ZANZIBAR GOLD INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the nine months ended May 31, 2019 and 2018

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 Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

ZANZIBAR GOLD INC.

Condensed Interim Statements of Financial Position

Unaudited – Prepared by Management

(Expressed in Canadian dollars)

	Note	May 31, 2019	August 31, 2018
ASSETS			
Current assets			
Cash		$ 459,392	$ 117,561
Amounts receivable		6,107	3,640
Total current assets		465,499	121,201
Non-current assets			
Exploration and evaluation assets	5	779,834	392,510
Exploration advances	5	57,286	26,286
Total non-current assets		837,120	418,796
TOTAL ASSETS		$ 1,302,619	$ 539,997
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		$ 96,225	$ 82,919
Due to related parties	7	285,625	209,125
Loan payable	7	95,336	200,336
Total current liabilities		477,186	492,380
TOTAL LIABILITIES		477,186	492,380
SHAREHOLDERS' EQUITY			
Capital stock	6	1,598,398	532,298
Reserves	6	330,019	126,031
Deficit		(1,102,984)	(610,712)
TOTAL SHAREHOLDERS' EQUITY		825,433	47,617
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 1,302,619	$ 539,997

Nature and continuance of operations (Note 1)
Subsequent events (Note 11)

"Souhail (Abby) Farrage" — Chief Executive Officer & Director

"George Zarzour" — Director

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

ZANZIBAR GOLD INC.

Condensed Interim Statements of Loss and Comprehensive Loss

Unaudited – Prepared by Management

(Expressed in Canadian dollars)

	Note	Three months ended May 31, 2019	Three months ended May 31, 2018	Nine months ended May 31, 2019	Nine months ended May 31, 2018
EXPENSES					
Consulting	7	$ 18,000	$ 9,000	$ 64,672	$ 24,000
Marketing		-	-	10,500	-
Office and administration	7	2,296	1,018	11,509	1,191
Professional fees		8,170	1,736	29,033	17,085
Rent	7	10,500	-	31,500	-
Stock based compensation	6,7	-	18,406	327,982	54,618
Transfer agent and filing fees		7,489	317	17,076	6,740
Loss and comprehensive loss for the period		$ (46,455)	$ (30,477)	$ (492,272)	$ (103,634)
Basic and diluted loss per share		$ (0.00)	$ (0.00)	$ (0.04)	$ (0.01)
Weighted average number of shares outstanding - basic and diluted		14,442,462	7,557,755	13,026,889	7,557,755

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

ZANZIBAR GOLD INC.
Condensed Interim Statements of Cash Flows
For the nine months ended May 31, 2019 and 2018
Unaudited – Prepared by Management
(Expressed in Canadian dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (492,272)	$ (103,634)
Item not involving cash:		
Stock based compensation	327,982	54,618
Changes in non-cash working capital:		
Amounts receivable	(2,467)	(2,384)
Accounts payable and accrued liabilities	(11,694)	(24,089)
Due to/from related parties	76,500	20,500
Net cash used in operating activities	(101,951)	(54,989)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration advances	(31,000)	(1,500)
Exploration and evaluation assets	(172,324)	(5,896)
Net cash used in investing activities	(203,324)	(7,396)
CASH FLOWS FROM FINANCING ACTIVITIES		
Exercise of warrants	637,106	-
Exercise of stock options	115,000	-
Repayment of loan from related party	(105,000)	-
Loan from related party	-	47,017
Long term payables	-	27,836
Net cash provided by financing activities	647,106	74,853
Change in cash	341,831	12,468
Cash, beginning of period	117,561	134
Cash, end of period	$ 459,392	$ 12,602

Non-cash investing and financing activities during the nine months ended May 31, 2019:

- Transferred a fair value of $102,434 to share capital on the exercise of stock options;
- Transferred a fair value of $21,590 to share capital on the exercise of broker's warrants;
- Issued 1,000,000 shares at a fair value of $190,000 for an exploration and evaluation asset;
- $25,000 was included in exploration and evaluation assets which relates to accounts payable and accrued liabilities.

