
**United States
Securities and Exchange Commission
Washington, D.C. 20549**

FORM 20-F

(Mark One)

- Registration Statement Pursuant to Section 12(b) or (g) of the Securities Exchange Act of 1934
or
 Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended August 31, 2015
or
 Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____
or
 Shell company report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Date of event requiring this shell company report _____

Commission file number: **001-35307**

Tasman Metals Ltd.

(Exact name of Registrant as specified in its charter)

Tasman Metals Ltd.

(Translation of Registrant's name into English)

British Columbia, Canada

(Jurisdiction of incorporation or organization)

#1305 – 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7

(Address of principal executive offices)

**Nick DeMare, Chief Financial Officer, (604) 685-9316 (t), (604) 683-1585 (f), ndemare@chasemgt.com,
#1305 – 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7**

(Name, telephone, e-mail and/or facsimile number and address of Company contact person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of Each Class:
Common Stock, no par value

Name of Each Exchange On Which Registered:
NYSE MKT LLC

Securities registered or to be registered pursuant to Section 12(g) of the Act.

Common Stock, No Par Value
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:
66,141,922 shares of common stock outstanding as of August 31, 2015.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No (not required)

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued
by the International Accounting Standards Board

Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

General Information:

Unless otherwise indicated, all references herein are to Canadian dollars. References to US\$ refer to United States dollars and references to SEK refer to Swedish Krona.

As used within this annual report, unless the context indicates otherwise, the terms “Tasman,” “we,” “us” or “our” refers to Tasman Metals Ltd. and our subsidiaries.

Glossary

NI 43-101 & Canadian Institute of Mining, Metallurgy and Petroleum Definitions

Mineral Reserve	The term “Mineral Reserve” refers to the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a preliminary feasibility study. The study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.
Proven Mineral Reserve	The term “Proven Mineral Reserve” refers to the economically mineable part of a Measured Mineral Resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.
Probable Mineral Reserve	The term “Probable Mineral Reserve” refers to the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.
Mineral Resource	The term “Mineral Resource” refers to a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, rare earth elements and industrial minerals in or on the earth’s crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.
Measured Mineral Resource	The term “Measured Mineral Resource” refers to that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.
Indicated Mineral Resource	The term “Indicated Mineral Resource” refers to that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced

closely enough for geological and grade continuity to be reasonably assumed.

Inferred Mineral Resource

The term “Inferred Mineral Resource” refers to that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

Qualified Person⁽¹⁾

The term “Qualified Person” refers to an individual who is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these, has experience relevant to the subject matter of the mineral project and the technical report and is a member in good standing of a professional association.

SEC Industry Guide 7 Definitions

Reserve

The term “Reserve” refers to that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. Reserves must be supported by a feasibility study⁽²⁾ done to bankable standards that demonstrates the economic extraction. (“bankable standards” implies that the confidence attached to the costs and achievements developed in the study is sufficient for the project to be eligible for external debt financing.) A reserve includes adjustments to the in-situ tonnes and grade to include diluting materials and allowances for losses that might occur when the material is mined.

Proven (Measured) Reserve

The term “Proven (Measured) Reserve” refers to reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well-defined that size, shape, depth and mineral content of reserves are well-established.

Probable (Indicated) Reserve

The term “Probable (Indicated) Reserve” refers to reserves for which quantity and grade and/or quality are computed from information similar to that used for proven (measured) reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven (measured) reserves, is high enough to assume continuity between points of observation.

Mineralized Material⁽³⁾

The term “Mineralized Material” refers to material that is not included in the reserve as it does not meet all of the criteria for adequate demonstration for economic or legal extraction.

Non-Reserves

The term “Non-Reserves” refers to mineralized material that is not included in the reserve as it does not meet all of the criteria for adequate demonstration for economic or legal extraction.

Exploration Stage

An “Exploration Stage” prospect is one which is not in either the development or production stage.

Development Stage

A “Development Stage” project is one which is undergoing preparation of an established commercially mineable deposit for ore extraction but which is not yet in production. This stage occurs after completion of a feasibility study.

Production Stage

A "Production Stage" project is actively engaged in the process of extraction and beneficiation of Mineral Reserves to produce a marketable metal or mineral product.

- (1) Industry Guide 7 does not require designation of Qualified Person.
- (2) For Industry Guide 7 purposes, the feasibility study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.
- (3) This category is substantially equivalent to the combined categories of Measured Mineral Resource and Indicated Mineral Resource specified in NI 43-101.

Additional Definitions

alumina - a white solid, aluminum oxide, that occurs in bauxite and is found in crystalline form as the main constituent of corundum, sapphire, and other minerals.

anorthosite - is a phaneritic, intrusive igneous rock characterized by a predominance of plagioclase feldspar (90–100%), and a minimal mafic component (0–10%). Pyroxene, ilmenite, magnetite, and olivine are the mafic minerals most commonly present.

assay - a measure of the valuable mineral content.

bastnasite - a mixed-lanthanide fluoro-carbonate mineral (Ln F CO₃) that currently provides the bulk of the world's supply of the light REEs. Bastnasite and monazite are the two most common sources of cerium and other REEs. Bastnasite is found in carbonatites, igneous carbonate rocks that melt at unusually low temperatures.

cerium ("Ce") - a soft, silvery, ductile metal which easily oxidizes in air. Cerium is the most abundant of the REEs, and is found in a number of minerals, including monazite and bastnasite. Cerium has two relatively stable oxidation states, enabling both the storage of oxygen and its widespread use in catalytic converters. Cerium is also widely used in glass polish.

chromite / chromitite - a brownish-black mineral that consists of a mixed oxide of chromium and iron and is the principal ore of chromium.

concentrate - a mineral processing product that generally describes the material that is produced after crushing and grinding ore, effecting significant separation of gangue (waste) minerals from the desired metal and/or metal minerals, and discarding the waste minerals. The resulting "concentrate" of minerals typically has an order of magnitude higher content of minerals than the beginning ore material.

Cr203 - chromium (III) oxide, the industry standard method of analysis and reporting of chromium.

critical rare earth elements ("CREE") - we consider CREEs to include Y and the rare earth elements of Nd, Pr, Eu, Tb and Dy which we believe are projected to have the greatest future demand, price growth and supply risk.

cut-off grade - when determining economically viable Mineral Reserves, the lowest grade of mineralized material that qualifies as ore, i.e. that can be mined and processed at a profit.

definitive feasibility study ("DFS") - a comprehensive study of a mineral deposit in which all geological, engineering, legal, operating, economic, social, environmental and other relevant factors are considered in sufficient detail that it could reasonably serve as the basis for a final decision by a financial institution to finance the development of the deposit for mineral production.

dysprosium (“Dy”) - a soft metallic element of the lanthanide series. Dy has a high melting point and absorbs neutrons well and is therefore used to help control nuclear reactions and is also used in laser materials and as a neutron absorber in nuclear control rods.

erbium (“Er”) - is a soft, malleable, lustrous, silvery metal. It is very stable in air, it reacts very slowly with oxygen and water and dissolves in acids. Its salts are rose colored and it has a sharp adsorption spectra in visible, ultraviolet and infrared light. Some erbium is added to alloys with metals such as vanadium because it lowers their hardness, making them more workable. Due to its adsorption of infrared light, erbium is added to the glass of special safety spectacles for workers, such as welders and glass-blowers. It is used as a photographic filter as well, and to dope optical fibers at regular intervals to amplify signals. Finally, due to its pink color, erbium is sometimes used as a glass and porcelain enamel glaze colorant.

europium (“Eu”) - a very rare metallic element that is the softest member of the lanthanide series. It is used in making color television tubes and lasers and as a neutron absorber in nuclear research. It is desirable due to its photon emission. Excitation of the europium atom, by absorption of electrons or by ultraviolet radiation, results in changes in energy levels that create a visible emission. Almost all practical uses of europium utilize this luminescent behavior.

fault - a surface or zone of rock fracture along which there has been displacement.

fluorite (also called **fluorspar**) - a mineral form of calcium fluoride, CaF_2 . It belongs to the halide minerals. It crystallizes in isometric cubic habit, although octahedral and more complex isometric forms are not uncommon.

formation - a distinct layer of sedimentary rock of similar composition.

gadolinium (“Gd”) - is a malleable, ductile metallic element of the lanthanide series that has seven natural isotopes and 11 artificial isotopes. Two of the natural isotopes, Gd 155 and Gd 157, are the best known neutron absorbers. Gd is used to improve the heat and corrosion resistance of iron, chromium, and various alloys and in medicine as a contrast medium for magnetic resonance imaging and as a radioisotope in bone mineral analysis.

geochemical - the distribution and amounts of the chemical elements in minerals, ores, rocks, solids, water, and the atmosphere.

geophysical - the mechanical, electrical, gravitational and magnetic properties of the earth's crust.

geophysical surveys - a survey method used primarily in the mining industry as an exploration tool, applying the methods of physics and engineering to the earth's surface.

grade - quantity of metal per unit weight of host rock.

heavy rare earth elements (“HREEs”) - defined as the elements Tb, Dy, Ho, Er, Tm, Yb, Lu and Y.

heavy rare earth oxides (“HREO”) - includes the oxides: Eu_2O_3 , Gd_2O_3 , Tb_2O_3 , Dy_2O_3 , Ho_2O_3 , Er_2O_3 , Tm_2O_3 , Yb_2O_3 , Lu_2O_3 , Y_2O_3 .

holmium (“Ho”) - is a malleable, soft, lustrous metal with a silvery colour, belonging to the lanthanides series of the periodic chart of elements. It is slowly attacked by oxygen and water and dissolves in acids. It is stable in dry air at room temperature. Holmium alloys are used as a magnetic flux concentrator to create the strongest artificially-generated magnetic fields. It is also used in nuclear reactors for nuclear control rods. Holmium oxide is used as yellow gas colouring.

host rock - the rock in which a mineral or an ore body may be contained.

Ilmenomagnetite - an uncommon mineral comprised of iron, titanium and oxygen.

Iron (“Fe”) - is a ductile, gray, relatively soft metal and is a moderately good conductor of heat and electricity. It is attracted by magnets and can be readily magnetized. The pure metal is chemically very reactive and rusts readily in moist air, forming red-brown oxides. There are three allotropic forms of iron, known as alpha, gamma, and delta. Alpha iron, also known as ferrite, is the stable form of iron at normal temperatures.

lanthanum (“La”) - the first member of the Lanthanide series. Lanthanum is a strategically important rare earth element due to its use in fluid bed cracking catalysts and fluid catalytic cracking, which are used in the production of transportation and aircraft fuel. Lanthanum is also used in fuel cells and batteries.

lead (“Pb”) - is a bluish-gray, soft, dense metal that has a bright luster when freshly cut. It tarnishes slowly in moist air to form a dull gray coating. The metal is highly ductile and malleable. Lead is extremely resistant to corrosion and is a poor conductor of electricity.

life-of-mine - a term commonly used to refer to the likely term of a mining operation and normally determined by dividing the tonnes of Mineral Reserve by the annual rate of mining and processing.

light rare earth oxides (“LREO”) - includes the oxides La₂O₃, Ce₂O₃, Pr₂O₃, Nd₂O₃, Sm₂O₃.

lutetium (“Lu”) - pure metal lutetium has been isolated only in recent years and is one of the more difficult to prepare. It can be prepared by the reduction of anhydrous LuCl₃ or LuF₃ by an alkali or alkaline earth metal. The metal is silvery white and relatively stable in air. It is the hardest and the densest of the lanthanides. Lutetium is very expensive to obtain in useful quantities and therefore it has very few commercial uses. One commercial application has been as a pure beta emitter, using lutetium which has been exposed to neutron activation. A tiny amount of lutetium is added as a dopant to gadolinium gallium garnet (GGG), which is used in magnetic bubble memory devices.

magnesium - the chemical element of atomic number 12, a silver-white metal of the alkaline earth series. It is used to make strong lightweight alloys, especially for the aerospace industry, and is also used in flashbulbs and pyrotechnics because it burns with a brilliant white flame.

magnetite - a gray-black magnetic mineral that consists of an oxide of iron and is an important form of iron ore.

mineral - a naturally occurring inorganic crystalline material having a definite chemical composition.

mineralization - a natural accumulation or concentration in rocks or soil of one or more potentially economic minerals, also the process by which minerals are introduced or concentrated in a rock.

monazite - a reddish-brown phosphate mineral. Monazite minerals are typically accompanied by concentrations of uranium and thorium. This has historically limited the processing of monazite, however this mineral is becoming more attractive because it typically has elevated concentrations of mid-to heavy rare earth elements.

National Instrument 43-101 (“NI 43-101”) - standards of disclosure for mineral projects prescribed by the Canadian Securities Administrators.

neodymium (“Nd”) - a metallic element of the lanthanide series, occurring principally in monazite. Nd is a key constituent of NdFeB permanent magnets and an additive to capacitor dielectrics. NdFeB magnets maximize the power/weight ratio, and are found in a large variety of motors, generators, sensors and hard disk drives. Capacitors containing Nd are found in cellular telephones, computers and nearly all other electronic devices. A minor application of Nd is in lasers.

open pit - surface mining in which the ore is extracted from a pit or quarry, the geometry of the pit may vary with the characteristics of the ore body.

ore - mineral bearing rock that can be mined and treated profitably under current or immediately foreseeable economic conditions.

ore body - a mostly solid and fairly continuous mass of mineralization estimated to be economically mineable.

ore grade - the average weight of the valuable metal or mineral contained in a specific weight of ore, i.e. grams per tonne of ore.

oxide - rare earth bearing ore which results from the oxidation of near surface sulfide ore.

ppm - parts per million.

platinum group elements or PGE - is a group of six elements: platinum (Pt), palladium (Pd), rhodium (Rh), iridium (Ir), osmium (Os), and ruthenium, (Ru) that each of which is among the rarest and most precious of metals.

praseodymium (“Pr”) - comprises about 4% of the lanthanide content of bastnasite and has a few specific applications, based mainly on its optical properties. It is a common coloring pigment, and is used in photographic filters, airport signal lenses, and welder's glasses. Because it chemically and magnetically is so similar to its neighbors neodymium and lanthanum, it is typically found in small amounts in applications where neodymium and lanthanum are popular, such as NdFeB magnets and catalysts. These latter applications are actually the largest uses for praseodymium because the magnet and catalyst markets are so large. Thus praseodymium plays an important role, in extending the availability of the more popular neodymium and lanthanum.

preliminary economic assessment (“PEA”) - a study that includes an economic analysis of the potential viability of Mineral Resources taken at an early stage of the project prior to the completion of a preliminary feasibility study.

preliminary feasibility study or pre-feasibility study (“PFS”) - each mean a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established and an effective method of mineral processing has been determined, and includes a financial analysis based on reasonable assumptions of technical, engineering, legal, operating, economic, social, and environmental factors and the evaluation of other relevant factors which are sufficient for a Qualified Person, acting reasonably, to determine if all or part of the Mineral Resource may be classified as a Mineral Reserve.

promethium (originally promethium) - a chemical element with symbol **Pm** and atomic number 61. All of its isotopes are radioactive; it is one of only two such elements that are followed in the periodic table by elements with stable forms, a distinction shared with technetium. Chemically, promethium is a lanthanide, which forms salts when combined with other elements. Promethium shows only one stable oxidation state of +3; however, a few +2 compounds may exist.

pyroxene - are a group of important rock-forming inosilicate minerals found in many igneous and metamorphic rocks.

pyroxenite - a dark, greenish, granular intrusive igneous rock consisting chiefly of pyroxenes and olivine.

rare earth element (“REE”) - a group of metallic elements with unique properties: chemical, catalytic, magnetic, metallurgical and phosphorescent.

rare earth oxide (“REO”) - the oxide form of rare earth elements.

RC (reverse circulation) drilling - a drilling method using a tri-cone bit, during which rock cuttings are pushed from the bottom of the drill hole to the surface through an outer tube, by liquid and/or air pressure moving through an inner tube.

Rh or rhenium - is a chemical element with symbol Re and atomic number 75. It is a silvery-white, heavy, third-row transition metal in group 7 of the periodic table. With an estimated average concentration of 1 part per billion (ppb), rhenium is one of the rarest elements in the Earth's crust.

recovery - the percentage of contained metal actually extracted from ore in the course of processing such ore.

samarium (“Sm”) - predominantly used to produce Sm cobalt magnets. Although these magnets are slightly less powerful than NdFeB magnets at room temperature, Sm cobalt magnets can be used over a wider range of temperatures and are less susceptible to corrosion.

sampling and analytical variance/precision - an estimate of the total error induced by sampling, sample preparation and analysis.

scandium - a chemical element with symbol “Sc” and atomic number 21. A silvery-white metallic d-block element, it has historically been sometimes classified as a rare earth element, together with yttrium and the lanthanoids. It was discovered in 1879 by spectral analysis of the minerals euxenite and gadolinite from Scandinavia.

scheelite - a calcium tungstate mineral with the chemical formula CaWO_4 . It is an important ore of tungsten. Well-formed crystals are sought by collectors and are occasionally fashioned into gemstones when suitably free of flaws. Scheelite has been synthesized via the Czochralski process; the material produced may be used to imitate diamond, as a scintillator, or as a solid state lasing medium.

strike - the direction or trend that a structural surface, e.g. a bedding or fault plane, takes as it intersects the horizontal.

strip - to remove overburden in order to expose ore.

sulfide - a mineral including sulfur and iron as well as other elements; metallic sulfur-bearing mineral often associated with REE mineralization.

sulphide - a binary compound of sulfur with another element or group.

tailings - fine ground wet waste material produced from ore after economically recoverable metals or minerals have been extracted.

terbium (“Tb”) - is a soft, malleable, ductile, silver-gray metal member of the lanthanide group of the periodic table. It is reasonably stable in air, but it is slowly oxidised and it reacts with cold water. Terbium is rare and expensive. Some minor uses are in lasers, semiconductor devices, and phosphorous in colour television tubes. It is also used in solid-state devices and as a stabilizer of fuel cells which operate at high temperature.

thulium (“Tm”) - is a bright, soft, malleable, silvery-gray metal. It is a rare earth metal and is one of the least abundant. The metal tarnishes slowly in dry air to form the oxide and reacts with water to form the hydroxide and hydrogen gas. Tm^{3+} ions emit a strong blue luminescence when excited. When present in compounds, thulium exists usually in the trivalent state, Tm^{3+} . It forms compounds – mostly green in color – with oxygen and the halogens. Radioactive isotope ^{170}Tm is produced by bombarding thulium in a nuclear reactor. It has a half-life of 128 days and is used as a portable source of x-rays. Thulium is used to dope yttrium aluminum garnets (YAG) used in lasers. Thulium is also used in alloys with other rare earth metals. Thulium is used in euro banknotes for its blue fluorescence under UV light to defeat counterfeiters.

titanium - the chemical element of atomic number 22, a hard silver-gray metal of the transition series, used in strong, light, corrosion-resistant alloys.

total rare earth oxide (“TREO”) - refers to the sum total of REEs present in a deposit.

tungsten (“W”) - the chemical element of atomic number 74, a hard steel-gray metal of the transition series. It has a very high melting point (3410°C) and is used to make electric light filaments.

vanadium - the chemical element of atomic number 23, a hard gray metal of the transition series, used to make alloy steels.

vein - a thin, sheet-like crosscutting body of hydrothermal mineralization, principally quartz.

ytterbium (“Yb”) - is a soft, malleable and rather ductile element that exhibits a bright silvery luster. A rare earth, the element is easily attacked and dissolved by mineral acids, slowly reacts with water, and oxidizes in air. The oxide forms a protective layer on the surface. Compounds of ytterbium are rare. Ytterbium is sometimes associated with yttrium or other related elements and is used in certain steels. Its metal could be used to help improve the grain refinement, strength, and other mechanical properties of stainless steel. Some ytterbium alloys have been used in dentistry. One ytterbium isotope has been used as a radiation source substitute for a portable X-ray machine when electricity was not available. Like other rare-earth elements, it can be used to dope phosphors, or for ceramic capacitors and other electronic devices, and it can even act as an industrial catalyst.

yttrium (“y”) - is a soft, silvery metal used in television screens to produce the colour red. It is also employed in superconductors. The largest use of yttrium is in the form of yttrium(III) oxide, which is used to produce phosphors which give the red colour in colour television tubes. It is also used in the making of microwave filters. Yttrium is often used as an additive in alloys, and increases the strength of aluminium and magnesium alloys. It is also used as a detoxifier for non-ferrous metals. It has been used as a catalyst in ethylene polymerisation. Yttrium-90, a radioactive isotope, has a medical use in needles which have replaced the surgeon’s knife in killing pain-transmitting nerves in the spinal cord.

zirconium (“Zr”) - is a strong, malleable, ductile, lustrous, grayish-white metal. When present in compounds, zirconium exists mostly in the oxidation state IV. Its oxide (ZrO₂) is white, like many of its compounds and is generally exceptionally resistant to corrosion. It is however rapidly attacked by hydrofluoric acid, even at low concentrations. In an oxygen atmosphere, finely divided Zirconium burns with the highest known temperature for a metal flame: 4460 oC(4). Powdered zirconium can spontaneously ignite in air. Exposed surfaces of zirconium form a protective oxide layer. Zirconium tungstate (ZrW₂O₈) is an unusual substance: it shrinks when heated from near absolute zero to 780 oC(5).

Forward Looking Statements

This annual report, including any documents incorporated by reference herein, contains forward looking statements and forward looking information (collectively, “**forward looking statements**”) within the meaning of Canadian and United States securities laws relating to us that are based on the beliefs and estimates of our management as well as assumptions made by and information currently available to us. Such forward looking statements include, but are not limited to, statements concerning:

- our plans for our mineral properties;
- the future price of rare earth elements;
- market events and conditions;
- the estimation of mineral reserves and mineral resources;
- estimates of the time and amount of future REE production for specific operations;
- estimated future exploration expenditures and other expenses for specific operations;
- permitting timelines;
- requirements for additional capital;
- litigation risks;
- the registration of the concessions comprising the various REE projects;
- the market and future price of commodities;
- the timing, cost and success of future exploration activities, including, but not limited to, our proposed work programs;
- currency fluctuations; and
- environmental risks and reclamation costs.

When used in this annual report, any statements that express or involve discussions with respect to predictions, beliefs, plans, projections, objectives, assumptions or future events of performance (often but not always using words or phrases such as “anticipate”, “believe”, “estimate”, “expect”, “intend”, “plan”, “strategy”, “goals”, “objectives”, “project”, “potential” or variations thereof or stating that certain actions, events, or results “may”,

“could”, “would”, “might” or “will” be taken, occur, or be achieved, or the negative of any of these terms and similar expressions), as they relate to us or our management, are intended to identify forward looking statements.

Such forward looking statements reflect our current views with respect to future events and are subject to certain known and unknown risks, uncertainties, assumptions and other factors which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Such factors and assumptions include, amongst others, the effects of general economic conditions, changing foreign exchange rates and actions by government authorities, uncertainties associated with negotiations and misjudgments in the course of preparing forward-looking statements. Many factors could cause actual results, performance, or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward looking statements, including, among others:

- risks relating to our ability to finance the exploration and development of our mineral properties;
- risks relating to our exploration of our mineral properties and business activities;
- risks and uncertainties relating to the interpretation of exploration results, geology, grade and continuity of our mineral deposits;
- risks related to differences between United States and Canadian practices for reporting mineral resources and reserves;
- risks related to title to our mineral properties and the ability to obtain the required mining leases and permits to develop our mineral properties;
- risks related to mining operations in Sweden, Finland and Norway;
- commodity price fluctuations;
- currency fluctuations;
- risks related to the price and volume volatility of our common shares;
- risks related to governmental regulations, including environmental regulations and possible changes thereto;
- risks related to possible reclamation activities on our properties;
- our ability to attract and retain qualified management and our dependence upon such management in the development of our mineral properties and potential conflicts of interest involving such management;
- risks related to the ability to maintain the listing of our common shares on the TSX Venture Exchange (the “**TSXV**”) and the NYSE MKT Exchange (the “**NYSE MKT**”);
- increased competition in the exploration industry; and
- our lack of cash flow, history of losses and expectation of future losses.

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. This list is not exhaustive of the factors that may affect any of our forward looking statements. Forward looking statements are statements about the future and are inherently uncertain, and our actual achievements or other future events or conditions may differ materially from those reflected in the forward looking statements due to a variety of risks, uncertainties and other factors, including without limitation, those referred to in this document under “Item 3. Key Information – Risk Factors.” The forward looking statements in this annual report are based on the reasonable beliefs, expectations and opinions of management on the date the forward looking statements are made, and, except as required by law, we do not assume any obligation to update forward looking statements if circumstances or our management’s beliefs, expectations or opinions should change.

For the reasons set forth above, investors should not attribute undue certainty to or place undue reliance on forward looking statements.

Additional risks and uncertainties relating to us and our business can be found under “Item 3. Key Information – Risk Factors” in this annual report.

Cautionary Note Regarding Reserve and Resource Disclosure

The terms “**mineral reserve**,” “**proven mineral reserve**” and “**probable mineral reserve**” are Canadian mining terms as defined in accordance with NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum (the

“**CIM**”) — *CIM Definition Standards on Mineral Resources and Mineral Reserves*, adopted by the CIM Council, as may be amended from time to time by the CIM. These definitions differ from the definitions in the United States Securities and Exchange Commission (the “**SEC**”) Industry Guide 7 (“**SEC Industry Guide 7**”) under the U.S. Securities Act of 1933 (the “**U.S. Securities Act**”). Under SEC Industry Guide 7 standards, a “**final**” or “**bankable**” feasibility study is required to report reserves, the three-year history average price is used in any reserve or cash flow analysis to designate reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority.

In addition, the terms “**mineral resource**,” “**measured mineral resource**,” “**indicated mineral resource**” and “**inferred mineral resource**” are defined in and required to be disclosed by NI 43-101; however, these terms are not defined terms under SEC Industry Guide 7 and normally are not permitted to be used in reports and registration statements filed with the SEC. Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves. “Inferred mineral resources” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of an economic analysis, except a preliminary economic assessment provided certain additional disclosure requirements are met. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Disclosure of “contained ounces” in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute “reserves” by SEC Industry Guide 7 standards as in place tonnage and grade without reference to unit measures.

Unless otherwise indicated, all mineral resource estimates included in this annual report have been prepared in accordance with NI 43-101 and the CIM classifications system. Accordingly, information contained in this annual report containing descriptions of our mineral deposits may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

PART I

Item 1. Identity of Directors, Senior Management and Advisers.

Not required.

Item 2. Offer Statistics and Expected Timetable.

Not applicable.

Item 3. Key Information.

Selected Financial Data

The following selected financial data is derived from our audited annual consolidated financial statements.

During fiscal 2013, we changed our accounting policy with respect to exploration and evaluation expenditures. In prior years, our policy was to expense mineral exploration and development costs as incurred until such time as either mineral reserves are proven or permits to operate the mineral resource property are received and financing to complete the development are obtained. Effective with the presentation of the fiscal 2013 consolidated financial statements, on a retrospective basis, we have elected to change this accounting policy to capitalize by property all costs relating to the exploration and evaluation of mineral properties classified as exploration and evaluation assets.

All comparative figures have been revised for the adoption of IFRS and the change in accounting policy.

The information in the following table was extracted from the more detailed financial statements and related notes included herein and should be read in conjunction with such financial statements and with the information appearing under the heading "Item 5. Operating and Financial Review and Prospects."

To date, we have not generated any cash flow from operations to fund ongoing operational requirements and cash commitments. We have financed our operations principally through the sale of our equity securities. We believe we currently have adequate resources to maintain our core operations and planned work programs on our existing exploration and evaluation assets for the next twelve months from the date of this annual report; however, we recognize that work programs may change with ongoing results and, as a result, we may be required to obtain additional financing. We will continue to rely on the sale of our equity securities to provide funds for our activities; however, there is no assurance that we will be able to do so.

