Oak, Moshi and Elm each shall issue one share certificate representing all of the Distributed Patch, Frond, Oak, Moshi and Elm Shares registered in the name of True Zone, which share certificate shall be held by the Depository until the Distributed Patch, Frond, Oak, Moshi and Elm Shares are transferred to the True Zone Shareholders and such certificate shall then be cancelled by the Depository. To facilitate the transfer of the Distributed Patch, Frond, Oak, Moshi and Elm Shares to the True Zone Shareholders as of the Share Distribution Record Date, True Zone shall execute and deliver to the Depository and the Transfer Agent an irrevocable power of attorney or a treasury order, authorizing them to distribute and transfer the Distributed Patch, Frond, Oak, Moshi and Elm Shares to such True Zone Shareholders in accordance with the terms of this Plan of Arrangement and Patch, Frond, Oak, Moshi and Elm shall deliver treasury orders or such other direction to effect such issuance to the Transfer Agent as requested by it.

4.3 Recognizing that all of the True Zone Class A Preferred Shares issued to the True Zone Shareholders pursuant to §3.1(c) will be redeemed by True Zone as consideration for the distribution and transfer of the Distributed Patch, Frond, Oak, Moshi or Elm Shares under §3.1(e), True Zone shall issue one share certificate representing all of the True Zone Class A Preferred Shares issued pursuant to §3.1(e) in the name of the Depository, to be held by the Depository for the benefit of the True Zone Shareholders until such True Zone Class A Preferred Shares are redeemed, and such certificate shall then be cancelled.

4.4 As soon as practicable after the Effective Date, Patch, Frond, Oak, Moshi and Elm shall cause to be issued to the registered holders of True Zone Shares as of the Share Distribution Record Date, share certificates representing the Patch Shares, Frond Shares, Oak Shares, Moshi Shares and Elm Shares to which they are entitled pursuant to this Plan of Arrangement and shall cause such share certificates or direct registration statements to be mailed to such registered holders.

4.5 From and after the Effective Date, share certificates representing True Zone Shares immediately before the Effective Date, except for those deemed to have been cancelled pursuant to Article 5, shall for all purposes be deemed to be share certificates representing New Shares, and no new share certificates shall be issued with respect to the New Shares issued in connection with the Arrangement.

4.6 True Zone Shares traded after the Share Distribution Record Date and prior to the Effective Date shall represent New Shares, and shall not carry any right to receive a portion of the Distributed Patch, Frond, Oak, Moshi and Elm Shares.

**ARTICLE 5
DISSENTING SHAREHOLDERS**

5.1 Notwithstanding §3.1 hereof, holders of True Zone Shares may exercise rights of dissent (the "Dissent Right") in connection with the Arrangement pursuant to the Interim Order and in the manner set forth in sections 237 – 247 of the BCBCA (collectively, the "Dissent Procedures").

5.2 True Zone Shareholders who duly exercise Dissent Rights with respect to their True Zone Shares ("Dissenting Shares") and who:

- (a) are ultimately entitled to be paid fair value for their Dissenting Shares, shall be deemed to have transferred their Dissenting Shares to True Zone for cancellation immediately before the Effective Date; or
- (b) for any reason are ultimately not entitled to be paid fair value for their Dissenting Shares, shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting True Zone Shareholder and shall receive New Shares and Patch, Frond, Oak, Moshi and Elm Shares on the same basis as every other non-dissenting True Zone Shareholder, and in no case shall True Zone be required to recognize such person as holding True Zone Shares on or after the Effective Date.

5.3 If a True Zone Shareholder exercises the Dissent Right, True Zone shall on the Effective Date set aside and not distribute that portion of the Distributed Patch, Frond, Oak, Moshi and Elm Shares that is attributable to the True Zone Shares for which the Dissent Right has been exercised. If the dissenting True Zone Shareholder is ultimately not entitled to be paid for their Dissenting Shares, True Zone shall distribute to such True Zone Shareholder his, her or its pro-rata portion of the Distributed Patch, Frond, Oak, Moshi and Elm Shares. If a True Zone Shareholder duly complies with the Dissent Procedures and is ultimately entitled to be paid for their Dissenting Shares, then True Zone shall retain the portion of the Distributed Patch, Frond, Oak, Moshi and Elm Shares attributable to such True Zone Shareholder (the "Non-Distributed Patch, Frond, Oak, Moshi and Elm Shares"), and the Non-Distributed Patch, Frond, Oak, Moshi and Elm Shares shall be dealt with as determined by the board of directors of True Zone in its absolute discretion.

**ARTICLE 6
AMENDMENTS**

6.1 True Zone, Patch, Frond, Oak, Moshi and Elm may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Date, provided that each such amendment, modification and/or supplement must be:

- (i) set out in writing;
- (ii) filed with the Court and, if made following the True Zone Meeting, approved by the Court; and
- (iii) communicated to holders of True Zone Shares and Patch, Frond, Oak, Moshi and Elm Shares, as the case may be, if and as required by the Court.

6.2 Any amendment, modification or supplement to this Plan of Arrangement may be proposed by True Zone at any time prior to the True Zone Meeting with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the True Zone Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

6.3 True Zone, with the consent of the other parties, may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time after the True Zone Meeting and prior to the Effective Date with the approval of the Court.

6.4 Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date but shall only be effective if it is consented to by True Zone, Patch, Frond, Oak, Moshi and Elm provided that such amendment, modification or supplement concerns a matter which, in the reasonable opinion of True Zone, Patch, Frond, Oak, Moshi and Elm, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of True Zone, Patch, Frond, Oak, Moshi and Elm or any former holder of True Zone, Patch, Frond, Oak, Moshi and Elm Shares, as the case may be.

ARTICLE 7 REFERENCE DATE

7.1 This plan of arrangement is dated for reference the 20th day of October, 2014.

SCHEDULE "A" TO THE PLAN OF ARRANGEMENT

SPECIAL RIGHTS AND RESTRICTIONS FOR TRUE ZONE CLASS A PREFERRED SHARES

The class A preferred shares as a class shall have attached to them the following special rights and restrictions:

Definitions

(1) In these Special Rights and Restrictions,

- (a) "**Arrangement**" means the arrangement pursuant to Division 5 of Part 9 of the *Business Corporations Act* (British Columbia) S.B.C 2002, c.57 as contemplated by the Arrangement Agreement.
 - (b) "**Arrangement Agreement**" means the Arrangement Agreement dated as of October 20, 2014, between True Zone Resources Inc. (the "**Company**") and Patch Industries Ltd., Frond Resources Ltd., Oak Cliff Resources Ltd., Moshi Mountain Industries Ltd. and Elm Resources Ltd.,
 - (c) "**Old Common Shares**" means the common shares in the authorized share capital of the Company that have been re-designated as class A common shares without par value pursuant to the Plan of Arrangement.
 - (d) "**Effective Date**" means the date upon which the Arrangement becomes effective,
 - (e) "**New Shares**" means the common shares without par value created in the authorized share capital of the Company pursuant to the Plan of Arrangement, and
 - (f) "**Plan of Arrangement**" means the Plan of Arrangement attached as Schedule "A" to the Arrangement Agreement.
- (2) The holders of the class A preferred shares are not as such entitled to receive notice of, nor to attend or vote at, any general meeting of the shareholders of the Company.
 - (3) Class A preferred shares shall only be issued on the exchange of Old Common Shares for New Shares and class A preferred shares pursuant to and in accordance with the Plan of Arrangement.
 - (4) The capital to be allocated to the class A preferred shares shall be the amount determined in accordance with §3.1(d) of the Plan of Arrangement.
 - (5) The class A preferred shares shall be redeemable by the Company pursuant to and in accordance with the Plan of Arrangement.
 - (6) Any class A preferred share that is or is deemed to be redeemed pursuant to and in accordance with the Plan of Arrangement shall be cancelled and may not be reissued.

SCHEDULE "B"

TRUE ZONE ASSETS TO BE TRANSFERRED TO TRUE ZONE SUBSIDIARIES

Subsidiary	Asset	Governing Document
Patch Industries Ltd.	Option to acquire an 80% interest in a 30 ha. mineral exploration property in Tanzania known as Gombero East Property.	Mineral Property Option Agreement between True Zone Resources Inc. and AFGF Holdings (Tanzania) Ltd. dated September 18, 2014
Fronsd Resources Ltd.	Option to acquire an 80% interest in a 30 ha. mineral exploration property in Tanzania known as Kwedilima West Property.	Mineral Property Option Agreement between True Zone Resources Inc. and AFGF Holdings (Tanzania) Ltd. dated September 18, 2014
Oak Cliff Resources Ltd.	Option to acquire an 80% interest in a 30 ha. mineral exploration property in Tanzania known as Gombero Lion Property.	Mineral Property Option Agreement between True Zone Resources Inc. and AFGF Holdings (Tanzania) Ltd. dated September 18, 2014
Moshi Mountain Industries Ltd.	Option to acquire an 80% interest in a 30 ha. mineral exploration property in Tanzania known as Kwedilima Cheetah Property.	Mineral Property Option Agreement between True Zone Resources Inc. and AFGF Holdings (Tanzania) Ltd. dated September 18, 2014
Elm Resources Ltd.	Option to acquire an 80% interest in a 30 ha. mineral exploration property in Tanzania known as Gombero West Property.	Mineral Property Option Agreement between True Zone Resources Inc. and AFGF Holdings (Tanzania) Ltd. dated September 18, 2014

AIL-Tech Services
69 Regent Street,
Thunder Bay, ON
P7A 5G7

October 20, 2014

True Zone Resources Inc.
5623 - 145A Street,
Surrey, British Columbia
V3S 8E3

Attn: Board of Directors of True Zone Resources Inc.

Re: Fairness Opinion Regarding True Zone Resources and the portions of the Handeni N500 Property, United Republic of Tanzania being optioned to the Five Subsidiaries

Dear Sirs,

Summary

Craig Alford has been asked by the Board of Directors of True Zone Resources Inc. ("True Zone" or the "Company") to determine the fairness to the shareholders of True Zone ("Fairness Opinion") of the proposed transaction (the "Transaction") wherein True Zone transfer a sub-option of a portion of its Tanzania Property (defined below) to each of the following of its wholly owned subsidiaries of True Zone: (i) Patch Industries Ltd.; (ii) Moshi Mountain Industries Ltd; (iii) Oak Cliff Resources Ltd.; (iv) Elm Resources Ltd.; and (v) Fronsd Resources Ltd. (collectively, the "Subsidiaries") and then will spin out each into its own entity by way of a plan of arrangement ("Arrangement") in such a manner that the shareholders of True Zone would receive one (1) common share in each of the Subsidiaries for every one hundred (100) common shares they own in True Zone as of the record date for the Arrangement following which each of the Subsidiaries would amalgamate with a company that will provide additional capital

True Zone (CSF: TAZ) is a Vancouver, British Columbia-based, junior mineral exploration company, focused on conducting exploration on its N500 (Bondo) Gold Property located in Handeni, Tanzania (the "Tanzania Property") since December 2013. The Tanzania Property comprises of 505 km². True Zone has identified an extensive potential area placer (alluvial) gold system that potentially feeds the main valley river system. The Company as of the date of this Fairness Opinion has 45,775,333 shares outstanding, and their trading range over the past year has been between \$0.03 to \$0.10 per share. The Company's financial statements as of April 30th, 2014 showed it had no revenues and had working capital of approximately \$168,000. The Company does not have the resources to comprehensively explore on all fronts the alluvial gold deposits in the "feeder" valleys, the identified bed rock gold associations, and the full potential of the "main" valley system of the Tanzania Property. Pursuant to the Transaction, the Company intends to sub-optimize to the Subsidiaries an aggregate of 1.5 km² (0.3 km² per Subsidiary) of the Tanzania Property for each to explore and spin out each Subsidiary in exchange for the shareholders of True Zone receiving shares of each Subsidiary.

At present, none of the Subsidiaries are reporting issuers or publicly companies. Upon completion of the Transaction, the Subsidiaries will each become a reporting issuer.

The financial statements of each of the Subsidiaries as of August 31st, 2014 showed each had \$1.00 in working capital. Pursuant to the Arrangement, True Zone is to grant each of the Subsidiaries a sub-option to acquire a 0.3 km² (30 hectares) portion on the "main" valley system of the Tanzania Property, following which the Subsidiaries complete the Amalgamations wherein the Subsidiaries will amalgamate with certain companies established specifically for each Subsidiary under separate amalgamation agreements as follows:

- Patch Industries Ltd. will amalgamate with Patchoult Capital Inc.;
- Frond Resources Ltd. will amalgamate with Frond Capital Inc.;
- Oak Cliff Resources Inc. will amalgamate with Oak Cliff Capital Inc.;
- Moshi Mountain Industries Ltd. will amalgamate with Moshing Capital Inc.;
- Elm Resources Inc. will amalgamate with Elmira Capital Inc.

Following the Amalgamations, it is anticipated that existing shareholders of True Zone will hold approximately 15% of each of the newly amalgamated companies holding a sub-option to a 0.3 km² portion of the Tanzania Property.

In order to provide this Fairness Opinion, the author, among other things, reviewed the available technical and geological reports on the mineral properties of True Zone and any other data that was pertinent to the Tanzania Property, reviewed SEDAR filings and news releases of True Zone relating to the Arrangement and the past few months prior to the announcement of the Arrangement. As well the author based his opinion on his own knowledge of the geological resources of Tanzania and placer rivers in general. A review of other fairness opinions for form and substance was also undertaken.

Based on the proposed exploration model and current financial realities of True Zone, and subject to the limitations in this Fairness Opinion, the author is of the opinion that the terms of the Transaction are fair from a financial point of view to the existing shareholders of True Zone.

Author and Frame of Reference

The author has been asked to make this Fairness Opinion as a fair comment on the share ratio and the potential impact on the Company of the Transaction from a mineral exploration business point of view.

There is no limiting condition on the Company using this Fairness Opinion in filing to facilitate the Transaction including filing it with the regulatory authorities and/or including it in any required mailing or for the Company making such disclosure that in the judgement of the Company is required. The author hereby expressly consents to the Company including in any disclosure documents in connection with the Transaction the complete text of this Fairness Opinion in its final form and/or a summary thereof.

The author is independent of each of True Zone and the Subsidiaries, and has no direct and indirect interests in the properties of True Zone, including but not limited to the Tanzania Property, and/or the shares of True Zone or the Subsidiaries.

The author is a graduate of Lakehead University, Thunder Bay, Ontario, Canada with a Honours Bachelor of Science degree in Geology (1985) and a Master of Science degree (1988) and has worked as Geologist for over 25 years. Most recently he has been evaluating mining projects worldwide as the Deputy General Manager of the Overseas Division of Zijin Mining Group, Chinas' largest gold producer and has served as the Vice President of Exploration for the Nasdaq listed companies: Handeni Gold Inc. (formerly Douglas Lake Minerals Inc.), Dominion Minerals Corp. and Golden River Resources Corporation. He has evaluated geologic properties and conducted multi-stage exploration programs as a Regional Geologist, then District Manager for Teck Resources Ltd. in four countries and has consulted for several mining companies, including Placer Dome Inc. (now Barrick Gold Corporation) and King's Bay Gold Corporation and is therefore qualified to write this Fairness Opinion.

The author has personally visited the Tanzania Property on January 7th and 8th, 2011, and prepared a technical report dated May 21, 2011 at the request of a previous optionee of the Tanzania Property. He reviewed copies of property license documents as provided by the Optionor (defined below); visited several localities at surface in order to examine the geology; collected samples of the geology on the property and reviewed the geological setting of the property by reference to maps and information published by the Government of The United Republic of Tanzania, as well as other sources. No hard rock areas of mineralization were observed and no samples were analyzed. The placer gold area which was visited was observed to contain placer gold. All the verification measures described above confirmed the location, extent, legality and general geological nature of the Tanzania Property. The author confirmed that the geology of the area is consistent with that indicated on regional maps. He did not re-visit the Tanzania Property in connection with the preparation of the Fairness Opinion, nor did he undertake any further independent verification of the geological comments, and did not prepare this Fairness Opinion as a formal valuation.

The author did evaluate and consider in connection with this Fairness Opinion the context of the Tanzania Property in the geologic environment of Tanzania, the history of the area and the history of placer (alluvial) mining. As there is no active trading market for the securities of the Subsidiaries, no meaningful evaluation of stock price of such share issuances was considered.

Assumptions and Limitations

The author has utilized assumptions and input parameters in this Fairness Opinion that he believes are reasonable and appropriate based on the industry standards. Major caveats include the uncertainty of exploration results, future prices of commodities, changes of government regulations and general environment concerns. In preparing this report the author has relied upon the accuracy and completeness of all the information supplied by the Company and their consultants and representatives but has not taken any steps to verify such information. He has however no reason to believe that any of the information supplied or analyzed by him is not accurate or complete.

This Fairness Opinion is based upon the current state of the securities markets, economic and general business conditions and their effect on the Transaction. These assumptions are believed by the author to be reasonable as to the impact on the shareholders of the Company.

True Zone Resources Inc.

Overview

True Zone (CSE: TAZ) is a Vancouver, British Columbia-based, junior mineral exploration company, focused on conducting exploration on the Tanzania Property since December 2013. The Company as of the date of this Fairness Opinion has 45,775,333 shares outstanding, and their trading range over the past year has been between \$0.03 to \$0.10 per share. The Company's financial statements as of April 30th, 2014 showed it had no revenue and had working capital of approximately \$168,000.

Tanzania Property

The Tanzania Property is located in Handeni, Tanzania and comprises of two prospecting licenses (PLs) representing an area of land covering 505 km². True Zone has identified an extensive potential area placer (alluvial) gold system that potentially feeds the main valley river system of the Tanzania Property however the Company does not have the resources to comprehensively explore on all fronts the alluvial gold deposits in the "feeder" valleys, the identified bed rock gold associations, and the full potential of the "main" valley system.

Among other things, the Transaction involves each Subsidiary being sub-optional the right to earn an 80% interest in a 0.3 km² portion of the Tanzania Property, and amalgamating with a capital company which will provide the amalgamated entity with approximately \$37,000 in working capital.

The Tanzania Property is owned and held in the name of AFGF Holdings (Tanzania) Limited (the "Optionor"). The Optionor is a private company existing under the laws of Tanzania.

On December 12, 2013, the Company entered into a letter agreement with the Optionor, and subsequently entered into a mineral property option agreement dated September 18, 2014, whereby the Optionor granted to True Zone an option to acquire an 80% interest in the Tanzania Property.

As part of the Arrangement and prior to the Amalgamations the following transfer of interest from the Company to the Subsidiaries shall take place:

Patch Industries Ltd. is to be granted pursuant to a sub-option the right to acquire an 80% interest in a 30 ha. mineral exploration property in Tanzania known as Gombero East Property, which property is centered on: 5°33'34"S and 37°50'13.3"E and whose corner locations are: NW 5° 33' 23.6", 37° 50' 05.4"; NE 5° 33' 23.6", 37° 50' 21.2"; SW 5° 33' 43.1", 37° 50' 05.4"; SE 5° 33' 43.1", 37° 50' 21.2".

Fronde Resources Ltd. is to be granted pursuant to a sub-option the right to acquire an 80% interest in a 30 ha. mineral exploration property in Tanzania known as Kwedilima West Property, which property is centered on 5°33'40"S and 37°50'28.6"E and whose corner locations are: NW 5° 33' 30.1", 37° 50' 21.2"; NE 5° 33' 30.1", 37° 50' 35.9"; SW 5° 33' 49.6", 37° 50' 21.2"; SE 5° 33' 49.6", 37° 50' 35.9".

Oak Cliff Resources Ltd. is to be granted pursuant to a sub-option the right to acquire an 80% interest in a 30 ha. mineral exploration property in Tanzania known as Gombero Lion Property, which property is centered on 5°33'34"S and 37°49'52.8"E and whose corner locations are: NW 5° 33'

27.5", 37°49'40.2"; NE 5° 33' 27.5", 37° 50' 05.4"; SW 5° 33' 40.5", 37° 49' 40.2"; SE 5° 33' 40.2", 37° 50' 05.4".

Moshi Mountain Industries Ltd. is to be granted pursuant to a sub-option the right to acquire an 80% interest in a 30 ha. mineral exploration property in Tanzania known as Kwedilima Cheeta Property, which property is centered on 5°33'50"S and 37°50'48.5"E and whose corner locations are: NW 5° 33' 43.1", 37° 50' 35.9"; NE 5° 33' 43.1", 37° 51' 01.1"; SW 5° 33' 56.1", 37° 50' 35.9"; SE 5° 33' 56.1", 37° 51' 01.0".

Elm Resources Ltd. is to be granted pursuant to a sub-option the right to acquire an 80% interest in a 30 ha. mineral exploration property in Tanzania known as Gombero West Property, which property is centered on 5°33'53"S and 37°51'09.5"E and whose corner locations are: NW 5° 33' 15.6", 37° 49' 23.4"; NE 5° 33' 21.1", 37° 49' 40.2"; SE 5° 33' 40.5", 37° 49' 40.2"; Intermediate sSW 5° 33' 40.5", 37° 49' 31.8"; Intermediate SW 5° 33' 27.5", 37° 49' 31.8"; SW 5° 34' 02.6", 37° 51' 01.1".

Technical reports on the various properties being sub-optional to the Subsidiaries have been or are in the process of being prepared by Ramadhani Ndonde, P.Geol. for each of the Subsidiaries ("Technical Reports"). Although no geology has been outlined on the portions of the Tanzania Property being sub-optional to the Subsidiaries, the areas are almost entirely covered by alluvium related to the adjacent hills and drainages and a recommend work program has been prepared for each portion of the Tanzania Property sub-optional.

The Technical Reports state that the portions of the Tanzania Property have a recent alluvium deposition that fills the main valley that are adjacent to the ridges of outcrop that host the main auriferous structures in the Bondo area and the alluvium appears to be un-stratified composing of cobbles, pebbles, gravel and sand. The cobbles and pebbles for the most part appear to be quartz although a few metasediment types were noted. The auriferous unit is sand and almost colluvial in appearance. The "pay streak" is beneath 5-6 metres of barren clay silt valley fill contains the gold. No reports of intersecting the basal placer bedrock interface were noted.

Work to date on the Tanzania Property has confirmed the potential of the portioned property to be worthy of continued exploration. The large extent of potential alluvial placer gold strains the resources of True Zone and the attractive potential of the main valley drainage being a collector of the gold from the adjacent drainages cannot be readily evaluate. It provides an opportunity for the Subsidiaries to use the knowledge that True Zone has acquired to advance an exploration test program on this main valley drainage.

The auriferous placer valley has had gold being traced towards the main valley. The area is an area of low energy gradient with an intermittent flowing water course indicating the source of the gold is proximal.

Visible gold has been identified in outcrops on ridge of rocks to the west. Visible gold in panned soils has been observed for over 1.2 km and in pits dug to bedrock along 600 m of the length have also shown visible gold in pan samples. The whole ridge area which is 2-3 km in diameter is possible mineralized as there is alluvial workings all around the limits and all these adjacent drainages feed into the main valley where the subject property is located.

The recent exploration test pitting of the alluvium and discovery of the gold in the adjacent valley to the west has confirmed that the size of potential area feeding the drainage systems but with the discovery of alluvial gold on the south side of the main river valley the potential size could be increased but has not been delineated.

Exploration has just been commenced on this area and more work is necessary. The presence of the gold in the alluvium represents an excellent placer operation prospect for the prospecting license. Placer operations will recover gold that appears not to have traveled far and analysis could be useful in delineating further the lode gold potential of the area. The drainage valleys are narrow but the main intermittent river system valley which could also be auriferous is wide and if found to contain gold, increases the potential alluvium mineral resource.

The author of this Fairness Opinion is a "qualified person" in accordance with National Instrument 43-101 and has reviewed and approved the technical data in this Fairness Opinion.

Fairness Considerations and Analysis

In connection with the provision of this Fairness Opinion, the author has performed a variety of financial, technical, and other analyses. In arriving at this Fairness Opinion, he has not attributed any particular weight to any specific analysis or factor considered by him, but rather the author has made qualitative judgments based on his experience in rendering such opinions and on the circumstances and information as a whole.

The two main factors considered by the author were what True Zone is giving up to the Subsidiaries and what the Subsidiaries are giving to True Zone in return.