Non-cash investing and financing activities during the nine months ended May 31, 2018:

- $15,735 was included in deferred financing costs which relates to accounts payable and accrued liabilities.

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

ZANZIBAR GOLD INC.
Condensed Interim Statements of Changes in Shareholders' Equity
Unaudited – Prepared by Management
(Expressed in Canadian dollars)

	Number of Shares		Capital Stock		Reserves		Deficit		Total
Balance as at August 31, 2017	7,557,755	$	290,408	$	29,410	$	(399,910)	$	(80,092)
Stock based compensation	-		-		54,618		-		54,618
Loss for the period	-		-		-		(103,634)		(103,634)
Balance as at May 31, 2018	7,557,755	$	290,408	$	84,028	$	(503,544)	$	(129,108)
Balance as at August 31, 2018	11,557,755	$	532,298	$	126,031	$	(610,712)	$	47,617
Exercise of stock options	1,150,000		217,434		(102,434)		-		115,000
Exercise of warrants	4,247,375		658,666		(21,560)		-		637,106
Shares issued for exploration and evaluation asset	1,000,000		190,000		-		-		190,000
Stock based compensation	-		-		327,982		-		327,982
Loss for the period	-		-		-		(492,272)		(492,272)
Balance as at May 31, 2019	17,955,130	$	1,598,398	$	330,019	$	(1,102,984)	$	825,433

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Zanzibar Gold Inc. (the "Company") was incorporated on August 21, 2014 under the Business Corporations Act of British Columbia. The head office of the Company is 5623 145a Street, Surrey, British Columbia, V3S 8E3. The registered and records office is Suite 1780, 400 Burrard Street, Vancouver, British Columbia, V6C 3A6. The common shares of the Company are listed on the Canadian Securities Exchange ("CSE"), and trade under the symbol "ZBR".

The Company is in the business of the exploration and development of natural resource properties in Tanzania and Canada.

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, 2019 the Company has not generated any revenues from operations, has a working capital deficiency of $11,687 and accumulated deficit of $1,102,984.

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 July 30, 2019 by the directors of the Company.

2. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting using the principles of International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") as disclosed in our annual financial statements for the year ended August 31, 2018.

These condensed interim financial statements do not include all of the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and, accordingly, should be read in conjunction with the Company's annual financial statements for the year ended August 31, 2018.

These financial statements have been prepared on a historical cost basis, modified where applicable. 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.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the condensed interim financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended August 31, 2018.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in these condensed interim financial statements are the same as those applied by the Company as at and for the year ended August 31, 2018.

New standards, interpretations and amendments not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as of May 31, 2019 and have not been applied in preparing these condensed interim financial statements. None of these are expected to have a material effect on the financial statements of the Company.

New standard IFRS 16 "Leases"

In January 2016, the IASB issued IFRS 16, Leases which replaces IAS 17, Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. The Company has not early adopted this standard and is currently assessing the impact that this standard will have on its condensed interim financial statements.

New accounting standards adopted during the period

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for the classification and measurement of financial assets, additional changes relating to financial liabilities, a new general hedge accounting standard which will align hedge accounting more closely with risk management. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company adopted IFRS 9 on September 1, 2018 retrospectively and no differences of any significance have been noted in relation to the adoption of the standard.