	For the Fiscal Years Ended August 31,				
	2015	2014	2013	2012	2011
	\$	\$	\$	\$	\$
Operations:					
Revenues	Nil	Nil	Nil	Nil	Nil
Expenses	(1,477,151)	(2,432,082)	(3,093,770)	(6,230,713)	(6,142,350)
Other items	58,011	(9,926)	(387,472)	121,400	753,180
Net loss before deferred income tax	(1,419,140)	(2,442,008)	(3,481,242)	(6,109,313)	(5,389,170)
Deferred income tax	Nil	Nil	Nil	(27,746)	27,746
Net loss	(1,419,140)	(2,442,008)	(3,481,242)	(6,137,059)	(5,361,424)
Other comprehensive loss	(4,128)	(2,390)	(56,057)	(223,536)	176,496
Comprehensive loss	(1,423,268)	(2,444,398)	(3,537,299)	(6,360,595)	(5,184,928)
Basic and diluted loss per share	(0.02)	(0.04)	(0.06)	(0.10)	(0.10)
Dividends per share	Nil	Nil	Nil	Nil	Nil
Balance Sheet:					
Working capital	2,478,303	5,403,122	5,094,986	9,267,844	14,961,243
Total assets	15,340,805	17,375,571	13,856,353	16,549,682	18,093,878
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil
Total Shareholder's Equity	15,071,765	16,443,733	13,210,861	15,766,705	17,712,399
Share Capital	25,910,384	25,910,384	20,299,802	19,808,552	18,888,813
Weighted Average Number of Shares Outstanding	66,141,922	63,611,873	60,635,585	59,042,266	54,884,348

Exchange Rate History

The following table sets forth the average exchange rate for one Canadian dollar expressed in terms of one U.S. dollar for the fiscal years ended August 31, 2015, 2014, 2013, 2012 and 2011, calculated by using the average of the exchange rates on the last day of each month during the period:

Period	Average
September 1, 2014 – August 31, 2015	0.8203
September 1, 2013 – August 31, 2014	0.9276
September 1, 2012 – August 31, 2013	0.9846
September 1, 2011 – August 31, 2012	0.9929
September 1, 2010 – August 31, 2011	1.0145

The following table sets forth high and low exchange rates for one Canadian dollar expressed in terms of one U.S. dollar for the past six months:

Month	High	Low
October 2015	0.7751	0.7552
September 2015	0.7607	0.7455
August 2015	0.7708	0.7518

<u>Month</u>	<u>High</u>	<u>Low</u>
July 2015	0.7962	0.7658
June 2015	0.8193	0.7970
May 2015	0.8368	0.8011

The noon rate of exchange on November 20, 2015, reported by the United States Federal Reserve Bank of New York for the conversion of Canadian dollars into United States dollars was CDN\$1.334 (US\$0.7498= CDN\$1.00).

Exchange rates are based upon the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York.

Risk Factors

The exploration, development and mining of natural resources are highly speculative in nature and are subject to significant risks. The risk factors noted below do not necessarily comprise all those faced by our company. Additional risks and uncertainties not presently known to us or that we currently consider immaterial may also impair our business, activities and future prospects. If any of the following risks actually occur, our business may be harmed and our financial condition and results of operations may suffer significantly.

Industry Risks

Mineral resource exploration is a high risk, speculative business.

Mineral resource exploration is a speculative business, characterized by a high number of failures. Substantial expenditures are required to discover new properties and, where warranted, to develop the infrastructure, mining and processing facilities at any site chosen for mining. Most exploration projects do not result in the discovery of commercially mineable ore deposits and no assurance can be given that any particular level of recovery or mineral reserves will in fact be realized by us or that any identified mineral deposit identified by us will ever qualify as a commercially mineable (or viable) ore body which can be economically and lawfully exploited.

Metal prices have fluctuated widely in the past and are expected to continue to do so in the future which may adversely affect our ability to finance activities and may adversely affect the amount of revenues derived from any future production at our properties.

The commercial feasibility of our properties and our ability to arrange funding to conduct our planned exploration activities is dependent on, among other things, the price of REE. Depending on the price of REE, we may determine that it is impractical to commence or continue exploration or other activities on our mineral claims. A reduction in the price of REE may prevent our mineral claims from being economically explored or result in the write-off of assets whose value is impaired as a result of low REE prices.

The prices of REE fluctuate and are affected by numerous factors beyond our control, including, among others:

-) international economic and political conditions,
-) expectations of inflation or deflation,
-) international currency exchange rates,
-) interest rates,
-) global or regional consumptive patterns,
-) speculative activities,
-) levels of supply and demand,
-) increased production due to new mine developments,
-) decreased production due to mine closures,
-) improved mining and production methods,
-) availability and costs of REE substitutes,
-) inventory levels of REE maintained by producers and others, and

) inventory carrying costs.

The effect of these factors on the price of REE cannot be accurately predicted. If the price of REE decreases, the value of our assets would be materially and adversely effected, thereby materially and adversely impacting the value and price of our securities.

Exploration activities are subject to geologic uncertainty and inherent variability.

There is inherent variability between duplicate samples taken adjacent to each other and between sampling points that cannot be reasonably eliminated. There may also be unknown geologic details that have not been identified or correctly appreciated at the current level of delineation. This results in uncertainties that cannot be reasonably eliminated from the estimation process. Some of the resulting variances can have a positive effect and others can have a negative effect on mining and processing operations.

Increased operating and capital costs may adversely affect the viability of existing and proposed mining projects.

Increases in the prices of labour and materials, to some extent caused by an increase in commodity prices, including the prices of the REE being mined by the industry, may lead to significantly increased capital and operating costs for mining projects. Increasing costs are a factor that must be built in to the economic model for any mining project. Significant increases in operating costs have had the effect of reducing profit margins for some mining projects. Accordingly increases in both operating and capital costs need to be factored into economic assessments of existing and proposed mining projects and may increase the financing requirements for such projects or render such projects uneconomic.

Company Risks

We are an exploration stage company with limited financial resources and if we are unable to secure additional funding and/or if our exploration programs are unsuccessful, our company may fail.

Mineral exploration involves significant risk and few properties that are explored are ultimately developed into producing mines. Substantial expenditures may be required to establish mineral reserves through drilling, to develop metallurgical processes to extract the metals from the properties and to construct the mining and processing facilities at any site chosen for mining. Current exploration programs may not result in any commercial mining operation.

Our interests in unproved mineral claims are without a known mineral reserve and the proposed programs are an exploratory search for mineral resources and mineral reserves. We are presently carrying out exploration with the objective of establishing mineral reserves on our Norra Kärr property demonstrating economic viability. If our exploration programs are successful, additional funds will be required for the development of mineral reserves on our Norra Kärr property demonstrating economic viability and to place the properties into commercial production. The only sources of future funds presently available to us are from the sale of equity capital, the exercise of warrants and options or the offering by us of an interest in our mineral claims to another party or parties. If we are unable to secure additional funding, we may lose our interest in one or more of our mineral claims and/or may be required to cease operations.

Our management team lacks technical training and/or experience in starting and operating mines.

The officers and directors of our company have experience as officers and/or directors of public companies engaged in mineral exploration activities. Our management are involved in exploration activity supervision and direction, although we use contract engineering firms to directly conduct exploration activities. However, our management lacks technical training and experience with starting or operating a mine. As a result, their decisions and choices may not take into account standard engineering or managerial approaches that other mining companies commonly use, which could materially adversely affect our business, results of operations, and financial condition if we mature beyond the exploration stage. Consequently, our activities, earnings, and ultimate financial success could be

negatively impacted due to management's lack of experience in the mining industry, which could ultimately negatively impact the value of our investment in our properties.

Because we have limited financial resources and have not generated any revenue from our operations, we may not be able to continue our operations and an investment in our securities may be worthless.

We have limited financial resources, have a history of losses and have no source of operating cash flow. We have not generated any revenues from our mineral claims and do not anticipate any in the foreseeable future. Additional funding may not be available to us for further exploration of our mineral claims. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration of our projects with the possible loss of such interests. Historically, the only source of funds available to us has been through the sale of our common shares.

As of August 31, 2015, we held \$2,607,710 in cash and had working capital of \$2,478,303. We have prepared a budget of approximately \$1,500,000 for the fiscal year ending August 31, 2016, comprising of \$850,000 for exploration, metallurgy and permitting activities on the Norra Kärr (REE), Olserum and other properties and \$650,000 for ongoing corporate and field general administration and overhead. We will need to raise additional capital to fund further exploration activities. We may not be able to raise the necessary funds, if any, and may not be able to raise such funds at terms which are acceptable to us. In the event we are unable to raise adequate finances to fund our proposed activities, we may have to abandon one or more of our projects. Any further additional equity financing we undertake may cause dilution to our shareholders.

We have a limited history as an exploration company and do not have any experience in putting a mining project into production.

We do not hold any mineral reserves and do not generate any revenues from production. Our success will depend largely upon our ability to locate and develop commercially viable mineral reserves, which may never happen. Further, putting a mining project into production requires substantial planning and expenditures and we do not have any experience in taking a mining project to production. As a result of these factors, it is difficult to evaluate our prospects, and our future success is more uncertain than if we had a longer or more proven history.

We have operated at a loss since inception, expect to continue to incur losses and may never achieve profitability, which in turn may harm our future operating performance and may cause the market price of our common shares to decline.

We have incurred net losses every year since our inception on August 29, 2007, and as of August 31, 2015, had an accumulated deficit of \$19,895,172. We incurred a net loss of \$1,419,140 for the year ended August 31, 2015, and \$2,442,008 for the year ended August 31, 2014. We currently have no commercial production and have never recorded any revenues from mining operations. We expect to continue to incur losses, and will continue to do so until such time, if ever, as our properties commence commercial production and generate sufficient revenues to fund continuing operations.

The development of new exploration or, if warranted, mining operations will require the commitment of substantial resources for operating expenses and capital expenditures, which may increase in subsequent years as we add, as needed, consultants, personnel and equipment associated with advancing exploration, development and commercial production of our properties. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture or other agreements with others in the future, our acquisition of additional properties, and other factors, many of which are unknown today and may be beyond our control. We may never generate any revenues or achieve profitability. If we do not achieve profitability we will have to raise additional funds through future financings or shut down our operations.

We may not be able to obtain or renew government permits required for our operations.

In the ordinary course of business, we are required to obtain and renew government permits for our exploration activities and will require permits for the development, construction and commencement of any mining operations.

Obtaining or renewing the necessary governmental permits is a time-consuming process involving numerous regulatory agencies and involving public hearings and costly undertakings on our part. The duration and success of our efforts to obtain and renew permits are contingent upon many variables not within our control including the interpretation of applicable requirements implemented by the permitting authority. We may not be able to obtain or renew permits that are necessary to our operations, or the cost to obtain or renew permits may exceed what we believe we can ultimately recover from a given property once in production. Any unexpected delays or costs associated with the permitting process could delay the development, or impede the operation of, a mine.

We have a small staff and rely upon outside consultants to provide services to our company which may limit our ability to conduct exploration activities.

We have a relatively small staff and depend upon our ability to hire consultants with the appropriate background and expertise as they are required to carry out specific tasks. Our inability to hire the appropriate consultants at the appropriate time could adversely impact our ability to advance our exploration activities.

Our activities are potentially subject to environmental liabilities, which would have an adverse effect on our financial condition and operations.

We are not aware of any claims for damages related to any impact that our operations have had on the environment but we may become subject to such claims in the future. An environmental claim could adversely affect our business due to the high costs of defending against such claims and its impact on senior management's time.

Our business activities are subject to exploration hazards and risks, which we may not be able to insure against and could subject us to substantial liabilities.

Natural resource exploration generally involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. These risks include, but are not limited to, the following: environmental hazards, industrial accidents, third party accidents, unusual or unexpected geological structures or formations, fires, power outages, labour disruptions, floods, explosions, cave-ins, land-slides, acts of God, periodic interruptions due to inclement or hazardous weather conditions, earthquakes, delays in transportation, inaccessibility to property, restrictions of courts and/or government authorities, other restrictive matters beyond our reasonable control, and the inability to obtain suitable or adequate machinery, equipment or labour. Our activities are subject to all the hazards and risks normally incidental to exploration of precious and base metals, any of which could result in work stoppages, asset write downs, damage to or destruction of equipment and other facilities, damage to life and property, environmental damage and possible legal liability for any or all damages. We may become subject to liability for pollution, or hazards against which we cannot insure or against which we may elect not to insure. Any compensation for such liabilities may have a material, adverse effect on our financial position.

Our property, business interruption and liability insurance may not provide sufficient coverage for losses related to these or other hazards. Insurance against certain risks, including certain liabilities for environmental pollution, may not be available to us or to other companies within the industry at reasonable terms or at all. In addition, our insurance coverage may not continue to be available at economically feasible premiums, or at all. Any such event could have a material adverse affect on our business.

Our properties are without known reserves and our activities are exploratory in nature and we may never discover sufficient mineralization to justify commercial operations.

There are no mineral reserves with demonstrated economic viability on our mineral properties. Development of our properties will only follow upon obtaining satisfactory exploration results. The long-term profitability of our operations will be, in part, directly related to the cost and success of our exploration programs, which may be affected by a number of factors.

Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient

quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis.

Concessions, authorizations, claims, leases, licenses and permits are subject to expiration, limitation on renewal and various other risks and uncertainties.

Our operations depend on authorizations and concessions (including exploration and exploitation claims and leases) from governmental regulatory agencies in the countries in which we operate. We are subject to laws and regulations that can change at any time, and changes in laws and regulations may require modifications to our activities and result in unanticipated expenditures.

Some of our mineral concessions are subject to fixed expiration dates and might only be renewed a limited number of times for a limited period of time. Apart from mineral concessions, we may need to obtain various authorizations, licenses and permits from governmental or other regulatory bodies in connection with the planning, maintenance and operation of our properties related logistics infrastructure, which may be subject to fixed expiration dates or periodic review or renewal. While we anticipate that renewals will be given as and when sought, there is no assurance that such renewals will be granted as a matter of course and on a timely basis, and there is no assurance that new conditions will not be imposed in connection with renewal. Fees for mineral concessions might increase substantially due to the passage of time from the original issuance of each individual mineral concession. If so, the costs of holding or renewing our mineral concessions might impede our business objectives. Accordingly, we need to continually assess the mineral potential of each concession, particularly at the time of renewal, to determine if the costs of maintaining the concession is justified by the results of our activities to date, and we might elect to let some of our concessions lapse. There can be no assurance that concessions will be obtained on terms favorable to us, or at all.

See “Item 4. Information on the Company – Description of the Business of the Company – Foreign Operations – Swedish Mining Laws and Regulations.”

If we are unable to obtain property access rights on favorable terms or at all, our business could be negatively impacted.

We will need certain property rights to access or use our properties. Acquiring property rights, can be complex and a time-consuming process. There can be no assurance that we will be able to acquire the necessary property rights on reasonable terms or in a timely manner, or at all, and that such terms will not be adversely changed, that any required extensions will be granted, or that the issuance of such property rights will not be challenged by third parties. Delays in obtaining or a failure to obtain the required property rights or any required extensions; challenges to the issuance of property rights, whether successful or unsuccessful; changes to the terms of the property rights; or a failure to comply with the terms of any property rights that have been obtained could have a material adverse effect on our business by delaying, preventing or making our exploration activities economically unfeasible.

We may not be able to market any minerals that we acquire or discover.

The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond our control and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection.

Recent market events and conditions may make it difficult for us to obtain financing and may increase the costs of any financing we undertake.

The unprecedented events in global financial markets since mid-2008 have had a profound effect on the global economy. Many industries, including the mining industry, have been affected by these market conditions. Some of the key effects of the financial market turmoil have included contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other

economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect our activities. Specifically the global credit/liquidity crisis has affected the volatility of precious and base metal prices, energy prices, commodity and consumables prices and currency exchange rates. These factors affect the valuation of our equity securities and the cost and availability of financing. As a result, these factors could have a material adverse effect on our financial condition.

The calculation of reserves and resources is subject to uncertainties which may result in inaccuracies.

There is a degree of uncertainty attributable to the calculation and estimates of mineral reserves and mineral resources and the corresponding grades to be mined and recovered. Until mineral reserves or mineral resources are actually mined and processed, the quantities of mineralization and metal grades must be considered as estimates only. Any material change in the quantity of mineral reserves, mineral resources, grades and recoveries may affect the economic viability of our properties. To date, we have not established reserves on any of our mineral properties. In addition, there can be no assurance that precious or other metal recoveries in small scale laboratory testing will be duplicated in larger scale tests under on-site conditions or during production.

Our activities are subject to government regulation which may increase our costs and subject us to fines and penalties in the event of non-compliance.

Our exploration activities are, and any development activities which we conduct in the future will be, subject to extensive federal, territorial and local laws and regulations governing such matters as environmental protection, management and use of toxic substances and explosives, management of natural resources, health, exploration and development of mines, production and post-closure reclamation, safety and labour, mining law reform, price controls, import and export laws, taxation, maintenance of claims, tenure, government royalties and expropriation of property. There is no assurance that future changes in such laws and regulations, if any, will not adversely affect our activities. Our activities require licenses and permits from various governmental authorities. The costs associated with compliance with these laws and regulations are substantial and possible future laws and regulations, changes to existing laws and regulations and more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expenses, capital expenditures, restrictions on or suspensions of our activities and delays in the development of our properties. Moreover, these laws and regulations may allow governmental authorities and private parties to bring lawsuits based upon damages to property and injury to persons resulting from the environmental, health and safety practices of our past and current activities, or possibly even those actions of parties from whom we acquired our properties, and could lead to the imposition of substantial fines, penalties or other civil or criminal sanctions. We retain competent and well trained individuals and consultants in jurisdictions in which we do business. However, even with the application of considerable skill we may fail to comply with certain laws. Such events can lead to financial restatements, fines, penalties, and other material negative impacts on our company.

Our activities are subject to environmental regulations and hazards which may subject us to liability and unknown costs.

All phases of our activities are subject to environmental regulation in the various jurisdictions in which we operate. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that any future changes in environmental regulation, will not adversely affect our operations. The costs of compliance with changes in government regulations have the potential to reduce the profitability of future operations. Environmental hazards that may have been caused by previous or existing owners or operators may exist on our mineral properties, but are unknown to us.

We may not have good title to our assets.

Our claims may be subject to prior unregistered agreements or transfers and title may be affected by unidentified or unknown defects. We have conducted as thorough an investigation as possible on the title of properties that we have

acquired to confirm that there are no other claims or agreements that could affect our title to the concessions or claims. If title to our properties is disputed it may result in us paying substantial costs to settle the dispute or clear title and could result in the loss of the property, which events may affect our economic viability.

There is significant competition in the natural resource industry and we may not be able to sufficiently compete against other companies for properties.

Significant competition exists for natural resource acquisition opportunities. As a result of this competition, some of which is with large, well-established mining companies with substantial capabilities and significant financial and technical resources, we may be unable to either compete for or acquire rights to exploit additional attractive mining properties on terms we consider acceptable. There can be no assurance that we will be able to acquire any interest in additional projects that would yield resources or reserves or result in commercial mining operations.

We may not be able to recruit or retain employees.

Recruiting and retaining qualified personnel is critical to our success. We are dependent on the services of key executives including our President and Chief Executive Officer and other experienced executives and personnel focused on managing our interests. The number of persons skilled in acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As our business activity grows, we will require additional key financial, administrative and mining personnel as well as additional operations staff. If we are not able to attract, hire and retain qualified personnel, our operations could be impaired.

If we participate in a joint venture our interests may be subject to competing interests of the other joint venture members.

If we participate in a joint venture, there is no assurance that our needs will receive priority in all cases. From time to time, several companies may participate together in the acquisition and exploration of natural resource properties, thereby allowing these companies to: (i) participate in larger properties and programs; (ii) acquire an interest in a greater number of properties and programs; and (iii) reduce their financial exposure to any one property or program. In determining whether or not we will participate in a particular program and the interest therein to be acquired, it is expected that our directors and officers will primarily consider the degree of risk to which we may be exposed and our financial position at that time.

Conflicts of interest may arise among the members of our board of directors and such conflicts may cause us to enter into transactions on terms which are not beneficial to us.

All of our directors are also directors, officers and/or shareholders of other companies. Some of the directors and officers are engaged, and will continue to be engaged, in the search for additional business opportunities on behalf of other corporations, and situations may arise where these directors and officers will be in direct competition with us. Such associations may give rise to conflicts of interest from time to time. Such a conflict poses the risk that we may enter into a transaction on terms which could place us in a worse position than if no conflict existed. Conflicts, if any, will be dealt with in accordance with the relevant provisions of the *Business Corporations Act* (British Columbia) (the “**BCBCA**”). Our directors are required by law to act honestly and in good faith with a view to our best interests and to disclose any interest which they may have in any of our projects or opportunities. However, each director has a similar obligation to other companies for which such director serves as an officer or director. See “Item 6. Directors, Senior Management and Employees – Conflicts of Interest” for information concerning potential conflicts of interest of our directors and officers.

We may be subject to legal proceedings.

Due to the nature of our business, we may be subject to numerous regulatory investigations, claims, lawsuits and other proceedings in the ordinary course of our business. The results of these legal proceedings cannot be predicted with certainty due to the uncertainty inherent in litigation, including the effects of discovery of new evidence or advancement of new legal theories, the difficulty of predicting decisions of judges and juries and the possibility that decisions may be reversed on appeal. There can be no assurances that these matters will not have a material adverse effect on our business.

Management must rely upon certain assumptions and estimates in the preparation of our financial statements and those assumptions and estimates may prove to be incorrect.

We prepare our financial reports in accordance with accounting policies and methods prescribed by international financial reporting standards. In the preparation of financial reports, management may need to rely upon assumptions, make estimates or use their best judgment in determining our financial condition. Significant accounting details are described in more detail in the notes to our annual consolidated financial statements for the year ended August 31, 2015. If management's estimates or assumptions are incorrect, our financial statements may not accurately reflect our financial position.

Risks Related to Our Common Shares

An investment in our securities is speculative and you may lose your entire investment.

An investment in our securities is speculative and may result in the loss of an investor's entire investment. Only potential investors who are experienced in high risk investments and who can afford to lose their entire investment should consider an investment in our securities.

We will need to raise additional capital through the sale of our securities, resulting in dilution to the existing shareholders, and if such funding is not available, our operations would be adversely effected.

We do not generate any revenues from production and do not have sufficient financial resources to undertake by ourselves all of our planned exploration programs. We have limited financial resources and have financed our operations primarily through the sale of our securities such as common shares. We will need to continue our reliance on the sale of our securities for future financing, resulting in potential dilution to existing shareholders. Further exploration programs will depend on our ability to obtain additional financing which may not be available under favourable terms, if at all. If adequate financing is not available, we may not be able to commence development or continue with our exploration programs.

Future sales of our common shares into the public market by holders of our options and warrants may lower the market price, which may result in losses to our shareholders.

As of August 31, 2015, we had 66,141,922 common shares issued and outstanding. In addition, as of August 31, 2015, 525,000 common shares were issuable upon exercise of outstanding stock options, all of which may be exercised in the future resulting in dilution to our shareholders. As of August 31, 2015, we may issue stock options to purchase an additional 6,089,192 common shares under our existing stock option plan, subject to receipt of necessary approvals from the TSXV and the NYSE MKT. See "Item 6. Directors, Senior Management and Employees – Share Ownership – Stock Option Plan." In addition, as of August 31, 2015, there were 4,919,940 outstanding share purchase warrants to purchase our common shares at an exercise price of \$1.50 per share, 295,907 compensation options at a subscription price of \$1.10 per share and 15,495 finder's warrants at an exercise price of \$1.50 per share, all of which may be exercised in the future resulting in additional dilution to our shareholders. See "Item 6. Directors, Senior Management and Employees – Share Ownership – Warrants," "Item 6. Directors, Senior Management and Employees – Share Ownership – Finder's Warrants," and "See "Item 6. Directors, Senior Management and Employees – Share Ownership – Compensation Options." As of November 20, 2015, our senior officers and directors beneficially owned, as a group, 11,497,677 common shares (17.37%), including warrants to acquire an additional 60,000 common shares. Our senior officers and directors do not currently hold stock options.

Sales of substantial amounts of our common shares into the public market, by our officers or directors or pursuant to the exercise of options or warrants, or even the perception by the market that such sales may occur, may lower the market price of our common shares.

We have no history of paying dividends, do not expect to pay dividends in the immediate future and may never pay dividends.

Since incorporation, we have not paid any cash or other dividends on our common shares and do not expect to pay such dividends in the foreseeable future. Our intention is that all available funds will be invested primarily to finance our mineral exploration programs.

The market price of our common shares is extremely volatile and can be affected by many factors.

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many mineral exploration companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. The price of the common shares is also significantly affected by short-term changes in mineral prices or in our financial condition or results of operations as reflected in our quarterly financial reports. Other factors unrelated to our performance that may have an effect on the price of our common shares include the following: the extent of analytical coverage available to investors concerning our business may be limited if investment banks with research capabilities do not follow our securities; lessening in trading volume and general market interest in our securities may affect an investor's ability to trade significant numbers of the common shares; and the market price of our common shares and size of our public float may limit the ability of some institutions to invest in our securities.

If we issue additional common shares, or securities convertible into common shares, our existing shareholders will experience dilution of their ownership interests.

In order to finance future activities and efforts, we may raise funds through the issuance of common shares or securities convertible into or exercisable for common shares. We cannot predict the size of future issuances of common shares or securities convertible into or exercisable for common shares or the effect, if any, that future issuances and sales of our common shares will have on the market price of the common shares. Any transaction involving the issuance of previously unissued shares, or securities convertible into or exercisable for shares, would result in dilution, which may be substantial, to existing holders of our common shares.

We have not paid dividends on our common shares and presently do not intend to pay dividends in the future.

No dividends on the common shares have been paid to date. We currently plan to retain all future earnings and other cash resources, if any, for our future activities. Payment of any future dividends, if any, will be at the discretion of the Board of Directors after taking into account many factors, including our operating results, financial condition, and current and anticipated cash needs.

Future sales of common shares by existing shareholders could decrease the trading price of our common shares.

Sales of a large number of common shares in the public markets, or the potential for such sales, could decrease the trading price of the common shares and could impair our ability to raise capital through future sales of common shares.

Risks for U.S. Holders

U.S. investors may not be able to enforce their civil liabilities against us or our directors and officers.

It may be difficult to bring and enforce suits against us, because we were amalgamated and exist under the laws of British Columbia and are situated in the Province of British Columbia, Canada and do not have assets located in the United States.

All of our assets are located outside the United States and all of our directors and officers are residents of countries other than the United States. As a result, it may be difficult for investors to effect service of process on us or these persons within the United States or to realize in the United States upon judgments obtained in the United States based on the civil liability provisions of the U.S. federal securities laws against us or our officers and directors. In addition, our U.S. shareholders should not assume that the courts of Canada (i) would enforce judgments of U.S. courts obtained in actions against us, our officers or directors predicated upon the civil liability provisions of the U.S. federal securities laws or other laws of the United States, or (ii) would enforce, in original actions, liabilities against us, our officers or directors predicated upon the U.S. federal securities laws or other laws of the United States.

We expect that we will be a “passive foreign investment company” (a “PFIC”) for the fiscal year ending August 31, 2016, and may be a PFIC in subsequent fiscal years, which could have adverse U.S. federal income tax consequences for U.S. shareholders.

Holders of our common shares that are U.S. taxpayers (referred to as a U.S. shareholder) should be aware that based on current business plans and financial expectations, we expect that we will be a PFIC for the fiscal year ending August 31, 2016, and may be a PFIC in subsequent fiscal years. We will use commercially reasonable efforts to provide information as to our status as a PFIC and the PFIC status of any subsidiary in which we own more than 50% of such subsidiary’s total aggregate voting power to U.S. shareholders who make a written request for such information.

