# MOSHI MOUNTAIN INDUSTRIES LTD.

## CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the nine month period ended May 31, 2015

Unaudited – Prepared by Management

# NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

# MOSHI MOUNTAIN INDUSTRIES LTD.

Condensed Interim Statements of Financial Position
Unaudited – Prepared by Management
(An exploration Stage Company)
(Expressed in Canadian dollars)

| | Note | | May 31, 2015 | | August 31, 2014 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash | | $ | 733 | $ | 12,494 |
| Amounts receivable | | | 185 | | - |
| Due from related party | 7 | | 24,500 | | - |
| **Total current assets** | | | 25,418 | | 12,494 |
| **Non-current assets** | | | | | |
| Exploration and evaluation asset | 5 | | 151,500 | | - |
| **TOTAL ASSETS** | | $ | 176,918 | $ | 12,494 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | | | |
| **Current liabilities** | | | | | |
| Amounts payable | | $ | 56,892 | $ | 7,500 |
| Due to related parties | 7 | | 3,829 | | - |
| **TOTAL LIABILITIES** | | | 60,721 | | 7,500 |
| **SHAREHOLDERS' EQUITY** | | | | | |
| Capital stock | 6 | | 121,675 | | 5,000 |
| Deficit | | | (5,478) | | (6) |
| **TOTAL SHAREHOLDERS' EQUITY** | | | 116,197 | | 4,994 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | $ | 176,918 | $ | 12,494 |

**Nature and continuance of operations** (Note 1)
**Subsequent event** (Note 12)

Authorized and approved by the Board of Directors on July 27, 2015:

*"Abby Farrage"* — Director

*"Gurminder Sangha"* — Director

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

# MOSHI MOUNTAIN INDUSTRIES LTD.

Condensed Interim Statements of Loss and Comprehensive Loss

Unaudited – Prepared by Management

(An exploration Stage Company)

(Expressed in Canadian dollars)

| | Three months ended May 31, 2015 | Nine months ended May 31, 2015 |
|---|---|---|
| **EXPENSES** | | |
| Administration | $ 879 | $ 879 |
| Bank Charges | 175 | 261 |
| Filing and regulatory fees | 4,332 | 4,332 |
| **Loss and comprehensive loss for the period** | $ (5,386) | $ (5,472) |
| **Basic and diluted loss per share** | $ (0.00) | $ (0.00) |
| **Weighted average number of shares outstanding** | | |
| **-** basic and diluted | 5,591,088 | 3,294,602 |

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

# MOSHI MOUNTAIN INDUSTRIES LTD.

Condensed Interim Statement of Cash Flows
Unaudited – Prepared by Management
(An exploration Stage Company)
(Expressed in Canadian dollars)

| | | Nine months ended May 31, 2015 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Loss for the period | $ | (5,472) |
| Changes in non-cash working capital: | | |
| Amounts receivable | | (185) |
| Accounts payable and accrued liabilities | | (5,608) |
| Due to/from related parties | | (20,671) |
| Net cash used in operating activities | | (31,936) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Issuance of common shares for cash | | 107,000 |
| Share issuance costs | | (325) |
| Net cash provided by financing activities | | 106,675 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Exploration and evaluation asset | | (86,500) |
| Net cash used in investing activities | | (86,500) |
| Change in cash | | (11,761) |
| Cash, beginning of period | | 12,494 |
| Cash, end of period | $ | 733 |
| **Non-cash investing and financing activities:** | | |
| Exploration and evaluation assets expenditures included in accounts payable | $ | 55,000 |
| Shares issued for exploration and evaluation asset | $ | 10,000 |
| **Supplemental disclosures:** | | |
| Interest paid | $ | - |
| Income taxes paid | $ | - |

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

# MOSHI MOUNTAIN INDUSTRIES LTD.

Condensed Interim Statement of Changes in Shareholders' Equity
Unaudited – Prepared by Management
(An exploration Stage Company)
(Expressed in Canadian dollars)

| | Number of Shares | | Capital Stock | | Deficit | | Total |
|---|---|---|---|---|---|---|---|
| **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 |
| Loss for the period | - | | - | | (6) | | (6) |
| **Balance as at August 31, 2014** | 1,000,002 | $ | 5,000 | $ | (6) | $ | 4,994 |
| Shares issued for exploration and evaluation asset | 500,000 | | 10,000 | | - | | 10,000 |
| Shares issued under plan of arrangement | 457,753 | | - | | - | | - |
| Shares issued for cash at $0.02 | 1,600,000 | | 32,000 | | - | | 32,000 |
| Shares issued for cash at $0.03 | 2,500,000 | | 75,000 | | - | | 75,000 |
| Share issuance costs | - | | (325) | | - | | (325) |
| Loss for the period | - | | - | | (5,472) | | (5,472) |
| **Balance as at May 31, 2015** | 6,057,755 | $ | 121,675 | $ | (5,478) | $ | 116,197 |

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

## 1. NATURE AND CONTINUANCE OF OPERATIONS

Moshi Mountain Industries Ltd. was incorporated on August 21, 2014 and Moshing Capital Inc. was incorporated on August 22, 2014 under the Business Corporation Act of British Columbia. Under the plan of arrangement (Note 10), the companies amalgamated on March 2, 2015 to form an amalgamated company under the name "Moshi Mountain Industries Ltd." (the "Company"). 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 condensed interim 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 May 31, 2015, the Company has not generated any revenues from operations, has working capital deficiency of $35,303 and accumulated deficit of $5,478.