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standard 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. The amended standard was adopted on September 1, 2018 and did not have an impact on the condensed interim financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

5. EXPLORATION AND EVALUATION ASSETS

	Kwedilima Cheetah, Tanzania	Panther1, Canada	Total
Balance – August 31, 2017	$ 231,137	$ -	$ 231,137
Deferred costs during the year			
Acquisition costs:	1,500	-	1,500
Exploration costs:			
Consulting fees	42,962	-	42,962
Field equipment and supplies	78,049	-	78,049
Other	27,170	-	27,170
Travel and accommodation	11,692	-	11,692
	159,873	-	159,873
Balance – August 31, 2018	392,510	-	392,510
Deferred costs during the period			
Acquisition costs:	-	290,000	290,000
Exploration costs:			
Assays, staking and mapping	-	14,900	14,900
Consulting fees	8,219	14,100	22,319
Field work	25,000	-	25,000
Other	3,605	-	3,605
Travel and accommodation	27,500	4,000	31,500
	64,324	33,000	97,324
Balance – May 31, 2019	$ 456,834	$ 323,000	$ 779,834

5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

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 sub-option agreement lapsed and was replaced by an option agreement (the "Option Agreement") between the Company and AFGF dated for reference September 30, 2016. The property that is the subject of the Option Agreement is located on prospecting license 11043/2016 in the Handeni Region, United Republic of Tanzania (the "Property"). The key terms of the Option Agreement are:

The Company can acquire an 80% undivided interest in and to the Property (the "Option") free and clear of all charges, encumbrances and claims in consideration for:

(i) cash payment of $25,000 to AFGF (paid);
(ii) issuance of 500,000 common shares of the Company to AFGF on or before September 26, 2017 (issued);
(iii) incur $75,000 in exploration expenses on or before September 26, 2016 (incurred); and
(iv) an additional $75,000 in exploration expenses on or before December 31, 2016 (incurred).

Pursuant to the Option Agreement, AFGF further granted the Company an option to purchase up to an additional 20% interest in the Property (the "Second Option") upon exercise of the Option by the Company to earn an 80% interest in the Property.

The Second Option may be fully exercised to attain a further 20% legal and beneficial interest in the Property (for an aggregate of up to 100% legal and beneficial interest in the Property) for a 3 year period from the execution of the Option Agreement in consideration for further payments of:

(i) $1,000,000 for each additional 5% interest in the Property for up to $4,000,000; or
(ii) $3,000,000 for an additional 15% interest in the Property whereby the Company may at its sole discretion, pay a further $1,000,000 for a 3% net smelter return (the "Royalty"). The Company is entitled to repurchase up to 2% of the Royalty thereby reducing the Royalty to as low as 2% or 1% net smelter return as the case may be, which may be exercisable at any time, upon the Company giving AFGF notice of exercise together with $1,000,000 for each 1% net smelter return for an aggregate of up to $2,000,000.

During the year ended August 31, 2018, the Company exercised the option granted by the Option Agreement pursuant to an option exercise agreement among the Company, AFGF and its staking agent, Jafari Yassim Sebabili ("Sebabili") (the "Option Exercise Agreement"). The key terms of the Option Exercise Agreement are that the Company will exercise the first option to earn an 80% interest in the Tanzania property and upon such exercise shall be deemed to have earned an additional 20% interest in the Tanzania property for a total 100% legal and beneficial interest. The prospecting license which comprises the Tanzania property (the "PL") is held by Sebabili on behalf of AFGF and was in the process of being transferred to AFGF. Under the Option Exercise Agreement, Sebabili will withdraw the application to transfer the registration in the PL to AFGF and immediately register the Company as the 100% legal and beneficial owner of the PL. Until such registration occurs, Sebabili will hold the 100% legal and beneficial interest in the PL in trust for the Company.

5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Panther1 Property, Canada

In November 2018, the Company signed an option agreement to acquire an 80% interest in Panther1 Property, a vanadium property located in Vancouver Island, British Columbia. Under the terms of the agreement, the Company will make cash payments of $100,000 to the optionor, issue 2,500,000 common shares to the optionor, and incur $225,000 in exploration expenditures by December 31, 2019 as follows:

- Cash payment of $50,000 to the optionor within five business days upon execution of this Agreement (paid);
- Issuance of 1,000,000 common shares of the optionee to the optionor within five business days upon execution of this Agreement (issued at a fair value of $190,000);
- Incur $75,000 in exploration expenses on or before December 31, 2018 ($33,000 incurred and $57,286 was advanced and recorded to exploration advances as at May 31, 2019);
- Payment of $50,000 to the optionor by May 15, 2019 (paid);
- Issuance of 1,500,000 common shares of the optionee to the optionor on or before October 31, 2019; and
- Incur $150,000 in exploration expenses on or before December 31, 2019.