If we are a PFIC for any year during a U.S. shareholder’s holding period, then such U.S. shareholder generally will be subject to a special, highly adverse tax regime with respect to so-called “excess distributions” received on our common shares. Gain realized upon a disposition of our common shares (including upon certain dispositions that would otherwise be tax-free) also will be treated as excess distributions.

The portion of any excess distribution, including gains treated as excess distributions, would be allocated ratably to the U.S. shareholder’s holding period. The portion allocated to the current year and to prior years before we first became a PFIC would be includible as ordinary income in the current year. The portion allocated to all other prior years would be taxed at the highest marginal rate applicable to ordinary income for each such year (regardless of the U.S. shareholder’s actual marginal rate for that year and without reduction by any losses or loss carryforwards) and would be subject to interest charges to reflect the value of the U.S. income tax deferral.

A U.S. shareholder may make a “qualified electing fund” election (“**QEF election**”) or a “mark-to-market” election with respect to our common shares to mitigate the adverse tax rules that apply to PFICs, but these elections may accelerate the recognition of taxable income and may result in the recognition of ordinary income. A U.S. shareholder who makes a QEF election generally must report on a current basis its pro rata share of our net capital gain and ordinary earnings for any year in which we are a PFIC, whether or not we distribute any amounts to our shareholders. A U.S. shareholder may make a QEF election only if the U.S. shareholder receives certain information (known as a “**PFIC annual information statement**”) from us annually. We will use commercially reasonable efforts to make available to a U.S. shareholder, upon written request, an accurate PFIC annual information statement for each year in which we are a PFIC. A U.S. shareholder who makes the mark-to-market election generally must include as ordinary income each year the excess of the fair market value of our common shares over the U.S. shareholder’s basis therein.

Additional special adverse rules also apply to U.S. shareholders who own our common shares if we are a PFIC and have a non-U.S. subsidiary that is also a PFIC. Special adverse rules that impact certain estate planning goals could apply to our common shares if we are a PFIC. Each U.S. shareholder should consult its own tax advisor regarding the U.S. federal, U.S. federal alternative minimum, U.S. federal estate and gift, and U.S. state and local tax consequences of the PFIC rules and the acquisition, ownership, and disposition of our common shares if we are or become a PFIC.

There are differences in U.S. and Canadian reporting of mineral reserves and mineral resources.

Our mineral reserve and mineral resource estimates are not directly comparable to those made in filings subject to SEC reporting and disclosure requirements, as we report mineral reserves and mineral resources in accordance with the Canadian requirements set forth in NI 43-101.

See the “Cautionary Note Regarding Reserve and Resource Disclosure” above.

Item 4. Information on the Company.

History and Development of the Company

Pursuant to an amalgamation agreement dated June 30, 2009, (the “**Amalgamation Agreement**”) on October 22, 2009, Tasman Metals Ltd. (“**PrivateCo**”), a private company, amalgamated with Ausex Capital Corp. (“**Ausex**”) and Lumex Capital Corp. (“**Lumex**”), both TSXV listed companies, in accordance with the provisions of the BCBCA, to form our company under the name “Tasman Metals Ltd.” (the “**Amalgamation**”). Accordingly, we are a corporation formed under the BCBCA and domiciled in British Columbia, Canada.

Ausex was incorporated pursuant to the provisions of the BCBCA on August 31, 2007, Lumex was incorporated pursuant to the provisions of the BCBCA on January 9, 2007 and PrivateCo was incorporated pursuant to the provisions of the BCBCA on August 27, 2007.

The head office and registered and records office of Tasman is Suite 1305, 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7 (604-685-9316).

We have appointed Fay M. Matsukage, Esq. at Dill Dill Carr Stonbraker & Hutchings, P.C., 455 Sherman Street, Suite 300, Denver, Colorado 80203, as our agent for service of process in the United States for purposes of certain securities law matters.

During fiscal 2013, we changed our accounting policy with respect to exploration and evaluation expenditures. In prior years, our policy was to expense mineral exploration and development costs as incurred until such time as either mineral reserves are proven or permits to operate the mineral resource property are received and financing to complete the development are obtained. Effective with the presentation of the fiscal 2013 consolidated financial statements, on a retrospective basis, we have elected to change this accounting policy to capitalize by property all costs relating to the exploration and evaluation of mineral properties classified as exploration and evaluation assets.

Business Overview

Lumex completed its initial public offering on June 7, 2007. Ausex completed its initial public offering on January 25, 2008. Prior to the completion of the Amalgamation, Ausex was a Capital Pool Company as such term is defined in TSXV Policy 2.4 – Capital Pool Companies (“**CPC**”) with no tangible assets, Lumex was a CPC with no tangible assets and PrivateCo was a private company, at arm’s length to Ausex and Lumex, with its material assets in Sweden. The Amalgamation of PrivateCo, Ausex and Lumex served as the “qualifying transaction” for both Ausex and Lumex under the policies of the TSXV (the “**Qualifying Transaction**”) and formed our company under the name “Tasman Metals Ltd.”

We are a junior resource company engaged in the acquisition and exploration of unproven REE properties and also hold interests in tungsten and chromite properties in Scandinavia and are considered an exploration stage company. As of the date of this annual report, we have not earned any production revenue, nor found proven reserves on any of our mineral interests.

Our principal asset is the 100% owned Norra Kärr REE-Zirconium (“**Zr**”) project in Sweden (the “**Norra Kärr project**”). The Norra Kärr project is located in southern Sweden, 300 kilometres (“**km**”) southwest of the capital Stockholm and lies in mixed farming and forestry land. See “Item 4. Information on the Company – Property, Plant and Equipment – Significant Properties – Norra Kärr.”

We also hold a 100% interest in our Olserum heavy REE project (the “**Olserum project**”). The Olserum project is located 100 km east of the Norra Kärr project and 200 km south-southwest of Stockholm. See “Item 4. Information on the Company – Property, Plant and Equipment – Significant Properties – Olserum.”

Exploration Expenditures

During fiscal 2015, we incurred \$95,158 for mineral property acquisition costs and \$1,521,361 for exploration costs, allocated \$1,493,960 to the Norra Kärr property, \$37,654 to the Olserum property and \$84,905 to other properties. During fiscal 2014, we incurred \$201,116 for mineral property acquisition costs and \$2,828,234 for exploration costs, allocated \$2,779,131 to the Norra Kärr property, \$98,769 to the Olserum property and \$151,450 to other properties. During fiscal 2013, we incurred \$55,036 for mineral property acquisition costs and \$2,167,852 for exploration costs, allocated \$1,890,245 to the Norra Kärr property, \$297,045 to the Olserum property and \$35,598 to other properties.

We also conduct exploration activities of a general nature. These costs are not capitalized and are reflected as expenses. During fiscal 2015 we incurred \$15,507, during fiscal 2014 we incurred \$82,650 and during fiscal 2013 we incurred \$165,846.

Dispositions and Impairments

During fiscal 2015, we recorded an impairment charge of \$7,154 for the relinquishment of certain REE exploration claims in Sweden.

During fiscal 2014, we recorded an impairment charge of \$46,636 for the relinquishment of certain REE exploration claims in Sweden.

During fiscal 2013, we recorded an impairment charge of \$340,766 for the impairment of the Otanmaki property, \$81,628 for impairment of the Magnus Licences (as defined below) and a further \$75,720 for the impairment of a number of exploration claims in Finland, Norway and Sweden.

2016 Budget

We have prepared a budget of approximately \$1,500,000 for the fiscal year ending August 31, 2016, comprising of \$650,000 for corporate and field general administration and overheads and \$850,000 for exploration, metallurgy and permitting activities on the Norra Kärr (REE), Olserum and other properties.

Takeover Offers

There have been no public takeover offers by any third-parties in respect of our shares or by us in respect of any other company during the fiscal year ended August 31, 2015, or during the current fiscal year.

Three Year History

Year ended August 31, 2013

On February 27, 2013, we announced the results of an NI 43-101 Technical Report for the 100% owned Olserum Heavy Rare Earth Element project.

On March 15, 2013, we announced the reappointment of Messrs. Mark Saxon, Michael Hudson, David Henstridge, Nick DeMare, Robert Atkinson, and Gil Leathley as directors.

On March 25, 2013, we announced that we had engaged a consultant to expand metallurgical testing at our Norra Kärr project.

On May 21, 2013, we announced the granting of our mining lease for our Norra Kärr project.

On June 14, 2013, we issued a clarifying news release pursuant to a review by the British Columbia Securities Commission (the "BCSC") relating to certain of our prior technical disclosures.

On July 11, 2013, we announced the filing of amended and restated technical reports for our Norra Kärr and Olserum projects, both located in Sweden, to address the technical disclosure issues raised by the BCSC. We also announced that the mining lease granted by the Swedish Mining Inspectorate (Bergsstaten) for our Norra Kärr project was under appeal from certain stakeholders.

On July 17, 2013, we announced the receipt of European Commission funding for processing research of our Norra Kärr and Olserum projects. We have been selected as a key mining industry partner in the recently launched EURARE project. EURARE is a research project co-funded by the European Commission under the Seventh Framework Programme of the European Community for Research, Technological Development and Demonstration Activities (Grant Agreement NMP2-LA-2012-309373). Tasman shall receive direct funding of approximately €250,000 (\$340,000) plus additional indirect funding applied to all phases of metallurgical research including beneficiation, REE separation and metal production.

On July 23, 2013, we announced the submission of a mining lease application for the Olserum project.

On August 28, 2013, we announced the filing of a Preliminary Base Shelf Prospectus and Form F-3 Registration Statement under which we could issue, from time to time, any combination of common shares, warrants to purchase common shares or units, up to an aggregate initial offering price of \$25,000,000 during the 25-month period of the Preliminary Base Shelf Prospectus. The Company did not sell any securities under the prospectus which expired on November 1, 2015.

See also "Item 4. Information on the Company – Property, Plant and Equipment."

Year ended August 31, 2014

On October 10, 2013, we announced the acquisition of six tungsten projects (**Yxsjöberg, Gussarvet, Wigstrom, Sandudden, Gustavsberg and Gensgruvan**) which are secured by seven exploration claims totaling 3,680.4 hectares in size, in the Bergslagen district of south-central Sweden. We acquired the tungsten projects from Kingsmen Resources Limited, formerly Tumi Resources Limited ("**Kingsmen**"), a company with common officers and directors. See "Item 7. Major Shareholders and Related Party Transactions – Related Party Transactions."

On December 12, 2013, we announced merger negotiations with Flinders.

On January 20, 2014, we announced that the Swedish Ministry of Industry (Näringsdepartementet) confirmed that an appeal launched against our mining lease for Norra Kärr had been unsuccessful. Following such decision, no further right of appeal exists against the validity of the Norra Kärr mining lease.

On January 22, 2014, we announced a \$5 million private placement financing.

On February 11, 2014, we announced the first tranche private placement financing closing under which we issued 3,875,863 units at a price of \$1.10 per unit (the "**Unit**") for gross proceeds of \$4,263,449.30. Each Unit consisting of one common share and one non-transferable common share purchase warrant. Each non-transferable common share purchase warrant exercisable at a price of \$1.50 per common share for a period of three years expiring on February 11, 2017. We paid a finders' fee of \$168,735 and issued 15,495 non-transferable finder's warrants with each finder's warrant having the same terms as the warrants issued under this private placement financing. We also issued 192,000 compensation options exercisable into Units to one finder with each unit having the same terms as the Units issued under this private placement financing. Mr. Mark Saxon, our President, CEO and one of our directors, purchased 10,000 Units for gross proceeds of \$11,000. Mr. Robert Atkinson, a director of our Company, purchased 50,000 Units for gross proceeds of \$55,000. Mr. James Powell, who at the time was our Vice-President of Corporate Development, purchased 23,000 Units for gross proceeds of \$25,300.

On March 31, 2014, we announced the second and final tranche private placement closing under which we issued

1,044,077 units at a price of \$1.10 per Unit for gross proceeds of \$1,148,484.70. Each Unit consists of one common share and one common share purchase warrant. Each common share purchase warrant exercisable at a price of \$1.50 per common share for a period of three years expiring on March 31, 2017. We paid a finders' fee of \$80,009 and issued 103,907 compensation options exercisable into Units with each unit having the same terms as the Units issued under this private placement financing.

On April 8, 2014, we announced the start of a pre-feasibility study at our Norra Kärr heavy rare earth element project.

On May 20, 2014, we announced a mutual decision between Tasman and Flinders to end merger negotiations.

On June 13, 2014, we announced the reappointment of Messrs. Saxon, Hudson, Henstridge, DeMare, Leathley and Atkinson as directors.

On July 9, 2014, we announced the precipitation of heavy rare earth element concentrate and provided flowsheet development update for Norra Kärr, Sweden.

Year ended August 31, 2015

On December 9, 2014, we announced the completion of a drill program for bulk metallurgical sample at Norra Kärr.

On December 17, 2014, we announced the expansion of our critical metal portfolio with the proposed acquisition of two chromite projects in Finland.

On January 6, 2015, we announced joining the Critical Materials Institute.

On January 21, 2015, we announced results of the Norra Kärr Pre-Feasibility Study.

On February 13, 2015, we announced the resignation of our Vice-President of Corporate Development.

On March 20, 2015, we announced the filing of the NI 43-101 Technical Report Pre-Feasibility Study on Norra Kärr.

On May 20, 2015, we announced the reappointment of Messrs. Saxon, Hudson, Henstridge, DeMare, Leathley and Atkinson as directors.

On June 2, 2015, we announced the closing of the acquisition of two chromite projects in Finland.

On June 25, 2015, we announced that Norra Kärr had been highlighted by European Commissions "Erecon" Study.

On July 10, 2015, we announced the filing of an Amended and Restated Pre-Feasibility Study on Norra Kärr.

Description of the Business of the Company

General

We are in the mineral acquisition and exploration business. We are the 100% owner of eight exploration claims and one mining lease for rare earth elements in Sweden and hold a 100% interest in eight exploration claims for tungsten in the Bergslagen district of Sweden. In addition, we have acquired a 100% interest in 54 claims or claim applications for chromite in Finland. See "Item 4. Information on the Company – Property, Plant and Equipment."

Projects

Sweden REE Projects

We hold eight claims and one mining lease in Sweden considered prospective for REEs. The Norra Kärr project, our principal asset, is located in southern Sweden. See “Item 4. Information on the Company – Property, Plant and Equipment – Significant Properties – Norra Kärr.” On October 13, 2011, we announced the acquisition of the Olserum project located 100 km east of the Norra Kärr project. We have submitted a mining lease application for the Olserum project.

Sweden Tungsten Projects

As announced on October 10, 2013, we secured a 100% interest in a portfolio of tungsten projects in the Bergslagen mining district of south-central Sweden. See “Item 4. Information on the Company – Property, Plant and Equipment – Other Projects – Tungsten Projects.”

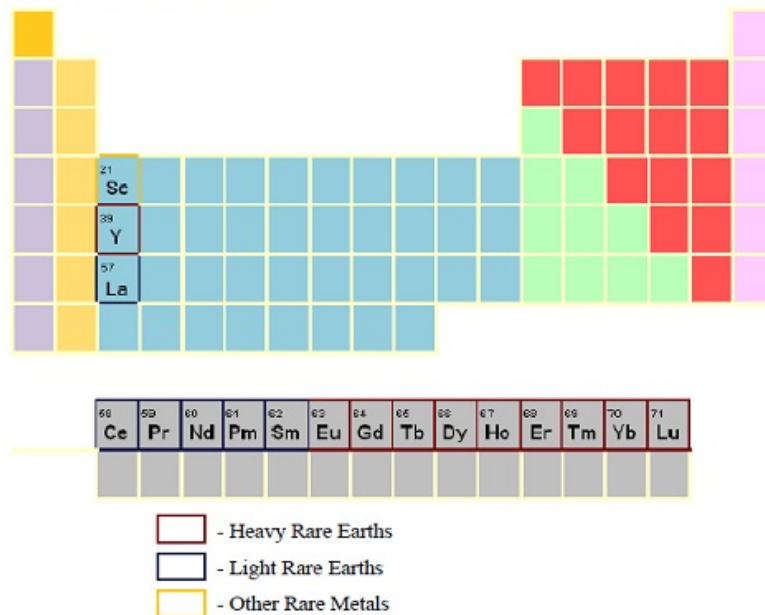
Chromite Projects

As announced on December 17, 2014 and June 2, 2015, we acquired a 100% interest in a two chromite projects, consisting of 54 claims and claim applications, in Finland. See “Item 4. Information on the Company – Property, Plant and Equipment – Other Projects – Chromite Projects.”

Rare Earth Market Overview

“Rare earths” is a term commonly used to describe the 15 chemically similar, lanthanide elements which appear together towards the bottom of the Periodic Table. Two other elements, yttrium and scandium, which have similar chemical properties, are often also referred to as “rare earths”. The oxide produced from processing rare earths are collectively referred to as the rare earth oxides (“REO”).

Periodic Table of Rare Earth Elements



Rare earths often do not occur in high enough concentrations in the earth's crust to make their extraction economic. Rare earths are generally characterized as either light rare earths or heavy rare earths and both are found to varying degrees in all known rare earth deposits. Rare earths are typically recovered together from the mining of rare earth bearing deposits and processed before sequential separation into individual REO. Rare earths are typically sold as processed oxides but can be sold as concentrate as well with prices for individual rare earths in pure oxide form varying significantly. It is generally the case that heavy rare earths command a higher price per unit.




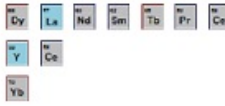

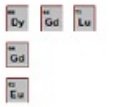
Rare earths possess certain chemical and physical properties which, when synthesized, make them indispensable in a number of industries including many green energy technologies and high-tech applications. They are widely recognized as being among the most valuable and strategically important minerals for the continued development of a modern technological society. Among the unique properties of rare earths are their high thermal and electrical conductivity, magnetism, luminosity, catalytic and optical properties. In several industrial sectors, traditional materials are approaching their technological limits and product development engineers are increasingly turning to new materials, such as rare earths, to maintain the current pace of high-tech advancement within increasingly stringent environmental and energy efficiency guidelines. Current rare earth applications include hybrid and battery powered plug-in vehicles, cellular telephones, personal digital devices including hard drives, wind power turbines, fiber optics and compact fluorescent lighting. Those rare earths used in high-strength magnets (Neodymium, Praseodymium, Dysprosium and Terbium) are in particularly high demand.

Forecasted Consumption Changes

Rare Earth Oxide	Forecast Demand 2016 (tonnes REO)	Forecast Demand 2020 (tonnes REO)
Cerium	70 – 80,000	80 – 100,000
Neodymium	25 – 30,000	40 – 50,000
Europium	350 – 400	500 – 600
Dysprosium	800 – 850	1,000 – 1,100
Terbium	450 – 500	500 – 600
Yttrium	9 – 10,000	11 – 12,000
Total Demand	150 – 170,000	200 – 240,000

Source: Technology Metals Research and Industrial Minerals Company of Australia Pty Ltd, 2014

Green Technology and Key High-Tech Applications

	Application	Elements
	<ul style="list-style-type: none"> Compact fluorescent lights Weight reduction in cars Higher oil refinery yields 	
	<ul style="list-style-type: none"> Hybrid vehicles Auto catalytic converter Diesel additives 	
	<ul style="list-style-type: none"> Disk drives Digital cameras Flat panel displays 	

The rare earths market fundamentals have weakened since prices peaked out in mid-2011. The decline in pricing is due to a number of factors including some substitution in the light rare earths, mainly in the area of glass polishing

agents, as well as some design effort away from new applications utilizing rare earths. Prices for the heavy rare earth elements, to which Tasman is most exposed, have declined as well over the past four years though have stabilized at levels above the long term average for these metals. As no new supply is forecast, management believes that prices will remain stable for the medium term.

Demand for rare earths is estimated to have grown at approximately 12% per annum in the last part of the decade. The growth has been driven by the ever-increasing range of applications utilizing rare earths across consumer electronics, clean energy technologies, high-tech and defence applications, as traditional materials reach their operational performance limits. The Industrial Minerals Company of Australia Pty Ltd. forecast one of the main growth drivers in the rare earth market to be increased demand for magnet applications, driving a 5% to 15% per year increase.

Rare earth prices vary significantly by element and have increased over the past three years though are still not as high as the high prices experienced in 2011.

Rare Earth Common Commercial Uses and Pricing

Rare Earth Element	Commercial Uses	Price (US\$/Kg)
Scandium	Aluminium alloying	n/a
Yttrium	Lasers	\$9.00
Lanthanum	Electric car batteries	\$2.20
Cerium	Lens polishes	\$2.25
Praseodymium	Searchlights, aircraft parts	\$60
Neodymium	High strength magnets	\$44
Promethium	Portable X-ray units	n/a
Samarium	Glass	\$2.50
Europium	Compact fluorescent bulbs	\$210.00
Gadolinium	Neutron radiography	\$20.50
Terbium	High strength magnets	\$565.00
Dysprosium	High strength magnets	\$245.00
Holmium	Glass tint	n/a
Erbium	Metal alloys	n/a
Thulium	Lasers	n/a
Ytterbium	Stainless steel	n/a
Lutetium	None	n/a

Source: *Industrial Minerals magazine, Metals-Pages* (Prices as at October 2015)

Approximately 90% of rare earths production currently takes place in China. Chinese policy with respect to the export of rare earths, more stringent environmental standards, and the closure of illegal operations is anticipated to have a significant future impact on the availability of rare earths. China's dominance in the rare earths market and their increasing significance in technological applications has given strategic significance to promising rare earths projects located outside of China.

Chinese government policies expected to impact the rare earths market include:

-) The introduction of a Chinese government-controlled unified pricing system for light rare earths;
-) The shutting down of small unsafe and illegal mining operations;
-) A reduction in the number of rare earths mining and processing facilities;
-) Consolidation of smaller operations under six large rare earth companies;
-) A clamp-down on illegal mining operations that many account for up to 40% production of some metals; and
-) The build up of Chinese government strategic rare earth stockpiles.

In 2014, China lost a case before the World Trade Organization against the country's rare earth quota export system. China has responded to this loss by limiting production capability and licences for producers of rare earths. This measure, in combination with forced industry consolidation, has increased central government control over rare earth availability and pricing, and is expected to create future limits on rare earth availability for non-Chinese customers.

It is believed that China's increased protectionist stance on the export of rare earths is in order to maintain a long-term domestic supply for domestic manufacturing and force foreign companies to relocate rare earth reliant manufacturing to China. China's largest rare earths mine, Bayan Obo, which currently provides 50% of the world's annual rare earths production as a by-product of iron mining operations, is at capacity and is expected to see declines in rare earths production rates as rare earth grades drop. With the severe fall in iron ore pricing, Bayan Obo is less secure as a source of rare earths. Several of China's rare earths mines present environmental or technical problems as a result of over exploitation or the mining method selected.

Environmental Protection

Our current and future operations, including activities on the properties or areas in which we have an interest, are subject to laws and regulations governing exploration, development, tenure, production, taxes, labour standards, occupational health, waste disposal, protection and remediation of the environment, reclamation, site and mine safety, toxic substances and other matters. Environmental protection requirements did not have a material effect on our capital expenditures and competitive position in the financial year ended August 31, 2015.

Foreign Operations

Our principal properties are located in Sweden.

A summary of the regulatory regime material to our business in Sweden is as follows:

Swedish Mining Laws and Regulations

The following is a summary of Swedish mining laws and regulations. In addition, rules and regulations pertaining to mining exploration in Sweden are set forth in the "Guide to Mineral Legislation and Regulations in Sweden", which is available from the offices of the SGU or on their website at www.sgu.se.

The Mining Inspectorate of Sweden ("**Bergsstaten**") is the agency responsible for the administration of mineral resources in Sweden. The Bergsstaten provides clear directives for conducting mineral exploration, which are available from the Bergsstaten website (www.bergsstaten.se). The Bergsstaten comes under the authority of the Ministry of Industry, Employment and Communications in Sweden, and reports to, and receives administrative and other support from, the SGU. The director of the Bergsstaten is the Chief Mining Inspector, appointed by the government of Sweden. The functions of the Bergsstaten are to issue permits under the Minerals Act for the exploration and exploitation of mineral deposits and to ensure compliance with the Minerals Act.

Principal acts and ordinances of Sweden which govern the exploitation of minerals include:

-) *The Minerals Act.*
-) *Minerals Ordinance.*
-) *The Act on the Continental Shelf.*
-) *The Continental Shelf Ordinance.*
-) *The Certain Peat Deposits Act.*
-) *The Certain Peat Deposits Ordinance.*

Approval Process for Mining in Sweden

The following stages (and approvals) sets out the process and requirements to be followed in order to proceed from exploration through to final approval of mining in Sweden:

<u>Steps</u>	<u>Approval Required</u>
1. Exploration permit (undersökningstillstånd) (survey of the bedrock)	Mining Inspector
2. Exploration work (undersökningsarbete) (when the environment or land use is affected)	County Administrative Board etc; Landowner
3. Exploitation concession (bearbetningskoncession) (with environmental impact assessment and approval under chapters 3–4 of the Environmental Code)	Mining Inspector; County Administrative Board etc or Government in case of disagreement)
4. Permission under the <i>Environmental Code</i> (Chapter 9 of the Code)	Environmental Court
5. Designation of land (markanvisning)	Landowner; Mining Inspector
6. Building permit under the <i>Planning and Building Act</i>	Local authority

Exploration Permits

Exploration permits are granted for specified areas that are judged by the Bergsstaten to be of suitable shape and size that are capable of being explored in “an appropriate manner”. The current rules do not require annual minimum expenditures on claims, but a land fee is due upon first application for an exploration permit in the amount of SEK20/hectare, covering an initial period of three years. If a claim or part of a claim is abandoned within 11 or 23 months of its granting date SEK16 or SEK10, respectively (of the original SEK20 fee) per abandoned hectare becomes refundable.

It is possible to extend the time a claim is held to a total of 15 years after the date of the original granting, but the annual fees per hectare increase substantially: SEK21/year/hectare for years four to six, SEK50/year/hectare for years seven to ten, and SEK100/year/hectare for years 11 to 15. No further extension of mineral exploration permits is allowed after year 15. The high fees in the later years discourage excessive claim holdings deemed to be of little value by the holder. An exploitation concession (mining permit) can be applied for at any time while a claim is in good standing, and may be granted for a period of up to 25 years. An exploration report, with results (raw data), must be submitted to the Bergsstaten.

An exploration permit gives the holder a preferential right to an exploitation concession and access to land for exploration work that does not damage the environment or land use. An exploration permit does not entitle the holder to undertake exploration work that damages the environment (as assessed by the County Administrative Board), or land use (the consent of the landowner is required if no security is provided).

If security for compensation for encroachment has not been given, and the landowner has not given consent, exploration work is not permitted, or is permitted only on the basis of an exemption.

Contact with landowners in connection with exploration under the Minerals Act:

-) Every landowner in the area is to be notified of the decision to grant a permit.
-) The permit holder must give at least two weeks' notice of the exploration work.
-) Right to full compensation for damage and encroachment - the authorities are to decide if agreement cannot be reached.
-) The permit holder must provide security for compensation unless otherwise agreed by the landowner.
-) No exploration work closer than 100 m to a site with a building; otherwise the landowner must be asked for permission.

The Minerals Act relates to the exploration and exploitation of certain mineral deposits on land, regardless of the ownership of the land. Applications for permits are made to the Bergsstaten. The Minerals Act sets out which

mineral substances its provisions apply to; these are known as concession minerals. Concession minerals are divided into three categories, being traditional ores, certain industrial minerals, and finally oil, gas and diamonds. Other minerals and other kinds of rock, gravel and sand are excluded from the Minerals Act and are normally referred to as landowner minerals.

An exploration permit (“**Undersökningstillstånd**”) gives access to the land and an exclusive right to explore within the permit area. It does not entitle the holder to undertake exploration work in contravention of any environmental regulations that apply to the area. Applications for exemptions are normally made to the County Administrative Board.

