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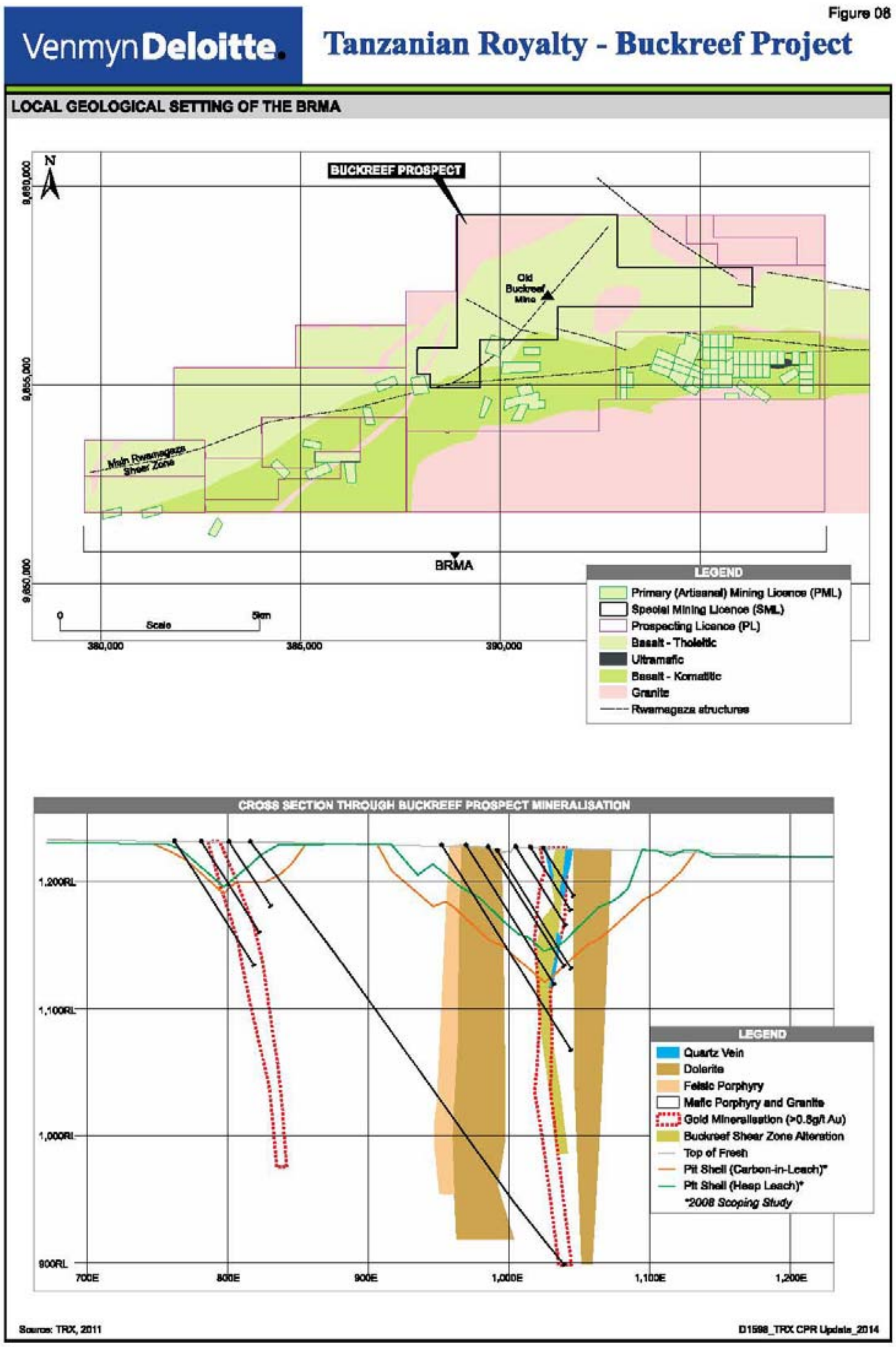
<u>Tanzanian Royalty Exploration Corporation and it's Path from Exploring for Gold to Successfully Mining and Producing Gold... Past, Present and Future.</u>

The story Tanzanian Royalty Exploration Corporation is important because in knowing where we have been, and knowing where we are, we can see where we are going. The path has been fraught with challenges and yet we have overcome the most difficult of obstacles in our path.