The measure of what True Zone is giving up and how it impacts its shareholders value is analyzed. Since pursuant to the Transaction the shareholders of True Zone are to receive shares in the Subsidiaries as part of the Subsidiaries being spun out, the author included this as a consideration for what True Zone is giving up.

The total portion of the 505 km² being optioned to the Subsidiaries is 1.5 km² (0.3 km² per Subsidiary) or 0.30% (0.06% per Subsidiary) of the total area of the Tanzania Property. In return for this option, each Subsidiary is delivering to the shareholders of True Zone one (1) common share of the Subsidiary for every one hundred (100) common shares of True Zone that the shareholder owns as of the record date for the Arrangement. Given that the estimated issued and outstanding share count for each Subsidiary is approximately 3 million shares, the shareholders of True Zone are anticipated to hold approximately a 15% interest in each Subsidiary.

True Zone is sub-optioning a 0.30% in the hope that the Subsidiaries will be able to explore and develop the main drainage system of the Tanzania Property and will enable True Zone to focus on the remaining portion of Tanzania Property, including the side drainages to this main valley area and the bedrock potential. The area lost to the Company is in an unknown zone and will not impact on the Company's exploration plans in the near future.

In North America placer river deposits (Klondike, California, Barkerville Atlin to name a few) had in some cases several and in other cases many operators operating along the whole breadth of the river systems once gold was found. These operations spread several kilometres up and down the side

drainages and the main drainages with varying degrees of success but they were successfully developing as operations.

Increased exposure, less expenditure for an area not able to be fully explored by True Zone, and a 15% interest in each Subsidiary is an extremely equitable deal for the shareholders of True Zone. The opportunity for each Subsidiary to prosper independently of True Zone is an extremely beneficial deal for all parties concerned.

As well as minimizing cost, the increased exposure and marketing potential of separate operating companies in the form of the Subsidiaries on the main drainage area that did not constitute a major target for True Zone will be a tremendous advantage to the economy of the local area.

Disclaimer

The author has based his opinion on his experience, on his examination of market conditions and on information provided by the Company and others. The use of this Fairness Opinion and/or any information contained herein shall be the at the user's sole risk.

It should be emphasized that this Fairness Opinion is not a technical report nor a 'formal valuation' as defined in The Canadian Institute of Mining, Metallurgy and Petroleum publication of February 2003 and amended December 2005, *Standards and Guidelines for Valuation of Mineral Properties* (CIMVal Standards and Guidelines).

Fairness Opinion

Based on the proposed exploration model and current financial realities of True Zone, and subject to the limitations in this Fairness Opinion, the author is of the opinion that the terms of the Transaction are fair from a financial point of view to the existing shareholders of True Zone.

Respectfully submitted,

"signed"

Craig Alford, P. Geo.

SCHEDULE -7*
DISSENT PROCEDURES

Division 2 — Dissent Proceedings of Part 8 of the Business Corporations Act (British Columbia)

Definitions and application

237 (1) In this Division:

“**dissenter**” means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;
“**notice shares**” means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

“**payout value**” means,

- (a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,
 - (b) in the case of a dissent in respect of an arrangement approved by a court order made under section 291 (2) (c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement, or
 - (c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order,
- excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

(2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that

(a) the court orders otherwise, or

(b) in the case of a right of dissent authorized by a resolution referred to in section 238 (1) (g), the court orders otherwise or the resolution provides otherwise.

Right to dissent

238 (1) A shareholder of a company, whether or not the shareholder’s shares carry the right to vote, is entitled to dissent as follows:
(a) under section 260, in respect of a resolution to alter the articles to alter restrictions on the powers of the Company or on the business it is permitted to carry on;

(b) under section 272, in respect of a resolution to adopt an amalgamation agreement;

(c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;

(d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;

(e) under section 301 (5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the Company’s undertaking;

(f) under section 309, in respect of a resolution to authorize the continuation of the Company into a jurisdiction other than British Columbia;

(g) in respect of any other resolution, if dissent is authorized by the resolution;

(h) in respect of any court order that permits dissent.

(2) A shareholder wishing to dissent must

(a) prepare a separate notice of dissent under section 242 for

(i) the shareholder, if the shareholder is dissenting on the shareholder’s own behalf, and

(ii) each other person who beneficially owns shares registered in the shareholder’s name and on whose behalf the shareholder is dissenting.

(b) identify in each notice of dissent, in accordance with section 242 (4), the person on whose behalf dissent is being exercised in that notice of dissent, and

(c) dissent with respect to all of the shares, registered in the shareholder’s name, of which the person identified under paragraph (b) of this subsection is the beneficial owner

(3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must

(a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and

(b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

Waiver of right to dissent

239 (1) A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.

(2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must

(a) provide to the Company a separate waiver for

(i) the shareholder, if the shareholder is providing a waiver on the shareholder’s own behalf, and

(ii) each other person who beneficially owns shares registered in the shareholder’s name and on whose behalf the shareholder is providing a waiver, and

(b) identify in each waiver the person on whose behalf the waiver is made.

(3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder’s own behalf, the shareholder’s right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to

(a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and

(b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.

(4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

Notice of resolution

240 (1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the Company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.

(2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the Company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a statement advising of the right to send a notice of dissent.

(3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the Company complying with subsection (1) or (2), or was or is to be passed as a directors’ resolution without the Company complying with subsection (2), the Company must, before or within 14 days after the passing of the resolution, send to each of its

shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favour of the resolution, whether or not their shares carry the right to vote,

- (a) a copy of the resolution,
 - (b) a statement advising of the right to send a notice of dissent, and
 - (c) if the resolution has passed, notification of that fact and the date on which it was passed.
- (4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

Notice of court orders

241. If a court order provides for a right of dissent, the Company must, not later than 14 days after the date on which the Company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

- (a) a copy of the entered order, and
- (b) a statement advising of the right to send a notice of dissent.

Notice of dissent

242. (1) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (a), (b), (c), (d), (e) or (f) must, (a) if the Company has complied with section 240 (1) or (2), send written notice of dissent to the Company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,

(b) if the Company has complied with section 240 (3), send written notice of dissent to the Company not more than 14 days after receiving the records referred to in that section, or

(c) if the Company has not complied with section 240 (1), (2) or (3), send written notice of dissent to the Company not more than 14 days after the date on which the shareholder learns that the resolution was passed, and

(ii) the date on which the shareholder learns that the resolution was passed, and

(2) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (g) must send written notice of dissent to the Company

(a) on or before the date specified by the resolution or in the statement referred to in section 240 (2) (b) or (3) (b) as the last date by which notice of dissent must be sent, or

(b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.

(3) A shareholder intending to dissent under section 238 (1) (h) in respect of a court order that permits dissent must send written notice of dissent to the Company

(a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or

(b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.

(4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:

(a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the Company as beneficial owner, a statement to that effect;

(b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the Company as beneficial owner, a statement to that effect and

(i) the names of the registered owners of those other shares,

(ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and

(iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;

(c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and

(i) the name and address of the beneficial owner, and

(ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.

(5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

Notice of intention to proceed

243. (1) A company that receives a notice of dissent under section 242 from a dissenter must,

(a) if the Company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of

(i) the date on which the Company forms the intention to proceed, and

(ii) the date on which the notice of dissent was received, or

(b) if the Company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.

(2) A notice sent under subsection (1) (a) or (b) of this section must

(a) be dated not earlier than the date on which the notice is sent,

(b) state that the Company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and

(c) advise the dissenter of the manner in which dissent is to be completed under section 244.

Completion of dissent

244. (1) A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the Company or its transfer agent for the notice shares, within one month after the date of the notice,

(a) a written statement that the dissenter requires the Company to purchase all of the notice shares,

(b) the certificates, if any, representing the notice shares, and

(c) if section 242 (4) (c) applies, a written statement that complies with subsection (2) of this section.

(2) The written statement referred to in subsection (1) (c) must

(a) be signed by the beneficial owner on whose behalf dissent is being exercised, and

(b) set out whether or not the beneficial owner is the beneficial owner of other shares of the Company and, if so, set out

(i) the names of the registered owners of those other shares,

(ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and

(iii) that dissent is being exercised in respect of all of those other shares.

(3) After the dissenter has complied with subsection (1),

(a) the dissenter is deemed to have sold to the Company the notice shares, and

(b) the Company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.

(4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.

(5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.

(6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

Payment for notice shares

245 (1) A company and a dissenter who has complied with section 244 (1) may agree on the amount of the payout value of the notice shares and, in that event, the Company must

- (a) promptly pay that amount to the dissenter, or
- (b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the Company is unable lawfully to pay dissenters for their shares.

(2) A dissenter who has not entered into an agreement with the Company under subsection (1) or the Company may apply to the court and the court may

(a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the Company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,

(b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the Company under subsection (1), who has complied with section 244 (1), and

(c) make consequential orders and give directions it considers appropriate.

(3) Promptly after a determination of the payout value for notice shares has been made under subsection (2) (a) of this section, the Company must

(a) pay to each dissenter who has complied with section 244 (1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the Company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or

(b) if subsection (5) applies, promptly send a notice to the dissenter that the Company is unable lawfully to pay dissenters for their shares.

(4) If a dissenter receives a notice under subsection (1) (b) or (3) (b),

(a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the Company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or

(b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the Company, to be paid as soon as the Company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the Company but in priority to its shareholders.

(5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that

(a) the Company is insolvent, or

(b) the payment would render the Company insolvent.

Loss of right to dissent

246 The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:

(a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;

(b) the resolution in respect of which the notice of dissent was sent does not pass;

(c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;

(d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;

(e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;

(f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;

(g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent.

(b) the notice of dissent is withdrawn with the written consent of the Company;

(i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

Shareholders entitled to return of shares and rights

247 If, under section 244 (4) or (5), 245 (4) (a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

(a) the Company must return to the dissenter each of the applicable share certificates, if any, sent under section 244 (1) (b) or, if those share certificates are unavailable, replacements for those share certificates,

(b) the dissenter regains any ability lost under section 244 (6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and

(c) the dissenter must return any money that the Company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.

TRUE ZONE RESOURCES LTD.

Pro-Forma Balance Sheet
As at July 31, 2014
(An exploration Stage Company)
(Expressed in Canadian dollars)

Schedule "8"

	Unadjusted Pro-forma	Elm Resources Ltd.	Fronde Resources Ltd.	Moshi Mountain Industries Ltd.	Oak Cliff Resources Ltd.	Patch Industries Ltd.	Pro-forma adjustments (Note 2)	Adjusted Pro- forma
ASSETS								
Cash and cash equivalents	\$ 2,899	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 132,295	\$ 135,199
GST receivable	1,490	-	-	-	-	-	-	1,490
Other receivable	2,500	-	-	-	-	-	-	2,500
Advances	-	-	-	-	-	-	52,500	52,500
Investment	-	-	-	-	-	-	-	\$
Prepayments	28,467	-	-	-	-	-	-	28,467
Due from related parties	220,863	-	-	-	-	-	-	220,863
Marketable securities	152,523	-	-	-	-	-	-	152,523
	408,742	1	1	1	1	1	184,800	593,547
EXPLORATION AND EVALUATION ASSETS	1,345,650	-	-	-	-	-	-	1,345,650
	1,754,392	1	1	1	1	1	184,800	1,939,197
LIABILITIES								
Accounts payable and accrued liabilities	15,086	-	-	-	-	-	-	15,086
Due to related parties	150,000	-	-	-	-	-	-	150,000
	165,086	-	-	-	-	-	-	165,086
SHAREHOLDER'S EQUITY								
Capital stock	2,591,360	1	1	1	1	1	185,005	2,776,370
Reserves	169,472	-	-	-	-	-	-	169,472
Accumulated other comprehensive income	(87,477)	-	-	-	-	-	-	(87,477)
Deficit	(1,084,049)	-	-	-	-	-	(205)	(1,084,254)
	\$ 1,754,392	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 184,800	\$ 1,939,197

TRUE ZONE RESOURCES LTD.

COMBINED PRO-FORMA FINANCIAL STATEMENTS

(Expressed in Canadian dollars)
As at July 31, 2014
(Unaudited)

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

(Prepared by Management – Unaudited)

TRUE ZONE RESOURCES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
July 31, 2014

1. BASIS OF PRESENTATION

Pursuant to an arrangement agreement among (i) True Zone Resources Inc. (the "Parent Company"), (ii) Elmira Capital Inc., Front Capital Inc., Moshing Capital Inc., Oak Cliff Capital Inc. and Patchoil Capital Inc. (individually "CapitalCo") and (iii) Elm Resources Ltd., Front Resources Ltd., Moshi Mountain Industries Ltd., Oak Cliff Resources Ltd. and Patch Industries Ltd. (individually, "ResourceCo") dated October 20, 2014 and the statutory plan of arrangement to be effected there under (The "Arrangement Agreement"), the Parent Company has enabled for a portion of its optioned property in Tanzania to be optioned to ResourceCo, following which, each respective CapitalCo and ResourceCo shall amalgamate pursuant to separate amalgamation agreements each dated October 20, 2014 to form Amalco that shall retain the name of the ResourceCo, as the Amalco business name and shall continue as one Corporation under the Business Corporation Act of British Columbia (each amalgamation agreement, a "Amalgamation Agreement").

The issued and outstanding CapitalCo shares will be exchanged on the basis of one Amalco Share for each CapitalCo Share held immediately before the Effective Date. The ResourceCo shares held by the Parent Company will be cancelled and Amalco Shares will be issued to the Parent Company shareholders on the basis of One (1) Amalco share for every 100 Parent Company shares.

As a result of this transaction, Amalco (to be named ResourceCo) will acquire all the assets of ResourceCo (the Parent company shareholders and optioned property) and of CapitalCo (the Cash subscriptions and shareholders) including the cash, accounts payable and accrued liabilities, prepaid expenses, intangible assets, due to related party, and shares subscribed.

The unaudited pro-forma combined financial statements of ResourceCo (the "Company") have been prepared by management from the audited financial statements of ResourceCo, and CapitalCo, for the period ending July 31, 2014. In management's opinion, the pro-forma combined statements include all material adjustments necessary for the fair presentation in accordance with International Financial Reporting Standards.

These unaudited pro forma combined financial statements are not necessarily indicative of the financial position and financial results of the Company that would have occurred if the transaction described therein had taken place on the dates indicated nor of the financial position or results of operation, which may be obtained in the future. They should be read in conjunction with the historical financial statements referred to above.

These unaudited pro forma combined financial statements have been prepared for inclusion in a Management Information Circular.

2. PRO-FORMA ADJUSTMENTS

The pro-forma balance sheet gives effect to the following transactions as if they had occurred in accordance with the Arrangement as at August 31, 2014:

- An adjustment is recorded to account for transfer of assets to ResourceCo from CapitalCo under the arrangement described above.
- On September 5, 2014, CapitalCo advanced \$500 to ResourceCo. The advance is non-interest bearing and due on demand.
- On September 4, 2014, CapitalCo advanced \$5,000 to ResourceCo. The advance is non-interest bearing and due on demand.
- On September 10, 2014, CapitalCo advanced \$5,000 to ResourceCo. The advance is non-interest bearing and due on demand.

TRUE ZONE RESOURCES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
July 31, 2014

2. PRO-FORMA ADJUSTMENTS (Continued)

- On September 29, 2014, CapitalCo issued 1,600,000 shares at \$0.02 per share for total proceeds of \$32,000 – of which \$24,500 was received on September 10, 2014.
- An adjustment is recorded for the issuance of shares in Amalco to the Parent Company shareholders on a 1 for 100 basis.

3. PRO-FORMA ASSUMPTIONS

Pursuant to the Arrangement and Agreement, the assets of CapitalCo will be transferred to ResourceCo and immediately after the arrangement all the outstanding common shares of CapitalCo will be distributed to the shareholder of ResourceCo. The transfer of the assets is recorded at carrying values of these assets in the accounts of ResourceCo, and no gain or loss is recognized in the book of CapitalCo.

4. SHARE CAPITAL

Subsequent to the plan of Arrangement and the completion of the arrangement and the Amalgamation between each amalgamating ResourceCo, and CapitalCo, the ending shares issued in each separate resultant Amalco, will be as follows:

	Shares	Value
Balance as at August 31, 2014	1	\$ 1
Exchange CapitalCo Shares for Amalco shares	2,600,002	37,000
Cancel True Zone Resources Inc. shares	(1)	(1)
Issue 1 share of Amalco for every 100 held by True Zone Resources Inc. shareholders	457,753	1

Balance as at August 31, 2014 after plan of arrangement and amalgamation

3,057,755 \$ 37,001

5. PRO-FORMA STATEMENTS FOR RESOURCECO

The pro-forma balance sheet of each separate ResourceCo gives effect to the following transactions as if they had occurred in accordance with the Arrangement as at August 31, 2014.

ASSETS	Unadjusted - Note 1	Pro-forma adjustment (2a)	Pro-forma adjustment (2b)	Pro-forma adjustment (2c)	Pro-forma adjustment (2d)	After - adjusted Pro- forma
Cash	\$ 1	\$ 12,459	\$ (500)	\$ (5,000)	\$ 24,500	\$ 26,460
Advances	-	-	500	5,000	-	10,500
	<u>1</u>	<u>12,459</u>	<u>-</u>	<u>-</u>	<u>24,500</u>	<u>36,960</u>
LIABILITIES						
Accounts payable	-	7,500	-	-	(7,500)	-
	<u>-</u>	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>(7,500)</u>	<u>-</u>
SHAREHOLDERS' EQUITY						
Capital stock	1	5,000	-	-	32,000	37,001
Deficit	-	(41)	-	-	-	(41)
	<u>1</u>	<u>12,459</u>	<u>-</u>	<u>-</u>	<u>24,500</u>	<u>36,960</u>

Schedule "9"

Management's Responsibility for Financial Reporting

To the shareholders of Patch Industries Ltd.

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Company's external auditors.

Kanester Johal is appointed by the shareholders to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

November 25, 2014

"Abby Farrage"

Director & Chief Executive Officer

"Aaron Triplett"

Director

PATCH INDUSTRIES LTD.

FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

From the date of incorporation on August 21, 2014 to August 31, 2014

Narinder S. Johal, CA
Direct Line: (604) 451-8330
e-mail: njohal@kja.ca

(604) 451-8300
Suite 208
3993 Hemming Drive
Burnaby, B.C. V5C 6P7
Canada
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Sajpal S. Johal, CA
Direct Line: (604) 451-8360
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of:
Patch Industries Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of Patch Industries Ltd. which comprise the statement of financial position as at August 31, 2014 and the statement of changes in equity and statement of cash flows for the period from incorporation date, August 21, 2014 to August 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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, the financial statements present fairly, in all material respects, the financial position of Patch Industries Ltd. as at August 31, 2014 and its financial performance and its cash flows for the period from incorporation date, August 21, 2014 to August 31, 2014, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 1 in the financial statements that indicates the existence of material uncertainties that may cast a significant doubt upon Company's ability to continue as a going concern.



KANESTER JOHAL
Chartered Accountants

Burnaby, BC
November 25, 2014

PATCH INDUSTRIES LTD.

Statement of Financial Position
As at August 31, 2014
(An exploration Stage Company)
(Expressed in Canadian dollars)

ASSETS
Cash

\$ 1

SHAREHOLDERS' EQUITY

Capital stock (Note 5)

\$ 1

They are signed on the Company's behalf by:

"Abby Farrage"

Director & Chief Executive Officer

"Aaron Tripilett"

Director

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

PATCH INDUSTRIES LTD.

Statement of Cash Flows
(An exploration Stage Company)
(Expressed in Canadian dollars)

For the period
from the date
of
incorporation,
August 21,
2014 to August
31, 2014

OPERATING ACTIVITY
Net income (loss) for the period \$ -

Cash flow from (used) by operating activity -

FINANCING ACTIVITY

Proceeds from the issuance of common stock 1

Cash flow from financing activity 1

INCREASE IN CASH FLOW 1

CASH - Beginning of period -

CASH - End of period \$ 1

Cash paid for:

Interest paid \$ -

Income taxes \$ -

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

PATCH INDUSTRIES LTD.

Statements of Changes in Equity
(An exploration Stage Company)
As at August 31, 2014
(Expressed in Canadian dollars)

	Number of Shares	Capital Stock	Subscription receivable	Deficit	Total Equity
Balance at Incorporation August 21, 2014	-	\$ -	\$ -	\$ -	\$ -
Common shares issued for cash at \$0.02	1	1	-	-	1
Comprehensive loss for the period	-	-	-	-	-
Balance as at August 31, 2014	1	\$ 1	\$ -	\$ -	\$ 1

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

PATCH INDUSTRIES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

1. NATURE AND CONTINUANCE OF OPERATIONS

Patch Industries Ltd. (the "Company") was incorporated on August 21, 2014 under the Business Corporation Act of British Columbia. The head office of the Company is 700-595 Howe Street, Vancouver, B.C. V6C 2T5. The Company plans to engage in the exploration and development of natural resource properties in Tanzania.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at August 31 2014, the Company has not generated any revenues from operations, has working capital of \$1 and accumulated earnings of \$Nil. The Company has not prepared the Statement of Operation and Comprehensive Income (Loss) as there were no operations.

The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Accounting Standard ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The Company's functional and reporting currency is the Canadian dollar.

The financial statements were prepared and approved for issuance by the Board of Directors on November 25, 2014.

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting.

The financial statements are presented in Canadian Dollars, which is also the Company's functional currency, unless otherwise indicated.

These financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

3. SIGNIFICANT ACCOUNT JUDGMENT, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements in conformity of IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant areas where management's judgement has been applied include:

- Classifying categories of financial assets and financial liabilities in accordance with IAS 39, *Financial Instruments: recognition and measurement*; and
- Evaluating if the criteria for recognition of provisions and contingencies are met in accordance with IAS 37, *Provisions, contingent liabilities and contingent assets*.

PATCH INDUSTRIES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

3. SIGNIFICANT ACCOUNT JUDGMENT, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Significant areas requiring the use of management estimates and assumptions include:

- a) Exploration and Evaluation Expenditure

The application of the Company's accounting policy for deferred development expenditure requires judgement in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditures is capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

- b) Title to Mineral Property Interest

Although the Company has taken some steps to verify title to mineral properties in which it has interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfer and title may be affected by undetected defect.

- c) Asset Retirement Obligations

The Company recognizes the liability for an asset retirement obligation. The relevant costs in associated with the assets retirement obligations are estimated based on the Company's interpretation of current regulatory requirements. Based on the assessment, the Company did not have any significant asset retirement obligations at the reporting dates.

- d) Recovery of Deferred Tax Assets

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from un-utilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets.

- e) Going concern

The Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

4. SIGNIFICANT ACCOUNTING POLICIES

- a) Foreign Currency Translation

The Company's presentation currency and the functional currency of all of its operations is the Canadian dollar as this is the principal currency in which funds from financing activities are generated and receipts from operating activities are usually retained.

Transactions in foreign currencies are initially recorded in the Company's functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined.

All gains and losses on translation of these foreign currency transactions are included in profit or loss.

PATCH INDUSTRIES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- b) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amount of cash and subject to an insignificant risk of change value. There were no cash equivalents as at August 31, 2014.

- c) Exploration and Evaluation Assets

The Company's exploration and evaluation assets are intangible assets relating to mineral rights acquired and exploration and evaluation expenditure capitalized in respect of projects that are at the exploration/pre-development stage.

No amortization charge is recognized in respect of exploration and evaluation assets. These assets are transferred to mine development assets in property, plant and equipment upon the commencement of mine development.

Exploration and evaluation expenditure in the relevant area of interest comprises costs which are directly attributable to:

- Acquisition;
- Surveying, geological, geochemical and geophysical;
- Exploratory drilling;
- Land maintenance;
- Sampling; and
- Assessing technical feasibility and commercial viability.

Exploration and evaluation expenditure related to an area of interest where the Company has tenure are capitalized as intangible assets and are initially recorded at cost less impairment.

Exploration and evaluation expenditure also includes the costs incurred in acquiring mineral rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects. Capitalized costs, including general and administrative costs, are only allocated to the extent that those costs can be related directly to operational activities in the relevant area of interest.

Where the Company has entered into option agreements to acquire interests in mineral properties that require periodic share issuances, amounts un-issued are not recorded as liabilities since they are issuable entirely at the Company's option. Option payments are recorded as mineral property costs when the payments are made and share issuances are recorded as mineral property costs using the fair market value of the Company's common shares at the date of the issuance.