An exploration permit is granted for a specific area where a successful discovery is likely to be made. It should be of a suitable shape and size and no larger than may be expected to be explored by the permit holder in an appropriate manner. Normally, permits for areas larger than a total of 100 hectares are not granted to private individuals. A permit would be granted if there is reason to believe that exploration in the area may lead to the discovery of a concession mineral. An exploration permit is initially valid for a period of three years, after which it can be extended up to a total of 15 years if special conditions are met. Compensation must be paid by the permit holder for damage or encroachment caused by exploration work. When an exploration permit expires without an exploitation concession being granted, the results of the exploration work undertaken must be reported to the Bergsstaten.

Exploitation Concessions/Mining Leases

An exploitation concession (“**Bearbetningskoncession**”, which is also referred to in this annual report as a “**mining lease**”) gives the holder the right to exploit a proven, extractable mineral deposit for a period of 25 years, which may be extended. Permits and concessions under the Minerals Act may be transferred with the permission of the Bergsstaten.

An exploitation concession relates to a distinct area, and as designated on the basis of the location and extent of a proven mineral deposit. A concession may be granted when a mineral deposit is discovered which is probable technically and economically recoverable during the period of the concession, and if the nature and position of the deposit does not make it inappropriate to grant a concession. Special provisions apply to concessions relating to oil and gaseous hydrocarbons.

Under the provisions of the *Environmental Code*, an application for an exploitation concession is to be accompanied by an environmental impact assessment. Applications are considered in consultation with the County Administrative Board, taking into account whether the site is acceptable from an environmental point of view. A special environmental impact assessment for the mining operation must always be submitted to the Environmental Court, which examines the impact of the operation on the environment in a broad sense. The Environmental Court also stipulates certain conditions, if any, which the operation must meet.

Mining companies in Sweden (limited companies) pay corporations tax at a rate of 22% under the same rules as every other company. Accordingly, there are no special taxation rules for such companies. A royalty is paid on the value of minerals produced at a rate of 0.2%, which is shared between the landholder and the Swedish government, each receiving 0.15% and 0.05%, respectively. The application fee for an exploration permit is SEK500 for each area of 2,000 hectares or part thereof. The exploration fee varies for different concession minerals and for different periods of validity. The application fee for an exploitation concession is SEK6,000 per area.

Bankruptcy and Similar Procedures

There are no proceedings against us or our subsidiaries in the nature of bankruptcy, receivership or similar proceedings, or any voluntary bankruptcy, receivership or similar proceedings by us within the three most recently completed financial years and up to the date of this annual report.

Social or Environmental Policies

We are committed to conducting our business activities in a manner that promotes sustainable development and improvement of social welfare in the regions in which we operate. We make efforts to limit the impact of our activities on the natural environment and the surrounding communities. We strive to conduct our business responsibly and in a way intended to protect our representatives, consultants, contractors, the community and the environment. We are committed to conducting our business in a manner that provides a safe and healthy workplace and environment for our employees, contractors and representatives.

Organizational Structure

Tasman Metals AB, incorporated pursuant to the laws of Sweden, is our only subsidiary. We own 100% of Tasman Metals AB. Tasman Metals AB has an administrative office in Bollnäs, Sweden.

Property, Plant and Equipment

General

We are an “exploration stage company”, as our properties are currently in the exploratory stage. In order to determine if a commercially viable mineral deposit exists on any of our properties further geological and metallurgical work will need to be done and a final evaluation based upon the results obtained to conclude economic and legal feasibility. To date, we have not experienced any issues with locating service providers to perform services for our company.

All of our properties are without known reserves and our proposed programs are exploratory in nature.

Property Acquisitions

During the last three fiscal years we made the following property acquisitions:

Magnus Agreement

On June 7, 2012, we entered into a purchase and sale agreement with Magnus Minerals Oy (“**Magnus**”), a Finnish private company at arms-length to us, whereby we agreed to acquire 25 mineral exploration licenses (the “**Magnus Licenses**”) located in central Finland for a total consideration of 60,000 of our common shares. On May 27, 2013, we issued an initial 30,000 common shares to Magnus with a fair value of \$25,500. We subsequently determined to record an impairment charge of \$81,628 on the Magnus Licenses and we proceeded with their relinquishment.

Tungsten Properties

On October 7, 2013, we entered into a letter of agreement with Kingsmen under which we acquired a 100% interest in seven exploration licences (the “**Tungsten Projects**”) located in south-central Sweden by paying \$45,000 cash and issuing 50,000 of our common shares at a fair value of \$51,500. A further 50,000 of our common shares are issuable upon commencement of production from any of the Tungsten Projects. In addition, during fiscal 2015, we staked one additional tungsten claim. See “Item 7. Major Shareholders and Related Party Transactions – Related Party Transactions” and “Item 4. Information on the Company – Property, Plant and Equipment – Other Projects – Tungsten Projects.”

Chromite Properties

On June 2, 2015, we closed the acquisition of a 100% interest in two chromite projects known as the Akanvaara and Koitelainen projects in north-eastern Finland. Under the letter of agreement with Kipu Metals Corp. (“**Kipu**”), we acquired these projects for a one-time cash payment of \$45,529, which represented a refund of costs incurred by Kipu. See “Item 7. Major Shareholders and Related Party

Significant Properties

Norra Kärr

Norra Kärr is located in south-central Sweden, approximately 300 km southwest of Stockholm. The project is approximately 15 km northeast of the small town of Gränna in a rural agrarian setting. The Norra Kärr project consists of four claims, Norra Kärr No. 1, Norra Kärr No. 2, Norra Kärr No. 3 and Norra Kärr No. 4, comprising approximately 2,005 hectares, and one mining lease.

Norra Kärr Claim Map



Norra Kärr occurs along the border of two counties (Län), the Jönköpings Län in the south and the Östergötlands Län in the north. The Norra Kärr property is an intermediate stage exploration project whose surface has been disturbed only by exploration drilling, trenching and sampling.

We hold our mineral properties indirectly through our wholly-owned subsidiary, Tasman Metals AB. Tasman Metals AB holds a 100 percent interest in the four exploration claims that together form Norra Kärr. These claims were initially issued in 2009 to 2011. The claims currently expire on dates between January 2017 and August 2018 (with maximum extensions to dates in 2024 to 2026). See “Item 4. Information on the Company – Description of the Business of the Company – Foreign Operations – Swedish Mining Laws and Regulations.” In addition, we hold one mining lease for the Norra Kärr project which expires in 2038, which can be further extended provided that mining is occurring on the leased area or an application is submitted and certain work/studies are performed. See

“Item 4. Information on the Company – Description of the Business of the Company – Foreign Operations – Swedish Mining Laws and Regulations.”

As at August 31, 2015, we had spent \$11,476,040 related to the acquisition and exploration of the Norra Kärr property.

The property is accessible by road from Stockholm on highway E4 about 290 km southwesterly to the town of Gränna which lies on the eastern shore of Lake Vättern. From Gränna a secondary road heads northerly and then easterly under the E4, linking it with a gravel road that accesses the center of the property, a distance of just over 11 km.

Norra Kärr is accessible to infrastructure, services, electricity, supplies and a skilled and educated labor force. The city of Jönköping lies about 30 km south of Gränna and has a population in excess of 84,000. The city is also the seat of Jönköping Kommun (municipality) hosting a population of over 122,000 and is also the seat of the larger Jönköping Län (county) which contains a population in excess of 330,000. The city is accessible by either highway or rail.

Northeast of Gränna, about 90 km along highway E4, lays the city of Linköping, having a population of around 100,000. This city dates back 700 years and is known for its university and high tech industries, including the SAAB aircraft plant.

Power is expected to be supplied by a 40 kV cable from the west (by the company Jönköping Energy owned by the municipality of Jönköping) and/or a 130 kV cable from the east (supplied by the company E.on. or Vattenfall). Several wind mill parks are planned to be constructed in the area and in order to connect them to the national power grid a 130 kV cable is planned close to the site. The national power grid exists within 15 km of the site and consists of both 220 kV and 400 kV power lines. The power cable ends in a 2 x 40 MVA transformer station approximately 2 km from the actual planned site.

The Norra Kärr property has not been the subject of significant historic exploration. It was a recent find by Swedish historical standards, and the metals present at the site have not been in great demand for exploitation until recent years. The earliest documentation relates to geological bulletins, petrographic and mineralogic studies of the unusual rocks present.

The Norra Kärr alkaline complex was discovered around 1906 when geological mapping was conducted in the area by the SGU. Some “strange” green, fine-grained rocks were discovered which were subsequently investigated by Professor A. Törnebohm. Törnebohm’s investigation showed that the rock was composed of a large portion of nepheline and also the rare zirconosilicates eudialyte and catapleiite. Further field studies in the area showed that other alkaline rock types were also present. Törnebohm called the finegrained, green rock “Catapleiite-Syenite” but later workers decided to give this rock type the more local name “Grennaite” after the town Gränna situated some 15 km south of the complex. Törnebohm published a brief geological description of Norra Kärr in 1906, which included a sketch map and a number of chemical analyses.

The most extensive scientific investigation of Norra Kärr was conducted by O.J. Adamsson (1944). The study comprises very detailed petrographical descriptions of the different rock types, as well as additional geochemical data. No drilling and very limited trenching had been conducted when Adamsson’s work was undertaken, and only a very small percentage of the surface of the intrusion was known.

During and immediately subsequent to the Second World War, the area was investigated and bulk sampled by Swedish mining company Boliden AB. Boliden was at this time mainly interested in the zirconium and to a lesser degree nepheline. In 1948, Boliden came to an agreement with the landowners at Norra Kärr regarding the mining rights and in 1949 some bulk sampling and concentration tests were performed. The results showed difficulty in separating nepheline and feldspar from the pyroxene aegirine, which resulted in elevated Fe values in the final concentrate. The market prices for zirconium dropped during this period due to the discovery and mining of large placer deposits containing zircons and monazite (especially in Brazil). The bulk sampling was subsequently suspended and research halted. Small blast pits remain from this period and only very small quantities is thought to have been mined.

In 1974, Boliden returned to the area to conduct further exploration. The main focus this time was nepheline but it was concluded that economic extraction not was possible. Boliden excavated two large trenches, roughly east-west near the central part of the complex and separated by about 400 m on average. Archival data shows Boliden took up to 30 channel samples per interval along the northern trench. The intervals appear to have been chosen based largely on geological/mineralogical variations within the complex. The northern trench consists of 151 samples taken from 8 zones over an aggregate length of 398 m. The southern trench consists of a total of 169 samples taken from 8 zones over an aggregate 382 m.

Except for Boliden's test sampling, there are no historical records of any mineral resources, reserves or production from the Norra Kärr Project area.

The Norra Kärr peralkaline nepheline-syenite complex is N-S elongated, approximately 1,300 m long and up to 460 m wide with a total surface area of approximately 380,000 m² (38 hectares). It intrudes a suite of Proterozoic gneisses and granites referred to as the Våxjö Granite which belongs to the Trans Scandinavian Igneous belt (1.85-1.65 Ga). The contacts between the Norra Kärr intrusive and the surrounding Våxjö Granite are west dipping. Tasman's diamond drilling has shown that the contact dips west at 35-45° except in the southernmost part where the dip is steeper.

Collectively the Norra Kärr intrusive complex is classified as a nepheline syenite, Nepheline belongs to the feldspathoid mineral group which is lacking in silica and often occurs in undersaturated alkaline intrusions.

Mineralization is associated with several textural types of grennaite that range from non-migmatitic to migmatitic. The highest TREO and Zr grades are associated with increasing proportions of pegmatitic material that has invaded the grennaite. Typical grades (ZrO₂% : %TREO) in drill core for these lithologies are: Grennaite (GT), fine-grained (0.48% : 0.278%); Grennaite, migmatitic (GTM) (1.58% : 0.494%); Grennaite, pegmatitic (PGT) (2.2% : 0.663%) and nephelinesyenite (2.02% : 0.617%).

The rock units comprising the Norra Kärr peralkaline intrusion are uncommon on a global scale, and include minerals that are composed of or associated with REE's, Zr, Nb, Y and Hf.

While previous academic work at Norra Kärr has reported other accessory minerals which potentially carry REE's, mineral liberation analyses and microprobe studies have demonstrated that a majority of the REE's are contained in eudialyte, a zirconosilicate which is consistently present in the mineralized rock units. The dominant zirconium bearing minerals at Norra Kärr are catapleiite and eudialyte both of which are abundant in grennaites on the property.

The first exploration permit was applied for on June 12, 2009, and granted on August 31, 2009. Prior to staking claims, we re-sampled reference samples from the Boliden trenches stored at the Swedish Geological Survey in Mala, Sweden.

The recent diamond drilling, in combination with earlier work, has shown that about 85 percent of the surface area is composed of varieties of a green grey, aegirine-eudialyte-catapleiite bearing nepheline syenite named by earlier workers "Grennaite" in reference to the local village. The remaining 15 percent is occupied by coarser grained alkaline rocks which previously were named Kaxtorpite, Lakarpite and Pulaskite.

On the basis of a NI 43-101 report prepared for us, we decided to commence diamond drilling in December 2009. A total of 26 diamond drill holes totaling 3,275.7 m were drilled between December 2009 and May 2010.

At the beginning of our exploration program in 2009, we selected various samples for assay from a suite of rock specimens collected and archived by Boliden in the 1970s. Of the 30 samples we analyzed, 27 came from the Norra Kärr intrusion. The TREO for these 27 samples ranged from 0.09 per cent to 0.70 per cent, and the percentage of the heavy rare earth oxide contained within these samples ranged from 20 to 69 per cent, averaging 54 per cent. This is a high ratio of HREO to LREO; most REE deposits contain 1 to 3 per cent HREO in the TREO.

We initiated drilling at the Norra Kärr site during the winter of 2009 continuing until spring 2010. We drilled 26 diamond drill holes totaling 3,275.74 m in five E-W orientated profiles across the Norra Kärr intrusion. These 26 holes were used within the first mineral resource calculation completed for us.

From January 2011 to August 2011, an additional 23 diamond holes were drilled for a total of 4,100.6 meters.

Our 2011 drilling program further confirmed the grade and continuity of the REE-Zr mineralization in the Norra Kärr peralkaline intrusive complex. A total of 7,376 m in 49 holes were completed. A fourth phase of drilling was commenced in early 2012, with in-filled drilling to 50 m sections, and a total of 121 holes have been completed to date.

In March 2012, we announced the positive technical and financial results achieved from an independent PEA of Norra Kärr. Following a review by the BCSC, a revised PEA was completed and submitted in July 2013. The conclusions reached in the amended PEA have not varied from those disclosed in the previously filed PEA. The PEA for Norra Kärr was completed by independent mining consultants Pincock, Allen & Holt of Denver, Colorado. Metallurgical process design was completed by Mr. John Litz of JE Litz and Associates, Colorado, on the basis of data provided from process testing of Norra Kärr mineralization. The PEA was superseded by the publication of a pre-feasibility study on Norra Kärr, dated effective January 13, 2015. As a result of a review by the British Columbia Securities Commission ("BCSC"), we filed an amended and restated pre-feasibility study dated July 10, 2015, to clarify certain technical disclosure as we announced on July 10, 2015.

During July 2012 we submitted an application for a mining lease covering Norra Kärr. In May 2013 the Swedish Mining Inspectorate (Bergsstaten) granted us the Norra Kärr mining lease. A granted mining lease under the Swedish Mining Act is valid for 25 years, when it is available for renewal. The application documented the extensive environmental, archeological and social impact data that was collected by consultants and assessed by the Swedish Mining Inspectorate for the granting of the mining lease. The mining lease granted by the Swedish Mining Inspectorate (Bergsstaten) was under appeal from certain stakeholders; however, the appeal was unsuccessful. Following such decision, no further right of appeal exists against the validity of the Norra Kärr mining lease.

In November 2012, we reported on optimization results from expanded metallurgical testing at Norra Kärr.

Highlights of this work included:

-) High recovery of REE in a low mass during combined flotation – magnetic separation tests, including 82.5% yttrium oxide (Y_2O_3) and 76.9% TREO recovered in only 25.2% of the original mass;
-) High recovery of REE in magnetic separation tests on three major mineralized material types from Norra Kärr;
-) Eudialyte confirmed as the only REE-bearing mineral present in more than trace abundance in all mineralized material types;
-) All major mineralized material types shown to be mineralogically indistinguishable when ground to 500 micron, suggesting geological variation across the mineralized material body is unlikely to affect processing behavior;
-) Flotation test work very successful in separating aegirine from eudialyte using commercial reagent; and
-) Low-iron nepheline/feldspar fraction identified as potential by-product;

Three bulk samples totaling approximately 1.2 tonnes, representing the two major (PGT, GTM) and one minor mineralized material type (GTC) that comprise the Norra Kärr resource, were taken. Each sample was composited from drill core collected across the deposit, and is considered very representative. All previous metallurgical testing was performed on blended material combining all mineralized material types. Mineralogical character and metallurgical behavior of each mineralized material type was tested, to constrain future processing considerations. Geochemical character of each mineralized material type based on drilling information is given in Table 1.

Table 1: Summary of Principal Mineralized Material Type Geochemistry from Average Drilling Data

		TREO%	HREO/ TREO%	ZrO2%	Dy ₂ O ₃ ppm	Y ₂ O ₃ ppm	Tb ₂ O ₃ ppm	Nd ₂ O ₃ ppm
PGT	Pegmatitic Grennaite	0.614	54.7%	2.00	289	2300	42	662
GTM	Migmatitic Grennrite	0.490	45.0%	1.52	184	1506	27	563
GTC	Grennaite	0.261	63.5%	1.33	152	1056	20	233

TREO = sum of La₂O₃, Ce₂O₃, Pr₂O₃, Nd₂O₃, Sm₂O₃, Eu₂O₃, Gd₂O₃, Tb₂O₃, Dy₂O₃, Ho₂O₃, Er₂O₃, Tm₂O₃, Yb₂O₃, Lu₂O₃, Y₂O₃;

HREO = sum of Eu₂O₃, Gd₂O₃, Tb₂O₃, Dy₂O₃, Ho₂O₃, Er₂O₃, Tm₂O₃, Yb₂O₃, Lu₂O₃, Y₂O₃;

Most significant REO's by % are Y₂O₃, La₂O₃, Ce₂O₃, Nd₂O₃, Dy₂O₃

Mineral Concentrate Tests

A range of mineral concentrate preparation tests were run, based on the previously reported results achieved in 2011. The aim was to produce a mineral concentrate containing most or all of the eudialyte (so achieving high recovery), while discarding most of the un-mineralized gangue material (so achieving low sample mass). Tests were run in parallel on the different mineralized material types, however no significant variation in results by mineralized material type were observed. While magnetic separation and flotation were the focus of research, gravity, electrostatic and centrifuge methods were also applied, each of which achieved only poor eudialyte separation.

Magnetic Separation

Due to the paramagnetic behavior of eudialyte, magnetic separation performed very well under non-optimized conditions. Numerous tests were completed which demonstrated the excellent magnetic extractability of both eudialyte and a common iron-bearing mineral aegirine. Review of external publications suggest aegirine is not soluble under the acid conditions considered for hydrometallurgical processing of Norra Kärr mineralized material, and shall therefore be inert in a REE-leach circuit. Example recoveries achieved with single pass (not re-circulated) WHIMS (wet high intensity magnetic separation) using the -100 micron fraction of representative Norra Kärr mineralized material are provided in Table 2.

Table 2: Recovery Associated With Magnetic Separation.

	Mass	TREO Recovery	ZrO ₂ Recovery	Fe ₂ O ₃ Recovery
-100/+20 micron fraction	53 %	97 %	71%	99 %
-20 micron fraction	23 %	80 %	41%	91 %

Flotation

Extensive flotation testing was also completed. While eudialyte does not appear amenable to efficient direct flotation, a commercially available flotation reagent at near-neutral pH was shown to be extremely effective in the selective removal of aegirine from eudialyte.

Aegirine is three times more abundant than eudialyte in typical mineralized material samples, therefore its removal greatly reduces the mass of the magnetic fraction. Non-optimized test results indicate that approximately two thirds of the aegirine can be removed from the crushed sample prior to magnetic separation at a TREO recovery of 88%. Removal of this material prior to magnetic separation significantly improves quality of the eudialyte concentrate, with only a small loss of REE.

Combined Flotation and Magnetic Separation

We have tested various scenarios combining flotation and magnetic separation. One such combination proved extremely effective, where recovery for the total process was 82.2% of the yttrium oxide (Y₂O₃), 76.9% of the

TREO and 49.7% ZrO₂ in only 25.2% of the mineral mass. Recovery of other heavy REE's (Eu, Gd, Tb, Dy, Ho, Er, Tm, Yb, Lu) mirrors the recovery of Y₂O₃ in flotation and magnetic separation tests.

We have passed the research and process optimization role to the internal laboratories of magnetic separation equipment manufacturers. This engagement ensures that recovery is optimized, and that the mine-scale equipment requirements of the Norra Kärr project are well understood by equipment manufacturers.

In March 2013, we announced the next stage of our hydrometallurgical testing program on Norra Kärr, which is to execute a series of leaching tests, extending and refining those completed to date by laboratories. REE recoveries exceeding 80% have been achieved during previous tests using sulfuric acid under atmospheric temperature and pressure conditions. This leach test program is designed to maximize the recovery of the heavy REE's, reduce acid consumption, and constrain all remaining leaching variables. Using mineral concentrate prepared for us, the concentrate sample was prepared from drill core collected across the Norra Kärr deposit and is considered representative.

We have completed comminution (crushing and grinding) studies to characterize Norra Kärr mineralized material. Work undertaken for us showed milling conditions lay within a normal processing range. These comminution results will enable the design of the crushing and grinding circuits.

In July 2013, we announced the granting of a permit to extract a large surface sample for expanded metallurgical testing. The permit allows for the extraction of 200 cubic metres of rock (approximately 500 tonnes) from selected locations that represent the Norra Kärr deposit. The permit was granted by Länsstyrelsen Östergötland (County Administration Board of Östergötland), the Swedish government agency that manages land use in the region of Norra Kärr.

Preliminary Feasibility Study

In April 2014, we announced the commencement of the PFS for the Norra Kärr deposit. Following an extensive review process, we selected a highly qualified technical team with REE and European experience.

In July 2014, we provided an update on metallurgical testing. Extensive hydrometallurgical research which has tested/optimized a process of sulphuric acid leaching, leach solution purification, REE solvent extraction and precipitation of a REE-concentrate has been completed. Preparation of this concentrate is the final step in defining the Norra Kärr flowsheet, and marks a significant milestone our metallurgical programs.

Sulphuric acid was chosen due to its relatively low cost, and its widespread availability in Sweden. A railway line which passes only 20km from Norra Kärr already transports bulk sulphuric acid. REE was precipitated as an oxalate with a grade of approximately 45% REE. The high value heavy REE dysprosium (Dy) contributes 4.6% of the REE content. This oxalate can be easily calcined to a high grade REE-oxide (REO) subject to customer requirements. Under the hydrometallurgical process developed, leaching is undertaken at ambient temperature and pressure. High temperature roasting is not required to dissolve eudialyte.

In July 2015 we filed the amended and restated PFS which confirms Norra Kärr to be an economically robust project, with a long mine life, and the capacity to be a major producer of the most critical REE's, dysprosium (Dy), yttrium (Y), neodymium (Nd) and terbium (Tb). Readers are encouraged to read the entire PFS report available in its entirety on the SEDAR website at www.sedar.com, through EDGAR at www.sec.gov or on the Company's website at www.tasmanmetals.com. **We caution readers that there is no certainty that the PFS will be realized.**

Cautionary Note to U.S. Investors concerning estimates of Indicated Resources

This section uses the term "indicated resources". We advise U.S. investors that while that term is recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize it. **U.S. Investors are cautioned not to assume that any part or all of an indicated resource will ever be converted into reserves.**

GBM Minerals Engineering Consultants Limited (“GBM”), an independent engineering consulting group based in Twickenham, UK coordinated and authored the PFS. The PFS is considered a complete study, addressing in addition to mining and processing, all required on site and off site infrastructure, land access, reagent and fuel transport and storage, power access, water recycling and purification, waste rock and tailings storage, and final closure.

The PFS’s economic assessment is based on conventional open pit mining with crushing, grinding, beneficiation and mineral dissolution occurring in the immediate vicinity of the pit. The PFS includes a new Mineral Resource calculation to provide for a 20-year mine life. An average annual rare earth oxide (REO) output of some 5,100 tonnes is envisaged, reflecting the recommendations of a market study for the most critical REE’s. Mineralized material is processed via a simple flowsheet, comprising crushing, grinding, magnetic separation, sulphuric acid leaching and precipitation of a purified mixed REE-oxalate which is calcined to form a mixed REO product.

The PFS model provides for REE separation to individual saleable oxides by an external partner on a commercial basis. Such REE separation facilities operate within Europe today.

Engineering and design work under the PFS has focussed on identifying the lowest risk process solutions. The result is a simple operation, with consistent use of commercially available technology, and use of external partners where appropriate. Sweden is very highly regarded for quality, efficiency and world-leading productivity, skills essential in the consistent delivery of high purity REE products.

Key project and PFS attributes include:

-) After-tax Net Present Value (NPV) of US\$313 million using a 10% discount rate
-) Internal Rate of Return (IRR) of 24% pre-tax and 20% after tax using a 10% discount rate
-) Initial capital cost of US\$378 million including contingency – low for long mine life heavy REE producer
-) Major exposure to the most critical REE’s, with 74% of revenue from magnet metals Dy, Nd, Pr, Tb, Sm
-) Norra Kärr is the only REE project at PFS stage within the European Union
-) Project able to produce more than 200 tonnes of dysprosium oxide per year for at least 20 years
-) No requirement in flowsheet or economic model for proprietary or commercially untested technologies
-) 25-year mining lease is already granted
-) Highest heavy rare earth oxide to total rare earth oxide ratio (HREO/TREO) of all major Western projects at 53%
-) Conventional open pit mining, with a 20 year life of mine stripping ratio of 0.73
-) Attractive location with extensive transport/power/water infrastructure in place and close to major European REE consumers
-) High leverage to anticipated increase in REE prices. Most revenue from Dy, Nd, Tb - the most in demand metals. Only 2.6% of revenue from cerium (Ce) and lanthanum (La) which are forecast to remain in long term oversupply

PFS Key Financial and Operating Metrics

Key results and operational assumptions of the Norra Kärr PFS are provided in Tables 3 - 5 below.

Table 3: PFS Financial Results, Norra Kärr Project

FINANCIAL RESULT	VALUE
Initial capital cost (million)	US \$378
Pre-tax / After-tax IRR	24% / 20%
Pre-tax / After-tax NPV at 10% discount rate (million)	US \$456 / US \$313
After-tax payback period	4.9 years
Mine life	20 years
TREO basket price/kg	US \$64.57
Average annual operating cash flow (after-tax) (million)	US \$96

Table 4: PFS Financial Results at Various Discount Rates, Norra Kärr Project
(base case highlighted in grey)

DISCOUNT RATE (%)	NPV - POST TAX (US\$ M)	NPV - PRE TAX (US \$ M)
6	620.2	837.1
8	443.9	619.1
10	312.7	456.2
12	213.7	332.8

Table 5: PFS Operating Assumptions, Norra Kärr Project

OPERATIONAL METRICS	VALUE
Average annual mineralized material mining rate (million tonnes)	1.18
Average Annual Total Rare Earth Oxide (TREO) production (tonnes)	5,119
Average Annual Saleable TREO production (tonnes) (excludes Ho, Er, Tm, Yb)	4,733
Average Mining Grade, % TREO	0.59%
Average Mining Grade, ppm Dy ₂ O ₃	269
Life of Mine (20 year) Strip ratio (waste to mineralized material)	0.73 : 1
Beneficiation Plant recovery rate	89%
Hydrometallurgical Average annual Feed Rate (tonnes)	5,235
Hydrometallurgical Recovery Rate	86%
Overall Recovery	77%
Separation Charge per kg TREO (Converting Mixed to Individual REO's)	US \$19
Operating cost per tonne processed, including REO separation	US \$179.60
Operating cost per kg TREO, including REO separation	US \$39.69

Demand for high-strength magnets are widely forecast to grow at 5-10% annually and the REE's used in these magnets (Nd, Pr, Dy, Tb, Sm) presents the strongest opportunity in the REE sector. Magnet metals comprise 74% by revenue and 26% by volume at Norra Kärr, indicating the project presents strong exposure to this high growth market. The elements identified by the U.S. Department of Energy as critical to "clean energy" with supply uncertainty (Nd, Dy, Eu, Tb, Y), comprise 85% by revenue and 49% by volume at Norra Kärr. (Source: *US Department of Energy*. REE Criticality Matrices. [Online] <http://energy.gov/sites/prod/files/edg/news/documents/criticalmaterialsstrategy.pdf>.)

