

MOSHI MOUNTAIN INDUSTRIES LTD.

FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the six month period ended February 28, 2015

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.

May 8, 2015

"Abby Farrage"

Director & Chief Executive Officer

"Gurminder Sangha"

Director

MOSHI MOUNTAIN INDUSTRIES LTD.

Statement of Financial Position

As at February 28, 2015 and August 31, 2014

(An exploration Stage Company)

(Expressed in Canadian dollars)

	February 28, 2015	August 31, 2014
ASSETS		
Cash	<u>\$ 1</u>	<u>1</u>
SHAREHOLDERS' EQUITY		
Capital stock (<i>Note 6</i>)	<u>\$ 1</u>	<u>\$ 1</u>

They are signed on the Company's behalf by:

"Abby Farrage"

Director & Chief Executive Officer

"Gurminder Sangha"

Director

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 February 28, 2015

(Expressed in Canadian dollars)

	<u>Number of Shares</u>	<u>Capital Stock</u>	<u>Subscription receivable</u>	<u>Deficit</u>	<u>Total Equity</u>
Balance at Incorporation August 21, 2014	-	\$ -	\$ -	\$ -	\$ -
Common shares issued for cash at \$0.02	1	1	-	-	1
Balance as at August 31, 2014 and February 28, 2015	<u>1</u>	<u>1</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 1</u>

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)

Six month period ended February 28, 2015

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 February 28, 2015, 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 May 8, 2015.

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)

Six month period ended February 28, 2015

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)

Six month period ended February 28, 2015

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 February 28, 2015.

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.

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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.

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Notes to the Financial Statements

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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.

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Notes to the Financial Statements

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(Expressed in Canadian Dollars)

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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)

Six month period ended February 28, 2015

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 February 28, 2015.

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 February 28, 2015, there are no warrants issued.

n) Application of new and amended accounting standards

As of February 28, 2015, 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)

Six month period ended February 28, 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n) Application of new and amended accounting standards (Continued)

IFRS 10 Consolidated Financial Statements and IAS27 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)

Six month period ended February 28, 2015

5. EXPLORATION AND EVALUATION ASSETS

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:

- 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, Moshing Capital Inc. advanced \$5,000 to AFGF on behalf of Moshi Mountain Industries Inc. The advance is non-interest bearing and due on demand if the proposed plan of arrangement is not completed by June 1, 2015.
- c) On September 5, 2014, Moshing Capital Inc. advanced \$500 to AFGF on behalf of Moshi Mountain Industries Inc. The advance is non-interest bearing and due on demand if the proposed plan of arrangement is not completed by June 1, 2015.
- d) On September 10, 2014, Moshing Capital Inc. advanced \$5,000 to AFGF on behalf of Moshi Mountain Industries Inc. The advance is non-interest bearing and due on demand if the proposed plan of arrangement is not completed by June 1, 2015.

The grant of the Sub-option shall be assigned upon the effective date. As at the financial statement date the effective date has not yet been determined. Therefore, the advances have not been recorded in the financial statements.

6. 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.

MOSHI MOUNTAIN INDUSTRIES LTD.

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7. 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.

7. MANAGEMENT OF CAPITAL (Cont'd)

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.

8. FINANCIAL INSTRUMENTS AND RISKS

Fair Value

As at February 28, 2015, 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 February 28, 2015, 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.

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.

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8. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

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.

9. 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 contemplated a plan of arrangement for the spinout of the Company as a separate legal entity – along with its other four wholly owned subsidiaries. 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.

On January 12, 2015, the Company's shareholders approved the plan of arrangement.

On January 16, 2015, the Supreme Court of British Columbia approved the plan of arrangement.

January 26, 2015, was declared the share distribution record date for the purposes of the arrangement. The issued and outstanding shares in the Company will be exchanged on the basis of one Amalco Share for each Company Share held immediately before the Effective Date. The Company's shares held by True Zone will be cancelled and Amalco Shares will be issued to True Zone shareholders on the basis of One (1) Amalco share for every 100 True Zone Company shares.

On February 18, 2015, the plan of arrangement between the Company and True Zone was amended to allow for separate effective dates of each separate company under the plan of arrangement as amended, subject to court approval. The Company obtained approval of the amended arrangement agreement from the Supreme Court of British Columbia on February 24, 2015.

MOSHI MOUNTAIN INDUSTRIES LTD.

Notes to the Financial Statements

(An exploration Stage Company)

(Expressed in Canadian Dollars)

Six month period ended February 28, 2015

9. PLAN OF ARRANGEMENT (Cont'd)

The plan of arrangement (the "Arrangement") among True Zone, the shareholders of True Zone and the Company was filed with the B.C. Corporate Registry and became effective on March 2, 2015. Pursuant to the Arrangement, True Zone transferred a sub-option to the Company to acquire an 80% undivided right, title and interest in and to a property known as the Kwedilima Cheetah Property. 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, the Company 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. On March 2, 2015, the Company amalgamated with Moshing Capital Inc. to form an amalgamated company under the name "Moshi Mountain Industries Ltd."

10. SUBSEQUENT EVENTS

Subsequent to February 28, 2015, the amalgamated Company – Moshi Mountain Industries Inc. spent \$50,000 on exploration costs.

On March 2, 2015, the amalgamated Company issued – Moshi Mountain Industries Inc. issued 457,753 shares to the True Zone shareholders on the basis of One (1) Amalco share for every 100 True Zone Company shares referred to in the plan of arrangement (note 9).

On March 16, 2015 the amalgamated Company – Moshi Mountain Industries Inc. completed a private placement for \$75,000 by way of issuing 2,500,000 shares at \$0.03.

On March 16, 2015, the amalgamated Company – Moshi Mountain Industries Inc. issued 500,000 shares at a deemed price of \$0.02 in relation to a property payment.