All capitalized exploration and evaluation expenditure is assessed for impairment if facts and circumstances indicate that impairment may exist. In circumstances where a property is abandoned, the cumulative capitalized costs relating to the property are written off in the period.

- d) Impairment of Non-Financial Assets

At the end of each reporting period, the carrying amounts of the Company's 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. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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 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 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.

PATCH INDUSTRIES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When 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 to an amount that 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.

e) Financial Instruments

The Company's financial instruments consist of cash. Cash is classified at fair value through profit or loss and recorded at fair value.

Financial assets

Financial assets are classified as into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the income statement.

Loans and receivables – These assets are non-derivative financial assets with fixed or determinable payment that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments – These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the income statement.

Available-for-sale – Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the income statement.

PATCH INDUSTRIES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Financial Instruments (Continued)

Impairment on financial assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if and only if there is objective evidence of impairment as a result of one or more events, that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets is directly reduced by the impairment loss. For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses were recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in the income statement.

Other financial liabilities – This category includes accounts payables and accrued liabilities and due to related parties, which is recognized at amortized cost.

f) Interest-Bearing Loans and Other Borrowings

Interest-bearing loans and other borrowings are recognized initially at fair value less related transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of borrowings on an effective interest basis.

PATCH INDUSTRIES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

h) Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

i) Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase warrants are recognized as a deduction from equity, net of any tax effects.

j) Share-Based Payment

The Company may grant stock options to buy common shares of the Company to directors, officers, employees and consultants. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion.

PATCH INDUSTRIES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Share-Based Payment (Continued)

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

Where the terms of a stock option is modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the stock-based compensation arrangement, or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period. The Company did not grant any stock options during the year ended August 31, 2014.

k) Earnings (Loss) Per Share

The Company presents basic and diluted earnings/loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings/loss per share does not adjust the loss attributable to common shareholders or the weight average number of common shares outstanding when the effect is anti-dilutive.

l) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influences over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. As at August 31, 2014, there are no related party transactions.

m) Warrants

Proceeds from issuances by the Company of units consisting of common shares and warrants are allocated based on the residual method, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a nil carrying amount is assigned to the warrants. As at August 31, 2014, there are no warrants issued.

n) Application of new and amended accounting standards

As of August 31, 2014, the Company adopted the new and amended IFRS pronouncements in accordance with transitional provisions outlined in the respective standards. The Company has adopted these new and amended standards without any significant effect on its financial statements.

IFRS 7 Financial instruments: disclosures and IAS 32 Financial instruments: presentation

Financial assets and financial liabilities may be offset, with the net amount presented in the statement of financial position, only when there is a legally enforceable right to set off and when there is either an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. The revised IFRS 7 had no impact on the Company's financial results.

PATCH INDUSTRIES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- n) Application of new and amended accounting standards (Continued)

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns.

IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities – Non monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCE's) using proportionate consolidation. Instead, JCE's that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities.

IFRS 13 Fair Value Measurement

IFRS 13 is a comprehensive standard for all fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes additional disclosures regarding fair value measurements.

IAS 27 Separate Financial Statements

As a result of the issue of the new consolidation suite of standards, IAS 27 Separate Financial Statements has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The revised IAS 27 had no impact on the Company's financial results.

IAS 28 Investments in Associates and Joint Ventures

As a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 28 has been amended and will provide the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee. The revised IAS 28 had no impact on the Company's financial results.

Amendments to IAS 1 – Presentation of Financial Statements

Amendments to IAS 1 introduce a grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time now have to be presented separately from items that will never be reclassified. The amendment affected presentation only and had no impact on the financial position or financial performance of the Company.

PATCH INDUSTRIES LTD.

Notes to the Financial Statements
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(Expressed in Canadian Dollars)
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5. SHARE CAPITAL

- (a) Authorized – unlimited common and preferred shares without par value
(b) Issued and outstanding:

On August 21, 2014, the Company issued 1 common share at a price of \$0.02 per share for total proceeds of \$0.02.

6. MANAGEMENT OF CAPITAL

The Company defines its capital as all components of shareholders' equity. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern.

In order to maintain its capital structure, the Company, is dependent on equity funding and when necessary, raises capital through the issuance of equity instruments, primarily comprised of common shares. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances.

The Company is not subject to any externally imposed capital requirements or debt covenants, and does not presently utilize any quantitative measures to monitor its capital.

7. FINANCIAL INSTRUMENTS AND RISKS

Fair Value

As at August 31, 2014, the Company's financial instruments consist of cash. The fair value of cash approximates its carrying value because of its current nature.

The Company classifies its fair value measurements in accordance with the three level fair value hierarchy as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and

Level 3 – Inputs that are not based on observable market data

As at August 31, 2014, the Company's cash of \$1 is considered to be Level 1 instrument.

The Company's financial instrument is exposed to a number of risks that are summarized below:

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can do so only at excessive cost. The Company has significant financial liabilities outstanding including accounts payable and accrued liabilities and due to related parties. The Company is exposed to the risk that it may not have sufficient liquid assets to meet its commitments associated with these financial liabilities.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation. To the extent that the Company does not believe it has sufficient liquidity to meet these obligations, management will consider securing additional funds through equity transactions. The Company manages its liquidity risk by continuously monitoring forecast and actual gross profit and cash flows from operations.

PATCH INDUSTRIES LTD.

Notes to the Financial Statements
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August 31, 2014

PATCH INDUSTRIES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

7. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash balances. The Company manages its credit risk on bank deposits by holding deposits in high credit quality banking institutions in Canada

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company's cash is currently held in non-interest bearing bank account, management considers the interest rate risk to be minimal.

Commodity Price Risk

The ability of the Company to finance the exploration and development of its properties and the future profitability of the Company is directly related to the market price of the primary minerals identified in its mineral properties. Mineral prices fluctuate on a daily basis and are affected by a number of factors beyond the Company's control. A sustained, significant decline in the prices of the primary minerals or in the share prices of junior mineral exploration companies in general, could have a negative impact on the Company's ability to raise additional capital. Sensitivity to commodity price risk is remote since the Company has not established any reserves or production.

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's functional currency is the Canadian dollar. All of the Company's financial instruments are denominated in Canadian dollars. The Company conducts some of its business in US dollars and is therefore exposed to variations in the foreign exchange rate. In management's opinion there is no material foreign exchange risk to the Company.

Transaction Costs

Transaction costs attributable to the acquisition or issue of financial assets or financial liabilities, other than those classified as held-for-trading, are added to the initial fair value amount to match the costs with the related transactions. Purchases and sales of securities are accounted for on the settlement date basis.

8. SUBSEQUENT EVENTS

Gombero East Property, Tanzania

- a) The Company entered into a sub-option agreement with AFGF Holdings (Tanzania) Ltd. ("AFGF") and True Zone Resources Inc. ("True Zone") dated September 26, 2014. AFGF is a private company existing under the laws of Tanzania. AFGF represented and warranted that it had acquired a one hundred percent legal and beneficial interest in a prospecting licenses 6903/2011 & 6905/2011 located in the Handeni Kilindi Regional district of Tanzania. The prospecting licenses were issued February 28, 2011 and transferred in June 2011 to AFGF and grants rights for a period of 48 months to carry on prospecting operations. The prospecting licenses are renewable for a further 36 months.

The grant of the sub-option under the sub-option agreement is subject to an assignment agreement effective on the same date which provides that the right earn to an 80% interest shall be assigned to the Company pursuant to a sub-option: (i) granted under the sub-option agreement and (ii) granted effective the completion of a proposed plan of arrangement between True Zone and the Company. Following the deemed grant by True Zone to the Company of such sub-option, the Company may earn an 80% interest in the Gombero East Property free and clear of all encumbrances if \$25,000 is paid to AFGF and the following are satisfied:

Gombero East Property, Tanzania (Continued)

- i) 500,000 shares are issued to True Zone Resources Inc. on or before the date that is one year from the date of the sub-option agreement;
- ii) \$75,000 in exploration expenditures are incurred within one year from the date of the sub-option agreement; and
- iii) An additional \$75,000 in exploration expenditures within two years from the date of the sub-option agreement.
- b) On September 4, 2014, the Company received advances of \$5,000 from Patchouli Capital Inc. The advance is non-interest bearing and due on demand.
- c) On September 5, 2014, the Company received advances of \$500 from Patchouli Capital Inc. The advance is non-interest bearing and due on demand.
- d) On September 10, 2014, the Company received advances of \$5,000 from Patchouli Capital Inc. The advance is non-interest bearing and due on demand.

Plan of Arrangement

On October 20, 2014, the Company entered into an arrangement agreement with True Zone Resources Inc. ("True Zone"), the Company's wholly owning parent that contemplates a plan of arrangement for the spinout of the Company as a separate legal entity. On October 20, 2014, the Company executed an amalgamation agreement for the amalgamation of the Company with Patchouli Capital Inc. following the completion of such plan of arrangement. The amalgamation of the two foregoing companies shall form an amalgamated company that shall retain the name of the Company as the business name and shall continue as one corporation under the Business Corporations Act of British Columbia. The plan of arrangement and the amalgamation are both subject to the approval of the True Zone shareholders and the plan of arrangement is subject to court approval.

Management's Responsibility for Financial Reporting

To the shareholders of Frond Resources Ltd.

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Company's external auditors.

Kanester Johal is appointed by the shareholders to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

November 25, 2014

"Abby Farrage"

Director & Chief Executive Officer

"Jim Henning"

Director

FROND RESOURCES LTD.

FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

From the date of incorporation on August 21, 2014 to August 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of:
FronD Resources Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of FronD Resources Ltd. which comprise the statement of financial position as at August 31, 2014 and the statement of changes in equity and statement of cash flows for the period from incorporation date, August 21, 2014 to August 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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, the financial statements present fairly, in all material respects, the financial position of FronD Resources Ltd. as at August 31, 2014 and its financial performance and its cash flows for period from incorporation date, August 21, 2014 to August 31, 2014, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 1 in the financial statements that indicates the existence of material uncertainties that may cast a significant doubt upon Company's ability to continue as a going concern.

KANESTER JOHAL
Chartered Accountants

Burnaby, BC
November 25, 2014

FROND RESOURCES LTD.

Statement of Financial Position
As at August 31, 2014
(An exploration Stage Company)
(Expressed in Canadian dollars)

ASSETS	
Cash	<u>\$ 1</u>
SHAREHOLDERS' EQUITY	
Capital stock (Note 5)	<u>\$ 1</u>

They are signed on the Company's behalf by:

<u>"Abby Farrage"</u>	<u>"Jim Henning"</u>
Director & Chief Executive Officer	Director

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

FROND RESOURCES LTD.

Statement of Cash Flows
(An exploration Stage Company)
(Expressed in Canadian dollars)

	For the period from the date of incorporation, August 21, 2014 to August 31, 2014
OPERATING ACTIVITY	-
Net income (loss) for the period	\$ -
Cash flow from (used) by operating activity	-
FINANCING ACTIVITY	1
Proceeds from the issuance of common stock	1
Cash flow from financing activity	1
INCREASE IN CASH FLOW	1
CASH - Beginning of period	-
CASH - End of period	<u>\$ 1</u>
Cash paid for:	
Interest paid	<u>\$ -</u>
Income taxes	<u>\$ -</u>

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

FROND RESOURCES LTD.

Statements of Changes in Equity
(An exploration Stage Company)
As at August 31, 2014
(Expressed in Canadian dollars)

	Number of Shares	Capital Stock	Subscription receivable	Deficit	Total Equity
Balance at Incorporation August 21, 2014	-	\$ -	\$ -	\$ -	\$ -
Common shares issued for cash at \$0.02	1	1	-	-	1
Comprehensive loss for the period	-	-	-	-	-
Balance as at August 31, 2014	1	\$ 1	\$ -	\$ -	\$ 1

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

FROND RESOURCES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

1. NATURE AND CONTINUANCE OF OPERATIONS

Frond Resources Ltd. (the "Company") was incorporated on August 21, 2014 under the Business Corporation Act of British Columbia. The head office of the Company is 700-595 Howe Street, Vancouver, B.C. V6C 2T5. The Company plans to engage in the exploration and development of natural resource properties in Tanzania.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at August 31 2014, the Company has not generated any revenues from operations, has working capital of \$1 and accumulated earnings of \$Nil. The Company has not prepared the Statement of Operation and Comprehensive Income (Loss) as there were no operations.

The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Accounting Standard ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The Company's functional and reporting currency is the Canadian dollar.

The financial statements were prepared and approved for issuance by the Board of Directors on November 25, 2014.

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting.

The financial statements are presented in Canadian Dollars, which is also the Company's functional currency, unless otherwise indicated.

These financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

3. SIGNIFICANT ACCOUNT JUDGMENT, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements in conformity of IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant areas where management's judgement has been applied include:

- Classifying categories of financial assets and financial liabilities in accordance with IAS 39, *Financial Instruments: recognition and measurement*; and
- Evaluating if the criteria for recognition of provisions and contingencies are met in accordance with IAS 37, *Provisions, contingent liabilities and contingent assets*.

FROND RESOURCES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

3. SIGNIFICANT ACCOUNT JUDGMENT, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Significant areas requiring the use of management estimates and assumptions include:

- a) Exploration and Evaluation Expenditure

The application of the Company's accounting policy for deferred development expenditure requires judgement in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditures is capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

- b) Title to Mineral Property Interest

Although the Company has taken some steps to verify title to mineral properties in which it has interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfer and title may be affected by undetected defect.

- c) Asset Retirement Obligations

The Company recognizes the liability for an asset retirement obligation. The relevant costs in associated with the assets retirement obligations are estimated based on the Company's interpretation of current regulatory requirements. Based on the assessment, the Company did not have any significant asset retirement obligations at the reporting dates.

- d) Recovery of Deferred Tax Assets

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from un-utilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets.

- e) Going concern

The Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

4. SIGNIFICANT ACCOUNTING POLICIES

- a) Foreign Currency Translation

The Company's presentation currency and the functional currency of all of its operations is the Canadian dollar as this is the principal currency in which funds from financing activities are generated and receipts from operating activities are usually retained.

Transactions in foreign currencies are initially recorded in the Company's functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined.

All gains and losses on translation of these foreign currency transactions are included in profit or loss.

FROND RESOURCES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- b) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amount of cash and subject to an insignificant risk of change value. There were no cash equivalents as at August 31, 2014.

- c) Exploration and Evaluation Assets

The Company's exploration and evaluation assets are intangible assets relating to mineral rights acquired and exploration and evaluation expenditure capitalized in respect of projects that are at the exploration/pre-development stage.

No amortization charge is recognized in respect of exploration and evaluation assets. These assets are transferred to mine development assets in property, plant and equipment upon the commencement of mine development.

Exploration and evaluation expenditure in the relevant area of interest comprises costs which are directly attributable to:

- Acquisition;
- Surveying, geological, geochemical and geophysical;
- Exploratory drilling;
- Land maintenance;
- Sampling; and
- Assessing technical feasibility and commercial viability.

Exploration and evaluation expenditure related to an area of interest where the Company has tenure are capitalized as intangible assets and are initially recorded at cost less impairment.

Exploration and evaluation expenditure also includes the costs incurred in acquiring mineral rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects. Capitalized costs, including general and administrative costs, are only allocated to the extent that those costs can be related directly to operational activities in the relevant area of interest.

Where the Company has entered into option agreements to acquire interests in mineral properties that require periodic share issuances, amounts un-issued are not recorded as liabilities since they are issuable entirely at the Company's option. Option payments are recorded as mineral property costs when the payments are made and share issuances are recorded as mineral property costs using the fair market value of the Company's common shares at the date of the issuance.

All capitalized exploration and evaluation expenditure is assessed for impairment if facts and circumstances indicate that impairment may exist. In circumstances where a property is abandoned, the cumulative capitalized costs relating to the property are written off in the period.

- d) Impairment of Non-Financial Assets

At the end of each reporting period, the carrying amounts of the Company's 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. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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 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 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.

FROND RESOURCES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When 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 to an amount that 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.

e) Financial Instruments

The Company's financial instruments consist of cash. Cash is classified at fair value through profit or loss and recorded at fair value.

Financial assets

Financial assets are classified as into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the income statement.

Loans and receivables – These assets are non-derivative financial assets with fixed or determinable payment that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments – These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the income statement.

Available-for-sale – Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the income statement.

FROND RESOURCES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Financial Instruments (Continued)

Impairment on financial assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if and only if there is objective evidence of impairment as a result of one or more events, that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets is directly reduced by the impairment loss. For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses were recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in the income statement.

Other financial liabilities – This category includes accounts payables and accrued liabilities and due to related parties, which is recognized at amortized cost.

f) Interest-Bearing Loans and Other Borrowings

Interest-bearing loans and other borrowings are recognized initially at fair value less related transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of borrowings on an effective interest basis.

FROND RESOURCES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

h) Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

i) Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase warrants are recognized as a deduction from equity, net of any tax effects.

j) Share-Based Payment

The Company may grant stock options to buy common shares of the Company to directors, officers, employees and consultants. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion.

FROND RESOURCES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Share-Based Payment (Continued)

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

Where the terms of a stock option is modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the stock-based compensation arrangement, or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period. The Company did not grant any stock options during the year ended August 31, 2014.

k) Earnings (Loss) Per Share

The Company presents basic and diluted earnings/loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings/loss per share does not adjust the loss attributable to common shareholders or the weight average number of common shares outstanding when the effect is anti-dilutive.

l) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. As at August 31, 2014, there are no related party transactions.

m) Warrants

Proceeds from issuances by the Company of units consisting of common shares and warrants are allocated based on the residual method, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a nil carrying amount is assigned to the warrants. As at August 31, 2014, there are no warrants issued.

n) Application of new and amended accounting standards

As of August 31, 2014, the Company adopted the new and amended IFRS pronouncements in accordance with transitional provisions outlined in the respective standards. The Company has adopted these new and amended standards without any significant effect on its financial statements.

IFRS 7 Financial instruments: disclosures and IAS 32 Financial instruments: presentation

Financial assets and financial liabilities may be offset, with the net amount presented in the statement of financial position, only when there is a legally enforceable right to set off and when there is either an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. The revised IFRS 7 had no impact on the Company's financial results.

FROND RESOURCES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- n) Application of new and amended accounting standards (Continued)

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns.

IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities – Non monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCE's) using proportionate consolidation. Instead, JCE's that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities.

IFRS 13 Fair Value Measurement

IFRS 13 is a comprehensive standard for all fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes additional disclosures regarding fair value measurements.

IAS 27 Separate Financial Statements

As a result of the issue of the new consolidation suite of standards, IAS 27 Separate Financial Statements has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The revised IAS 27 had no impact on the Company's financial results.

IAS 28 Investments in Associates and Joint Ventures

As a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 28 has been amended and will provide the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee. The revised IAS 28 had no impact on the Company's financial results.

Amendments to IAS 1 – Presentation of Financial Statements

Amendments to IAS 1 introduce a grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time now have to be presented separately from items that will never be reclassified. The amendment affected presentation only and had no impact on the financial position or financial performance of the Company.

FROND RESOURCES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

5. SHARE CAPITAL

- (a) Authorized – unlimited common and preferred shares without par value
(b) Issued and outstanding:

On August 21, 2014, the Company issued 1 common share at a price of \$0.02 per share for total proceeds of \$0.02.

6. MANAGEMENT OF CAPITAL

The Company defines its capital as all components of shareholders' equity. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern.

In order to maintain its capital structure, the Company, is dependent on equity funding and when necessary, raises capital through the issuance of equity instruments, primarily comprised of common shares. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances.

The Company is not subject to any externally imposed capital requirements or debt covenants, and does not presently utilize any quantitative measures to monitor its capital.

7. FINANCIAL INSTRUMENTS AND RISKS

Fair Value

As at August 31, 2014, the Company's financial instruments consist of cash. The fair value of cash approximates its carrying value because of its current nature.

The Company classifies its fair value measurements in accordance with the three level fair value hierarchy as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and

Level 3 – Inputs that are not based on observable market data

As at August 31, 2014, the Company's cash of \$1 is considered to be Level 1 instrument.

The Company's financial instrument is exposed to a number of risks that are summarized below:

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can do so only at excessive cost. The Company has significant financial liabilities outstanding including accounts payable and accrued liabilities and due to related parties. The Company is exposed to the risk that it may not have sufficient liquid assets to meet its commitments associated with these financial liabilities.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation. To the extent that the Company does not believe it has sufficient liquidity to meet these obligations, management will consider securing additional funds through equity transactions. The Company manages its liquidity risk by continuously monitoring forecast and actual gross profit and cash flows from operations.

FROND RESOURCES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

7. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash balances. The Company manages its credit risk on bank deposits by holding deposits in high credit quality banking institutions in Canada

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company's cash is currently held in non-interest bearing bank account, management considers the interest rate risk to be minimal.

Commodity Price Risk

The ability of the Company to finance the exploration and development of its properties and the future profitability of the Company is directly related to the market price of the primary minerals identified in its mineral properties. Mineral prices fluctuate on a daily basis and are affected by a number of factors beyond the Company's control. A sustained, significant decline in the prices of the primary minerals or in the share prices of junior mineral exploration companies in general, could have a negative impact on the Company's ability to raise additional capital. Sensitivity to commodity price risk is remote since the Company has not established any reserves or production.

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's functional currency is the Canadian dollar. All of the Company's financial instruments are denominated in Canadian dollars. The Company conducts some of its business in US dollars and is therefore exposed to variations in the foreign exchange rate. In management's opinion there is no material foreign exchange risk to the Company.

Transaction Costs

Transaction costs attributable to the acquisition or issue of financial assets or financial liabilities, other than those classified as held-for-trading, are added to the initial fair value amount to match the costs with the related transactions. Purchases and sales of securities are accounted for on the settlement date basis.

8. SUBSEQUENT EVENTS

Kwedilima West Property, Tanzania

- a) The Company entered into a sub-option agreement with AFGF Holdings (Tanzania) Ltd. ("AFGF") and True Zone Resources Inc. ("True Zone") dated September 26, 2014. AFGF is a private company existing under the laws of Tanzania. AFGF represented and warranted that it had acquired a one hundred percent legal and beneficial interest in a prospecting licenses 6903/2011 & 6905/2011 located in the Handeni Kilindi Regional district of Tanzania. The prospecting licenses were issued February 28, 2011 and transferred in June 2011 to AFGF and grants rights for a period of 48 months to carry on prospecting operations. The prospecting licenses are renewable for a further 36 months.

The grant of the sub-option under the sub-option agreement is subject to an assignment agreement effective on the same date which provides that the right earn to an 80% interest shall be assigned to the Company pursuant to a sub-option; (i) granted under the sub-option agreement and (ii) granted effective the completion of a proposed plan of arrangement between True Zone and the Company. Following the deemed grant by True Zone to the Company of such sub-option, the Company may earn an 80% interest in the Kwedilima West Property free and clear of all encumbrances if \$25,000 is paid to AFGF and the following are satisfied:

FROND RESOURCES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

Kwedilima West Property, Tanzania (Continued)

- i) 500,000 shares are issued to True Zone Resources Inc. on or before the date that is one year from the date of the sub-option agreement;
- ii) \$75,000 in exploration expenditures are incurred within one year from the date of the sub-option agreement; and
- iii) An additional \$75,000 in exploration expenditures within two years from the date of the sub-option agreement.
- b) On September 4, 2014, the Company received advances of \$5,000 from Frond Capital Inc. The advance is non-interest bearing and due on demand.
- c) On September 5, 2014, the Company received advances of \$500 from Frond Capital Inc. The advance is non-interest bearing and due on demand.
- d) On September 10, 2014, the Company received advances of \$5,000 from Frond Capital Inc. The advance is non-interest bearing and due on demand.

Plan of Arrangement

On October 20, 2014, the Company entered into an arrangement agreement with True Zone Resources Inc. ("True Zone"), the Company's wholly owning parent that contemplates a plan of arrangement for the spinout of the Company as a separate legal entity. On October 20, 2014, the Company executed an amalgamation agreement for the amalgamation of the Company with Frond Capital Inc. following the completion of such plan of arrangement. The amalgamation of the two foregoing companies shall form an amalgamated company that shall retain the name of the Company as the business name and shall continue as one corporation under the Business Corporations Act of British Columbia. The plan of arrangement and the amalgamation are both subject to the approval of the True Zone shareholders and the plan of arrangement is subject to court approval.