Mineral Resource and Mineral Reserve Estimate

Following a supply and demand study of various REE market segments the PFS Mineral Resource and pit was calculated to allow for production of 5,000 tonnes per year of separated REO over a mine life of 20 years. This production rate was chosen due to the globally significant output of dysprosium, yttrium and terbium from Norra Kärr under this scenario.

The optimized pit model provided the in-pit Mineral Resource estimate as given in Table 6. The Mineral Resource estimation was completed using a 3D block modeling approach utilising Datamine Studio 3® software. A TREO cut-off grade of 0.4% shall be considered as the "base case".

The database used for Mineral Resource calculation contained sample data from 119 diamond drill holes (20,420m) containing 9,986 samples. All work completed by Tasman was considered to be of a high standard, with robust QA/QC protocols in place that demonstrated precision and accuracy of samples.

Cautionary Note to U.S. Investors concerning estimates of Indicated Mineral Resource. This section uses the term “indicated mineral resource”. We advise U.S. investors that while that term is recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize it. **U.S. Investors are cautioned not to assume that any part or all of an indicated mineral resource will ever be converted into reserves.**

Table 6: Indicated Mineral Resource for Norra Kärr Project, Effective Date January 13, 2015.

TREO % Cut-Off Grade	Tonnes (M)	TREO (%)	% HREO in TREO	Dy ₂ O ₃ (%)	Y ₂ O ₃ (%)	Eu ₂ O ₃ (%)	La ₂ O ₃ (%)	Nd ₂ O ₃ (%)	Ce ₂ O ₃ (%)	Gd ₂ O ₃ (%)	Tb ₂ O ₃ (%)	Pr ₂ O ₃ (%)	Sm ₂ O ₃ (%)	Lu ₂ O ₃ (%)
0.2	36.82	0.55	53.2	0.0253	0.2005	0.0020	0.0519	0.0603	0.1156	0.0183	0.00371	0.01504	0.01647	0.00227
0.4	31.11	0.61	52.6	0.0273	0.2178	0.0022	0.0573	0.0668	0.1282	0.0200	0.00403	0.01668	0.01815	0.00238
0.6	17.12	0.68	52.2	0.0299	0.2429	0.0025	0.0621	0.0769	0.1441	0.0226	0.00447	0.01896	0.02083	0.00251

- Notes:
1. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
 2. Mineral Resources are reported inclusive of any Mineral Reserves.
 3. The Mineral Resources reported have been based on a 20 year pit.
 4. Mineral Resources are reported for combined Migmatitic Grennaite, Pegmatitic Grennaite, Grennaite with Catapleite and Eudialyte Lakarpite mineralization only.
 5. The Mineral Resources reported represent estimated contained metal in the ground and has not been adjusted for metallurgical recovery.
 6. Total Rare Earth Oxides (TREO) includes: La₂O₃, Ce₂O₃, Pr₂O₃, Nd₂O₃, Sm₂O₃, Eu₂O₃, Gd₂O₃, Tb₂O₃, Dy₂O₃, Ho₂O₃, Er₂O₃, Tm₂O₃, Yb₂O₃, Lu₂O₃, Y₂O₃.
 7. Heavy Rare Earth Oxides (HREO) includes: Eu₂O₃, Gd₂O₃, Tb₂O₃, Dy₂O₃, Ho₂O₃, Er₂O₃, Tm₂O₃, Yb₂O₃, Lu₂O₃, Y₂O₃.
 8. Preferred Base Case Mineral Resources are reported at a TREO % cut-off grade of 0.4% TREO.
 9. Metal prices used for 20 year pit comprise:

Cerium Oxide	US\$/g	0.005	Neodymium Oxide	US\$/g	0.080
Dysprosium Oxide	US\$/g	0.575	Praseodymium Oxide	US\$/g	0.115
Erbium Oxide	US\$/g	0.000	Samarium Oxide	US\$/g	0.008
Europium Oxide	US\$/g	0.700	Terbium Oxide	US\$/g	0.950
Gadolinium Oxide	US\$/g	0.040	Thulium Oxide	US\$/g	0.000
Holmium Oxide	US\$/g	0.000	Yttrium Oxide	US\$/g	0.025
Lanthanum Oxide	US\$/g	0.007	Ytterbium Oxide	US\$/g	0.000
Lutetium Oxide	US\$/g	0.900			
 10. The potential development of Mineral Resources may be materially affected by legal, political, environmental or other risks.

Taking into account of modifying factors (loss/dilution, geotechnics) an open pit mine design was based on the optimized pit shell to provide an estimate of Mineral Reserves.

Cautionary Note to U.S. Investors Concerning Estimates of Proven and Probable Reserves. The references in the following tables to “probable mineral reserves” are Canadian mining terms as defined in accordance with Canadian National Instrument 43-101 - Standards of Disclosure for Mineral Projects and the Canadian Institute of Mining, Metallurgy and Petroleum (the “CIM”) - Standards on Mineral Resources and Mineral Reserves - Definitions and Guidelines, adopted by the CIM Council, as amended. These definitions differ from the definitions in SEC Industry Guide 7 under the United States Securities Act of 1933, as amended. Under SEC Industry Guide 7 standards, mineralization may not be classified as a “reserve” unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Among other things, all necessary permits would be required to be in hand or issuance imminent in order to classify mineralized material as reserves under the SEC standards. Accordingly, the following information may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

Probable Mineral Reserves are reported at this stage due to the confidence of Mineral Resources, as provided in Table 7, with a full break down of REE’s in Table 8. Probable Mineral Reserves total 23.6 million tonnes (Mt) of mineralized material at 0.59% TREO. Mined waste totals 17.3 Mt for total 20-year mining of 40.8 Mt, life of mine stripping ratio (total waste : total mineralized material) of 0.73, and an average pit slope angle of 53 degrees. Mineral Reserve estimates have been based on a 20 year mine life.

Table 7: Probable Mineral Reserves for Norra Kärr Project, Effective Date January 13, 2015.

Tonnes (M)	TREO (%)	HREO %	% HREO in TREO	Dy ₂ O ₃ (%)	Y ₂ O ₃ (%)	Eu ₂ O ₃ (%)	La ₂ O ₃ (%)	Nd ₂ O ₃ (%)	Ce ₂ O ₃ (%)	Gd ₂ O ₃ (%)	Tb ₂ O ₃ (%)	Pr ₂ O ₃ (%)	Sm ₂ O ₃ (%)	Lu ₂ O ₃ (%)
23.6	0.592	0.314	53.1	0.0269	0.215	0.0022	0.0551	0.0648	0.124	0.0196	0.00396	0.0161	0.0178	0.00234

- Notes:
1. Mineral Reserves are reported based on material contained within the Final Mine Design.
 2. Mineral Reserves are designed for a 20yr mine life.
 3. Mineral Reserves are reported for combined Migmatitic Grennaite and Pegmatitic Grennaite only.
 4. Mineral Reserves reported have been adjusted for mining factors, at 3.5 % dilution and 5.0 % loss.
 5. Mineral Reserves are reported to 3 significant figures.
 6. Total Rare Earth Oxides (TREO) includes: La₂O₃, Ce₂O₃, Pr₂O₃, Nd₂O₃, Sm₂O₃, Eu₂O₃, Gd₂O₃, Tb₂O₃, Dy₂O₃, Ho₂O₃, Er₂O₃, Tm₂O₃, Yb₂O₃, Lu₂O₃, Y₂O₃.
 7. Heavy Rare Earth Oxides (HREO) includes: Eu₂O₃, Gd₂O₃, Tb₂O₃, Dy₂O₃, Ho₂O₃, Er₂O₃, Tm₂O₃, Yb₂O₃, Lu₂O₃, Y₂O₃.
 8. Metal prices used for 20yr pit comprise:

Cerium Oxide	US\$/g	0.005	Neodymium Oxide	US\$/g	0.080
Dysprosium Oxide	US\$/g	0.575	Praseodymium Oxide	US\$/g	0.115
Erbium Oxide	US\$/g	0.000	Samarium Oxide	US\$/g	0.008
Europium Oxide	US\$/g	0.700	Terbium Oxide	US\$/g	0.950
Gadolinium Oxide	US\$/g	0.040	Thulium Oxide	US\$/g	0.000
Holmium Oxide	US\$/g	0.000	Yttrium Oxide	US\$/g	0.025
Lanthanum Oxide	US\$/g	0.007	Ytterbium Oxide	US\$/g	0.000
Lutetium Oxide	US\$/g	0.900			
 9. Indicated Mineral Resources are inclusive of Mineral Reserves.
 10. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
 11. The potential development of Mineral Resources may be materially affected by legal, political, environmental or other risks.

Table 8: Composition of TREO in 20-Year Mineral Reserve, Norra Kärr

RARE EARTH OXIDE	GRADE (%)	RELATIVE DISTRIBUTION	
Lanthanum (La)	0.0551	9.3%	LIGHT REE
Cerium (Ce)	0.1240	20.9%	
Praseodymium (Pr)	0.0161	2.7%	
Neodymium (Nd)	0.0648	10.9%	
Samarium (Sm)	0.0178	3.0%	
Total Light REO	0.2778	46.9%	
Europium (Eu)	0.0022	0.37%	HEAVY REE
Gadolinium (Gd)	0.0196	3.3%	
Terbium (Tb)	0.0040	0.7%	
Dysprosium (Dy)	0.0269	4.5%	
Holmium (Ho)	0.0059	1.0%	
Erbium (Er)	0.0184	3.1%	
Thulium (Tm)	0.0028	0.5%	
Ytterbium (Yb)	0.0172	2.9%	
Lutetium (Lu)	0.0023	0.4%	
Yttrium (Y)	0.2150	36.3%	
Total Heavy REO	0.3143	53.1%	
TREO	0.5920	100%	

Other Metals	
ZrO2	1.84
Hf	0.0286
U	0.0013
Th	0.0006

Samples submitted by Tasman, used with the Mineral Resource calculation quoted above, were analyzed by the ME-MS81 technique by ALS Minerals' laboratories in Pitea, Sweden and Vancouver, Canada, where duplicates, repeats, blanks and known standards were inserted according to standard industry practice. Where over-range for ME-MS81, Zr was determined using the ME-XRF10 technique. The Qualified Person for our exploration projects, Mark Saxon, our President and Chief Executive Officer and a member of the Australasian Institute of Mining and Metallurgy and Australian Institute of Geoscientists oversaw this data collection.

Mining

The Norra Kärr REE deposit, as modelled in the PFS is a single body of mineralization, some 300m x 700m in size at surface, which begins under 0.5m average of soil cover. Under the PFS, mining at Norra Kärr is planned as a single simple open pit that will extend from surface to a maximum depth of 160m over a 20 year mine life. It is anticipated that average annual tonnes of mineralized material mined would be 1.18 million while waste rock mined would be 0.84 million. Many intersections of mineralized rock that exceed the 0.4% TREO cut-off lie below the 20-year pit.

Processing

Flowsheet design as incorporated in the PFS is the result of three years of mineralogical, comminution, beneficiation and leaching research and testwork at a variety of leading facilities. Much of this work has been under the guidance of GBM, who have integrated all results in the process design.

Early research on Norra Kärr identified that almost all (>95%) of REE's are hosted by the zircono-silicate mineral eudialyte. Eudialyte is weakly (para) magnetic, and therefore magnetic separation has been the focus of processing research. Metso's HGMS equipment gave the most satisfactory performance, resulting in a clean and high recovery eudialyte-rich mineral concentrate. Gangue in this mineral concentrate is limited to the mafic mineral aegirine, which is not acid soluble under normal leaching conditions.

Optimization of magnetic separation increased REE recovery in beneficiation to in excess of 86% in less than 35% of the original mass, such that flotation is no longer deemed necessary as was envisaged under the Norra Kärr Preliminary Economic Assessment published July 2013. Magnetic separation shall use standard commercial equipment and does not require process chemicals. Beneficiation recovery higher than 90% is now anticipated and targeted.

Most hydrometallurgical research has been completed by ANSTO Minerals in Australia. ANSTO tested a process of sulphuric acid leaching, leach solution purification, REE solvent extraction and precipitation of an REE-concentrate.

Sulphuric acid was chosen due to its relatively low cost, and its widespread availability in Sweden. A railway line which passes only 25km from Norra Kärr currently transports bulk sulphuric acid from Swedish company Boliden's Swedish and Finnish base metal smelters. Boliden was selected as the preferred supplier of sulphuric acid under the PFS, with combined train and road transport capability to site.

Under the hydrometallurgical process developed, leaching is undertaken at ambient temperature and pressure. High temperature roasting is not required to dissolve eudialyte. Improvements in magnetic separation efficacy during 2014 significantly reduced the amount of sulphuric acid-consuming gangue minerals within the eudialyte-rich

mineral concentrate. As a result, sulphuric acid consumption per tonne of mineralized material has fallen to 85 kg/tonne.

A heavy REE enriched, low impurity oxalate has been precipitated by ANSTO with a grade of approximately 45% REE. This oxalate can be easily calcined to a high grade REE-oxide subject to customer requirements. The composition of this oxalate is provided in Table 9.

The beneficiation and hydrometallurgy flowsheet is provided in Figure 1.

Table 9: Composition of REE-oxalate precipitated by ANSTO Minerals from Norra Kärr project, with REO relative abundance (when converted to oxide)

Element	Weight % REE in Oxalate Solid	REO as % of TREO	
La	4.94	10.7	LIGHT REE
Ce	10.75	23.2	
Pr	1.46	3.1	
Nd	6.76	14.5	
Sm	1.65	3.5	
Eu	0.27	0.6	HEAVY REE
Gd	1.66	3.5	
Tb	0.35	0.7	
Dy	2.19	4.6	
Ho	0.49	1.0	
Er	1.29	2.7	
Tm	0.18	0.4	
Yb	1.14	2.4	
Lu	0.15	0.3	
Y	12.21	28.6	
Total REE	45.48	100 %	
Light REE %		55.1	
Heavy REE %		44.9	

Environmental & Permitting

Sweden is home to a significant and diverse mining industry, and a well-tested and transparent Minerals Act that has been in effect since 1992.

In 2013, Tasman was granted a 25-year Mining Lease for the Norra Kärr project. The Mining Lease gives Tasman the full mineral rights for an initial period of 25 years, when it is then automatically renewed in 10 year increments if the mine is in operation. The lease was granted by the Swedish Mining Inspectorate (Bergsstaten) after the assessment of environmental impact data that was collected by independent consultants and submitted by Tasman. To commence mining, in addition to the Mining Lease an Environmental Permit must be granted to the project, pursuant to the provisions of the Swedish Environmental Code (1998:808). The application for an Environment Permit must include an Environmental Impact Assessment.

Current process design incorporates a water recycling plant, resulting in a substantial reduction of both make up water intake and the discharge water flow rate. A detailed water management plan will be developed in later stages

of project development. The water management plan should be based on further information about quality as well as quantity of the water discharge. Potential need for treatment of the discharge beyond that considered under the PFS will be investigated in the detailed water management plan.

A conceptual level mine closure plan has been prepared for the project under the PFS. The mine closure plan will be further refined in the PFS design stage and during operations, to meet any conditions imposed by the Environmental Permit. Mine closure targets are set so as to ensure safety and no significant on-site or off-site impact.

Figure 1: Processing Flowsheet for Norra Kärr



Capital Expenditures

The estimated start-up capital cost for the Norra Kärr project, as provided in Table 10, is considered low amongst its peer group of heavy REE projects that can support a mine life of 20 years. The extensive existing road/power/rail infrastructure and the presence of a local skilled work force, minimizes the need for off-site infrastructure investment, whilst the ambient temperature and pressure processing conditions reduces the need for high capital cost process equipment.

Initial capital cost for Norra Kärr is estimated to be a relatively low US \$378.3 million, including US \$40.1 million in contingency and US \$25.3 million in working capital. It is estimated that an additional US \$44.3 million shall be required during the life of the project in sustaining capital.

Table 10: Estimated Initial Capital Requirement for Norra Kärr Project under the PFS

COST AREA	INITIAL CAPITAL (US \$ M)
<i>Mining</i>	\$21.9
<i>Process & Tailings</i>	\$169.5
<i>Waste Management</i>	\$14.3
<i>Product Handling</i>	-
<i>Infrastructure and Utilities</i>	\$18.1
<i>General</i>	\$7.5
DIRECT TOTAL	\$231.3
<i>EPCM</i>	\$36.2
<i>Field Indirect</i>	\$45.3
<i>Contingency</i>	\$40.1
INDIRECT TOTAL	\$121.6
FIXED CAPITAL TOTAL	\$352.9
<i>Working Capital</i>	\$25.3
TOTAL CAPITAL INVESTMENT	\$378.3

Operating Costs

The operating cost estimates for the mine were developed by GBM as provided in Table 11. The operating cost for Norra Kärr incorporates mining, milling, magnetic separation, leaching, purification, precipitation, calcination and transport of a mixed REE-oxide concentrate, as well as water management, tailings disposal, transport of material to and from site, general and administration fees along with associated infrastructure and services.

The operating cost estimate also assumes a separation or tolling charge of US \$19 per kg, following discussion with various potential industry partners. Operating costs are viewed as in keeping with peer heavy REE projects, and includes significant investments in water recycling, purification and efficient storage of tailing and waste rock.

Table 11: Operating Cost for Norra Kärr Project under the PFS

OPERATING COSTS	AVG ANNUAL (US \$ M)	COST PER KG REO (US \$)	% OF TOTAL OPEX (%)
MINING COSTS	\$6.57	\$1.35	3.4%
PROCESSING COSTS			
Labour	\$8.35	\$1.71	4.3%
Reagents	\$35.70	\$7.32	18.4%
Maintenance and Consumables	\$7.89	\$1.62	4.1%
Utilities	\$12.88	\$2.64	6.7%
Water Treatment and Waste Management	\$24.40	\$5.00	12.6%
GENERAL AND ADMIN	\$5.08	\$1.04	2.6%
REFINING/SEPARATION COSTS	\$92.60	\$19.00	47.9%
TOTAL	\$193.51	\$39.69	100.0%

Rare Earth Pricing and Markets

Pricing assumptions used in the PFS financial model were provided by independent consultants and discussions with various industry partners, as provided in Table 12.

REE pricing is more challenging to forecast than other commodities, as they are traded on a contract basis and have varying pricing points based on purity, transaction volume and other supply conditions. Sources for current REE pricing include news publications such as Metal-Pages, Asian Metal and Industrial Minerals. These sources can provide regularly updated contract pricing data, though the volume of material sold that correspond with each price point is not known.

Table 12: Rare Earth Oxide Price Assumptions for Norra Kärr's PFS

REE	OXIDE	PFS Pricing (US \$/kg)	Current (Dec 2014) (US \$/kg)	Trailing 3 year Avg (US \$/kg)
Ce ₂ O ₃		5.00	4.65	11.88
La ₂ O ₃		7.00	4.85	11.99
Pr ₂ O ₃		115.00	117.00	110.94
Nd ₂ O ₃		80.00	58.00	84.32
Sm ₂ O ₃		8.00	16.50	27.59
Eu ₂ O ₃		700.00	705.00	1,455.48
Gd ₂ O ₃		40.00	46.50	65.34
Tb ₂ O ₃		950.00	615.00	1,199.23
Dy ₂ O ₃		575.00	340.00	670.69
Ho ₂ O ₃		n/a	n/a	n/a
Er ₂ O ₃		n/a	n/a	n/a
Tm ₂ O ₃		n/a	n/a	n/a
Yb ₂ O ₃		n/a	n/a	n/a
Lu ₂ O ₃		900.00	n/a	n/a
Y ₂ O ₃		25.00	14.00	44.40
NK Basket		\$64.46	\$41.42	\$80.65

Project Opportunities

Tasman, in conjunction with the PFS consultants, has identified a range of areas warranting further investigation during the planned project optimization phase. Opportunities relating to process improvements and cost reductions of the existing flowsheet are underway, however additional opportunities for by-product development may be available. Norra Kärr's unique location in Europe surrounded by well-developed infrastructure and in close proximity to the large European population allows the supply of bulk materials to be considered.

Opportunities under consideration include:

-) further development of nepheline/feldspar product for ceramic and glass markets;
-) development of saleable Zr and Hf products for nuclear or ceramic industries;
-) development of silca-based thermal insulation products;
-) recycling and substitution of high cost reagents;
-) in-house separation/group separation;
-) removal of Ce/La on site to increase basket price;
-) recovery increase;
-) alternate water management solutions;
-) alternate mining scenarios; and/or
-) increasing mine life or production rate with expanded resource.

NI 43-101 Compliance

A technical report supporting the PFS is available in its entirety, on the SEDAR website at www.sedar.com, on our website at www.tasmanmetals.com or through EDGAR at www.sec.gov. The PFS was prepared by GBM under the guidance of Michael Short, Principal Consultant for GBM who is a "Qualified Person" in accordance with NI 43-101.

The Mineral Resource and Mineral Reserve estimates were completed by Wardell Armstrong International Limited under the supervision of Greg Moseley and Mark Mounde, who are both "Qualified Persons" in accordance with NI 43-101.

The process for the integrated processing plant for the PFS was completed by GBM under the supervision of Thomas Apelt who is a "Qualified Person" in accordance with NI 43-101.

The infrastructure design and cost estimation for the PFS was completed by GBM under the supervision of Michael Short who is a "Qualified Person" in accordance with NI 43-101.

The environmental and social section and the permitting review for the PFS was completed by Golder Associate Oy under the supervision of Gareth Digges La Touche who is a "Qualified Person" in accordance with NI 43-101.

Planned Future Work

During the fiscal year ending August 31, 2016, our exploration program will focus on metallurgical testing designed to optimize the Norra Kärr flowsheet, with the aim being to gain progressive improvements in recovery, reagent use and water balance. We have budgeted approximately \$680,000 for these activities during the fiscal year ending August 31, 2016. Our exploration budget may change pending any future financings.

Olserum

On October 13, 2011, we announced the acquisition of a 100% interest in a new heavy rare earth element project, comprising one claim, in southern Sweden, located only 100 km east of our flagship Norra Kärr project. This claim was originally issued in 2006 and currently expires in March 2016 (which may be extended to a maximum date in 2021). The Olserum project was purchased outright from a private UK registered company for a total consideration of 37,746 of our fully paid common shares, with a fair value of \$95,120. We subsequently staked a further five

claims surrounding the original Olserum claim in 2012; however, during the fiscal year ended August 31, 2015, we relinquished two of the claims. The other three claims, known as Overum Nr. 1, Overum Nr. 2 and Overum No. 3, which continue to form part of Olserum, currently expire in December 2017 (and may be further extended to a maximum date in 2026). See "Item 4. Information on the Company – Description of the Business of the Company – Foreign Operations – Swedish Mining Laws and Regulations." We have submitted a mining lease application for the Olserum project.

Olserum is located approximately 10km from the Baltic coast, 30km north of the town of Västervik and 200km SSW of Stockholm. Olserum, including the Overum claims, are secured by granted exploration claims 4,149 Ha in size.

The property is accessible by road from Stockholm on highway E22 approximately 250km south to the town of Gamleby, which lies in the archipelago of the Baltic east coast. 10km north of Gamleby a gravel road accesses Olserum from the main road to the center of the property, a total distance of about 12 km. An active railway passes through the property and transports goods to the port in the town of Västervik which lies 30km to the southeast of Olserum. Olserum is very close to infrastructure, services, electricity, supplies and a skilled and educated labor force. The city of Västervik lies about 30 km southeast of Olserum and has a population in excess of 20,000. The city is also the seat of Västervik municipality (kommun) hosting a population of 36,000 and is part of the larger Kalmar County (Län) which contains a population in excess of 230,000. The city is accessible by highway, rail or boat.

Northwest of Olserum, about 65 km along main road 35, lays the city of Linköping, boasting a population around 100,000. This city dates back 700 years and is known for its university and high tech industries, including the SAAB aircraft plant.

The national power grid extends throughout the region and water resources are plentiful.

Location of Olserum Project



As at August 31, 2015, we have spent \$763,169 related to the acquisition and exploration of the Olserum property.

The REE potential of the Olserum region was first identified by the Swedish Geological Survey in the early 1990's, when a number of REE anomalous samples were collected and assayed from several locations. The presence of

yttrium enriched outcrops associated with historic iron ore prospects was noted. In 2003 the Swedish exploration company IGE claimed the area, concentrating on the iron ore workings at Olserum. During 2004 and 2005 a total of 27 diamond drill holes were drilled by IGE, 24 of which targeted the REE potential.

Drilling discovered a REE mineralized zone 600 m in length and up to 100 m wide. Drilling was performed on 40 m spaced profiles with typically two holes on each profile.

In late 2012, we completed a five hole program at Olserum. Five holes were drilled that totalled 997.0 m to confirm previous drilling results and infill untested sections. All holes intersected significant REE mineralization.

Petrological, mineral liberation analyser and microprobe research were undertaken to identify REE bearing minerals within 18 samples taken from Olserum drill core. Mineralogy was determined to be simple, with coarse to fine grained xenotime, monazite and rare apatite recognized as the host to all significant REE's.

Using all available drilling data, the first CIM compliant independent resource estimate for Olserum was published in February 2013. The resource estimate was prepared by consulting geologists at ReedLeyton Consulting Pty Ltd. following site visits, core sampling and geological modelling. Following a review by the BCSC a revised resource estimate was completed and submitted in July 2013. The conclusions reached in the amended technical report have not varied from those disclosed in the previously filed report. Along with Norra Kärr, Olserum is our second of resource-stage REE projects.

Mineral Resources were modelled applying six different TREO cut-off grades, with a base-case resource estimated using a TREO cut-off of 0.4% (Tables 13 and 14). At this cut-off, Olserum hosts an Indicated Mineral Resource of 4.5 million tonnes grading 0.60% TREO and an Inferred Mineral Resource of 3.3 million tonnes grading 0.63% TREO, both with 34% of the TREO being the higher value HREO. Tables 15 and 16 provide the grade averages for rare earth oxides at the various cut-offs.

**Cautionary Note to U.S. Investors concerning estimates of
Indicated Resources**

This section uses the terms “measured” and “indicated resources”. We advise U.S. investors that while those terms are recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize them. **U.S. Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves.**

Table 13: Indicated Resource Estimate for the Olserum Deposit.

TREO % Cut-off	Million Tonnes	TREO %	% of HREO in TREO	Dy2O3 ppm	Y2O3 ppm	Nd2O3 ppm	Tonnes of Contained TREO	
0.7	1.0	0.89	32.3	292	1800	1314	8,620	
0.6	1.7	0.78	32.9	262	1610	1146	13,360	
0.5	3.0	0.68	33.3	232	1420	996	20,650	
0.4	4.5	0.60	33.9	209	1283	878	27,260	BASE CASE
0.3	6.3	0.53	34.4	187	1146	769	33,530	
0.2	7.7	0.48	34.5	0.017	1042	700	37,030	

Cautionary Note to Investors Concerning Estimates of Inferred Resources

This section uses the term "inferred mineral resources". We advise U.S. investors that while this term is recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize it. "Inferred mineral resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. **U.S. investors are cautioned not to assume that all or any part of an inferred resource exists, or is economically or legally mineable.**

Table 14: Inferred Resource Estimate for the Olserum Deposit.

