

**MOSHI MOUNTAIN INDUSTRIES LTD.**

**CONDENSED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

For the three month period ended November 30, 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

(Expressed in Canadian dollars)

	Note	November 30, 2015	August 31, 2015
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 1,634	\$ 5,690
Amounts receivable	7	1,509	2,405
<b>Total current assets</b>		<b>3,143</b>	<b>8,095</b>
<b>Non-current assets</b>			
Exploration and evaluation assets	5	206,446	206,446
Exploration advances	5	23,786	19,786
<b>Total non-current assets</b>		<b>230,232</b>	<b>226,232</b>
<b>TOTAL ASSETS</b>		<b>\$ 233,375</b>	<b>\$ 234,327</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Amounts payable and accrued liabilities		\$ 24,911	\$ 15,914
Due to related parties	7	79,625	57,125
<b>TOTAL LIABILITIES</b>		<b>104,536</b>	<b>73,039</b>
<b>SHAREHOLDERS' EQUITY</b>			
Capital stock	6	290,408	290,408
Deficit		(161,569)	(129,120)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>128,839</b>	<b>161,288</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 233,375</b>	<b>\$ 234,327</b>

Nature and continuance of operations (Note 1)

*"Souhail (Abby) Farrage"*

Chief Executive Officer & Director

*"Karnail Mangat"*

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

(Expressed in Canadian dollars)

	Note	Three months ended November 30, 2015	Three months ended November 30, 2014
<b>EXPENSES</b>			
Consulting	7	\$ 15,000	\$ -
Office and administration	7	7,556	60
Professional fees		9,893	-
<b>Loss and comprehensive loss for the period</b>		\$ (32,449)	\$ (60)
<b>Basic and diluted loss per share</b>		\$ (0.00)	\$ (0.00)
<b>Weighted average number of shares outstanding</b>			
- basic and diluted		7,557,755	2,600,002

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

# MOSHI MOUNTAIN INDUSTRIES LTD.

## Condensed Interim Statements of Cash Flows

Unaudited – Prepared by Management

(Expressed in Canadian dollars)

	<b>Three months ended November 30, 2015</b>	<b>Three months ended November 30, 2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (32,449)	\$ (60)
Changes in non-cash working capital:		
Amounts receivable	896	-
Amounts payable and accrued liabilities	8,997	(7,500)
Due to/from related parties	22,500	-
Net cash used in operating activities	(56)	(7,560)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of common shares for cash	-	32,000
Net cash provided by financing activities	-	32,000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Exploration advances	(4,000)	(10,500)
Net cash used in investing activities	(4,000)	(10,500)
Change in cash	(4,056)	13,940
Cash, beginning of period	5,690	12,494
Cash, end of period	\$ 1,634	\$ 26,434
<b>Non-cash investing and financing activities:</b>		
Exploration and evaluation assets expenditures included in accounts payable	\$ -	\$ -
Shares issued for exploration and evaluation assets	\$ -	\$ -

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

(Expressed in Canadian dollars)

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	Note	Number of Shares	Capital Stock	Deficit	Total
<b>Balance as at August 31, 2014</b>		1,000,002	\$ 5,000	\$ (6)	\$ 4,994
Shares issued for cash at \$0.02	6	1,600,000	32,000	-	32,000
Loss for the period		-	-	(60)	(60)
<b>Balance as at November 30, 2014</b>		<b>2,600,002</b>	<b>\$ 37,000</b>	<b>\$ (66)</b>	<b>\$ 36,934</b>
<hr/>					
<b>Balance as at August 31, 2015</b>		7,557,755	\$ 290,408	\$ (129,120)	\$ 161,288
Loss for the period		-	-	(32,449)	(32,449)
<b>Balance as at November 30, 2015</b>		<b>7,557,755</b>	<b>\$ 290,408</b>	<b>\$ (161,569)</b>	<b>\$ 128,839</b>

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

# **MOSHI MOUNTAIN INDUSTRIES LTD.**

## Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

Three month period ended November 30, 2015

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### **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 Corporations 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 November 30, 2015, the Company has not generated any revenues from operations, has working capital deficiency of \$101,393 and accumulated deficit of \$161,569.

The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management assesses 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.

If the going concern assumption is not appropriate for these condensed interim financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses, and the classifications used could be material.

These condensed interim financial statements were authorized for issue on January 29, 2016 by the directors of the Company.

### **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 November 30, 2015.

These condensed interim financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting.

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

The comparative information presented in the condensed interim financial statements are those of Moshing Capital Inc., the accounting acquirer, in the amalgamation (Note 10).

# MOSHI MOUNTAIN INDUSTRIES LTD.

## Notes to the Condensed Interim Financial Statements

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### 3. SIGNIFICANT ACCOUNTING JUDGMENTS, 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 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.

#### a) Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty and the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses.

#### b) Significant estimates and assumptions

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets and provisions for restoration and environmental obligations.

### 4. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited annual financial statements as at August 31, 2015. These unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended August 31, 2015.

#### **New accounting standards and interpretation**

IFRS 7 is effective for annual periods beginning after January 1, 2015. IFRS 7 is amended to require additional disclosures on transition from IAS 39 to IFRS 9.