We have many new investors who are unaware of the journey we undertook more than a decade ago.
The following is our historical background, statement of our present circumstances and vision for our future. Our accomplishments are significant and the road ahead is paved with gold.

There is a truism in the mineral industry that a company with nothing much to gain has no challenges. A company with good but not spectacular prospects has minor challenges. For a company with stellar prospects, “All hell breaks loose.” TRX has stellar prospects and the hells we have been through to get to where we are today is proof. A look back at the Buckreef Development Project demonstrates this truism. Spectacular prospects must overcome the most challenging of obstacles.

Our public disclosure dated August 3, 2012 was only the hint of spectacular prospects which could result at Buckreef. For new members of our TRX investment family, this can be viewed on our website, TanzanianRoyalty.com under the caption • Tanzanian Royalty Assay Results at Depth Extended To Buckreef North 26 metres at 4.30g/t Gold, including10 metres at 8.42g/t Gold of our public statement 43-101 of that date. The prospects for development grew with continued exploration and testing and we updated our findings on August 6th, 9th and 24th of our 43-101reports captioned Tanzanian Royalty Reports High Grade Assay Results at Buckreef Project, Tanzanian Royalty Reports Drilling Continues to Extend Higher Grades at Buckreef Gold Project, and Tanzanian Royalty Reports New Drilling Results from the Buckreef Project Continue to Intersect Wider Mineralization Zone At Depth, respectively. Please see our public disclosure statements for the full reports which are all available on our corporate website.



The ever increasing attractiveness of our mines not only became evident but obvious to all in our industry. As our mining potential increased so did our challenges. The mines receive much greater local and governmental interest than anything we previous experienced. More advantageous information kept coming and the public disclosure statements were more and more promising with each informational release. With significant prospects, Buckreef was not only receiving a spotlight, it was becoming a target. We experienced greater regulation, government intervention, more and more obstacles from interested local and illegal miners and increased security needs. We were met with previously unimaginable challenges. Through our good management and dedication to our corporate goals we carried on against many odds and we tackled our obstacles. We continued to move forward and we progressed through tenacity and continued dedication and devotion to achieving our goals.

We were recently declared a gold producer by the government of the United Republic of Tanzania. We thereafter achieved our first pour the first week of February 2016.


Our success drew the attention of the government and also illegal miners. The invasion and occupation by illegal miners resulted in a timeout for our processing endeavors pursuant to the contractual relief we sought for damages and redress of our grievances under Force Majeure. Although our processing was halted during the Force Majeure, our efforts did not cease. It was during this time that we installed the gravity portion of the Gravity / CIL plant so that every effort was made to successfully continue our forward movement and outstanding progress. During this pause, we were unable to mine but we were able to replace our CIC plant with the Gravity Module of what will ultimately become the Gravity / CIL Plant which was followed by extremely favorable testing results. Our Force Majeure was lifted in favor of intervention for our protection pursuant to the 2013 Canadian Tanzania Economic Treaty. Our operations have now continued and our grievances are being dealt with through international relations.

In order to visualize and understand our gold deposits, imagine an ice cream cone with a conically shaped cone shape. It is largest at the top where the scoop of ice cream is located and has a decreasing radius from there to the base of the cone. This is the shape of most gold mines. If you turn this image upside down, where the ice cream scoop is at the bottom and the cone is at the top, you will have the image (of the shape only) of our Buckreef gold deposit. This was discovered through deep drilling results. Our challenges both from inside and outside of the company accelerated significantly on the release of these deep drilling results. This means, the deeper we mine the richer the product. The deeper we mine the greater the widths of gold enrichment. This was a combination of both a blessing and significant challenges for the company as originally outlined herein. It is rare that the width of a deposit becomes larger with depth, and thus increases in value (grams of gold per ton) the deeper you mine. This has been an early and unique marker in the past of a major deposit. This was the case at the Bulyanhulu and Geita mining operations. I witnessed this phenomena as the chairman of the company that discovered the uniqueness of Bulyanhulu and began it's development prior to it being sold to Barrick.