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 condensed interim 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

These condensed interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting. The significant accounting policies applied in these condensed interim financial statements are based on the IFRS issued and effective as of May 31, 2015.

These condensed interim 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 condensed interim financial statements have been prepared using the accrual basis of accounting.

The Company's functional and reporting currency is the Canadian dollar. The condensed interim financial statements are presented in Canadian Dollars, which is also the Company's functional currency, unless otherwise indicated.

These condensed interim 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 condensed interim 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 condensed interim 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.*

## 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.

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

a) Foreign Currency Translation (Continued)

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 May 31, 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.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

## 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.

## 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.

## 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 May 31, 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.

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 May 31, 2015, there are no warrants issued.

n) Application of new and amended accounting standards

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2014, including IFRS 10, IFRS 12, IAS 27, Exception from Consolidation for "Investment Entities". IFRS 10 is amended to define an "investment entity" and introduce an exception from consolidation for investment entities. IFRS 12 and IAS 27 are amended to introduce disclosures that an investment entity needs to make.

IAS 32, Financial Instruments: Presentation. Amended to clarify aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

- the meaning of "currently has a legally enforceable right of set-off";
- the application of simultaneous realization and settlement;
- the offsetting of collateral amounts; and
- the unit of account for applying the offsetting requirements.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Company has adopted these policies and none of them had a significant effect on the financial statements. The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

Effective for annual periods beginning on or after January 1, 2015:

IFRS 7, Financial Instruments – Disclosure. Amended to require additional disclosures on transition from IAS 39 to IFRS 9.

Effective (proposed) for annual periods beginning on or after January 1, 2018:

IFRS 9, Financial Instruments – Classification and Measurement. IFRS 9 is a new standard on financial instruments that will replace IAS 39, Financial Instruments: Recognition and Measurement.

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as de-recognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

IFRS 15, Revenue from Contracts with Customers: IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transactions involving Advertising Service.

(Expressed in Canadian Dollars)

## 5. EXPLORATION AND EVALUATION ASSET

| | Kwedilima Cheetah |
|---|---|
| **Balance – August 31, 2014** | $ - |
| | |
| Deferred costs during the period | |
| Acquisition costs | 10,000 |
| Exploration expenses | 141,500 |
| | |
| **Balance – May 31, 2015** | $ 151,500 |

**Kwedilima Cheetah Property, Tanzania**

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:

a) 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 (issued at a value of $10,000);
b) $75,000 in exploration expenditures are incurred within one year from the date of the sub-option agreement; and
c) An additional $75,000 in exploration expenditures within two years from the date of the sub-option agreement.

On March 2, 2015, the plan of arrangement became effective and True Zone transferred the sub-option to the Company (Note 10).

## 6. SHARE CAPITAL

(a) Authorized – unlimited common and 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.

On August 29, 2014, the Company issued 1,600,000 common shares at a price of $0.02 per share for total proceeds of $32,000.

On March 2, 2015, the Company 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 10).

## 6. SHARE CAPITAL (CONTINUED)

On March 16, 2015 the Company completed a private placement for $75,000 by way of issuing 2,500,000 shares at $0.03.

On March 16, 2015, the Company issued 500,000 shares at a deemed price of $0.02 in relation to a property payment.

Subsequent to the period ended May 31, 2015, the Company completed a private placement and issued 1,500,000 shares at a price of $0.10 per share for proceeds of $150,000.

## 7. RELATED PARTY TRANSACTIONS

As at May 31, 2015, there is $24,500 due from a company controlled by a director of the Company.

As at May 31, 2015, there is $3,829 due to a director of the Company and companies of which a director of the Company is the Chief Executive Officer for expense reimbursements in the normal course of the business.

## 8. 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.

## 9. FINANCIAL INSTRUMENTS AND RISKS

*Fair Value*
As at May 31, 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

The fair value of cash is measured based on level 1 inputs of the fair value hierarchy.

## 9. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

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.

*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.

## 10. 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.

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."

## 11. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the acquisition, exploration and development of exploration and evaluation assets.

The Company operates in both Canada and Tanzania. The Company's exploration and evaluation asset is located in Tanzania.

## 12. SUBSEQUENT EVENT

Subsequent to the period ended May 31, 2015, the Company completed a private placement and issued 1,500,000 shares at a price of $0.10 per share for proceeds of $150,000.