Management's Responsibility for Financial Reporting

To the shareholders of Oak Cliff Resources Ltd.

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Company's external auditors.

Kanester Johal is appointed by the shareholders to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

November 25, 2014

"Abby Farrage"

Director & Chief Executive Officer

"Lincoln Fiquet"

Director

OAK CLIFF RESOURCES LTD.

FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

From the date of incorporation on August 21, 2014 to August 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of:
Oak Cliff Resources Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of Oak Cliff Resources Ltd. which comprise the statement of financial position as at August 31, 2014 and the statement of changes in equity and statement of cash flows for the period from incorporation date, August 21, 2014 to August 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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, the financial statements present fairly, in all material respects, the financial position of Oak Cliff Resources Ltd. as at August 31, 2014 and its financial performance and its cash flows for the period from incorporation date, August 21, 2014 to August 31, 2014, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 1 in the financial statements that indicates the existence of material uncertainties that may cast a significant doubt upon Company's ability to continue as a going concern.



KANESTER JOHAL
Chartered Accountants

Burnaby, BC
November 25, 2014

OAK CLIFF RESOURCES LTD.

Statement of Financial Position
As at August 31, 2014
(An exploration Stage Company)
(Expressed in Canadian dollars)

ASSETS
Cash

\$ 1

SHAREHOLDERS' EQUITY

Capital stock (Note 5)

\$ 1

They are signed on the Company's behalf by:

"Abby Farrage"

Director & Chief Executive Officer

"Lincoln Fiquia"

Director

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

OAK CLIFF RESOURCES LTD.

Statement of Cash Flows
(An exploration Stage Company)
(Expressed in Canadian dollars)

	For the period from the date of incorporation, August 21, 2014 to August 31, 2014
OPERATING ACTIVITY	\$ -
Net income (loss) for the period	-
Cash flow from (used) by operating activity	-
FINANCING ACTIVITY	1
Proceeds from the issuance of common stock	1
Cash flow from financing activity	1
INCREASE IN CASH FLOW	1
CASH - Beginning of period	-
CASH - End of period	\$ 1
Cash paid for:	
Interest paid	\$ -
Income taxes	\$ -

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

OAK CLIFF RESOURCES LTD.

Statements of Changes in Equity
(An exploration Stage Company)
As at August 31, 2014
(Expressed in Canadian dollars)

	Number of Shares	Capital Stock	Subscription receivable	Deficit	Total Equity
Balance at Incorporation August 21, 2014	-	\$ -	\$ -	\$ -	\$ -
Common shares issued for cash at \$0.02	1	1	-	-	1
Comprehensive loss for the period	-	-	-	-	-
Balance as at August 31, 2014	1	\$ 1	\$ -	\$ -	\$ 1

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

OAK CLIFF RESOURCES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

1. NATURE AND CONTINUANCE OF OPERATIONS

Oak Cliff Resources Ltd. (the "Company") was incorporated on August 21, 2014 under the Business Corporation Act of British Columbia. The head office of the Company is 700-595 Howe Street, Vancouver, B.C. V6C 2T5. The Company plans to engage in the exploration and development of natural resource properties in Tanzania.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at August 31 2014, the Company has not generated any revenues from operations, has working capital of \$1 and accumulated earnings of \$Nil. The Company has not prepared the Statement of Operation and Comprehensive Income (Loss) as there were no operations.

The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Accounting Standard ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The Company's functional and reporting currency is the Canadian dollar.

The financial statements were prepared and approved for issuance by the Board of Directors on November 25, 2014.

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting.

The financial statements are presented in Canadian Dollars, which is also the Company's functional currency, unless otherwise indicated.

These financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

3. SIGNIFICANT ACCOUNT JUDGMENT, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements in conformity of IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant areas where management's judgement has been applied include:

- Classifying categories of financial assets and financial liabilities in accordance with IAS 39, *Financial instruments: recognition and measurement*; and
- Evaluating if the criteria for recognition of provisions and contingencies are met in accordance with IAS 37, *Provisions, contingent liabilities and contingent assets*.

OAK CLIFF RESOURCES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

3. SIGNIFICANT ACCOUNT JUDGMENT, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Significant areas requiring the use of management estimates and assumptions include:

- a) Exploration and Evaluation Expenditure

The application of the Company's accounting policy for deferred development expenditure requires judgement in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditures is capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

- b) Title to Mineral Property Interest

Although the Company has taken some steps to verify title to mineral properties in which it has interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfer and title may be affected by undetected defect.

- c) Asset Retirement Obligations

The Company recognizes the liability for an asset retirement obligation. The relevant costs in associated with the assets retirement obligations are estimated based on the Company's interpretation of current regulatory requirements. Based on the assessment, the Company did not have any significant asset retirement obligations at the reporting dates.

- d) Recovery of Deferred Tax Assets

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from un-utilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets.

- e) Going concern

The Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

4. SIGNIFICANT ACCOUNTING POLICIES

- a) Foreign Currency Translation

The Company's presentation currency and the functional currency of all of its operations is the Canadian dollar as this is the principal currency in which funds from financing activities are generated and receipts from operating activities are usually retained.

Transactions in foreign currencies are initially recorded in the Company's functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined.

All gains and losses on translation of these foreign currency transactions are included in profit or loss.

OAK CLIFF RESOURCES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- b) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amount of cash and subject to an insignificant risk of change value. There were no cash equivalents as at August 31, 2014.

- c) Exploration and Evaluation Assets

The Company's exploration and evaluation assets are intangible assets relating to mineral rights acquired and exploration and evaluation expenditure capitalized in respect of projects that are at the exploration/pre-development stage.

No amortization charge is recognized in respect of exploration and evaluation assets. These assets are transferred to mine development assets in property, plant and equipment upon the commencement of mine development.

Exploration and evaluation expenditure in the relevant area of interest comprises costs which are directly attributable to:

- Acquisition;
- Surveying, geological, geochemical and geophysical;
- Exploratory drilling;
- Land maintenance;
- Sampling; and
- Assessing technical feasibility and commercial viability.

Exploration and evaluation expenditure related to an area of interest where the Company has tenure are capitalized as intangible assets and are initially recorded at cost less impairment.

Exploration and evaluation expenditure also includes the costs incurred in acquiring mineral rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects. Capitalized costs, including general and administrative costs, are only allocated to the extent that those costs can be related directly to operational activities in the relevant area of interest.

Where the Company has entered into option agreements to acquire interests in mineral properties that require periodic share issuances, amounts un-issued are not recorded as liabilities since they are issuable entirely at the Company's option. Option payments are recorded as mineral property costs when the payments are made and share issuances are recorded as mineral property costs using the fair market value of the Company's common shares at the date of the issuance.

All capitalized exploration and evaluation expenditure is assessed for impairment if facts and circumstances indicate that impairment may exist. In circumstances where a property is abandoned, the cumulative capitalized costs relating to the property are written off in the period.

- d) Impairment of Non-Financial Assets

At the end of each reporting period, the carrying amounts of the Company's 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. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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 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 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.

OAK CLIFF RESOURCES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When 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 to an amount that 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.

e) Financial Instruments

The Company's financial instruments consist of cash. Cash is classified at fair value through profit or loss and recorded at fair value.

Financial assets

Financial assets are classified as into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the income statement.

Loans and receivables – These assets are non-derivative financial assets with fixed or determinable payment that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments – These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the income statement.

Available-for-sale – Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the income statement.

OAK CLIFF RESOURCES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Financial Instruments (Continued)

Impairment on financial assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if and only if there is objective evidence of impairment as a result of one or more events, that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets is directly reduced by the impairment loss. For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses were recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in the income statement.

Other financial liabilities – This category includes accounts payables and accrued liabilities and due to related parties, which is recognized at amortized cost.

f) Interest-Bearing Loans and Other Borrowings

Interest-bearing loans and other borrowings are recognized initially at fair value less related transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of borrowings on an effective interest basis.

OAK CLIFF RESOURCES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

h) Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

i) Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase warrants are recognized as a deduction from equity, net of any tax effects.

j) Share-Based Payment

The Company may grant stock options to buy common shares of the Company to directors, officers, employees and consultants. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion.

OAK CLIFF RESOURCES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Share-Based Payment (Continued)

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest.

Where the terms of a stock option is modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the stock-based compensation arrangement, or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period. The Company did not grant any stock options during the year ended August 31, 2014.

k) Earnings (Loss) Per Share

The Company presents basic and diluted earnings/loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings/loss per share does not adjust the loss attributable to common shareholders or the weight average number of common shares outstanding when the effect is anti-dilutive.

l) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. As at August 31, 2014, there are no related party transactions.

m) Warrants

Proceeds from issuances by the Company of units consisting of common shares and warrants are allocated based on the residual method, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a nil carrying amount is assigned to the warrants. As at August 31, 2014, there are no warrants issued.

n) Application of new and amended accounting standards

As of August 31, 2014, the Company adopted the new and amended IFRS pronouncements in accordance with transitional provisions outlined in the respective standards. The Company has adopted these new and amended standards without any significant effect on its financial statements.

IFRS 7 Financial instruments: disclosures and IAS 32 Financial instruments: presentation

Financial assets and financial liabilities may be offset, with the net amount presented in the statement of financial position, only when there is a legally enforceable right to set off and when there is either an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. The revised IFRS 7 had no impact on the Company's financial results.

OAK CLIFF RESOURCES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- n) Application of new and amended accounting standards (Continued)

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns.

IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities – Non monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCE's) using proportionate consolidation. Instead, JCE's that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities.

IFRS 13 Fair Value Measurement

IFRS 13 is a comprehensive standard for all fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes additional disclosures regarding fair value measurements.

IAS 27 Separate Financial Statements

As a result of the issue of the new consolidation suite of standards, IAS 27 Separate Financial Statements has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The revised IAS 27 had no impact on the Company's financial results.

IAS 28 Investments in Associates and Joint Ventures

As a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 28 has been amended and will provide the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee. The revised IAS 28 had no impact on the Company's financial results.

Amendments to IAS 1 – Presentation of Financial Statements

Amendments to IAS 1 introduce a grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time now have to be presented separately from items that will never be reclassified. The amendment affected presentation only and had no impact on the financial position or financial performance of the Company.

OAK CLIFF RESOURCES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

5. SHARE CAPITAL

- (a) Authorized – unlimited common and preferred shares without par value
(b) Issued and outstanding:

On August 21, 2014, the Company issued 1 common share at a price of \$0.02 per share for total proceeds of \$0.02.

6. MANAGEMENT OF CAPITAL

The Company defines its capital as all components of shareholders' equity. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern.

In order to maintain its capital structure, the Company, is dependent on equity funding and when necessary, raises capital through the issuance of equity instruments, primarily comprised of common shares. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances.

The Company is not subject to any externally imposed capital requirements or debt covenants, and does not presently utilize any quantitative measures to monitor its capital.

7. FINANCIAL INSTRUMENTS AND RISKS

Fair Value

As at August 31, 2014, the Company's financial instruments consist of cash. The fair value of cash approximates its carrying value because of its current nature.

The Company classifies its fair value measurements in accordance with the three level fair value hierarchy as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and

Level 3 – Inputs that are not based on observable market data

As at August 31, 2014, the Company's cash of \$1 is considered to be Level 1 instrument.

The Company's financial instrument is exposed to a number of risks that are summarized below:

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can do so only at excessive cost. The Company has significant financial liabilities outstanding including accounts payable and accrued liabilities and due to related parties. The Company is exposed to the risk that it may not have sufficient liquid assets to meet its commitments associated with these financial liabilities.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation. To the extent that the Company does not believe it has sufficient liquidity to meet these obligations, management will consider securing additional funds through equity transactions. The Company manages its liquidity risk by continuously monitoring forecast and actual gross profit and cash flows from operations.

OAK CLIFF RESOURCES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

7. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash balances. The Company manages its credit risk on bank deposits by holding deposits in high credit quality banking institutions in Canada

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company's cash is currently held in non-interest bearing bank account, management considers the interest rate risk to be minimal.

Commodity Price Risk

The ability of the Company to finance the exploration and development of its properties and the future profitability of the Company is directly related to the market price of the primary minerals identified in its mineral properties. Mineral prices fluctuate on a daily basis and are affected by a number of factors beyond the Company's control. A sustained, significant decline in the prices of the primary minerals or in the share prices of junior mineral exploration companies in general, could have a negative impact on the Company's ability to raise additional capital. Sensitivity to commodity price risk is remote since the Company has not established any reserves or production.

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's functional currency is the Canadian dollar. All of the Company's financial instruments are denominated in Canadian dollars. The Company conducts some of its business in US dollars and is therefore exposed to variations in the foreign exchange rate. In management's opinion there is no material foreign exchange risk to the Company.

Transaction Costs

Transaction costs attributable to the acquisition or issue of financial assets or financial liabilities, other than those classified as held-for-trading, are added to the initial fair value amount to match the costs with the related transactions. Purchases and sales of securities are accounted for on the settlement date basis.

8. SUBSEQUENT EVENTS

Gombero Lion Property, Tanzania

- a) The Company entered into a sub-option agreement with AFGF Holdings (Tanzania) Ltd. ("AFGF") and True Zone Resources Inc. ("True Zone") dated September 26, 2014. AFGF is a private company existing under the laws of Tanzania. AFGF represented and warranted that it had acquired a one hundred percent legal and beneficial interest in a prospecting licenses 6903/2011 & 6905/2011 located in the Handeni Kilindi Regional district of Tanzania. The prospecting licenses were issued February 28, 2011 and transferred in June 2011 to AFGF and grants rights for a period of 48 months to carry on prospecting operations. The prospecting licenses are renewable for a further 36 months.

The grant of the sub-option under the sub-option agreement is subject to an assignment agreement effective on the same date which provides that the right earn to an 80% interest shall be assigned to the Company pursuant to a sub-option: (i) granted under the sub-option agreement and (ii) granted effective the completion of a proposed plan of arrangement between True Zone and the Company. Following the deemed grant by True Zone to the Company of such sub-option, the Company may earn an 80% interest in the Gombero Lion Property free and clear of all encumbrances if \$25,000 is paid to AFGF and the following are satisfied:

OAK CLIFF RESOURCES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

Gombero Lion Property, Tanzania (Continued)

- i) 500,000 shares are issued to True Zone Resources Inc. on or before the date that is one year from the date of the sub-option agreement;
- ii) \$75,000 in exploration expenditures are incurred within one year from the date of the sub-option agreement; and
- iii) An additional \$75,000 in exploration expenditures within two years from the date of the sub-option agreement.
- b) On September 4, 2014, the Company received advances of \$5,000 from Oak Cliff Capital Inc. The advance is non-interest bearing and due on demand.
- c) On September 5, 2014, the Company received advances of \$500 from Oak Cliff Capital Inc. The advance is non-interest bearing and due on demand.
- d) On September 10, 2014, the Company received advances of \$5,000 from Oak Cliff Capital Inc. The advance is non-interest bearing and due on demand.

Plan of Arrangement

On October 20, 2014, the Company entered into an arrangement agreement with True Zone Resources Inc. ("True Zone"), the Company's wholly owning parent that contemplates a plan of arrangement for the spinout of the Company as a separate legal entity. On October 20, 2014, the Company executed an amalgamation agreement for the amalgamation of the Company with Oak Cliff Capital Inc. following the completion of such plan of arrangement. The amalgamation of the two foregoing companies shall form an amalgamated company that shall retain the name of the Company as the business name and shall continue as one corporation under the Business Corporations Act of British Columbia. The plan of arrangement and the amalgamation are both subject to the approval of the True Zone shareholders and the plan of arrangement is subject to court approval.

Management's Responsibility for Financial Reporting

To the shareholders of Moshi Mountain Industries Ltd.

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Company's external auditors.

Kanester Johal is appointed by the shareholders to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

November 25, 2014

"Abby Farrage"

Director & Chief Executive Officer

"Gurminder Sangha"

Director

MOSHI MOUNTAIN INDUSTRIES LTD.

FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

From the date of incorporation on August 21, 2014 to August 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of:
Moshi Mountain Industries Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of Moshi Mountain Industries Ltd. which comprise the statement of financial position as at August 31, 2014 and the statement of changes in equity and statement of cash flows for the period from incorporation date, August 21, 2014 to August 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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, the financial statements present fairly, in all material respects, the financial position of Moshi Mountain Industries Ltd. as at August 31, 2014 and its financial performance and its cash flows for the period from incorporation date, August 21, 2014 to August 31, 2014, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 1 in the financial statements that indicates the existence of material uncertainties that may cast a significant doubt upon Company's ability to continue as a going concern.



KANESTER JOHAL
Chartered Accountants

Burnaby, BC
November 25, 2014

MOSHI MOUNTAIN INDUSTRIES LTD.

Statement of Financial Position
As at August 31, 2014
(An exploration Stage Company)
(Expressed in Canadian dollars)

ASSETS	
Cash	\$ 1
SHAREHOLDERS' EQUITY	
Capital stock (Note 5)	\$ 1

They are signed on the Company's behalf by:

"Abby Farrage" _____
Director

"Gurminder Sanghla" _____
Director

Director & Chief Executive Officer

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

MOSHI MOUNTAIN INDUSTRIES LTD.

Statement of Cash Flows
(An exploration Stage Company)
(Expressed in Canadian dollars)

	For the period from the date of incorporation, August 21, 2014 to August 31, 2014
OPERATING ACTIVITY	\$ -
Net income (loss) for the period	-
Cash flow from (used) by operating activity	-
FINANCING ACTIVITY	1
Proceeds from the issuance of common stock	1
Cash flow from financing activity	1
INCREASE IN CASH FLOW	1
CASH - Beginning of period	-
CASH - End of period	\$ 1
Cash paid for:	
Interest paid	\$ -
Income taxes	\$ -

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

MOSHI MOUNTAIN INDUSTRIES LTD.

Statements of Changes in Equity
(An exploration Stage Company)
As at August 31, 2014
(Expressed in Canadian dollars)

	Number of Shares	Capital Stock	Subscription receivable	Deficit	Total Equity
Balance at Incorporation August 21, 2014	-	\$ -	\$ -	\$ -	\$ -
Common shares issued for cash at \$0.02	1	1	-	-	1
Comprehensive loss for the period	-	-	-	-	-
Balance as at August 31, 2014	1	\$ 1	\$ -	\$ -	\$ 1

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

MOSHI MOUNTAIN INDUSTRIES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

1. NATURE AND CONTINUANCE OF OPERATIONS

Moshi Mountain Industries Ltd. (the "Company") was incorporated on August 21, 2014 under the Business Corporation Act of British Columbia. The head office of the Company is 700-595 Howe Street, Vancouver, B.C. V6C 2T5. The Company plans to engage in the exploration and development of natural resource properties in Tanzania.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at August 31 2014, the Company has not generated any revenues from operations, has working capital of \$1 and accumulated earnings of \$Nil. The Company has not prepared the Statement of Operation and Comprehensive Income (Loss) as there were no operations.

The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Accounting Standard ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The Company's functional and reporting currency is the Canadian dollar.

The financial statements were prepared and approved for issuance by the Board of Directors on November 25, 2014.

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting.

The financial statements are presented in Canadian Dollars, which is also the Company's functional currency, unless otherwise indicated.

These financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

3. SIGNIFICANT ACCOUNT JUDGMENT, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements in conformity of IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant areas where management's judgement has been applied include:

- Classifying categories of financial assets and financial liabilities in accordance with IAS 39, *Financial Instruments: recognition and measurement*; and
- Evaluating if the criteria for recognition of provisions and contingencies are met in accordance with IAS 37, *Provisions, contingent liabilities and contingent assets*.

MOSHI MOUNTAIN INDUSTRIES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

3. SIGNIFICANT ACCOUNT JUDGMENT, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Significant areas requiring the use of management estimates and assumptions include:

- a) Exploration and Evaluation Expenditure

The application of the Company's accounting policy for deferred development expenditure requires judgement in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditures is capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

- b) Title to Mineral Property Interest

Although the Company has taken some steps to verify title to mineral properties in which it has interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfer and title may be affected by undetected defect.

- c) Asset Retirement Obligations

The Company recognizes the liability for an asset retirement obligation. The relevant costs in associated with the assets retirement obligations are estimated based on the Company's interpretation of current regulatory requirements. Based on the assessment, the Company did not have any significant asset retirement obligations at the reporting dates.

- d) Recovery of Deferred Tax Assets

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from un-utilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets.

- e) Going concern

The Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

4. SIGNIFICANT ACCOUNTING POLICIES

- a) Foreign Currency Translation

The Company's presentation currency and the functional currency of all of its operations is the Canadian dollar as this is the principal currency in which funds from financing activities are generated and receipts from operating activities are usually retained.

Transactions in foreign currencies are initially recorded in the Company's functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined.

All gains and losses on translation of these foreign currency transactions are included in profit or loss.

MOSHI MOUNTAIN INDUSTRIES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- b) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amount of cash and subject to an insignificant risk of change value. There were no cash equivalents as at August 31, 2014.

- c) Exploration and Evaluation Assets

The Company's exploration and evaluation assets are intangible assets relating to mineral rights acquired and exploration and evaluation expenditure capitalized in respect of projects that are at the exploration/pre-development stage.

No amortization charge is recognized in respect of exploration and evaluation assets. These assets are transferred to mine development assets in property, plant and equipment upon the commencement of mine development.

Exploration and evaluation expenditure in the relevant area of interest comprises costs which are directly attributable to:

- Acquisition;
- Surveying, geological, geochemical and geophysical;
- Exploratory drilling;
- Land maintenance;
- Sampling; and
- Assessing technical feasibility and commercial viability.

Exploration and evaluation expenditure related to an area of interest where the Company has tenure are capitalized as intangible assets and are initially recorded at cost less impairment.

Exploration and evaluation expenditure also includes the costs incurred in acquiring mineral rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects. Capitalized costs, including general and administrative costs, are only allocated to the extent that those costs can be related directly to operational activities in the relevant area of interest.

Where the Company has entered into option agreements to acquire interests in mineral properties that require periodic share issuances, amounts un-issued are not recorded as liabilities since they are issuable entirely at the Company's option. Option payments are recorded as mineral property costs when the payments are made and share issuances are recorded as mineral property costs using the fair market value of the Company's common shares at the date of the issuance.

All capitalized exploration and evaluation expenditure is assessed for impairment if facts and circumstances indicate that impairment may exist. In circumstances where a property is abandoned, the cumulative capitalized costs relating to the property are written off in the period.

- d) Impairment of Non-Financial Assets

At the end of each reporting period, the carrying amounts of the Company's 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. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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 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 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.

MOSHI MOUNTAIN INDUSTRIES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When 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 to an amount that 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.

e) Financial Instruments

The Company's financial instruments consist of cash. Cash is classified at fair value through profit or loss and recorded at fair value.

Financial assets

Financial assets are classified as into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the income statement.

Loans and receivables – These assets are non-derivative financial assets with fixed or determinable payment that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments – These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the income statement.

Available-for-sale – Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the income statement.

MOSHI MOUNTAIN INDUSTRIES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Financial Instruments (Continued)

Impairment on financial assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if and only if there is objective evidence of impairment as a result of one or more events, that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets is directly reduced by the impairment loss. For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses were recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in the income statement.

Other financial liabilities – This category includes accounts payables and accrued liabilities and due to related parties, which is recognized at amortized cost.

f) Interest-Bearing Loans and Other Borrowings

Interest-bearing loans and other borrowings are recognized initially at fair value less related transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of borrowings on an effective interest basis.

MOSHI MOUNTAIN INDUSTRIES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

h) Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

i) Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase warrants are recognized as a deduction from equity, net of any tax effects.

j) Share-Based Payment

The Company may grant stock options to buy common shares of the Company to directors, officers, employees and consultants. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion.