TREO % Cut-off	Million Tonnes	TREO %	% of HREO in TREO	Dy2O3 ppm	Y2O3 ppm	Nd2O3 ppm	Tonnes of Contained TREO	
0.7	0.9	0.85	31.8	288	1667	1294	7,947	
0.6	1.6	0.77	32.5	264	1547	1151	12,088	
0.5	2.5	0.69	33.6	242	1445	1018	16,960	
0.4	3.3	0.63	33.7	222	1320	925	20,770	BASE CASE
0.3	4.2	0.57	33.9	202	1205	841	23,820	
0.2	4.7	0.54	33.9	191	1134	790	25,050	

- Notes:
- TREO includes: La2O3, Ce2O3, Pr2O3, Nd2O3, Sm2O3, Eu2O3, Gd2O3, Tb2O3, Dy2O3, Ho2O3, Er2O3, Tm2O3, Yb2O3, Lu2O3, Y2O3
 - HREO includes: Eu2O3, Gd2O3, Tb2O3, Dy2O3, Ho2O3, Er2O3, Tm2O3, Yb2O3, Lu2O3, Y2O3
 - The calculated resource is sensitive to cut-off grade which will be influenced by metallurgical operating costs. Bench scale metallurgical tests were completed on an Olserum composite sample in 2005. Magnetic and gravity separation gave a mineral concentrate of 14% rare earth oxide in only 5% of the mass with a recovery of 59%.
 - The mineral resource estimate was completed by Mr. Geoffrey Reed, Senior Consulting Geologist of ReedLeyton Consultants Pty Ltd, and is based on geological and geochemical data supplied by us audited by Mr. Reed. Mr. Reed is an independent qualified person for the purposes of NI 43-101 standards of disclosure for mineral projects of the Canadian Securities Administrators.
 - The resource estimate has been classified as an Indicated and Inferred Resource based on the distance-space between sample data within the current deposit outline. Variograms were obtained from a variography study of TREO, with the continuity analysis showing a reasonable fit model in the major and semi major direction for the mineralised domains.
 - The resource estimate is based on:
 - § A database of 31 'In Resource' drill holes totalling 5,297m of diamond drilling completed by us and previous project owner IGE since 2004 where samples were composited on 1m lengths. All assays by both IGE and us were completed at laboratories in Vancouver, British Columbia.
 - § Specific gravity (SG) has an overall mean of 2.80 g/cc from 458 SG readings. The mean of the mineralisation of 2.82 g/cc was used in the estimate and a mean of the host rock of 2.67 g/cc was used in the estimate
 - § Block model was estimated by ordinary kriging interpolation method on blocks 5m (x) x 20m (y) x 10m (z).
 - § Metallurgical test work at Olserum is in progress and no information was available at the time of this resource calculation.

In order to demonstrate that the mineralization as estimated in the block model has a reasonable expectation of being mined at some time in the foreseeable future, a mining optimisation exercise was completed for us. As the mining concept for the Olserum Deposit is currently surface mining, Whittle® software was used to generate a conceptual pit shell. Notwithstanding the pit optimisation exercise, it has not resulted in an engineered and operational open-pit mine design. Operating assumptions used for the Whittle® pit shell were based on the PEA data from our more advanced Norra Kärr REE project that lies 100km northwest of Olserum with similar grade and surface aspect. The economic assumptions used to derive the optimised pit shell include:

-) Stripping Cost \$/tonne mined US \$3.66
-) Mining Cost \$/tonne mined US \$3.66
-) Processing Cost \$/tonne mineralized material US \$41.48
-) REO Recovery 80.0%
-) Discount to TREO Basket Price 38.0% (accounts for REO separation charge)
-) Discounted TREO Price US \$31.0 kg
-) 5 percent mining loss, 5 percent for mining dilution

Conceptual economic parameters required for preparation of Whittle® shells were compiled from several sources including mining industry cost guides. Processing plant operating costs were estimated from preliminary plant design criteria developed by us and our metallurgical consultants. As the rare earth elements are not openly traded on international commodity markets, we and Pincock, Allen & Holt of Denver, Colorado (“PAH”) (subsequently renamed RungePincockMinarco “RPM”) considered several sources of pricing information to develop a “Basket Price” for the REOs contained in the Norra Kärr deposit. The Basket Price is discounted by 38 percent as the REEs are contained in a mixed REO-Y carbonate concentrate which requires additional, off-site separation and refining to yield individual REE metals. The Basket Price used in the PEA were developed from the three-year averages for Dy and Tb and peer group reports for La, Ce, Pr, Nd, Sm, Eu, Gd, Tb, Dy, and Y. Although Ho, Tm, Er, Yb and Lu are present in the Norra Kärr deposit, these elements were not included in the Basket Price due to the lack of reliable historical pricing information.

ReedLeyton Consulting Pty Ltd considered that REE mineralization in the Olserum deposit is amenable to surface mining and has not considered other mining methods.

Overall, we consider these assumptions are fair for the purpose of determining reasonable prospects for economic extraction of the Olserum deposit but do not demonstrate that the mineralization is economic, since the exercise is not at the level of a PEA and does not conform to the studies required for a PEA.

The drill-defined Mineral Resource at Olserum begins at surface and is open at depth and to the east. The resources comprise parallel bodies of mineralization, with lower grade intervening material, trending approximately east-west and dipping steeply to the north. Host rock to mineralization is a biotite and amphibole bearing foliated quartzite, with veins and patches of magnetite. It is interpreted that mineralization may represent heavy mineral sediments which have been subsequently metamorphosed and folded.

Table 15: Indicated Resource Estimate Rare Earth Oxide Grade Averages for the Olserum Deposit.

TREO % Cut-off	La2O3	Ce2O3	Pr2O3	Nd2O3	Sm2O3	Eu2O3	Gd2O3	Tb2O3	Dy2O3	Ho2O3	Er2O3	Tm2O3	Yb2O3	Lu2O3	Y2O3
0.7	0.125	0.281	0.034	0.131	0.029	0.001	0.029	0.005	0.029	0.006	0.017	0.002	0.015	0.002	0.180
0.6	0.109	0.244	0.030	0.115	0.026	0.001	0.026	0.004	0.026	0.005	0.015	0.002	0.014	0.002	0.161
0.5	0.094	0.212	0.026	0.100	0.023	0.001	0.023	0.004	0.023	0.005	0.014	0.002	0.012	0.002	0.142
0.4	0.083	0.186	0.023	0.088	0.020	0.001	0.021	0.004	0.021	0.004	0.012	0.002	0.011	0.002	0.128
0.3	0.072	0.163	0.020	0.077	0.018	0.000	0.018	0.003	0.019	0.004	0.011	0.002	0.010	0.001	0.115
0.2	0.065	0.147	0.018	0.070	0.016	0.000	0.017	0.003	0.017	0.004	0.010	0.001	0.009	0.001	0.104

Note: See “Cautionary Note to U.S. Investors Concerning Estimates of Indicated Resources” above.

Table 16: Inferred Resource Estimate Rare Earth Oxide Grade Averages for the Olserum Deposit.

TREO % Cut-off	La2O3	Ce2O3	Pr2O3	Nd2O3	Sm2O3	Eu2O3	Gd2O3	Tb2O3	Dy2O3	Ho2O3	Er2O3	Tm2O3	Yb2O3	Lu2O3	Y2O3
0.7	0.118	0.270	0.033	0.129	0.030	0.001	0.029	0.005	0.029	0.006	0.016	0.002	0.014	0.002	0.167
0.6	0.105	0.241	0.030	0.115	0.027	0.001	0.026	0.005	0.026	0.005	0.015	0.002	0.013	0.002	0.155
0.5	0.093	0.213	0.026	0.102	0.024	0.001	0.024	0.004	0.024	0.005	0.014	0.002	0.012	0.002	0.145
0.4	0.084	0.194	0.024	0.093	0.022	0.001	0.022	0.004	0.022	0.005	0.013	0.002	0.011	0.002	0.132
0.3	0.077	0.176	0.022	0.084	0.020	0.000	0.020	0.003	0.020	0.004	0.012	0.002	0.010	0.001	0.121
0.2	0.072	0.166	0.020	0.079	0.018	0.000	0.019	0.003	0.019	0.004	0.011	0.002	0.010	0.001	0.113

Note: See “Cautionary Note to U.S. Investors Concerning Estimates of Inferred Resources” above.

In August 2013, we announced results of the first phase of metallurgical testing on representative mineralization samples from Olserum. Magnetic separation and flotation tests produced a mineral concentrate with REE recovery in excess of 90% within a concentrate mass between 6% and 7% of the original sample. This represents a very encouraging increase in REE grade of approximately 14 times. A very high grade magnetite concentrate was also produced as a by-product during testing. This metallurgical research, and the ongoing testing, was conducted and paid for under the European Commission’s EURARE research project as announced by us on July 10, 2013. See “See Item 4. Information on the Company – Three Year History – Year Ended August 31, 2013.”

A well selected and homogenized sample of 75 kg of drill core was sent out for metallurgical testing. Core was selected from across the deposit and is believed to reflect grade and mineralogical variation well. Following a series of grinding tests, a suitable grind size was determined to be -75 µm (P80 75 µm) which was achieved by rod mill. A testing flow sheet of low intensity magnetic separation (LIMS) followed by REE mineral flotation proved to be the most effective, for which six tests were performed. In addition, direct flotation of biotite was tested but did not improve quality or grade of the REE concentrate sample.

As anticipated, the LIMS was extremely efficient in the separation of magnetite from other minerals present. In test 8 the magnetic concentrate comprised 2.93% of the rock mass and showed a grade of Fe 65.5%, being very close to the iron content of pure magnetite. The best REE recovery results were obtained where highest REE recovery was achieved in the lowest concentrate mass (mass pull) as described below:

Table 17: REE recovery for various tests from Olserum

Test	Concentrate Mass (Mass Pull)	Ce Recovery (%)	La Recovery (%)	Y Recovery (%)
3A	6.80%	88.4 %	88.8 %	92.7 %
3B	8.42%	89.6 %	90.1 %	93.8 %
8	5.99%	87.9 %	85.3 %	91.2 %

We have not been incurring significant costs on the Olserum project and do not intend to incur significant costs until a further financing is completed and the mining lease currently under the permitting process is granted. We are, however, continuing with certain minor costs mainly through continued metallurgical research, the bulk of which are being funded through our participation in a European Union funding initiative studying the supply of critical materials (EURARE).

Planned Future Work

We will not be incurring significant costs on the Olserum project and do not intend to incur significant costs during fiscal 2016.

Other Projects

Tungsten Projects

Sweden



As announced on October 10, 2013, we secured a 100% interest in a portfolio of tungsten projects in the Bergslagen mining district of south-central Sweden comprised of seven exploration claims. In addition, during fiscal 2015, Tasman staked one additional tungsten claim, the Baggetorp nr 3 claim which currently expires in November 2017. See “Item 4. Information on the Company – Description of the Business of the Company – Foreign Operations – Swedish Mining Laws and Regulations.” We have also applied for an additional claim in the area. This new tungsten portfolio includes several of the largest known tungsten occurrences in Scandinavia, including the former Yxsjöberg mine which accounts for more than 90% of the tungsten previously produced in Sweden. The projects were purchased from Kingsmen outright for a total consideration of 50,000 of our fully paid common shares and \$45,000. See “Item 7. Major Shareholders and Related Party Transactions – Related Party Transactions.” A further 50,000 common shares are issuable upon commencement of production from any of the tungsten projects. All projects have extensive historic information including drilling, production and metallurgical data, and are supported

by excellent road, rail and power infrastructure.

Based on its economic importance and high risk of supply disruption, tungsten has been named a “critical” metal in recent British Geological Survey (BGS) and European Commission (EC) publications. Tungsten is an essential industrial element with hundreds of end-use applications. It has the highest melting point (3,410° C) and highest tensile strength (19.3 gms/cc) of all pure metals and is, therefore, highly sought after for drilling and cutting equipment (termed hardmetals), specialty steels and aerospace applications.

Today, greater than 80% of tungsten is sourced from Chinese mines, and therefore, demonstrating similar resource security challenges to rare earth elements. Since 2008, Chinese domestic demand has exceeded its own supply, resulting in a near doubling of price for tungsten concentrate over this period, and a gradual increase in total traded volume. Tungsten demand growth has consistently outperformed GDP growth.

The acquired tungsten projects are approximately centered on the Yxsjöberg mine where a mill and tailings dam remain on site. Simple road access links all project areas.

As at August 31, 2015, we have spent \$191,280 related to the acquisition and exploration of the Tungsten projects.

We are compiling historic data for this tungsten portfolio and completing low intensity surface prospecting and sampling activity. Sampling and mapping have been undertaken and results are being interpreted. We do not intend to incur significant costs on the exploration of our tungsten projects during fiscal 2016.

Yxsjöberg

The Yxsjöberg mine is the by far largest known tungsten mineralization in Sweden, from which more than 90% of all tungsten produced in the country emanates. The Yxsjöberg mine is an underground mine. The Yxsjöberg project consists of one exploration claim expiring in November 2018 (and may be further extended to a maximum date in 2027). See “Item 4. Information on the Company – Description of the Business of the Company – Foreign Operations – Swedish Mining Laws and Regulations.” The deposit is of a skarn-hosted tungsten-copper-beryllium-fluorite style consisting of three ore bodies (Kvarnåsen, Nävergruvan, Finngruvan) which lie in the same folded, skarn altered limestone horizon. Earliest records of mining date back to 1728 and small scale mining for copper continued intermittently until the 19th century. The tungsten mineral scheelite (CaWO₄) was first identified in 1862 and the earliest recorded production of tungsten from 1918. A new concentrator was built in 1937, and a roasting furnace and gravity separator added in 1951. A circuit for the production of fluorite concentrate was added in 1956. Fluorite remains a potential by-product to any future operation.

The price of tungsten fell in the early 1960’s, and the mine was closed in 1963 and subsequently allowed to flood. By the end of the 1960’s however, the tungsten price had recovered and interest was renewed. In 1969 the Swedish State-owned mining company AB Statsgruvor acquired the mine and constructed a new concentrator and head frame. This new plant began with gravity separation, but was converted to selective flotation in 1977. The mine and plant were closed again in 1989 due to low tungsten prices, when the deepest levels of the mine had reached approximately 600 m. A total of more than 5 million tonnes of ore averaging approximately 0.35% tungsten oxide (with additional copper and fluorite) were extracted during the life of the Yxsjöberg mine. Significant mineralization remained in situ at the final closure in 1989.

Apart from remediation and environmental management, the plant has largely been left untouched since the closure of the mine, as have two large tailings dams estimated to contain a total of 4.6 million metric tonnes of material.

Wigström (15 km SE of Yxsjöberg)

The historic tungsten mine of Wigströmsgruvan fed ore to the nearby Yxsjöberg mine mill. The Wigströmsgruvan mine is an open pit mine. The Wigströmsgruvan project consists of one exploration claim expiring in April 2017 (and may be further extended to a maximum date in 2026). See “Item 4. Information on the Company – Description of the Business of the Company – Foreign Operations – Swedish Mining Laws and Regulations.” Scheelite (CaWO₃) and fluorite (CaF₂) mineralization occur in garnet-diopside skarn within mafic metavolcanics. Approximately 0.13 million tonnes of ore with 0.28% tungsten oxide was mined and transported to Yxsjöberg

between the years 1978-1981. Mineralization is documented to remain open along strike and at depth at the time of the mine closure.

Sandudden (7 km NE of Yxsjöberg)

The Sandudden deposit was tested by more than 30 drill holes between 1978 and 1979 by AB Statsgruvor. The Sandudden project consists of one exploration claim expiring in March 2017 (and may be further extended to a maximum date in 2026). See "Item 4. Information on the Company – Description of the Business of the Company – Foreign Operations – Swedish Mining Laws and Regulations." In 1979 test mining and processing of approximately 17,000 tonnes with 0.22% tungsten oxide was completed. The mineralization is scheelite-fluorite with similar characteristics to Wigströmsgruvan and Yxsjöberg.

Gensgruvan (25 km N of Yxsjöberg)

The small Gensgruvan tungsten mine operated briefly in the 1940's. The Gensgruvan mine is an open pit mine. The Gensgruvan project consists of one exploration claim expiring in April 2016 (and may be further extended to a maximum date in 2026). See "Item 4. Information on the Company – Description of the Business of the Company – Foreign Operations – Swedish Mining Laws and Regulations." Production figures from 1944 record 1,600 tonnes of ore were mined with an average grade of 0.3% tungsten oxide. A second mine was also operated, named Molybdengruvan, with grades of 0.34% tungsten oxide. The Molybdengruvan mine is an open pit mine. Geological mapping at the time discovered numerous outcrops containing scheelite mineralization which remain untested, along with a large number of mineralized boulders the source of which remains unknown. Outcrops with grades similar Molybdengruvan mine have been recorded.

Gussarvet (70 km NE of Yxsjöberg)

A 15 hole diamond drill program was completed at Gussarvet in the early 1980's. The Gussarvet project consists of one exploration claim expiring in October 2017 (and may be further extended to a maximum date in 2026). See "Item 4. Information on the Company – Description of the Business of the Company – Foreign Operations – Swedish Mining Laws and Regulations." The tungsten mineralization occurs in skarn and epidote-quartzite associated within a 100m wide NE-SW trending carbonate horizon.

Gustavsberg (50 km SE of Yxsjöberg)

Several old iron mines are located within the Gustavsberg claim area. These mines are open pit mines. The Gustavsberg project consists of two exploration claims expiring in January 2017 and September 2017 (and may be further extended to a maximum date in 2026). See "Item 4. Information on the Company – Description of the Business of the Company – Foreign Operations – Swedish Mining Laws and Regulations." The iron lodes were documented to have an adjacent skarn alteration zone containing copper and tungsten mineralization. Mine geologists reported discoveries of "up to football-sized patches of scheelite" in the footwall skarn. No modern exploration for tungsten has been conducted in the area although prospectors have reported scheelite in the remnant waste dumps.

The data from these mines is historical in nature and was compiled prior to the implementation of NI 43-101 reporting standards. We have not completed sufficient exploration to verify the estimates and are not treating them as NI 43-101 defined resources or reserves verified by a Qualified Person; the historical estimate should not be relied upon.

Chromite Projects

Finland



As announced on June 17, 2015, we completed the acquisition of a 100% interest in a portfolio of stratiform chromite projects in north-eastern Finland totaling 11,295 ha in size (the “**Chromite Portfolio**”). The Chromite Portfolio consists of two projects known as Akanvaara and Koitelainen that lie approximately 75 km apart in north-eastern Finland. The projects are secured by 54 exploration claims and claim applications totaling 11,295 hectares in size. North-eastern Finland has been a very active exploration district, following the discovery of the large Sakati Cu-Ni deposit by Anglo American, as announced in November 2011.

The **Akanvaara** and **Koitelainen** chromite projects are of a stratiform intrusion-hosted style that together with similar deposits on the Kola Peninsula of Russia constitute one of the largest known undeveloped resources of chromite in the world. The Akanvaara and Koitelainen intrusions are part of a group of Archean/early Proterozoic mafic layered intrusions within the Fennoscandian Shield, which show cumulate igneous layering similar to other large layered intrusions (Fiskenaasset, Burakovka, Bushveld), and host deposits of chromite, vanadium, titanium, platinum group elements and gold.

As at August 31, 2015, we have spent \$45,529 related to the acquisition and exploration of the Chromite projects.

We do not intend to incur significant costs on the exploration of our chromite projects during fiscal 2016.

Akanvaara

The Akanvaara layered intrusion is located 140 km northeast of the town of Rovaniemi, with simple vehicle access through a network of gravel logging and drill roads. The closest rail access lies some 40km to the south, and a commercial airport in Kemijärvi being 62 km to the northeast. The Akanvaara project consists of 53 granted claims for 4,750 hectares. These claims were granted on July 2, 2014 and expire July 2, 2019. The claims may be extended in three year terms through July 2, 2029. Extensions are typically granted if exploration has been effective and systematic, further studies are necessary in order to establish the possibilities for exploiting the deposit, the permit holder has complied with obligations laid down in the Swedish Mining Act as well as the permit provisions, and extending the permit will not cause unreasonable inconvenience to any public or private interest.

The Akanvaara mafic intrusion has a known surface area of about 50 km², with a strike length along magmatic layering of 10 km and a total stratigraphic thickness of approximately 3.1 km. The intrusion is characterised by a persistently layered sequence of mafic and ultramafic gabbro, pyroxenite, anorthosite and chromitite (chromium enriched) above a lower chilled margin.

The Geological Survey of Finland (GTK) discovered and explored the Akanvaara intrusion from 1990 to 1999, at which point the project was offered for tender. Work completed by GTK included ground geophysical surveys (magnetic, electromagnetic, gravity); diamond drilling of 118 holes for a total of 18,136 m; and laboratory scale beneficiation testing on a number of mineralization styles. Twenty three (23) chromitite layers were discovered within the Akanvaara intrusion, each with different thickness, strike extent and potential, across a total stratigraphic thickness of 1,100 m. Mineralized lenses vary from centimetre to tens of metres in thickness.

Following drilling, GTK completed an historic resource calculation on the 3 most persistent chromitite lenses and a vanadium enriched gabbro. Cumulate layers are noted to be very strike extensive with predictable grade and thickness. Historical resource estimates are provided in Table 18 and are based upon a report entitled "Akanvaaran intrusion kromi-, kromivanadiini, vanadiini- ja platinametalli- kultaesiintynay" by Mutatanen, T. 1998 on behalf of the Geological Survey of Finland.

Table 18: Historical Resource Estimate for the Akanvaara Chromite Project, Finland

Name	Historical Resources (Million Tonnes)	Cr %	PGE ppm	V %	Comments
Akanvaara LC*	27.0	15.7	0.60	0.00	
Akanvaara UC*	18.1	22.8	0.91	0.40	Reef thickness is 1 m, extent 7.9 km along strike, tonnage is estimated down to 300 m vertical depth where the occurrence is open along dip.
Akanvaara ULC*	10.0	15.3	0.00	0.00	
Base of Magnetic Gabbro*	20.0	0.0	0.00	0.34	The 6 - 13 metres thick basal part of the magnetite gabbro unit, with V-rich magnetite. 20 million metric tons down to 100 metres (vertical) depth, with 0.34 % V, 0.10 % Cu, and 2.5 g/t Ag.

***The data from these projects is historical in nature and was compiled prior to the implementation of NI 43-101 reporting standards. We have not completed sufficient exploration to verify the estimates and we are not treating them as NI 43-101 defined resources or reserves verified by a qualified person; the historical estimate should not be relied upon.**

GTK commissioned the Technical Research Centre of Finland (VTT) for preliminary mineral processing testing. Samples from the UC horizon were used for flotation tests, which yielded a chromite concentrate with 33.8% Cr₂O₃ (chromium oxide) and 0.55% V with recovery of 92% and 88% respectively. The chromite concentrate was shown to be relatively rich in iron, low in alumina and practically devoid of magnesium. This suggests Akanvaara chromite-vanadium concentrate may have potential as a metallurgical and chemical grade raw material for production of ferrochrome, chrome-vanadium alloys and chrome chemicals.

Flotation tests completed on the uppermost lower chromitite (“ULC”) material gave a higher-grade concentrate of 38.3% Cr2O3, with the promising recovery of 86%.

A series of magnetic concentrates (approximately 10 - 12 weight % of the feed) were produced from the Magnetic Gabbro Unit which contained 1.55 - 1.59 weight % V with up to 60% recovery of vanadium. A number of copper (Cu)-sulphide concentrates were also produced by flotation of this Magnetic Gabbro sample with a grade of 8 - 14% Cu, 1.4 g/t Au, 53 - 57 g/t Ag, 0.073 g/t Rh and 0.068 g/t Pt.

Subsequent to GTK’s tender, the property was held by Finnish company Outokumpu, who evaluated Akanvaara for PGE’s and recognised that magnetite-bearing gabbros in the uppermost section of the intrusion where little GTK drilling was complete were highly anomalous in PGE’s (to 1.26 g/t). Outokumpu completed 5 drill holes and undertook extensive surface sampling.

Koitelainen

The Koitelainen layered intrusion is located 75 km northwest of Akanvaara. The nearest railroad is found in Salla, 100 km to the south, and the area is accessible by car through a network of gravel logging and drill roads. The Koitelainen project consists of one claim application for 6,545 hectares and is totally contained within a Natura 2000 area.

The Koitelainen intrusion is a flat, oval-shaped anticline, 26 km x 29 km in size with an estimated maximum thickness of around 3.2 km. The interior of the anticline is made up of Archean footwall rocks to the intrusion through which the intrusion was emplaced. The intrusion is divided into an ultramafic Lower Zone (LZ), a gabbroic Main Zone (MZ) and a gabbroic Upper Zone (UZ).

Chromite mineralization at Koitelainen was first discovered in 1977, and two principal levels of chromite mineralization are now known. The Lower Chromitite (LC) layers are found within a pyroxene cumulate, and are continuous in drilling over a distance of about 20 km. Four to six layers each over 0.3 m thick, with Cr2O3 from 10.6 to 32.2% have been discovered, the thickest drill intersection being 2.9 metres. The basal contacts are generally sharp; the hanging wall contact is gradational from massive chromitite to chromite-disseminated pyroxenite. The Upper Chromitite (UC) layer is a distinct interval up to 2.2 metres thick containing 21% Cr2O3, 0.4% V and 1.1 ppm PGE. The UC is strike continuous, and compositionally and mineralogically homogeneous.

From 1973 to 1999, 131 holes for a total of 16,440 m were drilled at a range of chromite, PGE and vanadium targets at Koitelainen. All drilling was completed on behalf of GTK, and the core remains in storage in Finland.

Using 42 drill holes, GTK undertook a resource estimate for a vanadium enriched ilmenomagnetite unit, discovered within the upper parts of the Koitelainen layered intrusion. Using 17 drill holes and 4 drill holes, GTK completed historic resource calculations on the Upper and Lower Chromitite horizons respectively. The Upper Chromitite layer is 1.3 m thick, and is noted to be very strike extensive with predictable grade and thickness. Historical resource estimates are provided in Table 19 and are based upon a report entitled “Koitelaisen malmitutkimukset vuosina 1979-1989” by Mutanen, T. 1989 on behalf of the Geological Survey of Finland.

Table 19: Historical Resource Estimate for the Koitelainen Chromite Project, Finland

Name	Historical Resources (Million tonnes)	Cr %	PGE ppm	V %	Comments
Magnetite Gabbro*	10.8	0.0	0.00	0.2	42 drill holes used in resource calculation. 4 strike extensive mineralized units, up to 40m thick.
Koitelainen UC*	70.0	15.7	1.10	0.0	The distinct UC layer averages 1.3 m thick. Resource to 500m vertical depth. 17 drill holes used in resource calculation.
Koitelainen LC*	2.0	14.4	1.38	0.4	The three to six LC layers extends for at least 20 km along strike.

***The data from these projects is historical in nature and was compiled prior to the implementation of NI 43-101 reporting standards. We have not completed sufficient exploration to verify the estimates and we are not treating them as NI 43-101 defined resources or reserves verified by a qualified person; the historical estimate should not be relied upon.**

Metallurgical testwork from Koitelainen has been poorly recorded and appears limited to the Magnetite Gabbro. In 1976, it is reported that drill core was used as feed materials for weak magnetic separation testwork. Recovery of the magnetic material was approximately 90%, with a concentrate grade of 50-50% Fe and 0.8-1.2% V.

Item 4A. Unresolved Staff Comments.

Not Applicable.

Item 5. Operating and Financial Review and Prospects.

The following discussion of our financial position, changes in financial position and results of operation for the fiscal years ended August 31, 2015, 2014 and 2013 should be read in conjunction with our accompanying audited consolidated financial statements and related notes included therein.

The effects of inflation and price changes have not had a material impact on our operations since our inception.

Our financial statements were prepared on a going concern basis which assumes that we will be able to realize our assets and discharge liabilities in the normal course of business.