As at May 31, 2019, the Company has advanced aggregate funds of $57,286 (August 31, 2018 - $26,286) to various third parties for future exploration work on the properties.

6. CAPITAL STOCK

Authorized – unlimited common and preferred shares without par value

Issued and outstanding:

Share capital transactions during the period ended May 31, 2019 were as follows:

- 1,150,000 stock options were exercised for proceeds of $115,000.
- 4,247,375 warrants and broker's warrants were exercised for proceeds of $637,106.
- 1,000,000 shares were issued at a fair value of $190,000 for an exploration and evaluation asset.

Share capital transactions during the year ended August 31, 2018 were as follows:

- In July 2018, the Company completed its initial public offering consisting of 4,000,000 units at $0.10 per unit for gross proceeds of $400,000. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company for a period of two years from the closing date at a price of $0.15 per common share during the first year and $0.20 per common share during the second year. The Company paid cash share issuance costs of $134,513 and issued 320,000 broker's warrants with a fair value of $23,597 to purchase one common share of the Company for a period of three years from the closing date at a price of $0.15 per common share.

Stock options

The Company's plan allows the directors to grant stock options to directors, officers, employees and consultants to purchase up to a total of 10% of the issued and outstanding common shares. No stock option granted under the plan is transferable by the optionee other than by will or the laws of descent and distribution, and each stock option is exercisable during the lifetime of the optionee only by such optionee.

(Expressed in Canadian Dollars)

6. CAPITAL STOCK (CONTINUED)

A summary of the Company's outstanding share purchase options as at May 31, 2019 and the changes during the period are presented below:

	Number of Options	Weighted Average Exercise Price
Balance – August 31, 2017	-	$ -
Granted	1,150,000	0.10
Balance – August 31, 2018	1,150,000	0.10
Exercised	(1,150,000)	0.10
Granted	2,400,000	0.15
Balance –May 31, 2019	2,400,000	$ 0.15

The weighted average remaining life of the options outstanding at May 31, 2019 was 4.64 years (August 31, 2018 – 3.60 years).

Number of Options	Exercise Price ($)	Expiry Date
1,200,000	0.15	December 11, 2023
1,200,000	0.15	February 27, 2024
2,400,000		

Stock based compensation

The stock based compensation expense recognized during the period ended May 31, 2019 was $327,982 (2018 - $54,618).

During the period ended May 31, 2019, the Company granted 2,400,000 (2018 – Nil) stock options at a weighted average exercise price of $0.15 (2018 - $Nil) per share.

The weighted average fair value of each stock option granted during the period ended May 31, 2019 was $0.14 (2018 - $Nil), calculated using the Black-Scholes Option Pricing Model on the grant date using the following weighted average assumptions:

	2019
Risk-free interest rate	1.91%
Expected life of option	5 years
Expected dividend yield	0%
Expected stock price volatility	150%

(Expressed in Canadian Dollars)

6. CAPITAL STOCK (CONTINUED)

Share purchase warrants

A summary of the Company's outstanding share purchase warrants as at May 31, 2019 and the changes during the period are presented below:

	Number of Warrants	Weighted Average Exercise Price
Balance – August 31, 2017	-	$ -
Granted	4,320,000	0.15
Outstanding – August 31, 2018	4,320,000	0.15
Exercised	(4,247,375)	0.15
	72,625	$ 0.15

The weighted average remaining life of the warrants outstanding at May 31, 2019 was 1.52 years (August 31, 2018 – 1.75 years).