MOSHI MOUNTAIN INDUSTRIES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Share-Based Payment (Continued)

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

Where the terms of a stock option is modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the stock-based compensation arrangement, or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period. The Company did not grant any stock options during the year ended August 31, 2014.

k) Earnings (Loss) Per Share

The Company presents basic and diluted earnings/loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings/loss per share does not adjust the loss attributable to common shareholders or the weight average number of common shares outstanding when the effect is anti-dilutive.

l) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. As at August 31, 2014, there are no related party transactions.

m) Warrants

Proceeds from issuances by the Company of units consisting of common shares and warrants are allocated based on the residual method, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a nil carrying amount is assigned to the warrants. As at August 31, 2014, there are no warrants issued.

n) Application of new and amended accounting standards

As of August 31, 2014, the Company adopted the new and amended IFRS pronouncements in accordance with transitional provisions outlined in the respective standards. The Company has adopted these new and amended standards without any significant effect on its financial statements.

IFRS 7 Financial instruments: disclosures and IAS 32 Financial instruments: presentation

Financial assets and financial liabilities may be offset, with the net amount presented in the statement of financial position, only when there is a legally enforceable right to set off and when there is either an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. The revised IFRS 7 had no impact on the Company's financial results.

MOSHI MOUNTAIN INDUSTRIES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- n) Application of new and amended accounting standards (Continued)

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns.

IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities – Non monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCE's) using proportionate consolidation. Instead, JCE's that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities.

IFRS 13 Fair Value Measurement

IFRS 13 is a comprehensive standard for all fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes additional disclosures regarding fair value measurements.

IAS 27 Separate Financial Statements

As a result of the issue of the new consolidation suite of standards, IAS 27 Separate Financial Statements has been reissued. As the consolidation guidance will now be included in IFRS 10, IAS 27 will now only prescribe the accounting and disclosure requirements in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The revised IAS 27 had no impact on the Company's financial results.

IAS 28 Investments in Associates and Joint Ventures

As a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 28 has been amended and will provide the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee. The revised IAS 28 had no impact on the Company's financial results.

Amendments to IAS 1 – Presentation of Financial Statements

Amendments to IAS 1 introduce a grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time now have to be presented separately from items that will never be reclassified. The amendment affected presentation only and had no impact on the financial position or financial performance of the Company.

MOSHI MOUNTAIN INDUSTRIES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

5. SHARE CAPITAL

- (a) Authorized – unlimited common and preferred shares without par value
(b) Issued and outstanding:

On August 21, 2014, the Company issued 1 common share at a price of \$0.02 per share for total proceeds of \$0.02.

6. MANAGEMENT OF CAPITAL

The Company defines its capital as all components of shareholders' equity. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern.

In order to maintain its capital structure, the Company, is dependent on equity funding and when necessary, raises capital through the issuance of equity instruments, primarily comprised of common shares. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances.

The Company is not subject to any externally imposed capital requirements or debt covenants, and does not presently utilize any quantitative measures to monitor its capital.

7. FINANCIAL INSTRUMENTS AND RISKS

Fair Value

As at August 31, 2014, the Company's financial instruments consist of cash. The fair value of cash approximates its carrying value because of its current nature.

The Company classifies its fair value measurements in accordance with the three level fair value hierarchy as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and

Level 3 – Inputs that are not based on observable market data

As at August 31, 2014, the Company's cash of \$1 is considered to be Level 1 instrument.

The Company's financial instrument is exposed to a number of risks that are summarized below:

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can do so only at excessive cost. The Company has significant financial liabilities outstanding including accounts payable and accrued liabilities and due to related parties. The Company is exposed to the risk that it may not have sufficient liquid assets to meet its commitments associated with these financial liabilities.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation. To the extent that the Company does not believe it has sufficient liquidity to meet these obligations, management will consider securing additional funds through equity transactions. The Company manages its liquidity risk by continuously monitoring forecast and actual gross profit and cash flows from operations.

MOSHI MOUNTAIN INDUSTRIES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

7. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash balances. The Company manages its credit risk on bank deposits by holding deposits in high credit quality banking institutions in Canada

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company's cash is currently held in non-interest bearing bank account, management considers the interest rate risk to be minimal.

Commodity Price Risk

The ability of the Company to finance the exploration and development of its properties and the future profitability of the Company is directly related to the market price of the primary minerals identified in its mineral properties. Mineral prices fluctuate on a daily basis and are affected by a number of factors beyond the Company's control. A sustained, significant decline in the prices of the primary minerals or in the share prices of junior mineral exploration companies in general, could have a negative impact on the Company's ability to raise additional capital. Sensitivity to commodity price risk is remote since the Company has not established any reserves or production.

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's functional currency is the Canadian dollar. All of the Company's financial instruments are denominated in Canadian dollars. The Company conducts some of its business in US dollars and is therefore exposed to variations in the foreign exchange rate. In management's opinion there is no material foreign exchange risk to the Company.

Transaction Costs

Transaction costs attributable to the acquisition or issue of financial assets or financial liabilities, other than those classified as held-for-trading, are added to the initial fair value amount to match the costs with the related transactions. Purchases and sales of securities are accounted for on the settlement date basis.

8. SUBSEQUENT EVENTS

Kwedilima Cheetah Property, Tanzania

- a) The Company entered into a sub-option agreement with AFGF Holdings (Tanzania) Ltd. ("AFGF") and True Zone Resources Inc. ("True Zone") dated September 26, 2014. AFGF is a private company existing under the laws of Tanzania. AFGF represented and warranted that it had acquired a one hundred percent legal and beneficial interest in a prospecting licenses 6903/2011 & 6905/2011 located in the Handeni Kilindi Regional district of Tanzania. The prospecting licenses were issued February 28, 2011 and transferred in June 2011 to AFGF and grants rights for a period of 48 months to carry on prospecting operations. The prospecting licenses are renewable for a further 36 months.

The grant of the sub-option under the sub-option agreement is subject to an assignment agreement effective on the same date which provides that the right earn to an 80% interest shall be assigned to the Company pursuant to a sub-option: (i) granted under the sub-option agreement and (ii) granted effective the completion of a proposed plan of arrangement between True Zone and the Company. Following the deemed grant by True Zone to the Company of such sub-option, the Company may earn an 80% interest in the Kwedilima Cheetah Property free and clear of all encumbrances if \$25,000 is paid to AFGF and the following are satisfied:

MOSHI MOUNTAIN INDUSTRIES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

Kwedilima Cheetah Property, Tanzania (Continued)

- i) 500,000 shares are issued to True Zone Resources Inc. on or before the date that is one year from the date of the sub-option agreement;
- ii) \$75,000 in exploration expenditures are incurred within one year from the date of the sub-option agreement; and
- iii) An additional \$75,000 in exploration expenditures within two years from the date of the sub-option agreement.
- b) On September 4, 2014, the Company received advances of \$5,000 from Moshing Capital Inc. The advance is non-interest bearing and due on demand.
- c) On September 5, 2014, the Company received advances of \$500 from Moshing Capital Inc. The advance is non-interest bearing and due on demand.
- d) On September 10, 2014, the Company received advances of \$5,000 from Moshing Capital Inc. The advance is non-interest bearing and due on demand.

Plan of Arrangement

On October 20, 2014, the Company entered into an arrangement agreement with True Zone Resources Inc. ("True Zone"), the Company's wholly owning parent that contemplates a plan of arrangement for the spinout of the Company as a separate legal entity. On October 20, 2014, the Company executed an amalgamation agreement for the amalgamation of the Company with Moshing Capital Inc. following the completion of such plan of arrangement. The amalgamation of the two foregoing companies shall form an amalgamated company that shall retain the name of the Company as the business name and shall continue as one corporation under the Business Corporations Act of British Columbia. The plan of arrangement and the amalgamation are both subject to the approval of the True Zone shareholders and the plan of arrangement is subject to court approval.

Management's Responsibility for Financial Reporting

To the shareholders of Elin Resources Ltd.

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Company's external auditors.

Kanester Johal is appointed by the shareholders to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

November 25, 2014

"Abby Farrage"

Director & Chief Executive Officer

"Gopal Sahota"

Director

ELM RESOURCES LTD.

FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

From the date of incorporation on August 21, 2014 to August 31, 2014

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Emphasis of Matter

Without qualifying our opinion, we draw attention to note 1 in the financial statements that indicates the existence of material uncertainties that may cast a significant doubt upon Company's ability to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of:
Elm Resources Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of Elm Resources Ltd., which comprise the statement of financial position as at August 31, 2014 and the statement of changes in equity and statement of cash flows for the period from incorporation date, August 21, 2014 to August 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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, the financial statements present fairly, in all material respects, the financial position of Elm Resources Ltd. as at August 31, 2014 and its financial performance and its cash flows for the period from incorporation date, August 21, 2014 to August 31, 2014, in accordance with International Financial Reporting Standards.


KANESTER JOHAL
Chartered Accountants

Burnaby, BC
November 25, 2014

ELM RESOURCES LTD.

Statement of Financial Position
As at August 31, 2014
(An exploration Stage Company)
(Expressed in Canadian dollars)

ASSETS
Cash

\$ 1

SHAREHOLDERS' EQUITY

Capital stock (Note 5)

\$ 1

They are signed on the Company's behalf by:

"Abby Farrage"

Director & Chief Executive Officer

"Gopal Saitota"

Director

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

ELM RESOURCES LTD.

Statement of Cash Flows
(An exploration Stage Company)
(Expressed in Canadian dollars)

For the period
from the date
of
incorporation,
August 21,
2014 to August
31, 2014

OPERATING ACTIVITY
Net income (loss) for the period \$ -

Cash flow from (used) by operating activity -

FINANCING ACTIVITY

Proceeds from the issuance of common stock 1

Cash flow from financing activity 1

INCREASE IN CASH FLOW

CASH - Beginning of period -

CASH - End of period \$ 1

Cash paid for:

Interest paid -

Income taxes -

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

ELM RESOURCES LTD.

Statements of Changes in Equity
(An exploration Stage Company)
As at August 31, 2014
(Expressed in Canadian dollars)

	Number of Shares	Capital Stock	Subscription receivable	Deficit	Total Equity
Balance at Incorporation August 21, 2014	-	\$ -	-	\$ -	\$ -
Common shares issued for cash at \$0.02	1	1	-	-	1
Comprehensive loss for the period	-	-	-	-	-
Balance as at August 31, 2014	1	1	1	\$ -	\$ 1

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

ELM RESOURCES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

1. NATURE AND CONTINUANCE OF OPERATIONS

Elm Resources Ltd. (the "Company") was incorporated on August 21, 2014 under the Business Corporation Act of British Columbia. The head office of the Company is 700-595 Howe Street, Vancouver, B.C. V6C 2T5. The Company plans to engage in the exploration and development of natural resource properties in Tanzania.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at August 31 2014, the Company has not generated any revenues from operations, has working capital of \$1 and accumulated earnings of \$Nil. The Company has not prepared the Statement of Operation and Comprehensive Income (Loss) as there were no operations.

The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Accounting Standard ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The Company's functional and reporting currency is the Canadian dollar.

The financial statements were prepared and approved for issuance by the Board of Directors on November 25, 2014.

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting.

The financial statements are presented in Canadian Dollars, which is also the Company's functional currency, unless otherwise indicated.

These financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

3. SIGNIFICANT ACCOUNT JUDGMENT, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements in conformity of IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant areas where management's judgement has been applied include:

- Classifying categories of financial assets and financial liabilities in accordance with IAS 39, *Financial Instruments: recognition and measurement*; and
- Evaluating if the criteria for recognition of provisions and contingencies are met in accordance with IAS 37, *Provisions, contingent liabilities and contingent assets*.

ELM RESOURCES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

3. SIGNIFICANT ACCOUNT JUDGMENT, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Significant areas requiring the use of management estimates and assumptions include:

- a) Exploration and Evaluation Expenditure

The application of the Company's accounting policy for deferred development expenditure requires judgement in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditures is capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

- b) Title to Mineral Property Interest

Although the Company has taken some steps to verify title to mineral properties in which it has interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfer and title may be affected by undetected defect.

- c) Asset Retirement Obligations

The Company recognizes the liability for an asset retirement obligation. The relevant costs in associated with the assets retirement obligations are estimated based on the Company's interpretation of current regulatory requirements. Based on the assessment, the Company did not have any significant asset retirement obligations at the reporting dates.

- d) Recovery of Deferred Tax Assets

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from un-utilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets.

- e) Going concern

The Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

4. SIGNIFICANT ACCOUNTING POLICIES

- a) Foreign Currency Translation

The Company's presentation currency and the functional currency of all of its operations is the Canadian dollar as this is the principal currency in which funds from financing activities are generated and receipts from operating activities are usually retained.

Transactions in foreign currencies are initially recorded in the Company's functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined.

All gains and losses on translation of these foreign currency transactions are included in profit or loss.

ELM RESOURCES LTD.

Notes to the Financial Statements
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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- b) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amount of cash and subject to an insignificant risk of change value. There were no cash equivalents as at August 31, 2014.

- c) Exploration and Evaluation Assets

The Company's exploration and evaluation assets are intangible assets relating to mineral rights acquired and exploration and evaluation expenditure capitalized in respect of projects that are at the exploration/pre-development stage.

No amortization charge is recognized in respect of exploration and evaluation assets. These assets are transferred to mine development assets in property, plant and equipment upon the commencement of mine development.

Exploration and evaluation expenditure in the relevant area of interest comprises costs which are directly attributable to:

- Acquisition;
- Surveying, geological, geochemical and geophysical;
- Exploratory drilling;
- Land maintenance;
- Sampling; and
- Assessing technical feasibility and commercial viability.

Exploration and evaluation expenditure related to an area of interest where the Company has tenure are capitalized as intangible assets and are initially recorded at cost less impairment.

Exploration and evaluation expenditure also includes the costs incurred in acquiring mineral rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects. Capitalized costs, including general and administrative costs, are only allocated to the extent that those costs can be related directly to operational activities in the relevant area of interest.

Where the Company has entered into option agreements to acquire interests in mineral properties that require periodic share issuances, amounts un-issued are not recorded as liabilities since they are issuable entirely at the Company's option. Option payments are recorded as mineral property costs when the payments are made and share issuances are recorded as mineral property costs using the fair market value of the Company's common shares at the date of the issuance.

All capitalized exploration and evaluation expenditure is assessed for impairment if facts and circumstances indicate that impairment may exist. In circumstances where a property is abandoned, the cumulative capitalized costs relating to the property are written off in the period.

- d) Impairment of Non-Financial Assets

At the end of each reporting period, the carrying amounts of the Company's 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. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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 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 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.

ELM RESOURCES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When 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 to an amount that 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.

e) Financial Instruments

The Company's financial instruments consist of cash. Cash is classified at fair value through profit or loss and recorded at fair value.

Financial assets

Financial assets are classified as into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the income statement.

Loans and receivables – These assets are non-derivative financial assets with fixed or determinable payment that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments – These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the income statement.

Available-for-sale – Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the income statement.

ELM RESOURCES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
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August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Financial Instruments (Continued)

Impairment on financial assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if and only if there is objective evidence of impairment as a result of one or more events, that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets is directly reduced by the impairment loss. For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses were recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in the income statement.

Other financial liabilities – This category includes accounts payables and accrued liabilities and due to related parties, which is recognized at amortized cost.

f) Interest-Bearing Loans and Other Borrowings

Interest-bearing loans and other borrowings are recognized initially at fair value less related transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of borrowings on an effective interest basis.

ELM RESOURCES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

h) Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

i) Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase warrants are recognized as a deduction from equity, net of any tax effects.

j) Share-Based Payment

The Company may grant stock options to buy common shares of the Company to directors, officers, employees and consultants. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion.

ELM RESOURCES LTD.

Notes to the Financial Statements
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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Share-Based Payment (Continued)

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

Where the terms of a stock option is modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the stock-based compensation arrangement, or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period. The Company did not grant any stock options during the year ended August 31, 2014.

k) Earnings (Loss) Per Share

The Company presents basic and diluted earnings/loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings/loss per share does not adjust the loss attributable to common shareholders or the weight average number of common shares outstanding when the effect is anti-dilutive.

l) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. As at August 31, 2014, there are no related party transactions.

m) Warrants

Proceeds from issuances by the Company of units consisting of common shares and warrants are allocated based on the residual method, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a nil carrying amount is assigned to the warrants. As at August 31, 2014, there are no warrants issued.

n) Application of new and amended accounting standards

As of August 31, 2014, the Company adopted the new and amended IFRS pronouncements in accordance with transitional provisions outlined in the respective standards. The Company has adopted these new and amended standards without any significant effect on its financial statements.

IFRS 7 Financial instruments: disclosures and IAS 32 Financial instruments: presentation

Financial assets and financial liabilities may be offset, with the net amount presented in the statement of financial position, only when there is a legally enforceable right to set off and when there is either an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. The revised IFRS 7 had no impact on the Company's financial results.

ELM RESOURCES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
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August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- n) Application of new and amended accounting standards (Continued)

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns.

IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities – Non monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCE's) using proportionate consolidation. Instead, JCE's that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities.

IFRS 13 Fair Value Measurement

IFRS 13 is a comprehensive standard for all fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes additional disclosures regarding fair value measurements.

IAS 27 Separate Financial Statements

As a result of the issue of the new consolidation suite of standards, IAS 27 Separate Financial Statements has been reissued. As the consolidation guidance will now be included in IFRS 10, IAS 27 will now only prescribe the accounting and disclosure requirements in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The revised IAS 27 had no impact on the Company's financial results.

IAS 28 Investments in Associates and Joint Ventures

As a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 28 has been amended and will provide the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee. The revised IAS 28 had no impact on the Company's financial results.

Amendments to IAS 1 – Presentation of Financial Statements

Amendments to IAS 1 introduce a grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time now have to be presented separately from items that will never be reclassified. The amendment affected presentation only and had no impact on the financial position or financial performance of the Company.

ELM RESOURCES LTD.

Notes to the Financial Statements
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August 31, 2014

5. SHARE CAPITAL

- (a) Authorized – unlimited common and preferred shares without par value
(b) Issued and outstanding:

On August 21, 2014, the Company issued 1 common share at a price of \$0.02 per share for total proceeds of \$0.02.

6. MANAGEMENT OF CAPITAL

The Company defines its capital as all components of shareholders' equity. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern.

In order to maintain its capital structure, the Company, is dependent on equity funding and when necessary, raises capital through the issuance of equity instruments, primarily comprised of common shares. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances.

The Company is not subject to any externally imposed capital requirements or debt covenants, and does not presently utilize any quantitative measures to monitor its capital.

7. FINANCIAL INSTRUMENTS AND RISKS

Fair Value

As at August 31, 2014, the Company's financial instruments consist of cash. The fair value of cash approximates its carrying value because of its current nature.

The Company classifies its fair value measurements in accordance with the three level fair value hierarchy as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and

Level 3 – Inputs that are not based on observable market data

As at August 31, 2014, the Company's cash of \$1 is considered to be Level 1 instrument.

The Company's financial instrument is exposed to a number of risks that are summarized below:

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can do so only at excessive cost. The Company has significant financial liabilities outstanding including accounts payable and accrued liabilities and due to related parties. The Company is exposed to the risk that it may not have sufficient liquid assets to meet its commitments associated with these financial liabilities.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation. To the extent that the Company does not believe it has sufficient liquidity to meet these obligations, management will consider securing additional funds through equity transactions. The Company manages its liquidity risk by continuously monitoring forecast and actual gross profit and cash flows from operations.

ELM RESOURCES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

7. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

Credit Risk
Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash balances. The Company manages its credit risk on bank deposits by holding deposits in high credit quality banking institutions in Canada

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company's cash is currently held in non-interest bearing bank account, management considers the interest rate risk to be minimal.

Commodity Price Risk

The ability of the Company to finance the exploration and development of its properties and the future profitability of the Company is directly related to the market price of the primary minerals identified in its mineral properties. Mineral prices fluctuate on a daily basis and are affected by a number of factors beyond the Company's control. A sustained, significant decline in the prices of the primary minerals or in the share prices of junior mineral exploration companies in general, could have a negative impact on the Company's ability to raise additional capital. Sensitivity to commodity price risk is remote since the Company has not established any reserves or production.

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's functional currency is the Canadian dollar. All of the Company's financial instruments are denominated in Canadian dollars. The Company conducts some of its business in US dollars and is therefore exposed to variations in the foreign exchange rate. In management's opinion there is no material foreign exchange risk to the Company.

Transaction Costs

Transaction costs attributable to the acquisition or issue of financial assets or financial liabilities, other than those classified as held-for-trading, are added to the initial fair value amount to match the costs with the related transactions. Purchases and sales of securities are accounted for on the settlement date basis.

8. SUBSEQUENT EVENTS

Gombero West Property, Tanzania

- a) The Company entered into a sub-option agreement with AFGF Holdings (Tanzania) Ltd. ("AFGF") and True Zone Resources Inc. ("True Zone") dated September 26, 2014. AFGF is a private company existing under the laws of Tanzania. AFGF represented and warranted that it had acquired a one hundred percent legal and beneficial interest in a prospecting licenses 6903/2011 & 6905/2011 located in the Handeni Kilindi Regional district of Tanzania. The prospecting licenses were issued February 28, 2011 and transferred in June 2011 to AFGF and grants rights for a period of 48 months to carry on prospecting operations. The prospecting licenses are renewable for a further 36 months.

The grant of the sub-option under the sub-option agreement is subject to an assignment agreement effective on the same date which provides that the right earn to an 80% interest shall be assigned to the Company pursuant to a sub-option: (i) granted under the sub-option agreement and (ii) granted effective the completion of a proposed plan of arrangement between True Zone and the Company. Following the deemed grant by True Zone to the Company of such sub-option, the Company may earn an 80% interest in the Gombero West Property free and clear of all encumbrances if \$25,000 is paid to AFGF and the following are satisfied:

ELM RESOURCES LTD.

Notes to the Financial Statements
(An exploration Stage Company)
(Expressed in Canadian Dollars)
August 31, 2014

Gombero West Property, Tanzania (Continued)

- i) 500,000 shares are issued to True Zone Resources Inc. on or before the date that is one year from the date of the sub-option agreement;
- ii) \$75,000 in exploration expenditures are incurred within one year from the date of the sub-option agreement; and
- iii) An additional \$75,000 in exploration expenditures within two years from the date of the sub-option agreement.
- b) On September 4, 2014, the Company received advances of \$5,000 from Elmira Capital Inc. The advance is non-interest bearing and due on demand.
- c) On September 5, 2014, the Company received advances of \$500 from Elmira Capital Inc. The advance is non-interest bearing and due on demand.
- d) On September 10, 2014, the Company received advances of \$5,000 from Elmira Capital Inc. The advance is non-interest bearing and due on demand.

Plan of Arrangement

On October 20, 2014, the Company entered into an arrangement agreement with True Zone Resources Inc. ("True Zone"), the Company's wholly owning parent that contemplates a plan of arrangement for the spinout of the Company as a separate legal entity. On October 20, 2014, the Company executed an amalgamation agreement for the amalgamation of the Company with Elmira Capital Inc. following the completion of such plan of arrangement. The amalgamation of the two foregoing companies shall form an amalgamated company that shall retain the name of the Company as the business name and shall continue as one corporation under the Business Corporations Act of British Columbia. The plan of arrangement and the amalgamation are both subject to the approval of the True Zone shareholders and the plan of arrangement is subject to court approval.

Schedule "10"

Management's Responsibility for Financial Reporting

To the shareholders of Patchouli Capital Inc.

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Company's external auditors.

Kanester Johal is appointed by the shareholders to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

November 25, 2014

"Monita Faris"

Director

PATCHOULI CAPITAL INC.

FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

From the date of incorporation on August 22, 2014 to August 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of:
Patchouli Capital Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Patchouli Capital Inc. which comprise the statement of financial position as at August 31, 2014 and the statement of operations and comprehensive loss, statement of changes in equity and statement of cash flows for the period from incorporation date, August 22, 2014 to August 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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, the financial statements present fairly, in all material respects, the financial position of Patchouli Capital Inc. as at August 31, 2014 and its financial performance and its cash flows for the period from incorporation date, August 22, 2014 to August 31, 2014, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 1 in the financial statements that indicates the existence of material uncertainties that may cast a significant doubt upon Company's ability to continue as a going concern.



KANESTER JOHAL
Chartered Accountants

Burnaby, BC
November 25, 2014

PATCHOULI CAPITAL INC.