We live in the information age, and due to technology, nothing which might be secret can remain secret for long. Due to reporting requirements and other stringent regulations, the moment something is known and reported, it becomes widely known within hours. Developments in the mineral industries are watch very closely by governments, regulators, interested parties and the mineral industry. Since we are required by law to release information, each new release creates a new set of challenges to be overcome. Claim jumping is still alive and well in the minerals industry, and any company with a spectacular prospect must be ever-diligent once information becomes known. Claim jumping did not stop with the Klondike gold rush. It, like everything else, has taken on the sophistication and complexity of the derivatives markets and high speed trading.

The industry in which we operate is called,"Capital Intensive." This means that before any revenue can be realized, all the infrastructure to produce the product must be in place. This means that before a company can produce one dollar in revenue it must have the plant, equipment and people necessary to operate it. All costs are upfront in this industry. This makes shareholders and investors vital in the mining process. We are well on our way to prosperity. It is the support of shareholders and investors like you who have made our incredible achievements possible and your continued support which will enable us to move forward to our greater prosperity.

It is customary in the mining business to sell what is mined as soon as possible. The mining industry illusion is that the value of gold never exceeds the cost of production. This is a mis-belief which creates an industry standard of selling the gold without regard to market price of gold. Some miners in the industry sell their gold even before it is mined. Neither of these practices is the highest choice in a business plan. We intend to sell our gold, just as any other miner, but will do so when the timing is most profitable for our shareholders. For the stability, security and highest profitability of our company, we are implementing a new business model. We intend to hold our gold and borrow on it as collateral. We have arranged an unlimited loan from the prestigious and highly secured Zurich refinery for 80% of the value of the dore we produce at 2% interest. Our gold dore is transported to Switzerland fully insured in accordance with their logistics plan. We will implement this arrangement as soon as the CIL module is installed on our gravity circuit.

It is our business plan with the gold loans to protect and secure our investment, our company and our shareholder's future wealth against losses resulting from the current normalcy bias in the marketplace. "Helicopter Money" is coming and fiat paper currency is diminishing in value as a medium of exchange every day. If you are a JSMineset.com Gold Subscriber, please read our article about "Helicopter Money." In order to use our gold as a store of wealth, it is our intention to support our company based on physical gold bullion retention, not liquidation, and sell our gold when it is most profitably valued. Our Zurich refinery is not part of the global banking system and therefore secure from the negative impacts of the markets and the crumbling banking system. Gold has no counter party risks. Our plan for our gold will free us from the failing banking system and secure our shareholders against the debasement of the global currencies and preserve our wealth.

The increasing price of our TRX stock is very revealing as we go forward.

I am delighted to provide this background and update for your consideration. We are exploring additional financing, and are very pleased with the interest in our company and the financial opportunities flowing to us at this time. Thank you for your consideration, time and attention. Together we will make a positive difference and your support and assistance remains vital to our continued highly positive and productive path.

Respectfully submitted,

James E. Sinclair, CEO
Tanzanian Royalty Exploration Corporation

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This letter contains certain forward-looking statements and forward-looking information, including but not limited to that the Company will be able to complete the production ramp up previously disclosed. All statements, other than statements of historical fact, included herein are forward-looking statements and forward-looking information that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations are disclosed in the Company's documents filed from time-to-time with the British Columbia, Alberta and Ontario provincial securities regulatory authorities.

Certain information presented in this letter may constitute "forward-looking statements" within the meaning of the *Private Securities Litigation Reform Act* of 1995. Such forward-looking statements are based on numerous assumptions, and involve known and unknown risks, uncertainties and other factors, including risks inherent in mineral exploration and development, which may cause the actual results, performance, or achievements of the Company to be materially different from any projected future results, performance, or achievements expressed or implied by such forward-looking statements. Investors are referred to our description of the risk factors affecting the Company contained in our SEC filings including our annual report on Form 20-F and other reports filed with the SEC concerning these risks and uncertainties.