Number of Warrants	Exercise Price ($)	Expiry Date
45,000	0.15	July 19, 2020*
27,625	0.15	July 18, 2021
72,625		

*Warrant exercise price: $0.15 (July 19, 2019) and $0.20 (July 19, 2020)

The weighted average fair value of the broker's warrants granted during the period ended May 31, 2019 was $Nil (year ended August 31, 2018 - $0.07), calculated using the Black-Scholes Option Pricing Model on the grant date using the following weighted average assumptions:

	Year ended August 31, 2018
Risk-free interest rate	1.35%
Expected life of option	3 years
Expected dividend yield	0%
Expected stock price volatility	141.56%

Reserves

Reserves relate to share-based payment reserve, which represent the fair value of stock options or warrants until such time that the share-based instruments are exercised, at which time the corresponding amount will be transferred to share capital.

7. RELATED PARTY TRANSACTIONS

As at May 31, 2019, there is $69,125 (August 31, 2018 – $69,125) due to a director of the Company. These amounts are non-interest bearing.

As at May 31, 2019, there is $216,500 (August 31, 2018 – $140,000) due to a company controlled by a director of the Company. These amounts are non-interest bearing.

As at May 31, 2019, included in loan payable is a balance of $95,336 (August 31, 2018 – $200,336) due to a director of the Company. These amounts are non-interest bearing.

During the period ended May 31, 2019, the Company incurred $45,000 (2018 - $22,500) in consulting fees from a company controlled by a director of the Company.

During the period ended May 31, 2019, the Company incurred $31,500 (2018 - $Nil) in rent from a company controlled by a director of the Company.

During the period ended May 31, 2019, the Company incurred $3,000 (2018 - $Nil) in consulting fees from a director of the Company.

During the period ended May 31, 2019, the Company incurred $9,000 (2018 - $Nil) in administrative fees from a former officer of the Company.

During the period ended May 31, 2019, the Company granted 1,200,000 stock options to a director and 600,000 stock options to a former officer valued at a total of $234,539 recorded to stock based compensation in the current period.

During the year ended August 31, 2017 the Company granted stock options to its directors valued at $102,434 of which $29,410 was recognized during the year ended August 31, 2017 and $73,024 was recognized during the year ended August 31, 2018.

During the year ended August 31, 2018, a director of the Company, Mr. Farrage, a company for which Mr. Farrage is the Chief Executive Officer and a third party agreed to postpone the payment due date of $245,001, $140,000 and $48,548 respectively until that date which is 13 months from the date that the Company's common shares are listed and called for trading on the CSE. The amounts owing by the Company are non-interest bearing. Notwithstanding such postponement, the Company may pre-pay all or any part of the debt without penalty before such payment due date. The amounts have been classified as current liabilities on the statements of financial position as at May 31, 2019 as they fall within twelve months from the period end date.

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. There were no changes to the Company's approach to managing capital during the period.

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, due to related parties and loan payable 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 amounts 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.

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.

9. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

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. 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 assets are located in Canada and Tanzania.

11. SUBSEQUENT EVENTS

Subsequent to May 31, 2019, the Company entered into agreements with the Mkuvia and Fakawi properties respectively.

The Mkuvia Property due diligence agreement contains the following terms: (i) the Company may spend up to $100,000 on its due diligence review, which shall be credited, at the Company's discretion, towards exploration expenditures or cash options requirements on the Mkuvia.

Subject to regulatory approval, the Company can earn a 100% legal and beneficial interest in the licenses on the Fakawi Property, free and clear of all charges and encumbrances, on the following option terms: (i) a cash payment of US$75,000 each within 10 and 60 days of the effective date of the option agreement; (ii) the issuance of 1,000,000 common shares to the optionor; (iii) initiate a US$250,000 development and mining program within 6 months of the effective date of the option agreement; (iv) a cash payment of US$100,000 within one year of the effective date of the option agreement; and (v) an issuance of 1,000,000 common shares within one year of the effective date of the option agreement.