Critical Accounting Estimates

Critical Judgments and Sources of Estimation Uncertainty

The preparation of our consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. Our consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

- (i) The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.
- (ii) Management is required to assess the functional currency of each entity of our company. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary company, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which we operates. As no single currency was clearly dominant we also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.
- (iii) Management is required to assess impairment in respect of exploration and evaluation assets. The triggering events are defined in IFRS 6. In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and some assets are likely to become impaired in future periods.

Management has determined impairment indicators were present in respect of certain exploration and evaluation assets and as a result an impairment test was performed. See also Note 6 of our Consolidated Financial Statements for the Years Ended August 31, 2015, 2014 and 2013 which are filed with this annual report.

- (iv) Although we take steps to verify title to exploration and evaluation assets in which it has an interest, these procedures do not guarantee our title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

- (i) Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. We review the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.
- (ii) The assessment of any impairment of exploration and evaluation assets, and property, plant and equipment is dependent upon estimates of the recoverable amount that take into account factors such as reserves, economic and market conditions and the useful lives of assets. As a result of this assessment, management has carried out an impairment test on certain other exploration and evaluation assets and an impairment charge of \$7,154 was made in fiscal 2015.

Changes in Accounting Policies

During fiscal 2013 we changed our accounting policy with respect to exploration and evaluation expenditures. In prior years our policy was to expense mineral exploration and development costs as incurred until such time as either mineral reserves are proven or permits to operate the mineral resource property are received and financing to complete the development are obtained. Effective with the presentation of the fiscal 2013 consolidated financial statements, on a retrospective basis, we have elected to change this accounting policy to capitalize by property all costs relating to the exploration and evaluation of mineral properties classified as exploration and evaluation assets.

Significant Accounting Policies

A complete summary of our significant accounting policies is set out in Note 3 of the consolidated financial statements for the years ended August 31, 2015, 2014 and 2013, filed herewith.

Exploration and Evaluation Assets

We are in the exploration stage with respect to our investment in exploration and evaluation assets and accordingly follow the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral properties and crediting all proceeds received against the cost of the related properties. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral properties are charged to operations at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farmout of the property result in a revised estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, our ability to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

We recognize in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets.

Although we take steps to verify title to exploration and evaluation assets in which we have an interest, according to the usual industry standards for the stage of exploration of such interests, these procedures do not guarantee our title. Such interests may be subject to prior agreements or transfers and title may be affected by undetected defects.

From time to time, we will acquire or dispose of interests pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are recorded as exploration and evaluation assets costs or recoveries when the payments are made or received.

Property, Plant and Equipment

Property, plant and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Property, plant and equipment are depreciated annually on a straight-line basis over the estimated useful life of the assets at a rate of 20%.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statement of comprehensive income or loss.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

We compare the carrying value of property, plant and equipment to estimated net recoverable amounts, based on estimated future cash flows, to determine whether there is any indication of impairment whenever events or circumstances warrant.

Impairment of Assets

At each financial position reporting date, the carrying amounts of our 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. Where the asset does not generate cash flows that are independent from other assets, we estimate the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the price that would be received to sell an asset in an orderly transaction between market participants. 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 or cash generating unit 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.

Where 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 only to the extent that the increased carrying amount 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.

Financial Instruments

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through comprehensive loss. Cash is classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity are measured at amortized cost. Amounts receivable are classified as loans and receivables.

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. Investments in common shares are classified as available-for-sale.

Transaction costs associated with FVTPL are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities.

Financial liabilities classified as FVTPL are measured at fair value with unrealized gains and losses recognized through comprehensive loss. At August 31, 2015 and 2014, we have not classified any financial liabilities as FVTPL.

Share Capital

Common shares issued by us are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

Equity Financing

We engage in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. Units typically comprise a certain number of common shares and share purchase warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the terms of the

transaction. We adopted a residual value method with respect to the measurement of common shares and share purchase warrants issued as private placement units. The fair value of the common shares issued in the private placements is determined by the closing quoted bid price on the price reservation date, if applicable, or the announcement date. The balance, if any, is allocated to the attached share purchase warrants.

Share-Based Payment Transactions

The share option plan allows our employees and consultants to acquire shares of our company. The fair value of share options granted is recognized as a share-based compensation expense with a corresponding increase in the equity settled share-based payments reserve in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

For employees the fair value is measured at grant date and each tranche is recognized separately on a straight line basis over the period during which the share options vest. The fair value of the share options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the share options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date we receive the goods or the services.

Foreign Currency Translation

Functional and Presentation Currency

The financial statements of each of our subsidiaries are prepared in the local currency of their home jurisdictions. Consolidation of each subsidiary includes re-measurement from the local currency to the subsidiary's functional currency. Each subsidiary's functional currency, being the currency of the primary economic environment in which the subsidiary operates, is the Canadian dollar. The consolidated financial statements are presented in Canadian dollars.

Exchange rates published by the Bank of Canada were used to translate subsidiary financial statements into the consolidated financial statements. Income and expenses for each statement of comprehensive loss presented are translated using the rates prevailing on the transaction dates. All resulting foreign exchange differences are recognized in comprehensive loss.

Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in comprehensive loss.

Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. We are not exposed to significant credit or interest rate risk although cash is held in excess of federally insured limits with a major financial institution. As at August 31, 2015 and 2014, we did not have any cash equivalents.

Amounts Receivable

Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Receivables are classified as loans and receivables. A provision for impairment of receivables is established when there is objective evidence that we will not be able to collect all amounts due according to the original terms of the receivables.

Accounts Payable and Accrued Liabilities

Payables are obligations to pay for materials or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are classified as other financial liabilities initially at fair value and subsequently measured at amortized cost using the effective interest method.

Decommissioning Provision

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral interest by us or on our behalf. Costs for restoration of site damage which is created on an ongoing basis during exploration and evaluation are provided for at their net present values and charged against profits in the period such exploration and evaluation occurs.

Discount rates using a risk-free rate that reflects the time value of money are used to calculate the net present value. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. As at August 31, 2015 and 2014, we do not have any decommissioning obligations.

Current and Deferred Income Taxes

The tax expense comprises current and deferred income tax. Tax is recognized separately in the statement of comprehensive income (loss), except to the extent that it relates to items recognized in other comprehensive income (loss) or directly in equity. In this case the income tax is also recognized in other comprehensive income (loss) or directly in equity, respectively.

Current Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax relating to items recognized directly in equity or other comprehensive income (“OCI”) is recognized in equity or OCI and not in the statement of comprehensive loss.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by us and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Loss Per Share

Basic loss per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the “if converted” method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share.

Accounting Standards and Interpretations Issued but Not Yet Adopted

As of the date of this annual report, the following standards have not been applied in the consolidated financial statements:

- (i) IFRS 9 *Financial Instruments*; tentatively effective for annual periods beginning on or after January 1, 2018. IFRS 9 replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortized cost and fair value. IFRS 9 prohibits reclassifications except in rare circumstances when the entity’s business model changes. The new standard removes the requirement to separate embedded derivatives from financial asset hosts. It requires a hybrid contract to be classified in its entirety at either amortized cost or fair value.
- (ii) IFRS 15 *Revenue from Contracts with Customers*; is effective for annual periods beginning on or after January 1, 2018. IFRS 15 specifies how and when to recognize revenue as well as requires entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and a number of revenue-related interpretations. The new standard will apply to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts.

Management is currently assessing the impact of these new standards on our accounting policies and financial statement presentation.

Operating results

Year Ended August 31, 2015 Compared to the Year Ended to August 31, 2014

As we are in the exploration stage of investigating and evaluating our unproven mineral interests, we have no revenue.

During the year ended August 31, 2015 (“**fiscal 2015**”), we incurred a net loss of \$1,419,140 (\$0.02 per share), a decrease in loss of \$1,022,868, compared to a loss of \$2,442,008 (\$0.04 per share) for the year ended August 31,

2014 (“fiscal 2014”). The decrease in loss during fiscal 2015 was attributed primarily to a reduction of corporate and field general administration and overhead activities during the current economic period, reduction in corporate development and legal costs, reallocation of human resources and reduced recognition of share-based compensation.

Excluding share-based compensation, general and administrative expenses decreased by \$781,031, from \$2,206,882 during fiscal 2014 to \$1,425,851 during fiscal 2015. Specific general and administrative expenses with significant fluctuations are as follows:

-) \$88,955 (2014 - \$180,525) for travel expenses, primarily for our personnel to oversee our ongoing property exploration programs, attend international investment conferences and conduct financing activities. Travel expenses were lower during fiscal 2015 compared to fiscal 2014 as a result of our participating in fewer international investment conferences and reduced trips to conduct financing and investor relations activities. During fiscal 2014 we incurred significant travel expenses to oversee our ongoing property exploration programs, review financing proposals and to meet with consumers of REE production to establish working relationships;
-) corporate development expenses were lower during fiscal 2015 compared to fiscal 2014 from \$149,280 in fiscal 2014 to \$36,673 in fiscal 2015. During fiscal 2014 we participated in several international investment conferences and market awareness programs;
-) salaries and benefits decreased by \$261,012, from \$304,999 in fiscal 2014 to \$43,987 in fiscal 2015 mainly due to the change in personnel and a reduction of staff employed by us. In fiscal 2014 our general manager was directly employed. In fiscal 2015 the manager’s services were provided through an engineering firm and, thus, recorded as part of professional fees;
-) legal expenses decreased by \$69,112, from \$246,118 in fiscal 2014 to \$177,006 in fiscal 2015 period. During fiscal 2014 legal costs were higher due to the preparation and filing of a base shelf prospectus;
-) general exploration expenses fluctuate due to allocations to capitalized exploration categories and levels of general due diligence;
-) general exploration activities were limited in fiscal 2015 and, as a result, \$15,507 was incurred compared to \$82,650 in fiscal 2014; and
-) office expenses decreased by \$44,032, from \$91,905 in fiscal 2014 to \$47,873 in fiscal 2015 due to the reduction in corporate and field general administration activities in fiscal 2015.

During fiscal 2015 we recorded \$51,300 (2014 - \$225,200) for share-based compensation for the immediate vesting of 135,000 (2014 - 360,000) share options granted.

During fiscal 2015 we did not complete any private placements. During fiscal 2014 we completed a private placement of 4,919,940 units for gross proceeds of \$5,411,934. In addition, during fiscal 2014, we received \$351,000 from the exercises of share options for 285,000 common shares. The proceeds from the private placement and the exercises of share options were utilized to advance work on our Norra Kärr and Olserum projects and for general working capital purposes.

Interest income generated during fiscal 2015 was \$44,679, a decrease of \$60,481 from \$105,160 earned during fiscal 2014. The decrease in interest income during fiscal 2015 was due to higher levels of cash held during fiscal 2014.

Year Ended August 31, 2014 Compared to the Year Ended to August 31, 2013

As we are in the exploration stage of investigating and evaluating our unproven mineral interests, we have no revenue.

During the year ended August 31, 2014, we incurred a net loss of \$2,442,008 (\$0.04 per share), a decrease in loss of \$1,039,234, compared to a loss of \$3,481,242 (\$0.06 per share) for the year ended August 31, 2013 (“**fiscal 2013**”). The decrease in loss during fiscal 2014 was attributed primarily to decreases in share-based compensation recognized, professional fees incurred and impairment charges to exploration and evaluation assets recorded in fiscal 2014 compared to fiscal 2013.

Excluding share-based compensation, general and administrative expenses decreased by \$232,183 from \$2,439,065 during fiscal 2013 to \$2,206,882 during fiscal 2014. Specific general and administrative expenses of note during fiscal 2014 are as follows:

-) incurred \$124,990 (2013 - \$126,793) for accounting and administration of which \$58,300 (2013 - \$48,650) was charged by Chase Management Ltd. (“**Chase**”), a private corporation controlled by Mr. Nick DeMare, our CFO and one of our directors, and \$66,690 (2013 - \$78,143) was charged for accounting service provided in Sweden;
-) general exploration costs of \$82,650 (2013 - \$165,846) relating to general exploration and property due diligence in Sweden and Finland. General exploration costs were lower during fiscal 2014 as we focused on the preparation of the PFS report on the Norra Kärr property;
-) \$180,525 (2013 - \$194,759) for travel expenses, primarily for our personnel to oversee our ongoing property exploration programs, attend international investment conferences and meet with consumers of REE production to establish working relationships;
-) corporate development expenses increased by \$39,831, from \$109,449 in fiscal 2013 to \$149,280 in fiscal 2014, due primarily to an increase in our participation in investor and trade conferences;
-) incurred \$475,484 (2013 - \$583,023) for professional services, of which we incurred \$278,410 (2013 - \$307,742) by our directors and officers, \$58,450 (2013 - \$136,872) by consultants in Sweden and \$138,624 (2013 - \$138,409) by consultants for general corporate services;
-) \$163,500 (2013 - \$162,000) for management fees charged through Sierra Peru Pty (“**Sierra**”) for remuneration of Mr. Mark Saxon, our President and CEO and one of our directors; and
-) salaries and benefits of \$304,943 (2013 - \$290,616) for employees in the exploration office in Sweden.

During fiscal 2014, we recorded \$225,200 (2013 - \$654,705) for share-based compensation comprised of \$225,200 (2013 - \$154,000) for the immediate vesting of 360,000 (2013 - 230,000) share options granted and \$nil (2013 - \$9,475) for vesting of share options granted in prior periods. In addition, during fiscal 2013, we recorded \$491,230 for share-based compensation on the re-pricing of 1,706,500 share options.

During fiscal 2014, we completed a private placement of 4,919,940 units for gross proceeds of \$5,411,934. See “Item 4. Information on the Company – Three Year History – Year Ended August 31, 2014.” The proceeds have been allocated to advance work on our Norra Kärr and Olserum projects and for general working capital purposes. During fiscal 2013, we did not complete any private placements.

During fiscal 2014, we received \$351,000 (2013 - \$301,250) from the exercise of share options for 285,000 (2013 - 1,250,000) common shares.

We hold our cash primarily in an interest bearing account with a major financial institution. The deposits are subject to an insignificant risk of change in value. Interest income generated during fiscal 2014 was \$105,160, an increase of \$9,225 from \$95,935 during fiscal 2013.

Year Ended August 31, 2013 Compared to the Year Ended to August 31, 2012

As we are in the exploration stage of investigating and evaluating our unproven mineral interests, we have no revenue.

During the year ended August 31, 2013, we incurred a net loss of \$3,481,242 (\$0.06 per share), a decrease in loss of \$2,655,817, compared to a loss of \$6,137,059 (\$0.10 per share) for the year ended August 31, 2012 (“**fiscal 2012**”). The decrease in loss during fiscal 2013 was attributed primarily to the recognition of share-based compensation of \$654,705 in fiscal 2013 compared to \$3,699,139 in fiscal 2012. During fiscal 2012 we granted 2,270,000 share

options compared to 230,000 share options granted in fiscal 2013. In addition during fiscal 2013 we recorded \$491,230 for share-based compensation on the re-pricing of 1,706,500 share options.

Excluding share-based compensation, general and administrative expenses decreased by \$92,509 from \$2,531,574 during fiscal 2012 to \$2,439,065 during the fiscal 2013 period. Specific general and administrative expenses of note during fiscal 2013 are as follows:

-) incurred \$126,793 (2012 - \$71,528) for accounting and administration of which \$48,650 (2012 - \$48,000) was charged by Chase, a private corporation controlled by Mr. Nick DeMare, our CFO and one of our directors, and \$78,143 (2012 - \$23,528) was charged by a third party accounting service in Sweden commencing June 1, 2012. Prior to June 1, 2012 the accounting and administration services in Sweden were conducted by salaried employees;
-) general exploration costs of \$165,846 (2012 - \$71,126) relating to general exploration and property due diligence in Sweden and Finland;
-) \$194,759 (2012 - \$277,123) for travel expenses, primarily for our personnel to oversee our ongoing property exploration programs, attend international investment conferences and meet with consumers of REE production to establish working relationships. Travel expenses were lower during fiscal 2013 compared to the fiscal 2012 period due to less corporate travel by management and directors;
-) legal fees of \$296,790 (2012 - \$123,599) were incurred. During fiscal 2013 legal services were mainly related to the base shelf prospectus whereas in fiscal 2012 legal services were related to obtaining a listing on the NYSE MKT;
-) office expenses of \$101,981 (2012 - \$212,491) of which \$61,785 (2012 - \$163,058) was for the maintenance of the exploration office in Sweden. During fiscal 2012, office expenses in Sweden were higher as we were incurring costs to set up a new exploration office;
-) we had retained Mining Interactive Corp. ("**Mining Interactive**") to provide market awareness and investor relation activities. During fiscal 2013 we paid Mining Interactive \$10,500 (2012 - \$42,000). Effective November 30, 2012 we terminated our arrangement with Mining interactive;
- incurred \$583,023 (2012 - \$718,443) for professional services, of which we incurred \$307,741 (2012 - \$302,759) by our directors and officers, \$136,872 (2012 - \$243,375) by consultants in Sweden and \$138,409 (2012 - \$172,309) by consultants for general corporate services;
-) \$162,000 (2012 - \$162,000) for management fees charged through Sierra for remuneration of Mr. Mark Saxon, our President and CEO;
-) audit fees of \$41,947 (2012 - \$72,091) for the year-end audit. The change between fiscal 2013 and fiscal 2012 was solely due to the timing of billings by the auditors for services rendered in respect to auditing our year-end accounts;
-) salaries and benefits of \$290,616 (2012 - \$204,970) for employees in the exploration office in Sweden. The increase was due to increased personnel during fiscal 2013;
-) corporate development expenses of \$109,449 (2012 - \$178,532) were incurred for services and costs relating to corporate development and market awareness. These expenses were lower during fiscal 2013 compared to fiscal 2012 due to our scaling back on these activities during this current economic period;
-) regulatory fees of \$69,403 (2012 - \$126,355) were incurred. During fiscal 2012 we listed on the NYSE MKT in December 2011 and paid significant registration filing fees to list on the NYSE MKT; and
-) rent of \$59,414 (2012 - \$48,623) were incurred for offices in Canada and Sweden. During fiscal 2013 we increased our office space in Sweden to accommodate additional consultants and salaried employees.

During fiscal 2013 we recorded \$654,705 (2012 - \$3,699,139) for share-based compensation comprised of \$154,000 (2012 - \$3,307,750) for the immediate vesting of 230,000 (2012 - 2,270,000) share options granted and \$9,475 (2012 - \$391,389) for vesting of options granted in prior periods. In addition we recorded \$491,230 (2012 - \$nil) for share-based compensation on the re-pricing of 1,706,500 share options.

During fiscal 2013 we received \$301,250 (2012 - \$620,642) from the exercise of warrants and share options for 1,250,000 (2012 - 1,052,947) common shares. No equity financings were conducted in either fiscal 2013 or fiscal 2012.

During fiscal 2013 we issued 30,000 (2012 - 37,746) common shares to acquire exploration and evaluation assets.

Interest income generated in fiscal 2013 was \$95,935, a decrease of \$55,363 from \$151,298 earned in fiscal 2012. The decrease in income in fiscal 2013 was due solely to reduced levels of cash compared to the fiscal 2012.

Investments

We hold 2,647,059 common shares of Hannans Reward Limited (“**Hannans**”), a public company listed on the Australian Stock Exchange, which have been designated as available-for-sale for accounting purposes. To date there have been no dispositions of the Hannans shares. As at August 31, 2015 the quoted market value of the investment was \$12,402.

During fiscal 2014, we received 600,000 common shares of Thomson Resources Limited (“**Thomson**”) at a fair value of \$16,603, on the sale of exploration data which had been partly generated by us. Thomson is a public company listed on the Australian Stock Exchange and the Thomson shares have been designated as available-for-sale for accounting purposes. As at August 31, 2015, the quoted market value of the Thomson shares was \$22,488.

Exploration and Evaluation Assets

During fiscal 2015, we incurred a total of \$1,616,519 (2014 - \$3,029,350) on the acquisition, exploration and evaluation of our unproven resources assets, of which \$1,493,960 (2014 - \$2,779,131) was incurred on the Norra Kärr property, \$37,654 (2014 - \$98,719) was incurred on the Olserum property and \$84,905 (2014 - \$151,450) on other properties. In addition, during fiscal 2015 we recorded an impairment of exploration and evaluation assets of \$7,154 (2014 - \$46,636) on certain properties. Primary activities during fiscal 2015, were focused on completing metallurgical testing and preparation of the PFS on the Norra Kärr property.

Exploration and Evaluation Assets

	August 31, 2015		
	Acquisition	Deferred	Total
	Costs	Exploration	
	\$	\$	\$
Rare Earth Properties			
Norra Kärr	103,260	11,372,780	11,476,040
Olserum	182,058	581,111	763,169
Other Properties	168,281	68,528	236,809
	<u>453,599</u>	<u>12,022,419</u>	<u>12,476,018</u>
	August 31, 2014		
	Acquisition	Deferred	Total
	Costs	Exploration	
	\$	\$	\$
Rare Earth Properties			
Norra Kärr	92,797	9,889,283	9,982,080
Olserum	159,317	573,352	732,669
Other Properties	112,853	39,051	151,904
	<u>364,967</u>	<u>10,501,686</u>	<u>10,866,653</u>

	Rare Earth Element Properties			Other	Total
	Norra Kärr	Olserum	Other	Properties	
	\$	\$	\$	\$	\$
Balance at August 31, 2013	7,202,949	633,900	44,230	2,860	7,883,939
Exploration costs					
Consulting	579,055	72,570	-	33,436	685,061
Database	2,424	-	-	191	2,615
Exploration site	8,490	1,069	-	265	9,824
Geochemical	94,575	3,723	-	4,192	102,490
Geological	156,299	-	-	-	156,299
Maps	1,442	-	-	437	1,879
Metallurgical testing	429,895	-	-	-	429,895
Recovery	(69,808)	-	-	-	(69,808)
Salaries	43,853	-	-	-	43,853
Surface rights	76,364	-	-	-	76,364
Technical report	1,364,575	-	-	-	1,364,575
Travel	22,215	2,896	-	76	25,187
	<u>2,709,379</u>	<u>80,258</u>	<u>-</u>	<u>38,597</u>	<u>2,828,234</u>
Acquisition costs					
Mining rights	16,832	18,511	-	16,353	51,696
Issuance of common shares	52,920	-	-	51,500	104,420
Acquisition	-	-	-	45,000	45,000
	<u>69,752</u>	<u>18,511</u>	<u>-</u>	<u>112,853</u>	<u>201,116</u>
Impairment	-	-	(44,230)	(2,406)	(46,636)
Balance at August 31, 2014	<u>9,982,080</u>	<u>732,669</u>	<u>-</u>	<u>151,904</u>	<u>10,866,653</u>
Exploration costs					
Consulting	381,013	5,326	-	6,148	392,487
Drilling	107,857	-	-	-	107,857
Exploration site	1,641	-	-	200	1,841
Geochemical	35,346	-	-	2,955	38,301
Geological	72,494	-	-	-	72,494
Maps	-	1,158	-	2,673	3,831
Recovery	(52,670)	-	-	-	(52,670)
Salaries	44,255	1,903	-	17,501	63,659
Surface rights	106,278	-	-	-	106,278
Technical report	784,944	-	-	-	784,944
Travel	2,339	-	-	-	2,339
	<u>1,483,497</u>	<u>8,387</u>	<u>-</u>	<u>29,477</u>	<u>1,521,361</u>
Acquisition costs					
Mining rights	10,463	29,267	-	9,899	49,629
Acquisition	-	-	-	45,529	45,529
	<u>10,463</u>	<u>29,267</u>	<u>-</u>	<u>55,428</u>	<u>95,158</u>
Impairment	-	(7,154)	-	-	(7,154)
Balance at August 31, 2015	<u>11,476,040</u>	<u>763,169</u>	<u>-</u>	<u>236,809</u>	<u>12,476,018</u>

Cash Flows

During fiscal 2015 cash decreased by \$3,528,561, reflecting the utilization of \$1,170,293 for operating activities and \$2,358,268 for investing activities. No financing activities occurred in fiscal 2015.

During fiscal 2014 cash increased by \$534,779. Operations utilized \$2,502,930, investing activities, mainly for exploration activities on exploration and evaluation assets, utilized \$2,309,941 and financing activities, mainly from the private placement, generated \$5,347,650.

During fiscal 2013 cash decreased by \$4,176,548. Operations utilized \$1,912,254, investing activities, mainly for expenditures on exploration and evaluation assets, utilized \$2,565,544 and financing activities, from the exercise of share options, generated \$301,250.

Liquidity and Capital Resources

We manage our capital structure and make adjustments to it, based on the funds available to us, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of our management to sustain future development of the business. We define capital that we manage as share capital, cash and cash equivalents and short-term investments. We will continue to assess new properties and seek to acquire an interest in additional properties if we feel there is sufficient geologic or economic potential and if we have adequate financial resources to do so. Management reviews our capital management approach on an ongoing basis and believes that this approach, given the relative size of our company, is reasonable.

To date we have not conducted any borrowing outside of our accounts payable and accrued liabilities incurred for operations and exploration activities. We maintain our cash primarily in Canadian currency in a major Canadian financial institution. The funds are held in interest-bearing accounts. We are not exposed to significant credit or interest rate risk although cash is held in excess of federally insured levels.

We advance funds to our subsidiary as required to satisfy ongoing levels of operations. There are no legal or economic restrictions on the ability of our subsidiary to transfer funds to us in the form of cash dividends, loans or advances.

As at August 31, 2015, we had working capital of \$2,478,303. We have prepared a budget of approximately \$1,500,000 for the fiscal year ending August 31, 2016. We believe we currently have adequate resources to maintain our core operations and planned work programs on our existing exploration and evaluation assets for the next twelve months from the date of this annual report; however, we recognize that work programs may change with ongoing results and, as a result, we may be required to obtain additional financing. We will continue to rely on the sale of our equity securities to provide funds for our activities; however, there is no assurance that we will be able to do so.

We have relied solely on equity financing to raise the requisite financial resources. While we have been successful in the past, there can be no assurance that we will be successful in raising future financing should the need arise.

Research and Development / Exploration Expenses

During the fiscal years ended August 31, 2015, 2014 and 2013, we spent \$1,521,361, \$2,828,234 and \$2,167,852, respectively, on mineral exploration costs (exclusive of acquisition costs) which have been capitalized. In addition, during the fiscal years ended August 31, 2015, 2014 and 2013, we spent \$15,507, \$82,650 and \$165,846, respectively, on general exploration costs which have been expensed. During the fiscal years ended August 31, 2015, 2014 and 2013, we spent \$95,158, \$201,116 and \$55,036, respectively, on mineral acquisition costs.

Trend Information

None of our assets are currently in production or generate revenue.

Our ability to raise additional funds in order to complete our plan to develop the Norra Kärr or Olserum REE properties may be impacted by future prices of REE. The marketability of our common shares and our ability to raise other sources of financing will be dependent on the prices of REE. If the global demand for REEs decreases it could adversely impair our ability to obtain financing at reasonable terms in order to fund the exploration and future development of our mineral properties.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Tabular Disclosure of Contractual Obligations

The following table summarizes our obligations and commitments to make future payments for the periods specified as of August 31, 2015:

Contractual Obligations	Payments Due by Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Purchase Obligations	None ¹	None ¹	None	None	None
Long-Term Debt Obligations	None	None	None	None	None
Capital (Finance) Lease Obligations	None	None	None	None	None
Operating Lease Obligations	None	None	None	None	None
Other Long-Term Liabilities Reflected on our Balance Sheet under IFRS.	None	None	None	None	None
Total	None¹	None¹	None	None	None

1. We entered into a Letter Agreement with Kingsmen dated October 7, 2013 (the “**Letter Agreement**”), pursuant to which we agreed to purchase certain exploration licenses and the associated technical information from Kingsmen in exchange for (a) a total of 100,000 of our common shares, and (b) \$45,000. With respect to the 100,000 shares to be issued to Kingsmen under the terms of the Letter Agreement, the shares are to be issued in two phases: (a) 50,000 shares on closing, and (b) 50,000 shares in the event of commencement of commercial production from any of the properties. As of the date of this annual report, we have issued 50,000 shares to Kingsmen in connection with the closing of the transaction which occurred on November 12, 2013. We do not know if, or when, the remaining 50,000 shares will be issued. Based on the closing price of our common shares on the TSXV on November 20, 2015, which was \$0.24, the remaining 50,000 shares have a value of \$12,000. See “Item 7. Major Shareholders and Related Party Transactions – Related Party Transactions.”