Statement of Financial Position
As at August 31, 2014
(Expressed in Canadian dollars)

ASSETS	
Cash	\$ 12,494
LIABILITIES	
Amounts payable	\$ 7,500
SHAREHOLDERS' EQUITY	
Capital stock (Note 3)	5,000
Deficit	(6)
	4,994
	\$ 12,494

They are signed on the Company's behalf by:

"Monita Ferris"

Director

PATCHOULI CAPITAL INC.

Statement of Operations and Comprehensive Loss
(Expressed in Canadian dollars)

	For the period from the date of incorporation, August 22, 2014 to August 31, 2014
EXPENSES	
Bank charges	\$ 6
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	\$ 6
Basic and diluted (loss) per share	\$ 0.01
Weighted average number of shares outstanding - basic and diluted	1,000,002

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

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

PATCHOULI CAPITAL INC.

Statement of Cash Flows
(Expressed in Canadian dollars)

	For the period from the date of incorporation, August 22, 2014 to August 31, 2014
OPERATING ACTIVITY	
Net loss for the period	\$ (6)
Changes in non-cash working capital	
Amounts payable	7,500
Cash flow from (used) by operating activities	<u>7,494</u>
FINANCING ACTIVITY	
Proceeds from the issuance of common shares	<u>5,000</u>
Cash flow from financing activity	<u>5,000</u>
INCREASE IN CASH FLOW	12,494
CASH - Beginning of period	-
CASH - End of period	<u>\$ 12,494</u>
Cash paid for:	
Interest paid	\$ -
Income taxes	\$ -

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

PATCHOULI CAPITAL INC.

Statement of Changes in Equity
As at August 31, 2014
(Expressed in Canadian dollars)

	Number of Shares	Capital Stock	Deficit	Total Equity
Balance at Incorporation August 22, 2014	-	\$ -	\$ -	\$ -
Shares issued for cash at \$0.005	2	-	-	-
Shares issued for cash at \$0.005	1,000,000	5,000	-	5,000
Comprehensive loss for the period	-	-	(6)	(6)
Balance as at August 31, 2014	<u>1,000,002</u>	<u>\$ 5,000</u>	<u>\$ (6)</u>	<u>\$ 4,994</u>

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

PATCHOULI CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

1. NATURE AND CONTINUANCE OF OPERATIONS

Patchouli Capital Inc. (the "Company") was incorporated on August 22, 2014 under the Business Corporation Act of British Columbia. The head office of the Company is 700-595 Howe Street, Vancouver, B.C. V6C 2T5. The Company is in the business of raising funds for mineral exploration.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at August 31, 2014, the Company has not generated any revenues from operations, has working capital of \$4,994 and an accumulated deficit of \$6.

The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Accounting Standard ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The Company's functional and reporting currency is the Canadian Dollar. The financial statements were prepared and approved for issuance by the Board of Directors on November 25, 2014.

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting.

These financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

3. SIGNIFICANT ACCOUNT JUDGMENT, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements in conformity of IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant areas where management's judgement has been applied include:

- Classifying categories of financial assets and financial liabilities in accordance with IAS 39, *Financial Instruments: recognition and measurement*; and
- Evaluating if the criteria for recognition of provisions and contingencies are met in accordance with IAS 37, *Provisions, contingent liabilities and contingent assets*.

PATCHOULI CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

3. SIGNIFICANT ACCOUNT JUDGMENT, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Significant areas requiring the use of management estimates and assumptions include:

- a) Going concern

The Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

4. SIGNIFICANT ACCOUNTING POLICIES

- a) Foreign Currency Translation

The Company's presentation currency and the functional currency of all of its operations is the Canadian dollar as this is the principal currency in which funds from financing activities are generated and receipts from operating activities are usually retained.

Transactions in foreign currencies are initially recorded in the Company's functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined.

All gains and losses on translation of these foreign currency transactions are included in profit or loss.

- b) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amount of cash and subject to an insignificant risk of change value. There were no cash equivalents as at August 31, 2014.

- c) Impairment of Non-Financial Assets

At the end of each reporting period, the carrying amounts of the Company's 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. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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 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 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.

When 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 to an amount that 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.

PATCHOULI CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Financial Instruments

The Company's financial instruments consist of cash and cash equivalents and amounts payable. Cash and cash equivalents and amounts payable are classified as fair value through profit or loss and recorded at fair value. The fair value of cash and cash equivalents, are equal to their carrying value due to their short-term maturity. The Company's amounts payable is classified as other financial liabilities and is recognized at amortized cost.

Financial assets

Financial assets are classified as into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the income statement.

Loans and receivables – These assets are non-derivative financial assets with fixed or determinable payment that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments – These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the income statement.

Available-for-sale – Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the income statement.

Impairment on financial assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if and only if there is objective evidence of impairment as a result of one or more events, that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

PATCHOULI CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Financial Instruments (Continued)

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets is directly reduced by the impairment loss. For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses were recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in the income statement.

Other financial liabilities – This category includes amounts payables and accrued liabilities and due to related parties, which is recognized at amortized cost.

f) Interest-Bearing Loans and Other Borrowings

Interest-bearing loans and other borrowings are recognized initially at fair value less related transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of borrowings on an effective interest basis.

PATCHOULI CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

h) Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

i) Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase warrants are recognized as a deduction from equity, net of any tax effects.

j) Share-Based Payment

The Company may grant stock options to buy common shares of the Company to directors, officers, employees and consultants. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion.

PATCHOULI CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Share-Based Payment (Continued)

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

Where the terms of a stock option is modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the stock-based compensation arrangement, or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period. The Company did not grant any stock options during the period ended August 31, 2014.

k) Earnings (Loss) Per Share

The Company presents basic and diluted earnings/loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings/loss per share does not adjust the loss attributable to common shareholders or the weight average number of common shares outstanding when the effect is anti-dilutive.

l) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

m) Warrants

Proceeds from issuances by the Company of units consisting of common shares and warrants are allocated based on the residual method, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a nil carrying amount is assigned to the warrants. As at August 31, 2014, there are no warrants issued.

n) New accounting pronouncements to be adopted

The following new standards, amendments to standards and interpretations have been issued but are not effective during the period ended August 31, 2014:

IFRS 9 Financial Instruments

IFRS 9 was issued in November 2009 and subsequently amended as part of an ongoing project to replace IAS 39 Financial Instruments: Recognition and measurement. The standard requires the classification of financial assets into two measurement categories based on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The two categories are those measured at fair value and those measured at amortized cost. The classification and measurement of financial liabilities is primarily unchanged from IAS 39. However, for financial liabilities measured at fair value, changes in the fair value attributable to changes in an entity's "own credit risk" is now recognized in other comprehensive income instead of in profit or loss. This new standard will also impact disclosures provided under IFRS 7 Financial Instruments: disclosures.

PATCHOULI CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In November 2013, the IASB amended IFRS 9 for the significant changes to hedge accounting. In addition, an entity can now apply the "own credit requirement" in isolation without the need to change any other accounting for financial instruments. The mandatory effective date of January 1, 2015 has been removed to provide sufficient time for preparers of financial statements to make the transition to the new requirements.

IAS 24 Related party disclosures

The amendments to IAS 24, issued in December 2013, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014.

5. SHARE CAPITAL

- (a) Authorized
 - unlimited common shares without par value
 - unlimited preferred shares without par value
- (b) Issued and outstanding:

On August 22, 2014, the Company issued 2 common shares at a price of \$0.005.

On August 28, 2014, the Company issued 1,000,000 common shares at a price of \$0.005 per share for total proceeds of \$5,000.

6. MANAGEMENT OF CAPITAL

The Company defines its capital as all components of shareholders' equity. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern.

In order to maintain its capital structure, the Company, is dependent on equity funding and when necessary, raises capital through the issuance of equity instruments, primarily comprised of common shares. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances.

The Company is not subject to any externally imposed capital requirements or debt covenants, and does not presently utilize any quantitative measures to monitor its capital.

PATCHOULI CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

7. FINANCIAL INSTRUMENTS AND RISKS

Fair Value

As at August 31, 2014, the Company's financial instruments consist of cash and amounts payable. The fair values of cash and amounts payable approximate its carrying values because of its current nature.

The Company classifies its fair value measurements in accordance with the three level fair value hierarchy as follows:

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

As at August 31, 2014, the Company's cash of \$12,494 is considered to be Level 1 instruments. The amounts payable of \$7,500 is considered to be level 1 financial instrument.

The Company's financial instruments are exposed to a number of risks that are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash balances. The Company manages its credit risk on bank deposits by holding deposits in high credit quality banking institutions in Canada.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can do so only at excessive cost. The Company has no financial liabilities outstanding.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company's cash is currently held in non-interest bearing bank account, management considers the interest rate risk to be minimal.

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's functional currency is the Canadian dollar. All of the Company's financial instruments are denominated in Canadian dollars.

Transaction Costs

Transaction costs attributable to the acquisition or issue of financial assets or financial liabilities, other than those classified as held-for-trading, are added to the initial fair value amount to match the costs with the related transactions. Purchases and sales of securities are accounted for on the settlement date basis.

PATCHOULI CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

8. SUBSEQUENT EVENTS

On September 4, 2014, the Company advanced \$5,000 to Patch Industries Ltd. The advance is non-interest bearing, unsecured, and due on demand.

On September 5, 2014, the Company advanced \$500 to Patch Industries Ltd. The advance is non-interest bearing, unsecured, and due on demand.

On September 10, 2014, the Company advanced \$5,000 to Patch Industries Ltd. The advance is non-interest bearing, unsecured and due on demand.

On September 29, 2014, the Company issued 1,600,000 common shares at a price of \$0.02 per share for total proceeds of \$32,000, of which \$24,500 was received subsequent to year end.

Amalgamation

On October 20, 2014, the Company executed an amalgamation agreement where it plans to amalgamate with Patch Industries Ltd., a subsidiary of True Zone Resources Inc. ("True Zone") following the completion of a plan of arrangement involving Patch Industries Ltd. and True Zone pursuant to an arrangement agreement dated October 20, 2014. The amalgamation of the two foregoing companies shall form an amalgamated company that shall retain the name of Patch Industries Ltd. as the business name and shall continue as one corporation under the Business Corporations Act of British Columbia. The plan of arrangement and the amalgamation are both subject to the approval of the True Zone shareholders and the plan of arrangement is subject to court approval.

FROND CAPITAL INC.

FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

From the date of incorporation on August 22, 2014 to August 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of:
FronD Capital Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of FronD Capital Inc. which comprise the statement of financial position as at August 31, 2014 and the statement of operations and comprehensive loss, statement of changes in equity and statement of cash flows for the period from incorporation date, August 22, 2014 to August 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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, the financial statements present fairly, in all material respects, the financial position of FronD Capital Inc. as at August 31, 2014 and its financial performance and its cash flows for the period from incorporation date, August 22, 2014 to August 31, 2014, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 1 in the financial statements that indicates the existence of material uncertainties that may cast a significant doubt upon Company's ability to continue as a going concern.

KANESTER JOHAL
Chartered Accountants

Burnaby, BC
November 25, 2014

FROND CAPITAL INC.
Statement of Financial Position
As at August 31, 2014
(Expressed in Canadian dollars)

Management's Responsibility for Financial Reporting

To the shareholders of Frond Capital Inc.

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Company's external auditors.

Kanestier, Johal is appointed by the shareholders to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

November 25, 2014

"*Ayman Chami*"

Director

They are signed on the Company's behalf by:

"*Ayman Chami*"

Director

ASSETS	
Cash	\$ 12,494
LIABILITIES	
Amounts payable	\$ 7,500
SHAREHOLDERS' EQUITY	
Capital stock (Note 5)	5,000
Deficit	(6)
	4,994
	\$ 12,494

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

FROND CAPITAL INC.
Statement of Operations and Comprehensive Loss
(Expressed in Canadian dollars)

	For the period from the date of incorporation, August 22, 2014 to August 31, 2014
EXPENSES	
Bank charges	\$ 6
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	\$ 6
Basic and diluted (loss) per share	0.01
Weighted average number of shares outstanding - basic and diluted	1,000,002

FROND CAPITAL INC.
Statement of Cash Flows
(Expressed in Canadian dollars)

	For the period from the date of incorporation, August 22, 2014 to August 31, 2014
OPERATING ACTIVITY	
Net loss for the period	\$ (6)
Changes in non-cash working capital	
Amounts payable	7,500
Cash flow from (used) by operating activities	7,494
FINANCING ACTIVITY	
Proceeds from the issuance of common shares	5,000
Cash flow from financing activity	5,000
INCREASE IN CASH FLOW	12,494
CASH - Beginning of period	-
CASH - End of period	<u>\$ 12,494</u>
Cash paid for:	
Interest paid	\$ -
Income taxes	\$ -

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

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

FROND CAPITAL INC.

Statement of Changes in Equity
As at August 31, 2014
(Expressed in Canadian dollars)

	Number of Shares	Capital Stock	Deficit	Total Equity
Balance at Incorporation August 22, 2014				
Shares issued for cash at \$0.005	2	-	-	-
Shares issued for cash at \$0.005	1,000,000	5,000	-	5,000
Comprehensive loss for the period	-	-	(6)	(6)
Balance as at August 31, 2014	1,000,002	\$ 5,000	\$ (6)	\$ 4,994

FROND CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

1. NATURE AND CONTINUANCE OF OPERATIONS

Frond Capital Inc. (the "Company") was incorporated on August 22, 2014 under the Business Corporation Act of British Columbia. The head office of the Company is 700-595 Howe Street, Vancouver, B.C. V6C 2T5. The Company is in the business of raising funds for mineral exploration.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at August 31, 2014, the Company has not generated any revenues from operations, has working capital of \$4,994 and an accumulated deficit of \$6.

The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Accounting Standard ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The Company's functional and reporting currency is the Canadian Dollar. The financial statements were prepared and approved for issuance by the Board of Directors on November 25, 2014.

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting.

These financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

3. SIGNIFICANT ACCOUNT JUDGMENT, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements in conformity of IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant areas where management's judgement has been applied include:

- Classifying categories of financial assets and financial liabilities in accordance with IAS 39, *Financial Instruments: recognition and measurement*; and
- Evaluating if the criteria for recognition of provisions and contingencies are met in accordance with IAS 37, *Provisions, contingent liabilities and contingent assets*.

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

FROND CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

3. SIGNIFICANT ACCOUNT JUDGMENT, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Significant areas requiring the use of management estimates and assumptions include:

- a) Going concern

The Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

4. SIGNIFICANT ACCOUNTING POLICIES

- a) Foreign Currency Translation

The Company's presentation currency and the functional currency of all of its operations is the Canadian dollar as this is the principal currency in which funds from financing activities are generated and receipts from operating activities are usually retained.

Transactions in foreign currencies are initially recorded in the Company's functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined.

All gains and losses on translation of these foreign currency transactions are included in profit or loss.

- b) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amount of cash and subject to an insignificant risk of change value. There were no cash equivalents as at August 31, 2014.

- c) Impairment of Non-Financial Assets

At the end of each reporting period, the carrying amounts of the Company's 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. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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 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 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.

When 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 to an amount that 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.

FROND CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- d) Financial Instruments

The Company's financial instruments consist of cash and cash equivalents and amounts payable. Cash and cash equivalents and amounts payable are classified as fair value through profit or loss and recorded at fair value. The fair value of cash and cash equivalents, are equal to their carrying value due to their short-term maturity. The Company's amounts payable is classified as other financial liabilities and is recognized at amortized cost.

Financial assets

Financial assets are classified as into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the income statement.

Loans and receivables – These assets are non-derivative financial assets with fixed or determinable payment that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments – These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the income statement.

Available-for-sale – Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the income statement.

Impairment on financial assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if and only if there is objective evidence of impairment as a result of one or more events, that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

FROND CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Financial Instruments (Continued)

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets is directly reduced by the impairment loss. For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses were recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in the income statement.

Other financial liabilities – This category includes amounts payable and accrued liabilities and due to related parties, which is recognized at amortized cost.

f) Interest-Bearing Loans and Other Borrowings

Interest-bearing loans and other borrowings are recognized initially at fair value less related transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of borrowings on an effective interest basis.

FROND CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

h) Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

i) Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase warrants are recognized as a deduction from equity, net of any tax effects.

j) Share-Based Payment

The Company may grant stock options to buy common shares of the Company to directors, officers, employees and consultants. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion.

FROND CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Share-Based Payment (Continued)

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

Where the terms of a stock option is modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the stock-based compensation arrangement, or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period. The Company did not grant any stock options during the period ended August 31, 2014.

k) Earnings (Loss) Per Share

The Company presents basic and diluted earnings/loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings/loss per share does not adjust the loss attributable to common shareholders or the weight average number of common shares outstanding when the effect is anti-dilutive.

l) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

m) Warrants

Proceeds from issuances by the Company of units consisting of common shares and warrants are allocated based on the residual method, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a nil carrying amount is assigned to the warrants. As at August 31, 2014, there are no warrants issued.

n) New accounting pronouncements to be adopted

The following new standards, amendments to standards and interpretations have been issued but are not effective during the period ended August 31, 2014:

IFRS 9 Financial Instruments

IFRS 9 was issued in November 2009 and subsequently amended as part of an ongoing project to replace IAS 39 Financial Instruments: Recognition and measurement. The standard requires the classification of financial assets into two measurement categories based on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The two categories are those measured at fair value and those measured at amortized cost. The classification and measurement of financial liabilities is primarily unchanged from IAS 39. However, for financial liabilities measured at fair value, changes in the fair value attributable to changes in an entity's "own credit risk" is now recognized in other comprehensive income instead of in profit or loss. This new standard will also impact disclosures provided under IFRS 7 Financial Instruments: disclosures.

FROND CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In November 2013, the IASB amended IFRS 9 for the significant changes to hedge accounting. In addition, an entity can now apply the "own credit requirement" in isolation without the need to change any other accounting for financial instruments. The mandatory effective date of January 1, 2015 has been removed to provide sufficient time for preparers of financial statements to make the transition to the new requirements.

IAS 24 Related party disclosures

The amendments to IAS 24, issued in December 2013, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014.

5. SHARE CAPITAL

- (a) Authorized
 - unlimited common shares without par value
 - unlimited preferred shares without par value
- (b) Issued and outstanding:

On August 22, 2014, the Company issued 2 common shares at \$0.005.

On August 28, 2014, the Company issued 1,000,000 common shares at a price of \$0.005 per share for total proceeds of \$5,000.

6. MANAGEMENT OF CAPITAL

The Company defines its capital as all components of shareholders' equity. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern.

In order to maintain its capital structure, the Company, is dependent on equity funding and when necessary, raises capital through the issuance of equity instruments, primarily comprised of common shares. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances.

The Company is not subject to any externally imposed capital requirements or debt covenants, and does not presently utilize any quantitative measures to monitor its capital.

FROND CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

7. FINANCIAL INSTRUMENTS AND RISKS

Fair Value

As at August 31, 2014, the Company's financial instruments consist of cash and amounts payable. The fair values of cash and amounts payable approximate its carrying values because of its current nature.

The Company classifies its fair value measurements in accordance with the three level fair value hierarchy as follows:

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

As at August 31, 2014, the Company's cash of \$12,494 is considered to be Level 1 instruments. The amounts payable of \$7,500 is considered to be level 1 financial instrument.

The Company's financial instruments are exposed to a number of risks that are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash balances. The Company manages its credit risk on bank deposits by holding deposits in high credit quality banking institutions in Canada.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can do so only at excessive cost. The Company has no financial liabilities outstanding.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company's cash is currently held in non-interest bearing bank account, management considers the interest rate risk to be minimal.

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's functional currency is the Canadian dollar. All of the Company's financial instruments are denominated in Canadian dollars.

Transaction Costs

Transaction costs attributable to the acquisition or issue of financial assets or financial liabilities, other than those classified as held-for-trading, are added to the initial fair value amount to match the costs with the related transactions. Purchases and sales of securities are accounted for on the settlement date basis.

FROND CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

8. SUBSEQUENT EVENTS

On September 4, 2014, the Company advanced \$5,000 to Frond Resources Ltd. The advance is non-interest bearing, unsecured, and due on demand.

On September 5, 2014, the Company advanced \$500 to Frond Resources Ltd. The advance is non-interest bearing, unsecured, and due on demand.

On September 10, 2014, the Company advanced \$5,000 to Frond Resources Ltd. The advance is non-interest bearing, unsecured and due on demand.

On September 29, 2014, the Company issued 1,600,000 common shares at a price of \$0.02 per share for total proceeds of \$32,000, of which \$24,500 was received subsequent to year end.

Amalgamation

On October 20, 2014, the Company executed an amalgamation agreement where it plans to amalgamate with Frond Resources Ltd., a subsidiary of True Zone Resources Inc. ("True Zone") following the completion of a plan of arrangement involving Frond Resources Ltd. and True Zone pursuant to an arrangement agreement dated October 20, 2014. The amalgamation of the two foregoing companies shall form an amalgamated company that shall retain the name of Frond Resources Ltd. as the business name and shall continue as one corporation under the Business Corporations Act of British Columbia. The plan of arrangement and the amalgamation are both subject to the approval of the True Zone shareholders and the plan of arrangement is subject to court approval.

Management's Responsibility for Financial Reporting

To the shareholders of Oak Cliff Capital Inc.

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Company's external auditors.

Kanester Johal is appointed by the shareholders to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

November 25, 2014

"Jurgen Wolf"

Director

OAK CLIFF CAPITAL INC.

FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

From the date of incorporation on August 22, 2014 to August 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of:
Oak Cliff Capital Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Oak Cliff Capital Inc. which comprise the statement of financial position as at August 31, 2014 and the statement of operations and comprehensive loss, statement of changes in equity and statement of cash flows for the period from incorporation date, August 22, 2014 to August 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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, the financial statements present fairly, in all material respects, the financial position of Oak Cliff Capital Inc. as at August 31, 2014 and its financial performance and its cash flows for the period from incorporation date, August 22, 2014 to August 31, 2014, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 1 in the financial statements that indicates the existence of material uncertainties that may cast a significant doubt upon Company's ability to continue as a going concern.

Burnaby, BC
November 25, 2014

KANESTER JOHAL
Chartered Accountants

OAK CLIFF CAPITAL INC.

Statement of Financial Position
As at August 31, 2014
(Expressed in Canadian dollars)

ASSETS	
Cash	\$ 12,494
LIABILITIES	
Amounts payable	\$ 7,500
SHAREHOLDERS' EQUITY	
Capital stock (Note 5)	5,000
Deficit	(6)
	<u>4,994</u>
	\$ 12,494

They are signed on the Company's behalf by:

"Jürgen Wolf"

Director

OAK CLIFF CAPITAL INC.

Statement of Operations and Comprehensive Loss
(Expressed in Canadian dollars)

	For the period from the date of incorporation, August 22, 2014 to August 31, 2014
EXPENSES	
Bank charges	\$ 6
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	<u>\$ 6</u>
Basic and diluted (loss) per share	\$ 0.01
Weighted average number of shares outstanding - basic and diluted	<u>1,000,002</u>

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

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

OAK CLIFF CAPITAL INC.

Statement of Cash Flows
(Expressed in Canadian dollars)

	For the period from the date of incorporation, August 22, 2014 to August 31, 2014
	\$ (6)
OPERATING ACTIVITY	
Net loss for the period	(6)
Changes in non-cash working capital	
Amounts payable	7,500
Cash flow from (used) by operating activities	7,494
FINANCING ACTIVITY	
Proceeds from the issuance of common shares	5,000
Cash flow from financing activity	5,000
INCREASE IN CASH FLOW	12,494
CASH - Beginning of period	-
CASH - End of period	<u>\$ 12,494</u>
Cash paid for:	
Interest paid	-
Income taxes	-

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

OAK CLIFF CAPITAL INC.