The Company has adopted this policy and it doesn't have a significant effect on the condensed interim 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 condensed interim financial statements



# MOSHI MOUNTAIN INDUSTRIES LTD.

## Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

Three month period ended November 30, 2015

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### New accounting standards and interpretation (Continued)

Effective 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.

### 5. EXPLORATION AND EVALUATION ASSETS

	<b>Kwedilima Cheetah</b>
<b>Balance – August 31, 2014</b>	\$ -
Deferred costs during the year	
Acquisition costs	53,733
Exploration expenses	
Consulting fees	13,000
Field crew	3,100
Field equipment and supplies	97,698
Geological analysis	26,815
Travel and accommodations	12,100
	<u>152,713</u>
<b>Balance – August 31, 2015 and November 30, 2015</b>	<b>\$ 206,446</b>

#### 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 100% 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.

# MOSHI MOUNTAIN INDUSTRIES LTD.

## Notes to the Condensed Interim Financial Statements

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Three month period ended November 30, 2015

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### 5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

#### Kwedilima Cheetah Property, Tanzania (Continued)

The grant of the sub-option was subject to an assignment agreement effective on the same date which provides that the right to earn an 80% interest shall be assigned to the Company upon the completion of a proposed plan of arrangement between True Zone and the Company. Following the grant by True Zone to the Company, 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 (paid) and the following are satisfied:

- a) 500,000 shares are issued to True Zone on or before the date that is one year from the date of the sub-option agreement (issued at a value of \$15,000);
- b) \$75,000 in exploration expenditures are incurred within one year from the date of the sub-option agreement (incurred); and
- c) An additional \$75,000 in exploration expenditures within two years from the date of the sub-option agreement (incurred).

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

As at November 30, 2015, the Company has advanced aggregate funds of \$23,786 (August 31, 2015 - \$19,786) to a third party for future exploration work on the property.

### 6. CAPITAL STOCK

- (a) Authorized – unlimited common and preferred shares without par value
- (b) Issued and outstanding common shares:

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.

On March 2, 2015, the Company issued 457,753 shares to the True Zone shareholders on the basis of 1 common share for every 100 True Zone company shares referred to in the plan of arrangement (note 10).

On March 16, 2015 the Company completed a private placement and issued 2,500,000 common shares at a price of \$0.03 for proceeds of \$75,000.

On March 16, 2015, the Company issued 500,000 shares at a fair value of \$15,000 in relation to a property payment (note 5).

On June 3, 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.

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## Notes to the Condensed Interim Financial Statements

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Three month period ended November 30, 2015

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### 7. RELATED PARTY TRANSACTIONS

As at November 30, 2015, there is \$29,125 (August 31, 2015 – \$21,625) due to a company controlled by a director of the Company. These amounts are non-interest bearing with no stated terms of repayment.

As November 30, 2015, there is \$50,500 (August 31, 2015 – \$35,500) due to a director of the Company and companies of which a director of the Company is the Chief Executive Officer. These amounts are non-interest bearing with no stated terms of repayment.

As at November 30, 2015, included in amounts receivable is \$957 (August 31, 2015 – \$1,853) due from a company controlled by a director of the Company. These amounts are non-interest bearing with no stated terms of repayment.

During the period ended November 30, 2015, the Company incurred \$15,000 (2014 - \$Nil) in consulting fees and \$7,500 (2014 - \$Nil) in office fees for services from a director of the Company and companies of which a director of the Company is the Chief Executive Officer.

### 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*

The Company's financial instruments consist of cash, amounts receivable, accounts payable, and due to related parties. The fair value of all financial instruments approximate their carrying values. Cash and amounts receivable are classified as loans and receivables. Accounts payable and due to related parties are classified as other financial liabilities.

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 that it will always have sufficient cash 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 cash flow requirements relating to its anticipated exploration and evaluation activities as well as general overhead requirements.

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## Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

Three month period ended November 30, 2015

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### 9. 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.

### 10. PLAN OF ARRANGEMENT

On October 20, 2014, the Company entered into an arrangement agreement with True Zone, the Company's parent company, that contemplated a plan of arrangement for the spinout of the Company as a separate legal entity along with four other subsidiaries of True Zone. Upon completion of the plan of arrangement, the Company was granted the sub-option to earn an 80% interest in the Kwedilima Cheetah Property in Tanzania from True Zone in consideration for the Company's shares equal to 1% of the total issued and outstanding True Zone shares as of the share distribution record date. The number of True Zone shares outstanding on the share record distribution date was 45,775,300 and as such, the consideration for the sub-option agreement was 457,753 shares to True Zone shareholders. 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 formed an amalgamated company that retained the name of the Company as the business name and continued as one company under the Business Corporations Act of British Columbia. On March 2, 2015, the Company amalgamated with Moshing Capital Inc. to form an amalgamated company under the name "Moshi Mountain Industries Ltd."

The amalgamation was not accounted for as a business combination as the Company was not considered to be a business for accounting purposes. As the amalgamation resulted in the shareholders of Moshing Capital Inc. having control of the amalgamated company, the transaction was accounted for as if Moshing Capital Inc. acquired the net assets of the Company. As the Company had nominal net assets, the consideration of \$13,733, being the fair value of the 457,753 shares issued to True Zone shareholders, was attributed to the assignment of the option agreement and recorded to exploration and evaluation assets.

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Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

Three month period ended November 30, 2015

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## **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.