

THE UNITED REPUBLIC OF TANZANIA



MINISTRY OF ENERGY AND MINERALS

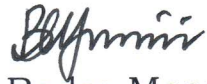
PRESS RELEASE FEBRUARY 15, 2016

1. On 04th February, 2016, the Chief Executive of Tanzania Royalty Exploration Corporation issued a News Release, entitled "Tanzania Royalty's subsidiary Tanzam provides notice of Force Majeure under agreement with STAMICO (State Mining Company) owned by the Tanzania Treasury". The Press release was wired to the stock markets and became public on 5th February 2016. The press Release indicated that the Force Majeure was being declared due to an invasion and forced occupation of the Buckreef mine by illegal miners. The Press release goes further to suggest that the invasion was instigated by the Deputy Minister for Energy and Minerals during his recent visit to Buckreef mine.
2. Unfortunately, The News Release by Tanzania Royalty Exploration Corporation regarding the Buckreef mine JV contains misleading information regarding the state of affairs at Buckreef Mine, and appears to have been designed to portray the Deputy Minister, the Government of Tanzania and Tanzanians as being unruly and not law abiding.
3. It is not the intention of this Press Release to dwell on the Contractual matters between Tanzam and STAMICO, neither do we wish to discuss the effect of the declared Force Majeure. We, however would like to reiterate the Government's dissatisfaction with the poor progress of re-establishing mining at Buckreef mine, which was the main message of the Deputy Minister when he visited the mine on

6th January, 2015. In view of many milestones that were not met by the JV group in 2015, the Deputy Minister required the mining operator to start active mining within fourteen days. This was not unlawful directive as portrayed in TANZAM's News release, as the company had made several promises to commission the mine in 2015. Tanzam came in as a Joint Venture Partner with STAMICO, with a promise to commission a medium-scale mine by May, 2014.

4. On 8th February, 2016, the Commissioner for Minerals visited the Buckreef mine. The Commissioner's visit coincided with TANZAM's unilateral declaration of Force Majeure and the unannounced suspension of all activities on the Buckreef mine. On inspecting the mine premises, in particular the South Pit, the Commissioner and his hosts noted nothing unusual as there were no single artisanal miner found in the vicinity of South Pit and there was as such no security threat as indicated in TANZAM's Press Release. Sporadic artisanal mining activities were reported to occur at the margins of the Buckreef portfolio and away from the operations area. Moreover, there was no security issue that was reported by the Company to Government in recent days.
5. We believe, any grievances that the investor had or continues to have, would have been attended to by Government according to existing laws. However, the use of press for malicious purposes like the News Release in question, is not helpful neither it is ethical. This is more disturbing when the information disseminated is utterly incorrect as in the case of the status of the Buckreef Mine.
6. We wish to inform the public that the Buckreef mine is secure and there is no invasion or forced occupation of the mine at present. The onus is for JV partners to develop the mine according to the authorised timeline, and in accordance with the Licence conditions.
7. The Government will continue to work with responsible investors to ensure smooth development of the mineral sector in Tanzania, within the existing legal and regulatory regimes. We also call upon the investors to avoid unnecessary disputes with Government or local

communities and to try as much as possible to seek redress through the provided legal and administrative channels, which for the case of Tanzania, they are always welcoming and very transparent.



Badra Masoud

Spokes Person

Ministry of Energy and Minerals