Statement of Changes in Equity
As at August 31, 2014
(Expressed in Canadian dollars)

	Number of Shares	Capital Stock	Deficit	Total Equity
	-	\$	-	\$
Balance at Incorporation August 22, 2014	2	-	-	-
Shares issued for cash at \$0.005	1,000,000	5,000	-	5,000
Comprehensive loss for the period	-	-	(6)	(6)
Balance as at August 31, 2014	<u>1,000,002</u>	<u>\$ 5,000</u>	<u>\$ (6)</u>	<u>\$ 4,994</u>

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

OAK CLIFF CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

1. NATURE AND CONTINUANCE OF OPERATIONS

Oak Cliff Capital Inc. (the "Company") was incorporated on August 22, 2014 under the Business Corporation Act of British Columbia. The head office of the Company is 700-595 Howe Street, Vancouver, B.C. V6C 2T5. The Company is in the business of raising funds for mineral exploration.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at August 31, 2014, the Company has not generated any revenues from operations, has working capital of \$4,994 and an accumulated deficit of \$6.

The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Accounting Standard ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The Company's functional and reporting currency is the Canadian Dollar. The financial statements were prepared and approved for issuance by the Board of Directors on November 25, 2014.

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting.

These financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

3. SIGNIFICANT ACCOUNT JUDGMENT, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements in conformity of IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant areas where management's judgement has been applied include:

- Classifying categories of financial assets and financial liabilities in accordance with IAS 39, *Financial Instruments: recognition and measurement*; and
- Evaluating if the criteria for recognition of provisions and contingencies are met in accordance with IAS 37, *Provisions, contingent liabilities and contingent assets*.

OAK CLIFF CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

3. SIGNIFICANT ACCOUNT JUDGMENT, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Significant areas requiring the use of management estimates and assumptions include:

- a) Going concern

The Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

4. SIGNIFICANT ACCOUNTING POLICIES

- a) Foreign Currency Translation

The Company's presentation currency and the functional currency of all of its operations is the Canadian dollar as this is the principal currency in which funds from financing activities are generated and receipts from operating activities are usually retained.

Transactions in foreign currencies are initially recorded in the Company's functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined.

All gains and losses on translation of these foreign currency transactions are included in profit or loss.

- b) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amount of cash and subject to an insignificant risk of change value. There were no cash equivalents as at August 31, 2014.

- c) Impairment of Non-Financial Assets

At the end of each reporting period, the carrying amounts of the Company's 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. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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 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 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.

When 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 to an amount that 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.

OAK CLIFF CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Financial Instruments

The Company's financial instruments consist of cash and cash equivalents and amounts payable. Cash and cash equivalents and amounts payable are classified as fair value through profit or loss and recorded at fair value. The fair value of cash and cash equivalents, are equal to their carrying value due to their short-term maturity. The Company's amounts payable is classified as other financial liabilities and is recognized at amortized cost.

Financial assets

Financial assets are classified as into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade-date basis. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the income statement.

Loans and receivables – These assets are non-derivative financial assets with fixed or determinable payment that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments – These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the income statement.

Available-for-sale – Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the income statement.

Impairment on financial assets

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if and only if there is objective evidence of impairment as a result of one or more events, that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

OAK CLIFF CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Financial Instruments (Continued)

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets is directly reduced by the impairment loss. For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses were recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in the income statement.

Other financial liabilities – This category includes amounts payables and accrued liabilities and due to related parties, which is recognized at amortized cost.

f) Interest-Bearing Loans and Other Borrowings

Interest-bearing loans and other borrowings are recognized initially at fair value less related transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of borrowings on an effective interest basis.

OAK CLIFF CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

h) Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

i) Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase warrants are recognized as a deduction from equity, net of any tax effects.

j) Share-Based Payment

The Company may grant stock options to buy common shares of the Company to directors, officers, employees and consultants. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion.

OAK CLIFF CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Share-Based Payment (Continued)

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

Where the terms of a stock option is modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the stock-based compensation arrangement, or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period. The Company did not grant any stock options during the period ended August 31, 2014.

k) Earnings (Loss) Per Share

The Company presents basic and diluted earnings/loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings/loss per share does not adjust the loss attributable to common shareholders or the weight average number of common shares outstanding when the effect is anti-dilutive.

l) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

m) Warrants

Proceeds from issuances by the Company of units consisting of common shares and warrants are allocated based on the residual method, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a nil carrying amount is assigned to the warrants. As at August 31, 2014, there are no warrants issued.

n) New accounting pronouncements to be adopted

The following new standards, amendments to standards and interpretations have been issued but are not effective during the period ended August 31, 2014:

IFRS 9 Financial Instruments

IFRS 9 was issued in November 2009 and subsequently amended as part of an ongoing project to replace IAS 39 Financial Instruments: Recognition and measurement. The standard requires the classification of financial assets into two measurement categories based on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The two categories are those measured at fair value and those measured at amortized cost. The classification and measurement of financial liabilities is primarily unchanged from IAS 39. However, for financial liabilities measured at fair value, changes in the fair value attributable to changes in an entity's "own credit risk" is now recognized in other comprehensive income instead of in profit or loss. This new standard will also impact disclosures provided under IFRS 7 Financial Instruments: disclosures.

OAK CLIFF CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In November 2013, the IASB amended IFRS 9 for the significant changes to hedge accounting. In addition, an entity can now apply the "own credit requirement" in isolation without the need to change any other accounting for financial instruments. The mandatory effective date of January 1, 2015 has been removed to provide sufficient time for preparers of financial statements to make the transition to the new requirements.

IAS 24 Related party disclosures

The amendments to IAS 24, issued in December 2013, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014.

5. SHARE CAPITAL

- (a) Authorized
 - unlimited common shares without par value
 - unlimited preferred shares without par value
- (b) Issued and outstanding:

On August 22, 2014, the Company issued 2 common shares at \$0.005.

On August 28, 2014, the Company issued 1,000,000 common shares at a price of \$0.005 per share for total proceeds of \$5,000.

6. MANAGEMENT OF CAPITAL

The Company defines its capital as all components of shareholders' equity. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern.

In order to maintain its capital structure, the Company, is dependent on equity funding and when necessary, raises capital through the issuance of equity instruments, primarily comprised of common shares. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances.

The Company is not subject to any externally imposed capital requirements or debt covenants, and does not presently utilize any quantitative measures to monitor its capital.

OAK CLIFF CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

7. FINANCIAL INSTRUMENTS AND RISKS

Fair Value

As at August 31, 2014, the Company's financial instruments consist of cash and amounts payable. The fair values of cash and amounts payable approximate its carrying values because of its current nature.

The Company classifies its fair value measurements in accordance with the three level fair value hierarchy as follows:

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

As at August 31, 2014, the Company's cash of \$12,494 is considered to be Level 1 instruments. The amounts payable of \$7,500 is considered to be level 1 financial instrument.

The Company's financial instruments are exposed to a number of risks that are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash balances. The Company manages its credit risk on bank deposits by holding deposits in high credit quality banking institutions in Canada.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can do so only at excessive cost. The Company has no financial liabilities outstanding.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company's cash is currently held in non-interest bearing bank account, management considers the interest rate risk to be minimal.

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's functional currency is the Canadian dollar. All of the Company's financial instruments are denominated in Canadian dollars.

Transaction Costs

Transaction costs attributable to the acquisition or issue of financial assets or financial liabilities, other than those classified as held-for-trading, are added to the initial fair value amount to match the costs with the related transactions. Purchases and sales of securities are accounted for on the settlement date basis.

OAK CLIFF CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

8. SUBSEQUENT EVENTS

On September 4, 2014, the Company advanced \$5,000 to Oak Cliff Resources Ltd. The advance is non-interest bearing, unsecured, and due on demand.

On September 5, 2014, the Company advanced \$500 to Oak Cliff Resources Ltd. The advance is non-interest bearing, unsecured, and due on demand.

On September 10, 2014, the Company advanced \$5,000 to Oak Cliff Resources Ltd. The advance is non-interest bearing, unsecured and due on demand.

On September 29, 2014, the Company issued 1,600,000 common shares at a price of \$0.02 per share for total proceeds of \$32,000, of which \$24,500 was received subsequent to year end.

Amalgamation

On October 20, 2014, the Company executed an amalgamation agreement where it plans to amalgamate with Oak Cliff Resources Ltd., a subsidiary of True Zone Resources Inc. ("True Zone") following the completion of a plan of arrangement involving Oak Cliff Resources Ltd. and True Zone pursuant to an arrangement agreement dated October 20, 2014. The amalgamation of the two foregoing companies shall form an amalgamated company that shall retain the name of Oak Cliff Resources Ltd. as the business name and shall continue as one corporation under the Business Corporations Act of British Columbia. The plan of arrangement and the amalgamation are both subject to the approval of the True Zone shareholders and the plan of arrangement is subject to court approval.

MOSHING CAPITAL INC.

FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

From the date of incorporation on August 22, 2014 to August 31, 2014

To the shareholders of Moshing Capital Inc.

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Company's external auditors.

Kanester Johal is appointed by the shareholders to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

November 25, 2014

"Karnail Mangat"

Director

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of:
Moshing Capital Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Moshing Capital Inc. which comprise the statement of financial position as at August 31, 2014 and the statement of operations and comprehensive loss, statement of changes in equity and statement of cash flows for the period from incorporation date, August 22, 2014 to August 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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, the financial statements present fairly, in all material respects, the financial position of Moshing Capital Inc. as at August 31, 2014 and its financial performance and its cash flows for the period from incorporation date, August 22, 2014 to August 31, 2014, in accordance with International Financial Reporting Standards.



MOSHING CAPITAL INC.

Statement of Financial Position

As at August 31, 2014

(Expressed in Canadian dollars)

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 1 in the financial statements that indicates the existence of material uncertainties that may cast a significant doubt upon Company's ability to continue as a going concern.



KANESTER JOHAL
Chartered Accountants

Burnaby, BC
November 25, 2014

ASSETS

Cash

\$ 12,494

LIABILITIES

Amounts payable

\$ 7,500

SHAREHOLDERS' EQUITY

Capital stock (Note 3)

5,000

Deficit

(6)

4,994

\$ 12,494

They are signed on the Company's behalf by:

"Karnail Mangat"

Director

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

MOSHING CAPITAL INC.

Statement of Operations and Comprehensive Loss
(Expressed in Canadian dollars)

For the period from
the date of
incorporation, August
22, 2014 to August 31,
2014

EXPENSES	\$	6
Bank charges	\$	6
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	\$	6

Basic and diluted (loss) per share

\$	0.01
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Weighted average number of shares outstanding - basic and diluted

1,000,002

MOSHING CAPITAL INC.

Statement of Cash Flows
(Expressed in Canadian dollars)

For the period
from the date
of
incorporation,
August 22,
2014 to August
31, 2014

OPERATING ACTIVITY	\$	(6)
Net loss for the period		
Changes in non-cash working capital		7,500
Amounts payable		7,494
Cash flow from (used) by operating activities		
FINANCING ACTIVITY		5,000
Proceeds from the issuance of common shares		5,000
Cash flow from financing activity		

INCREASE IN CASH FLOW

12,494

CASH - Beginning of period

-

CASH - End of period

\$	12,494
----	--------

Cash paid for:

Interest paid

-

Income taxes

-

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

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

MOSHING CAPITAL INC.

Statement of Changes in Equity
As at August 31, 2014
(Expressed in Canadian dollars)

	Number of Shares	Capital Stock	Deficit	Total Equity
Balance at Incorporation August 22, 2014				
Shares issued for cash at \$0.005	2	-	-	-
Shares issued for cash at \$0.005	1,000,000	5,000	-	5,000
Comprehensive loss for the period	-	-	(6)	(6)
Balance as at August 31, 2014	1,000,002	\$ 5,000	\$ (6)	\$ 4,994

MOSHING CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

1. NATURE AND CONTINUANCE OF OPERATIONS

Moshing Capital Inc. (the "Company") was incorporated on August 22, 2014 under the Business Corporation Act of British Columbia. The head office of the Company is 700-595 Howe Street, Vancouver, B.C. V6C 2T5. The Company is in the business of raising funds for mineral exploration.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at August 31, 2014, the Company has not generated any revenues from operations, has working capital of \$4,994 and an accumulated deficit of \$6.

The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Accounting Standard ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The Company's functional and reporting currency is the Canadian Dollar. The financial statements were prepared and approved for issuance by the Board of Directors on November 25, 2014.

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting.

These financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

3. SIGNIFICANT ACCOUNT JUDGMENT, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements in conformity of IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant areas where management's judgement has been applied include:

- Classifying categories of financial assets and financial liabilities in accordance with IAS 39, *Financial Instruments: recognition and measurement*; and
- Evaluating if the criteria for recognition of provisions and contingencies are met in accordance with IAS 37, *Provisions, contingent liabilities and contingent assets*.

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

MOSHING CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

3. SIGNIFICANT ACCOUNT JUDGMENT, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Significant areas requiring the use of management estimates and assumptions include:

- a) Going concern

The Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

4. SIGNIFICANT ACCOUNTING POLICIES

- a) Foreign Currency Translation

The Company's presentation currency and the functional currency of all of its operations is the Canadian dollar as this is the principal currency in which funds from financing activities are generated and receipts from operating activities are usually retained.

Transactions in foreign currencies are initially recorded in the Company's functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined.

All gains and losses on translation of these foreign currency transactions are included in profit or loss.

- b) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amount of cash and subject to an insignificant risk of change value. There were no cash equivalents as at August 31, 2014.

- c) Impairment of Non-Financial Assets

At the end of each reporting period, the carrying amounts of the Company's 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. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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 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 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.

When 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 to an amount that 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.

MOSHING CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- d) Financial Instruments

The Company's financial instruments consist of cash and cash equivalents and amounts payable. Cash and cash equivalents and amounts payable are classified as fair value through profit or loss and recorded at fair value. The fair value of cash and cash equivalents, are equal to their carrying value due to their short-term maturity. The Company's amounts payable is classified as other financial liabilities and is recognized at amortized cost.

Financial assets

Financial assets are classified as into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the income statement.

Loans and receivables – These assets are non-derivative financial assets with fixed or determinable payment that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments – These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the income statement.

Available-for-sale – Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the income statement.

Impairment on financial assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if and only if there is objective evidence of impairment as a result of one or more events, that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

MOSHING CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Financial Instruments (Continued)

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets is directly reduced by the impairment loss. For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses were recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in the income statement.

Other financial liabilities – This category includes amounts payables and accrued liabilities and due to related parties, which is recognized at amortized cost.

f) Interest-Bearing Loans and Other Borrowings

Interest-bearing loans and other borrowings are recognized initially at fair value less related transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of borrowings on an effective interest basis.

MOSHING CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

b) Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

i) Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase warrants are recognized as a deduction from equity, net of any tax effects.

j) Share-Based Payment

The Company may grant stock options to buy common shares of the Company to directors, officers, employees and consultants. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion.

MOSHING CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Share-Based Payment (Continued)

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

Where the terms of a stock option is modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the stock-based compensation arrangement, or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period. The Company did not grant any stock options during the period ended August 31, 2014.

k) Earnings (Loss) Per Share

The Company presents basic and diluted earnings/loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings/loss per share does not adjust the loss attributable to common shareholders or the weight average number of common shares outstanding when the effect is anti-dilutive.

l) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

m) Warrants

Proceeds from issuances by the Company of units consisting of common shares and warrants are allocated based on the residual method, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a nil carrying amount is assigned to the warrants. As at August 31, 2014, there are no warrants issued.

n) New accounting pronouncements to be adopted

The following new standards, amendments to standards and interpretations have been issued but are not effective during the period ended August 31, 2014:

IFRS 9 Financial Instruments

IFRS 9 was issued in November 2009 and subsequently amended as part of an ongoing project to replace IAS 39 Financial Instruments: Recognition and measurement. The standard requires the classification of financial assets into two measurement categories based on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The two categories are those measured at fair value and those measured at amortized cost. The classification and measurement of financial liabilities is primarily unchanged from IAS 39. However, for financial liabilities measured at fair value, changes in the fair value attributable to changes in an entity's "own credit risk" is now recognized in other comprehensive income instead of in profit or loss. This new standard will also impact disclosures provided under IFRS 7 Financial Instruments: disclosures.

MOSHING CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In November 2013, the IASB amended IFRS 9 for the significant changes to hedge accounting. In addition, an entity can now apply the "own credit requirement" in isolation without the need to change any other accounting for financial instruments. The mandatory effective date of January 1, 2015 has been removed to provide sufficient time for preparers of financial statements to make the transition to the new requirements.

IAS 24 Related party disclosures

The amendments to IAS 24, issued in December 2013, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014.

5. SHARE CAPITAL

- (a) Authorized
 - unlimited common shares without par value
 - unlimited preferred shares without par value
- (b) Issued and outstanding:

On August 22, 2014, the Company issued 2 common shares at \$0.005.

On August 28, 2014, the Company issued 1,000,000 common shares at a price of \$0.005 per share for total proceeds of \$5,000.

6. MANAGEMENT OF CAPITAL

The Company defines its capital as all components of shareholders' equity. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern.

In order to maintain its capital structure, the Company, is dependent on equity funding and when necessary, raises capital through the issuance of equity instruments, primarily comprised of common shares. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances.

The Company is not subject to any externally imposed capital requirements or debt covenants, and does not presently utilize any quantitative measures to monitor its capital.

MOSHING CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

7. FINANCIAL INSTRUMENTS AND RISKS

Fair Value

As at August 31, 2014, the Company's financial instruments consist of cash and amounts payable. The fair values of cash and amounts payable approximate its carrying values because of its current nature.

The Company classifies its fair value measurements in accordance with the three level fair value hierarchy as follows:

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

As at August 31, 2014, the Company's cash of \$12,494 is considered to be Level 1 instruments. The amounts payable of \$7,500 is considered to be level 1 financial instrument.

The Company's financial instruments are exposed to a number of risks that are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash balances. The Company manages its credit risk on bank deposits by holding deposits in high credit quality banking institutions in Canada.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can do so only at excessive cost. The Company has no financial liabilities outstanding.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company's cash is currently held in non-interest bearing bank account, management considers the interest rate risk to be minimal.

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's functional currency is the Canadian dollar. All of the Company's financial instruments are denominated in Canadian dollars.

Transaction Costs

Transaction costs attributable to the acquisition or issue of financial assets or financial liabilities, other than those classified as held-for-trading, are added to the initial fair value amount to match the costs with the related transactions. Purchases and sales of securities are accounted for on the settlement date basis.

MOSHING CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

8. SUBSEQUENT EVENTS

On September 4, 2014, the Company advanced \$5,000 to Moshi Mountain Industries Ltd. The advance is non-interest bearing, unsecured, and due on demand.

On September 5, 2014, the Company advanced \$500 to Moshi Mountain Industries Ltd. The advance is non-interest bearing, unsecured, and due on demand.

On September 10, 2014, the Company advanced \$5,000 to Moshi Mountain Industries Ltd. The advance is non-interest bearing, unsecured and due on demand.

On September 29, 2014, the Company issued 1,600,000 common shares at a price of \$0.02 per share for total proceeds of \$32,000, of which \$24,500 was received subsequent to year end.

Amalgamation

On October 20, 2014, the Company executed an amalgamation agreement where it plans to amalgamate with Moshi Mountain Industries Ltd., a subsidiary of True Zone Resources Inc. ("True Zone") following the completion of a plan of arrangement involving Moshi Mountain Industries Ltd. and True Zone pursuant to an arrangement agreement dated October 20, 2014. The amalgamation of the two foregoing companies shall form an amalgamated company that shall retain the name of Moshi Mountain Industries Ltd. as the business name and shall continue as one corporation under the Business Corporations Act of British Columbia. The plan of arrangement and the amalgamation are both subject to the approval of the True Zone shareholders and the plan of arrangement is subject to court approval.

Management's Responsibility for Financial Reporting

To the shareholders of Elmira Capital Inc.

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Company's external auditors.

Kanester Johal is appointed by the shareholders to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

November 25, 2014

"Peter Wilson"

Director

ELMIRA CAPITAL INC.

FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

From the date of incorporation on August 22, 2014 to August 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of:
Elmira Capital Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Elmira Capital Inc. which comprise the statement of financial position as at August 31, 2014 and the statement of operations and comprehensive loss, statement of changes in equity and statement of cash flows for the period from incorporation date, August 22, 2014 to August 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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, the financial statements present fairly, in all material respects, the financial position of Elmira Capital Inc. as at August 31, 2014 and its financial performance and its cash flows for the period from incorporation date, August 22, 2014 to August 31, 2014, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 1 in the financial statements that indicates the existence of material uncertainties that may cast a significant doubt upon Company's ability to continue as a going concern.



KANESTER JOHAL
Chartered Accountants

Burnaby, BC
November 25, 2014

ELMIRA CAPITAL INC.

Statement of Financial Position
As at August 31, 2014
(Expressed in Canadian dollars)

ASSETS	
Cash	\$ 12,494
LIABILITIES	
Amounts payable	\$ 7,500
SHAREHOLDERS' EQUITY	
Capital stock (Note 3)	5,000
Deficit	(6)
	<u>4,994</u>
	<u>\$ 12,494</u>

They are signed on the Company's behalf by:

"Peter Wilson"

Director

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

ELMIRA CAPITAL INC.

Statement of Operations and Comprehensive Loss
(Expressed in Canadian dollars)

	For the period from the date of incorporation, August 22, 2014 to August 31, 2014
EXPENSES	
Bank charges	\$ 6
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	\$ 6
Basic and diluted (loss) per share	\$ 0.01
Weighted average number of shares outstanding - basic and diluted	<u>1,000,002</u>

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

ELMIRA CAPITAL INC.
Statement of Cash Flows
(Expressed in Canadian dollars)

	For the period from the date of incorporation, August 22, 2014 to August 31, 2014
OPERATING ACTIVITY	
Net loss for the period	\$ (6)
Changes in non-cash working capital	
Amounts payable	7,500
Cash flow from (used) by operating activities	<u>7,494</u>
FINANCING ACTIVITY	
Proceeds from the issuance of common shares	<u>5,000</u>
Cash flow from financing activity	<u>5,000</u>
INCREASE IN CASH FLOW	12,494
CASH - Beginning of period	-
CASH - End of period	<u>\$ 12,494</u>
Cash paid for:	
Interest paid	-
Income taxes	-

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

ELMIRA CAPITAL INC.
Statement of Changes in Equity
As at August 31, 2014
(Expressed in Canadian dollars)

	Number of Shares	Capital Stock	Deficit	Total Equity
	-	\$	\$	\$
Balance at Incorporation August 22, 2014	2	-	-	-
Shares issued for cash at \$0.005	1,000,000	5,000	-	5,000
Comprehensive loss for the period	-	-	(6)	(6)
Balance as at August 31, 2014	<u>1,000,002</u>	<u>\$ 5,000</u>	<u>\$ (6)</u>	<u>\$ 4,994</u>

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

ELMIRA CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

1. NATURE AND CONTINUANCE OF OPERATIONS

Elmira Capital Inc. (the "Company") was incorporated on August 22, 2014 under the Business Corporation Act of British Columbia. The head office of the Company is 700-595 Howe Street, Vancouver, B.C. V6C 2T5. The Company is in the business of raising funds for mineral exploration.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at August 31, 2014, the Company has not generated any revenues from operations, has working capital of \$4,994 and an accumulated deficit of \$6.

The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Accounting Standard ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The Company's functional and reporting currency is the Canadian Dollar. The financial statements were prepared and approved for issuance by the Board of Directors on November 25, 2014.

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting.

These financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

3. SIGNIFICANT ACCOUNT JUDGMENT, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements in conformity of IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant areas where management's judgement has been applied include:

- Classifying categories of financial assets and financial liabilities in accordance with IAS 39, *Financial Instruments: recognition and measurement*; and
- Evaluating if the criteria for recognition of provisions and contingencies are met in accordance with IAS 37, *Provisions, contingent liabilities and contingent assets*.

ELMIRA CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

3. SIGNIFICANT ACCOUNT JUDGMENT, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Significant areas requiring the use of management estimates and assumptions include:

- a) Going concern

The Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

4. SIGNIFICANT ACCOUNTING POLICIES

- a) Foreign Currency Translation

The Company's presentation currency and the functional currency of all of its operations is the Canadian dollar as this is the principal currency in which funds from financing activities are generated and receipts from operating activities are usually retained.

Transactions in foreign currencies are initially recorded in the Company's functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined.

All gains and losses on translation of these foreign currency transactions are included in profit or loss.

- b) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amount of cash and subject to an insignificant risk of change value. There were no cash equivalents as at August 31, 2014.

- c) Impairment of Non-Financial Assets

At the end of each reporting period, the carrying amounts of the Company's 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. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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 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 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.

When 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 to an amount that 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.

ELMIRA CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Financial Instruments

The Company's financial instruments consist of cash and cash equivalents and amounts payable. Cash and cash equivalents and amounts payable are classified as fair value through profit or loss and recorded at fair value. The fair value of cash and cash equivalents, are equal to their carrying value due to their short-term maturity. The Company's amounts payable is classified as other financial liabilities and is recognized at amortized cost.

Financial assets

Financial assets are classified as into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the income statement.

Loans and receivables – These assets are non-derivative financial assets with fixed or determinable payment that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments – These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the income statement.

Available-for-sale – Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the income statement.

Impairment on financial assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if and only if there is objective evidence of impairment as a result of one or more events, that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

ELMIRA CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Financial Instruments (Continued)

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets is directly reduced by the impairment loss. For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses were recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in the income statement.

Other financial liabilities – This category includes amounts payables and accrued liabilities and due to related parties, which is recognized at amortized cost.

f) Interest-Bearing Loans and Other Borrowings

Interest-bearing loans and other borrowings are recognized initially at fair value less related transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of borrowings on an effective interest basis.

ELMIRA CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

h) Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

i) Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase warrants are recognized as a deduction from equity, net of any tax effects.

j) Share-Based Payment

The Company may grant stock options to buy common shares of the Company to directors, officers, employees and consultants. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion.

ELMIRA CAPITAL INC.

Notes to the Financial Statements
(Expressed in Canadian Dollars)
August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Share-Based Payment (Continued)

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest.

Where the terms of a stock option is modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the stock-based compensation arrangement, or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period. The Company did not grant any stock options during the period ended August 31, 2014.

k) Earnings (Loss) Per Share

The Company presents basic and diluted earnings/loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings/loss per share does not adjust the loss attributable to common shareholders or the weight average number of common shares outstanding when the effect is anti-dilutive.

l) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

m) Warrants

Proceeds from issuances by the Company of units consisting of common shares and warrants are allocated based on the residual method, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a nil carrying amount is assigned to the warrants. As at August 31, 2014, there are no warrants issued.

n) New accounting pronouncements to be adopted

The following new standards, amendments to standards and interpretations have been issued but are not effective during the period ended August 31, 2014:

IFRS 9 Financial instruments

IFRS 9 was issued in November 2009 and subsequently amended as part of an ongoing project to replace IAS 39 Financial Instruments: Recognition and measurement. The standard requires the classification of financial assets into two measurement categories based on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The two categories are those measured at fair value and those measured at amortized cost. The classification and measurement of financial liabilities is primarily unchanged from IAS 39. However, for financial liabilities measured at fair value, changes in the fair value attributable to changes in an entity's "own credit risk" is now recognized in other comprehensive income instead of in profit or loss. This new standard will also impact disclosures provided under IFRS 7 Financial Instruments: disclosures.

ELMIRA CAPITAL INC.

Notes to the Financial Statements
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August 31, 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In November 2013, the IASB amended IFRS 9 for the significant changes to hedge accounting. In addition, an entity can now apply the "own credit requirement" in isolation without the need to change any other accounting for financial instruments. The mandatory effective date of January 1, 2015 has been removed to provide sufficient time for preparers of financial statements to make the transition to the new requirements.

IAS 24 Related party disclosures

The amendments to IAS 24, issued in December 2013, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014.

5. SHARE CAPITAL

- (a) Authorized
 - unlimited common shares without par value
 - unlimited preferred shares without par value
- (b) Issued and outstanding:

On August 22, 2014, the Company issued 2 common shares at \$0.005.

On August 28, 2014, the Company issued 1,000,000 common shares at a price of \$0.005 per share for total proceeds of \$5,000.

6. MANAGEMENT OF CAPITAL

The Company defines its capital as all components of shareholders' equity. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern.

In order to maintain its capital structure, the Company, is dependent on equity funding and when necessary, raises capital through the issuance of equity instruments, primarily comprised of common shares. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances.

The Company is not subject to any externally imposed capital requirements or debt covenants, and does not presently utilize any quantitative measures to monitor its capital.

ELMIRA CAPITAL INC.

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7. FINANCIAL INSTRUMENTS AND RISKS

Fair Value

As at August 31, 2014, the Company's financial instruments consist of cash and amounts payable. The fair values of cash and amounts payable approximate its carrying values because of its current nature.

The Company classifies its fair value measurements in accordance with the three level fair value hierarchy as follows:

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

As at August 31, 2014, the Company's cash of \$12,494 is considered to be Level 1 instruments. The amounts payable of \$7,500 is considered to be level 1 financial instrument.

The Company's financial instruments are exposed to a number of risks that are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash balances. The Company manages its credit risk on bank deposits by holding deposits in high credit quality banking institutions in Canada.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can do so only at excessive cost. The Company has no financial liabilities outstanding.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company's cash is currently held in non-interest bearing bank account, management considers the interest rate risk to be minimal.

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's functional currency is the Canadian dollar. All of the Company's financial instruments are denominated in Canadian dollars.

Transaction Costs

Transaction costs attributable to the acquisition or issue of financial assets or financial liabilities, other than those classified as held-for-trading, are added to the initial fair value amount to match the costs with the related transactions. Purchases and sales of securities are accounted for on the settlement date basis.

ELMIRA CAPITAL INC.

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8. SUBSEQUENT EVENTS

On September 4, 2014, the Company advanced \$5,000 to Elm Resources Ltd. The advance is non-interest bearing, unsecured, and due on demand.

On September 5, 2014, the Company advanced \$500 to Elm Resources Ltd. The advance is non-interest bearing, unsecured, and due on demand.

On September 10, 2014, the Company advanced \$5,000 to Elm Resources Ltd. The advance is non-interest bearing, unsecured, and due on demand.

On September 29, 2014, the Company issued 1,600,000 common shares at a price of \$0.02 per share for total proceeds of \$32,000, of which \$24,500 was received subsequent to year end.

Amalgamation

On October 20, 2014, the Company executed an amalgamation agreement where it plans to amalgamate with Elm Resources Ltd., a subsidiary of True Zone Resources Inc. ("True Zone") following the completion of a plan of arrangement involving Elm Resources Ltd. and True Zone pursuant to an arrangement agreement dated October 20, 2014. The amalgamation of the two foregoing companies shall form an amalgamated company that shall retain the name of Elm Resources Ltd. as the business name and shall continue as one corporation under the Business Corporations Act of British Columbia. The plan of arrangement and the amalgamation are both subject to the approval of the True Zone shareholders and the plan of arrangement is subject to court approval.

Schedule "11"

STOCK OPTION PLAN

Adopted _____

ARTICLE 1 PURPOSE

1.1 **General Purpose.** The purpose of this Plan is to promote the interests of the Employees and the Issuer by:

- (a) furnishing directors, officers, employees and consultants with an opportunity to invest in the Company in a simple and cost effective manner;
- (b) better aligning the interests of directors, officers, employees and consultants with those of the Company and its shareholders through the ownership of Common Shares of the Company.

ARTICLE 2

DEFINITIONS AND INTERPRETATIONS

2.1 **Definitions.** In this Plan, unless the context otherwise requires:

"**Affiliate**" shall have the meaning ascribed to that term in section 1.2 of the National Instrument 45-106 entitled *Prospectus and Registration Exemptions* as from time to time amended, supplemented or re-enacted;

"**Associate**" shall have the meaning ascribed to that term in section 2.22 of the National Instrument 45-106 entitled *Prospectus and Registration Exemptions* as from time to time amended, supplemented or re-enacted;

"**Board of Directors**" means the board of directors of the Company as constituted from time to time;

"**Company**" means the Issuer, and its successors;

"**Consultant**" means, in relation to the Company, an individual or Consultant Company, other than an Employee or a Director of the Company, that:

- (a) is engaged to provide on a ongoing bona fide basis, consulting, technical, management or other services to the Company or to an Affiliate of the Company, other than services provided in relation to a distribution;
- (b) provides the services under a written contract between the Company or the Affiliate and the individual or the Consultant Company;
- (c) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or an Affiliate of the Company; and

(d) has a relationship with the Company or an Affiliate of the Company that enables the individual to be knowledgeable about the business and affairs of the Company;

"Consultant Company" means for an individual consultant, a company or partnership of which the individual is an employee, shareholder or partner.

"Designated Subsidiary" means a Subsidiary of the Company, which has not been excluded by the Board of Directors from participating in this Plan;

"Directors" means directors, senior officers and Management Company Employees of the Company, or directors, senior officers and Management Company Employees of the Company's subsidiaries to whom stock options can be granted in reliance on a Prospectus exemption under applicable Securities Laws;

"Disability" means a physical or mental incapacity of a nature which the Plan Committee has determined prevents or would prevent the Employee from satisfactorily performing the duties of his or her position with the Company or any of its Designated Subsidiaries;

"Disinterested Shareholder Approval" means, if the Company is decreasing the exercise price of stock options previously granted to Related Persons, approval by a majority of the votes cast by all shareholders at the shareholders' meeting called for such purpose excluding the votes attaching to shares beneficially owned by Related Persons to whom Options may be Granted under the Plan and their Associates. For purposes of such meeting, holders of non-voting and subordinate voting shares must be given full voting rights on the matter.

"Employee" means:

(a) an individual who is considered an employee of the Company or its subsidiary (if any) under the Income Tax Act (Canada) (i.e. for whom income tax, employment insurance and CPP deductions must be made at source);

(b) an individual who works full-time for the Company or its subsidiary (if any) providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source;

or

(c) an individual who works for the Company or its subsidiary (if any) on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source;

"Exchange" means any such stock exchange or exchanges or other trading facility or system on which the Shares of the Company may be listed or traded and if the Shares are listed or traded on more than one exchange, facility or system, for purposes of determining Market Value, "Exchange" means such exchange, facility or system on which the largest volume of trading has occurred on the relevant date or within the relevant period;

"Grant" means the grant of an Option to an Employee in accordance with Article 6 hereof;

"Management Company Employee" means an individual employed by a person providing management services to the Company, which are required for the ongoing successful operation of the business enterprise of the Company, but excluding a person engaged in investor relations activities;

"Market Value" of a Share means the greater of the closing market prices for the Shares on the Exchange on (a) the trading day immediately prior to the date of the Grant, and (b) the date of the Grant;

"Option" means an option granted to an Employee pursuant to Article 6 hereof to purchase a prescribed number of Shares, from treasury, subject to such terms and conditions as determined by the Board of Directors and as evidenced by an Option Agreement;

"Option Agreement" means the written agreement entered into between the Company and the Employee evidencing an Option granted hereunder and setting out the terms and conditions of such Option;

"Option Period" means the period during which an Option may be exercisable;

"Optionee" means the recipient of an incentive stock option;

"Plan" means this Stock Option Plan as the same may be amended, supplemented, modified or restated and in effect from time to time;

"Plan Committee" means the committee of the Board of Directors, comprised of not less than three directors, that has been authorized and appointed by the Board of Directors from time to time to administer this Plan and, if no such committee has been authorized or appointed, the Board of Directors itself;

"Related Person" shall have the meaning ascribed to that term in section 2.22 of the National Instrument 45-106 entitled *Prospectus and Registration Exemptions* as from time to time amended, supplemented or re-enacted;

"Reserved for Issuance" means Shares which may be issued in the future upon the exercise of Options Granted under this Plan;

"Shares" means the common shares without par value in the capital of the Company, subject to adjustment as set out in Article 9 hereof;

"Subscription Price" means the price per Share at which Shares may be purchased upon exercise of an Option; and

"Subsidiary" shall have the meaning ascribed to that term in section 1.1 of the National Instrument 45-106 entitled *Prospectus and Registration Exemptions* as from time to time amended, supplemented or re-enacted.

2.2 **Interpretation.** In this Plan, unless the context otherwise requires, the masculine gender includes the feminine gender and the singular includes the plural and *vice versa*.

ARTICLE 3 **ADMINISTRATION**

3.1 **Administration of the Plan.** This Plan shall be administered by the Plan Committee.

3.2 **Plan Committee Action.** Subject to the provisions of this Plan, the Plan Committee may make such determinations under, interpretation of, take such steps and actions in connection with and establish such rules and regulations concerning this Plan or any Grants pursuant to this Plan as it may consider necessary or advisable including, but not limited to, calculating and determine the Subscription Price of Options to be granted hereunder and issuance of Shares upon the exercise thereof.

3.3 **Plan Committee Decisions Binding.** All questions arising as to the interpretation of this Plan or any Grants hereunder shall be determined by the Plan Committee from time to time, and any such determination will, absent manifest error, be final, binding and conclusive for all purposes.

ARTICLE 4 **LIMITATIONS ON GRANTS OF OPTIONS UNDER THIS PLAN**

4.1 **Plan Committee to Establish Criteria.** The Plan Committee may establish such criteria and policies as it may consider fit for designating Employees who may be eligible to receive and to whom Options may be granted hereunder.

4.2 **Limitation on Grants.** Subject to the provisions hereof, the following terms and conditions shall apply to all Options granted under this Plan:

- (a) a majority of the Shares Reserved for Issuance under this Plan may be reserved for Options to Related Persons of the Company; and
- (b) unless the Company has obtained all required regulatory approvals, including approval of the Exchange, if required, and, if required, approval of the shareholders of the Company to permit otherwise:
 - (i) the number of Shares Reserved for Issuance to Related Persons, Employees and Consultants pursuant to this Plan together with all of the Shares reserved with respect to the Company's other previously established stock option plans or grants may not at any time exceed 10% of the issued and outstanding Shares calculated at the date the Option was granted;
 - (ii) in any twelve-month period, the number of Shares represented by Grants in that period to any one individual pursuant to this Plan shall not exceed 5% of the issued and outstanding Shares calculated at the date the Option was granted;

- (iii) in any twelve-month period, the number of Shares represented by Grants in that period to any one Consultant pursuant to this Plan shall not exceed 2% of the issued Shares calculated at the date the Option was granted; and

ARTICLE 5 **MAXIMUM NUMBER OF SHARES**

5.1 **Shares Subject to this Plan.** The maximum number of Shares Reserved for Issuance upon exercise of Options Granted pursuant to the provisions of this Plan at any time shall not exceed 10% of the issued and outstanding common shares of the Company at the relevant time less any Shares required to be reserved with respect to any other options granted prior to the adoption and implementation of this Plan.

ARTICLE 6 **TERMS AND CONDITIONS OF GRANTS**

6.1 **Terms and Conditions of Grants.** Subject to the provisions of this Plan, the Plan Committee shall, in its sole discretion and from time to time, determine those Employees to whom Grants shall be made; the number of Shares subject to such Grants, the Subscription Price therefor, the date on which Grants are to be made and the Option Period. The Plan Committee may also:

- (a) determine, in connection with any Grant, any vesting, performance or other conditions which must be satisfied before an Option is exercisable;
- (b) approve the form or forms of and enter into Option Agreements with respect to any Grant; and
- (c) determine such other terms and conditions (which need not be identical) of any Options granted hereunder.

ARTICLE 7 **OPTION AGREEMENTS**

7.1 **Option Agreements.** Each Option covered by a Grant shall be evidenced by a written Option Agreement between the Company and the Employee, such agreement to contain such terms and conditions, not inconsistent with provisions of this Plan, as may be established by the Plan Committee, and which terms and conditions shall include the following:

- (a) the Subscription Price in respect of any Option shall not be less than the greater of the Market Value of the Shares with respect to such Grant less any discount permitted by the policies of the Exchange;
- (b) the Option Period shall not exceed five (5) years from the date of Grant and no Option may be exercised upon the expiry of the Option Period applicable thereto;

- (c) unless otherwise set out in the Option Agreement with respect to any particular Grant, Options shall be exercisable at any time and from time to time after the Grant;
- (d) except as set out in Article 8, no Option may be exercised unless the Employee or Consultant is, at the time of such exercise, an officer or director of or an Employee or Consultant who has been continuously employed, elected, appointed or engaged by the Company or a Designated Subsidiary, as the case may be, since the date of the Grant provided that absence on leave with the approval of the Company or Designated Subsidiary or a change in duties or position of the Employee or Consultant shall not constitute an interruption of employment for purposes of this Plan;
- (e) for Options Granted to employees, management company employees and Consultants, a representation and warranty by the Company that the optionee is a bona fide employee, management company employee or Consultant, as the case may be;
- (f) the issuance of Shares upon the exercise of any Option shall be contingent upon satisfaction by the Employee of the terms and conditions of the Option Agreement (or other written agreement) and receipt in full by the Company of the Subscription Price for the number of Shares in respect of which the Option is being exercised in cash, by cheque, certified cheque, bank draft, wire transfer or any combination thereof;
- (g) the Option may not be assigned or transferred and shall be exercisable only by the Employee or the Employee's legal guardian or legal representative; and
- (h) any amendment to the Option subsequent to its Grant, where the optionee is an Insider of the Company or an Affiliate of an Insider of the Company at the time of the amendment, and where such amendment has the effect of reducing the exercise price of the Option, before becoming effective, must first receive Disinterested Shareholder Approval.

ARTICLE 8

TERMINATION OF EMPLOYMENT

- 8.1 **Termination Due to Death.** All agreements representing Grants pursuant to this Plan shall provide that in the event of the death of an optionee, either while an Employee or Consultant of the Company or any Designated Subsidiary, the heirs, executors, administrators or other legal representatives of the Employee may exercise any Option granted to such Employee or Consultant, to the extent such option was exercisable by the Employee or Consultant at the date of his death, for a period of one year following the date of death of the Employee or Consultant.
- 8.2 **Termination For Other Reasons.** All agreements representing Grants pursuant to this Plan shall provide that in the event an Employee's employment with or engagement by the Company or any Designated Subsidiary ceases or is terminated for any reason other than death, the Option shall terminate on a date determined by the Plan Committee at the time of the Grant,

but in no event later than ninety days following the date of termination, or thirty days, if the Employee was engaged in investor relations activities.

8.3 **No Right to Continued Employment.** This Plan shall not confer upon any Employee any right with respect to their employment or continued employment or engagement by the Company or any Designated Subsidiary nor shall it interfere in any way with the right of the Company or such Designated Subsidiary to terminate any Employee's employment at any time.

8.4 **Expiry of Options upon Cessation of Office or Position (Non-Employees).** Any Options granted to any Optionee who is a Director of the Company or any Designated Subsidiary or to any Consultant shall expire within a reasonable period following the date such Optionee ceases to be in the role of Director or Consultant, as the case may be, which expiry period shall be determined by the Board acting reasonably.

ARTICLE 9

ADJUSTMENT OR ALTERATION OF SHARE CAPITAL

9.1 **Subdivision, Consolidation etc.** In the event of a subdivision or consolidation of the outstanding Shares or the payment of a stock dividend thereon, the number of Shares reserved or authorized to be reserved under this Plan, the number of Shares issuable on the exercise of an Option and the Subscription Price therefor shall be increased or reduced proportionately and such other adjustments shall be made as may be deemed necessary or equitable by the Plan Committee.

9.2 **Capital Reorganization, Merger etc.** In the event of any reclassification, redesignation, change or other capital reorganization of the outstanding Shares (other than as set out in Section 9.1 above) or if the Company amalgamates, consolidates with or merges with or into another body corporate, whether by way of amalgamation, statutory arrangement or otherwise (the right to do so being hereby expressly reserved), then upon the exercise of an Option, the Employee shall be entitled to receive and shall accept in lieu of the number of Shares he or she would otherwise be entitled to, such number or amount of Shares securities, property or cash which the Employee would have received upon such reclassification, redesignation, change or capital reorganization or amalgamation, consolidation or merger as determined by the Plan Committee as being equitable in the circumstances, as if the Employee had exercised his or her Option immediately prior to the effective date thereof and in connection therewith the Subscription Price may be adjusted as may be deemed equitable by the Plan Committee in the circumstances.

9.3 **Other Changes in Capital.** In the event of any other change affecting the Shares, such adjustment, if any, shall be made as may be deemed equitable by the Plan Committee in the circumstances.

9.4 **No Fractional Shares.** No adjustment provided in this Article 10 shall require the Company to issue a fractional Share and the total adjustment with respect to any Option shall be limited accordingly.

9.5 **No Adjustment for Cash Dividends or Rights Offerings.** No adjustment to any Option shall be made pursuant to this Article 10 in respect of the payment of any cash dividend or in respect of the distribution of any other rights where the record date for such distribution is prior to the date of issuance of any Shares upon the exercise of any Option.

ARTICLE 10
AMENDMENT AND TERMINATION

10.1 **Amendment, Suspension or Termination of this Plan.** The Board of Directors may amend, suspend or terminate the Plan or any portion thereof at any time in accordance with applicable legislation and subject to required approval. No such amendment, suspension or termination shall alter or impair any Options or any rights pursuant thereto granted previously to any Employee without the consent of such Employee. If the Plan is terminated, the provisions of the Plan and any administrative guidelines and other rules and regulations adopted by the Board of Directors and in force at the time of the termination of the Plan shall continue in effect during such time as any Option or any rights pursuant thereto remain outstanding.

10.2 **Effect of Termination of Plan.** No action by the Board of Directors to terminate this Plan pursuant to this Section 10 shall affect Grants which became effective pursuant to this Plan prior to such action.

10.3 **Amendment, Modification or Termination of Options.** The Board of Directors may, with the consent of the affected Employees, amend or modify any outstanding Option in any manner to the extent that the Board of Directors would have had the authority to initially grant such award as so modified or amended, including without limitation, to change the date or dates as of which an Option becomes exercisable, subject to any required approvals.

ARTICLE 11
REGULATORY APPROVAL AND APPLICABLE LAWS

11.1 **Compliance With Applicable Laws.** Notwithstanding anything herein to the contrary, the Company shall not be obliged to cause any Shares to be issued or certificates evidencing Shares to be delivered pursuant to this Plan, where issuance and delivery is not, or would result in the Company not, being in compliance with all applicable laws, regulations, rules, orders of governmental or regulatory authorities and the requirements of the Exchange.

11.2 **No Obligation to File Prospectus.** The Company shall not be liable to compensate any Employee and in no event shall it be obliged to take any action, including the filing of any prospectus, registration statement or similar document, in order to permit the issuance and delivery of any Shares upon the exercise of any Option in order to comply with any applicable laws, regulations, rules, orders or requirements.

11.3 **Condition to Issue of Shares.** The Plan Committee may require, as a condition of the issuance and delivery of such Shares or certificates upon the exercise of any Option and in order to ensure compliance with any applicable laws, regulations, rules, orders and requirements that the Employee or the Employee's heirs, executors or other legal representatives, as applicable, make such covenants, agreements and representations as the Plan Committee may deem necessary or desirable.

ARTICLE 12
GENERAL

12.1 **Rights of Shareholders.** An Employee entitled to Shares as a result of the exercise of an Option shall not be deemed for any purpose to be, or to have rights as, a shareholder of the Company upon such exercise, except to the extent a share certificate is issued therefor and then only from the date such certificate has been issued.

12.2 **Withholding or Deductions of Taxes.** The Company or Employer may deduct, withhold, or require an Employee, as a condition of exercise of an Option, to withhold, pay or reimburse any taxes or similar charges, which are required to be paid or withheld in connection with the exercise of any Option.

12.3 **No Representation or Warranty.** The Company makes no representation or warranty as to the future market value of any Shares issued in accordance with the provision of this Plan.

12.4 **Compliance With Applicable Law, Etc.** If any provision of this Plan or any Option Agreement or other agreement entered into pursuant to this Plan contravenes any applicable law, rule, regulation or order, or any policy, by-law or regulation of any regulatory body or Exchange having authority over the Company, this Plan or the Employee, such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith, provided, however, that the Company shall not be responsible to pay and shall not incur any penalty, liability or further obligation in connection therewith. Subject to compliance with applicable securities legislation, and the policy, by-law or regulation of any Exchange, a Grant may be made pursuant to this Plan prior to the receipt of all necessary approvals required by such Exchange provided that the Option Agreement (or other written agreement) evidencing such Grant specifies that such Option may not be exercised, in whole or in part, unless such approvals are received.

12.5 **Governing Law.** This Plan will be governed by and construed in accordance with the laws of the Province of British Columbia.