Item 6. Directors, Senior Management and Employees.

Name, Occupation and Residence

The following table sets forth the name, municipality, province or state of residence, position held with us, the date of appointment, and principal occupation within the immediately preceding five years for our directors and executive officers. Each director serves until the next annual general meeting or until his/her successor is duly elected, unless his/her office is vacated in accordance with our articles (the “**Articles**”). Our officers hold their offices until the next annual general meeting when they are re-appointed by the board of directors immediately after the annual general meeting.

Name, Position, Municipality of Residence and Age ⁽¹⁾	Principal Occupation or Employment during the Past 5 years ⁽¹⁾	Director/Officer Since ⁽²⁾
MARK SAXON President, Chief Executive Officer & Director Victoria, Australia Age: 45	Professional Geologist. President and CEO of Tasman. Founding director of Flinders Resources Limited and Mawson Resources Limited (“ Mawson ”). Mr. Saxon is a Fellow of the Australasian Institute of Mining and Metallurgy and a member the Australian Institute of Geoscientists.	Since October 22, 2009

Name, Position, Municipality of Residence and Age ⁽¹⁾	Principal Occupation or Employment during the Past 5 years ⁽¹⁾	Director/Officer Since ⁽²⁾
NICK DEMARE Chief Financial Officer & Director British Columbia, Canada Age: 61	Chartered Professional Accountant. President of Chase Management Ltd. since 1991. Chase is a private company which provides accounting, management, securities regulatory compliance and corporate secretarial services to companies listed on the TSXV and The Toronto Stock Exchange and its predecessors. He also serves as an officer and/or director of a number of publicly listed companies. Mr. DeMare holds a Bachelor of Commerce degree from the University of British Columbia and is a member in good standing of the Institute of Chartered Accountants of British Columbia.	Since October 22, 2009
DAVID HENSTRIDGE ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾ Non-Executive Chairman & Director Victoria, Australia Age: 67	Self-employed professional geologist, Mr. Henstridge was the President & CEO of Kingsmen from January 2000 to January 2013. Founding director of Tasman, Kingsmen, Mawson and Tinka Resources Limited (“ Tinka ”). Mr. Henstridge has a B.Sc. (Hons) in Geology and is a Fellow of the Australasian Institute of Mining and Metallurgy and a Member of both the Australian Institute of Geoscientists and the Geological Society of Australia.	Since October 22, 2009
MICHAEL HUDSON Director Victoria, Australia Age: 46	Professional Geologist. President, CEO, Chairman and a founding director of Mawson and a founding director of Tasman and Flinders. He is a Fellow of the Australasian Institute of Mining and Metallurgy and Member of both the Society for Economic Geologists and Australian Institute of Geoscientists.	Since October 22, 2009
ROBERT G. ATKINSON ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾ Director British Columbia, Canada Age: 75	Self-employed businessman, Vice Chairman of Atlantic Gold Corp. (formerly, Spur Ventures Inc.).	Since October 22, 2009
GILLYEARD (GIL) LEATHLEY ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾ Director British Columbia, Canada Age: 78	Retired. Qualified Mine Surveyor and Industrial Engineer, Chief Operation Officer of Sunward Resources Ltd. from February 2013 to June 2015. Previously, Chief Operation Officer of NovaGold Resources Inc. from November 2010 to November 2012 and independent mining consultant from January 2000 to November 2010.	Since September 13, 2011
MARIANA BERMUDEZ Corporate Secretary British Columbia, Canada Age: 40	Employed by Mawson since April 2013. Previously, employed by Kingsmen from January 2004 to April 2013. Corporate Secretary of Tinka, Mawson, Tasman, Flinders and Mitchell Resources Ltd.	Since October 22, 2009

- (1) The information as to country of residence and principal occupation, not being within our knowledge, has been furnished by the respective director or officer individually.
- (2) We were formed on October 22, 2009 through the Amalgamation.
- (3) Denotes member of the Audit Committee.
- (4) Denotes member of the Compensation Committee.
- (5) Denotes member of the Nominating Committee.
- (6) Denotes member of the Corporate Governance Committee

There are no family relationships between any of our directors or executive officers. To the best of our knowledge, there are no arrangements or understandings with major shareholders, customers, suppliers, or others, pursuant to which any of our officers or directors was selected as an officer or director of Tasman.

On September 23, 2011, we adopted a Code of Business Conduct and Ethics and Compensation Committee, Corporate Governance Committee and Nominating Committee Charters. The Code of Business Conduct was last updated on June 4, 2015. See "Item 16B. Code of Ethics." Our other charters were last reviewed on October 27, 2014.

As of November 20, 2015, our directors and officers beneficially owned, directly or indirectly, or had control of or direction over an aggregate of 11,497,677 of our common shares, representing approximately 17.37% of the issued and outstanding common shares as of November 20, 2015.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as disclosed below, none of our directors or executive officers (or any of their personal holding companies) is, or during the ten years preceding the date of this annual report has been, a director, chief executive officer or chief financial officer of any company, including Tasman, that:

- (a) was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to a cease trade order or similar order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer of the relevant company and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;

Except as disclosed below, no director or executive officer (or any of their personal holding companies) or, to the best of our knowledge, shareholder holding a sufficient number of securities to materially affect the control of Tasman:

- (a) is, or during the ten years preceding the date of this annual report has been, a director or executive officer, of any company, including Tasman, that while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager, or trustee appointed to hold its assets; or
- (b) has, within the ten years preceding the date of this annual report, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Except as disclosed below, no director or executive officer (or any of their personal holding companies) or to the best of our knowledge, shareholder holding a sufficient number of securities to materially affect the control of Tasman, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

- (b) any other penalties or sanctions imposed by a court or regulatory body which would likely be considered important to a reasonable investor in making an investment decision.

Nick DeMare is a former independent director of Andean American Mining Corp. (“**Andean American**”). On August 2, 2007, the BCSC issued Andean American a cease trade order for deficiencies in Andean American’s continuous disclosure material related to its resource properties and for deficiencies in a previously filed technical report. On October 22, 2007, Andean American filed an amended NI 43-101 report and issued a clarifying news release. The BCSC revoked the cease trade order and the shares resumed trading on October 24, 2007.

Nick DeMare is director and officer of Salazar Resources Limited (“**Salazar**”). On September 10, 2010, the BCSC issued Salazar a cease trade order for deficiencies in a previously filed technical report. On October 12, 2010, Salazar filed a new NI 43-101 report. The BCSC revoked the cease trade order and the shares resumed trading on October 18, 2010.

Conflicts of Interest

Our directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which we may participate, our directors may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises, a director who has such a conflict will be required to disclose the conflict in accordance with applicable corporate law and to abstain from voting for or against the approval of such participation or such terms. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties, thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In accordance with applicable corporate law, our directors are required to act honestly and in good faith with a view to our best interests. See “Item 7. Major Shareholders and Related Party Transactions – Related Party Transactions.”

The following is a list of our directors and any company, which is a reporting issuer in Canada or the United States, and for which such director currently serves as a director:

Mark Saxon: Mawson Resources and Flinders Resources Limited.

Nick DeMare: Aguila American Resources Ltd., Cliffmont Resources Ltd., East West Petroleum Corp., Inc., Flinders Resources Limited, GGL Diamond Corp., Hansa Resources Limited, Mitchell Resources Ltd. (formerly, Kola Mining Corp.), Lariat Energy Ltd., Mawson Resources Limited, Mirasol Resources Ltd., Rochester Resources Ltd., Rockshield Capital Corp., Salazar Resources Limited, Tinka Resources Limited and Kingsmen Resources Ltd. (formerly, Tumi Resources Limited).

David Henstridge: Mawson Resources Limited, Mitchell Resources Ltd. (formerly, Kola Mining Corp.), Kingsmen Resources Ltd. (formerly, Tumi Resources Limited) and Tinka Resources Limited.

Michael Hudson: Mawson Resources Limited and Flinders Resources Limited

Gillyeard (Gil) Leathley: Mawson Resources Limited and NovaGold Resources Inc.

Robert Atkinson: Cassius Ventures Ltd., Flinders Resources Limited, Hansa Resources Limited and Atlantic Gold Corporation (formerly, Spur Ventures Inc.)

Compensation

During fiscal 2015, our directors and officers, as a group, had received or charged us a total of \$440,090 for services rendered by the directors and officers or companies owned by the individuals; this includes \$52,570 to Chase for its

staff and \$4,020 paid to Chase for office rent. During fiscal 2015, we did not grant any stock options to our directors and officers. See also “Item 7. Major Shareholders and Related Party Transactions – Related Party Transactions.”

Summary Compensation Table

The following table (presented in accordance with National Instrument Form 51-102F6) sets forth all annual and long term compensation for services in all capacities provided to us for the financial years ended August 31, 2015, 2014, and 2013 (to the extent required by Form 51-102F6) in respect of each of the individuals comprised of each Chief Executive Officer and the Chief Financial Officer who acted in such capacity for all or any portion of the most recently completed financial year, and each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity (other than the Chief Executive Officer and Chief Financial Officer), as at August 31, 2015, whose total compensation was, individually, more than \$150,000 for the financial year and any individual who would have satisfied these criteria but for the fact that the individual was neither an executive officer of Tasman, nor acting in a similar capacity, at the end of the most recently completed financial year (collectively the “**Named Executive Officers**”):

Name and principal position	Year⁽¹⁾	Salary (\$)⁽²⁾	Option-based awards (\$)⁽³⁾	All other compensation (\$)	Total compensation (\$)⁽²⁾
Mark Saxon President & CEO	2015	180,000	Nil	Nil	180,000
	2014	163,500	Nil	Nil	163,500
	2013	162,000	Nil	Nil	162,000
Nick DeMare CFO	2015	42,000	Nil	56,590 ⁽⁴⁾	98,590
	2014	36,000	Nil	62,320 ⁽⁴⁾	98,320
	2013	30,000	Nil	53,125 ⁽⁴⁾	83,125
James Powell ⁽⁵⁾ Vice-President of Corporate Development	2015	Nil	Nil	41,500 ⁽⁶⁾	41,500
	2014	Nil	Nil	95,500 ⁽⁶⁾	95,500
	2013	Nil	51,250 ⁽³⁾	126,000 ⁽⁶⁾	177,250

NOTES:

1. Financial years ended August 31.
2. All amounts shown were paid in Canadian currency, our reporting currency.
3. Figures represent the grant date fair value of the options. We used the Black-Scholes option pricing model for calculating such fair value, as such model is commonly used by junior public companies. Key assumptions used for fiscal 2013: Risk-free interest rate – 1.10%; estimated volatility – 98%; expected life – 3 years; estimated dividend yield – 0%; estimated forfeiture rate – 0%.
4. Billed by Chase, a private company owned by Mr. DeMare, for administrative, accounting and management services provided and office rent.
5. Mr. Powell resigned from his position as Vice President of Corporate Development in February 2015.
6. Billed by Albis Capital Corp. (“**Albis**”), a private company owned by Mr. Powell, for professional services provided.

Incentive Plan Awards

Outstanding Option-Based Awards

The following table sets forth for the NEOs, the incentive stock options (option-based awards), pursuant to our stock option plan, outstanding as at August 31, 2015.

Name	Option-based Awards			Value of unexercised in-the-money options (\$) ⁽¹⁾
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	
Mark Saxon	Nil	Nil	N/A	Nil
Nick DeMare	Nil	Nil	N/A	Nil
James Powell	Nil	Nil	N/A	Nil

Incentive Plan Awards – Value Vested or Earning During The Year

The following table sets forth for the NEOs, the value vested during the financial year ended on August 31, 2015 for options awarded under our stock option plan, as the value earned under non-equity incentive plans for the same period.

Name	Option-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Mark Saxon	Nil	N/A
Nick DeMare	Nil	N/A
James Powell	Nil	N/A

Termination and Change of Control Benefits

Effective October 1, 2010, we entered into a Management Agreement with Sierra Peru Pty Ltd. pursuant to which we have retained the services of Mr. Mark Saxon as our President and CEO. The monthly compensation payable under the Management Agreement was increased from \$13,000 per month to \$13,500 per month by the board of directors effective November 18, 2010, retroactive to October 1, 2010. The monthly fees payable under the Management Agreement were further increased from \$13,500 to \$15,000 by the board of directors on August 11, 2014, with an effective date of August 1, 2014, as reflected in a letter agreement dated September 8, 2014. The Management Agreement shall continue until the agreement is terminated in accordance with the terms of the Management Agreement. In addition, we have agreed to reimburse certain expenses incurred in connection with our business and to issue Mr. Saxon stock options as approved by the board of directors from time to time. In the event that Mr. Saxon's services are terminated (i) by us without cause or (ii) in certain circumstances in connection with a change of control of Tasman, then we will be required to pay all accrued and unpaid compensation (and accrued expenses) plus 24 months compensation (which as of August 31, 2015 would be \$360,000). Sierra Peru Pty Ltd. is owned jointly by Mr. Saxon and Mr. Michael Hudson, a director of Tasman.

Director Compensation**Director Compensation Table**

The following table sets forth all amounts of compensation provided to the directors for our most recently completed financial year.

Name	Fees Earned (\$)	Option-based awards (\$)	All other compensation (\$)	Total (\$)
David Henstridge	30,000	-	-	30,000
Michael Hudson	30,000	-	-	30,000
Robert G. Atkinson	18,000	-	-	18,000
Gillyeard Leathley	42,000	-	-	42,000
Mark Saxon	See note ⁽¹⁾	-	-	-
Nick DeMare	See note ⁽¹⁾	-	-	-

NOTES:

- Messrs. Saxon and DeMare are NEOs and their compensation is disclosed in the Summary Compensation Table above. Mr. Saxon does not receive compensation for his services as director.

Outstanding Option-Based Awards

The following table sets forth for each director, other than those who are also NEOs of Tasman, all awards outstanding at the end of the most recently completed financial year, including awards granted before the most recently completed financial year.

Name	Option-based Awards			Value of unexercised in-the-money options (\$)
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	
David Henstridge	Nil	Nil	N/A	Nil
Michael Hudson	Nil	Nil	N/A	Nil
Robert G. Atkinson	Nil	Nil	N/A	Nil
Gillyeard Leathley	Nil	Nil	N/A	Nil

Incentive Plan Awards – Value Vested or Earned During The Year

The following table sets forth, for each director, other than those who are also NEOs of Tasman, the value of all incentive plan awards vested during the year ended August 31, 2015.

Name	Option-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
David Henstridge	Nil	N/A
Michael Hudson	Nil	N/A
Robert G. Atkinson	Nil	N/A
Gillyeard Leathley	Nil	N/A

A description of the significant terms of our stock option plan is found under the heading “Item 6. Directors, Senior Management and Employees – Share Ownership – Stock Option Plan.”

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information regarding compensation plans under which securities of Tasman are authorized for issuance to directors, officers, employees and consultants in effect as of the end of the fiscal year ended August 31, 2015:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (2) (c)
Equity Compensation Plans Approved By Securityholders (1)	525,000	0.97	6,089,192
Equity Compensation Plans Not Approved By Securityholders	N/A	N/A	N/A
Total	525,000	0.97	6,089,192

NOTE:

- (1) We currently have in place a "rolling" stock option plan whereby the maximum number of common shares that may be reserved for issuance pursuant to the stock option plan will not exceed 10% of the issued shares of the Corporation at the time of the stock option grant. See “Item 6. Directors, Senior Management and Employees – Share Ownership – Stock Option Plan” for further particulars of the stock option plan.
- (2) Based on 66,141,922 common shares issued and outstanding as at August 31, 2015.

Retirement Benefits

We do not provide any pension or retirement benefits to our offices or directors.

Indebtedness of Directors and Executive Officers of our Company

None of our directors or executive officers or any associate or affiliate of any such director, senior officer or proposed nominee is or has been indebted to us or any of our subsidiaries at any time during our last completed financial year, other than routine indebtedness.

Interest of Informed Persons in Material Transactions

Other than transactions carried out in the normal course of business of our company or any of our affiliates, none of our directors or executive officers, any shareholder beneficially owning shares carrying more than 10% of the voting rights attached to the shares of Tasman nor an associate or affiliate of any of the foregoing persons had since September 1, 2014 (the commencement of our last completed financial year) any material interest, direct or indirect, in any transactions which materially affected us or any of our subsidiaries or in any proposed transaction which has or would materially affect us or any of our subsidiaries. See “Item 7. Major Shareholders and Related Party Transactions – Related Party Transactions.”

Board Practices

Our Board of Directors (the “**Board**”) is responsible for our corporate governance policies and has separately designated standing Corporate Governance, Compensation, Nominating and Audit Committees. See “Item 6. Directors, Senior Management and Employees – Board Practices – Audit Committee,” below, for information on our Audit Committee.

Sections 804 and 805 of the NYSE MKT Company Guide require that the Nominating Committee and the Compensation Committee of a NYSE MKT listed company must be comprised solely of independent directors.

As of the date of this annual report, the Nominating, Corporate Governance and Compensation committees are comprised of three members: Gil Leathley, Robert G. Atkinson, and David Henstridge. Messrs. Leathley, Atkinson, and Henstridge have previously been determined to be independent under applicable NYSE MKT requirements and Rule 10A-3 under the Exchange Act. See “Item 6. Directors, Senior Management and Employees – Board Practices – Audit Committee.”

Corporate Governance Committee

The Corporate Governance Committee is responsible for identifying and making recommendations to the Board as to the structure of the Board and the committees of the Board to be constituted from time to time and the structure of those committees, conduct annual reviews the Board of Directors Mandate and the Charter of each committee of the Board and make recommendations to the Board with respect thereto in order to ensure that all aspects of corporate governance of our company and our management and the performance of our obligations to our shareholders, employees and members of the public are being effectively reviewed. In addition, the Board will arrange for annual surveys of the Board to be conducted with respect to their views on the effectiveness of the Board, its committees and the directors and make recommendations to the Board regarding the position descriptions for the Chair of the Board of Directors and each Chair of a committee of the Board of Directors.

In connection with our continuous disclosure obligations, the Corporate Governance Committee is responsible for:

- (a) reviewing and approving any corporate governance report to be made in accordance with applicable securities laws and stock exchange regulations for inclusion in our management information circular, annual report and/or annual information form; and
- (b) reviewing and approving our disclosure of the Corporate Governance Committee Charter and any information regarding the Corporate Governance Committee and its activities, when required, in our annual information form, management information circular and/or annual report.

The Corporate Governance Committee is also responsible for monitoring and making recommendations with respect to the following matters:

- (a) shareholder and investor issues including the adoption of shareholders rights plans and related matters;
- (b) policies regarding management serving on outside boards;
- (c) retirement policy for directors based upon age, health or other considerations;
- (d) our charitable and political donation policies;
- (e) our Code of Business Conduct and Ethics and compliance therewith, including the granting of any waivers from the application of the Code;
- (f) our Stock Trading Policy and compliance therewith, including reviewing systems for ensuring that all directors and officers of our company who are required to file insider reports pursuant to the Stock Trading Policy do so;
- (g) our Corporate Disclosure Policy and compliance therewith;
- (h) the retainer, subject to the Corporate Governance Committee's approval and at the expense of our company, of outside advisors for individual members of the Board in appropriate circumstances and the procedures relating thereto;
- (i) policies regarding director responsibilities;
- (j) policies regarding director access to management; and
- (k) policies regarding management succession.

Compensation Committee

The Compensation Committee is responsible for:

- (a) reviewing our overall compensation philosophy;
- (b) addressing matters related to compensation of the Chief Executive Officer (the "CEO");
- (c) making recommendations to the Board with respect to non-CEO and director compensation, incentive-compensation plans and equity-based plans;
- (d) reviewing executive compensation disclosure before we publicly disclose this information; and
- (e) performing any other duties or responsibilities expressly delegated to the Compensation Committee by the Board from time-to-time relating to our compensation programs.

With respect to compensation of the CEO, the Compensation Committee is responsible for:

- (a) reviewing and approving corporate goals and objectives relevant to CEO compensation;
- (b) evaluating the CEO's performance in light of those corporate goals and objectives; and
- (c) determining or making recommendations to the Board with respect to the CEO's compensation level based on this evaluation.

In determining the long-term incentive component of the compensation of the CEO, the Compensation Committee considers our performance and relative shareholder return, the value of similar incentive compensation given to CEO's at comparable companies and the compensation given to the CEO in past years.

Nominating Committee

With respect to director recruitment in general, the Nominating Committee is responsible for:

- (a) conducting an analysis of the collection of tangible and intangible skills and qualities necessary for an effective Board given our current operational and financial condition, the industry in which we operate and our strategic outlook;
- (b) periodically comparing the tangible and intangible skills and qualities of the existing Board members with the analysis of required skills and identifying opportunities for improvement; and
- (c) recommending, as required, changes to the selection criteria used by the Board to reflect the needs of the Board.

Nominees will be selected for qualities such as integrity, business judgment, independence, business or professional expertise, international experience, residency and familiarity with geographic regions relevant to our strategic priorities.

If we are legally required by contract or otherwise to provide third parties with the right to nominate directors, the selection and nomination of those directors need not involve the approval of the Nominating Committee.

With respect to the identification of potential nominees, the Nominating Committee is responsible for:

- (a) identifying individuals qualified to become new Board members, including those recommended by security holders and others, and recommending to the Board the new director nominees for the next annual meeting of shareholders;
- (b) defining roles and expectations of Board members;
- (c) identifying and maintaining a list of potential directors that possess the qualifications established by the Nominating Committee; and
- (d) if applicable, or required by law or exchange policies, the Nominating Committee shall adopt an appropriate process for security holders to submit recommendations for candidates for the Board.

In making its recommendations to the Board, the Nominating Committee will consider:

- (a) the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess;
- (b) the competencies and skills that the Board considers each existing director to possess; and
- (c) the competencies and skills each new nominee will bring to the boardroom.

With respect to membership qualifications, the Nominating Committee is responsible for monitoring director membership to ensure qualifications under applicable laws and exchange guidelines are maintained.

A copy of each of the Corporate Governance, Compensation and Nominating Committee Charters may be found on our website at www.tasmanmetals.com.

Audit Committee

Composition and Responsibilities

The Board has a separately designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Exchange Act and Section 803B of the NYSE MKT Company Guide. As of August 31, 2015, our Audit Committee was composed of Messrs. Leathley, Henstridge and Atkinson (Chair).

Section 803B(2)(a) of the NYSE MKT Company Guide provides that “[e]ach issuer must have . . . an audit committee of at least three members, each of whom . . . satisfies the independence standards specified in Section 803A and Rule 10A-3 under the Securities Exchange Act of 1934.”

Messrs. Leathley, Atkinson and Henstridge are considered independent under Section 803A of the NYSE MKT Company Guide and Rule 10A-3 of the SEC.

All of the members of the Audit Committee are financially literate.

The primary function of the Audit Committee is to assist the board of directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by us to regulatory authorities and shareholders, our systems of internal controls regarding finance and accounting and our auditing, accounting and financial reporting processes. The Audit Committee's primary duties and responsibilities are to:

1. Serve as an independent and objective party to monitor our financial reporting and internal control system and review our financial statements.
2. Review and appraise the performance of our external auditors.
3. Provide an open avenue of communication among our auditors, financial and senior management and the Board of Directors.
4. Be directly responsible for:

- a. the selection of a firm of external auditors, including the decision to retain any existing external auditors, to be proposed for election as our external auditors;
- b. the oversight of the work of our external auditors (including the resolution of disagreements between our management and the external auditor regarding financial reporting);
- c. subject to grant by the shareholders of authority to do so, if required, fixing the compensation of our external auditors; and
- d. Oversee our accounting and financial reporting processes and the audits of our financial statements.

To fulfill its responsibilities and duties, the Audit Committee shall:

1. Documents/Reports Review

- a. Review and update the Audit Committee Charter annually.
- b. Review our financial statements, MD&A and any annual and interim earnings, and press releases before we publicly disclose this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.
- c. Review and discuss the audited financial statements with management.
- d. Recommend to the Board of Directors that the annual audited financial statements be included in our regulatory filings based upon the Audit Committee's review and discussion of the financial statements with management and the external auditor, its discussions with the external auditor regarding the matters required to be discussed by auditing standards, and its discussions regarding the external auditors' independence.

2. External Auditors

- a. Review annually, the performance of the external auditors.
- b. Be directly responsible for:
 1. the selection of a firm of external auditors, including the decision to retain any existing external auditors, to be proposed for election as our external auditors;
 2. the oversight of the work of our external auditors (including the resolution of disagreements between our management and the external auditor regarding financial reporting);
 3. subject to grant by the shareholders of authority to do so, if required, fixing the compensation of our external auditors.
- c. Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- d. Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any permitted non-audit services and the fees and other compensation related thereto, provided by our external auditors.
- e. Provided the pre-approval of the permitted non-audit services is presented to the Audit Committee's first scheduled meeting following such approval such authority may be delegated by the Audit Committee to one or more independent members of the Audit Committee.
- f. Ensure the receipt from the external auditors of a formal written statement delineating all relationships between us and our external auditor, consistent with applicable accounting and auditing standards, including Independence Board Standard No. 1, and engage in discussions with the external auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the external auditor. If applicable, discuss with the external auditors the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended, as adopted by the Public Company Accounting Oversight Board.
- g. Take, or recommending that the full Board of Directors take, appropriate action to oversee the independence of the external auditor.

- h. Obtain confirmation from the external auditor that they will report directly to the Audit Committee.

3. Financial Reporting Processes

- a. In consultation with the external auditors, review with management the integrity of our financial reporting process, both internal and external.
- b. Consider the external auditors' judgments about the quality and appropriateness of our accounting principles as applied in our financial reporting.
- c. Consider and approve, if appropriate, changes to our auditing and accounting principles and practices as suggested by the external auditors and management.
- d. Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- e. Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- f. Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- g. Establish procedures for:
 - 1. the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls, or auditing matters; and
 - 2. the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters.
- h. Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- i. Review certification process.

4. Other

- a. Review any related-party transactions.

The Audit Committee's Charter sets out all of the Audit Committee's responsibilities and duties and requirements for the composition of the Audit Committee, Audit Committee meetings and the Audit Committee's funding and hiring of advisors. A copy of the Audit Committee Charter is attached as Exhibit 15.8 to this annual report and incorporated by reference into this annual report.

See "Item 16A. Audit Committee Financial Expert."

Employees

As at August 31, 2015, we had two (two – 2014; five – 2013) full-time employees and employed nine (nine – 2014; eight – 2013;) part-time employees and/or contractors.

Share Ownership

The following table sets forth certain information regarding ownership of our shares by our officers and directors as of November 20, 2015. The information as to securities beneficially owned, or controlled or directed, directly or indirectly, by the directors and officers named below is in each instance based upon information furnished by the person concerned.

Title of Class	Name of Owner	Shares and Rights Beneficially Owned or Controlled ⁽¹⁾	Percent of Class ⁽¹⁾
Common Shares	Mark Saxon	2,754,632 ⁽²⁾	4.16%
Common Shares	Nick DeMare	2,727,809 ⁽³⁾	4.12%
Common Shares	David Henstridge	2,675,812 ⁽⁴⁾	4.05%
Common Shares	Michael Hudson	2,686,652 ⁽⁵⁾	4.06%
Common Shares	Robert Atkinson	625,272 ⁽⁶⁾	0.94%
Common Shares	Gilleyard Leathley	22,000	0.03%
Common Shares	Mariana Bermudez	5,500	0.01%

NOTES:

- (1) Where persons listed on this table have the right to obtain additional shares of common stock through the exercise of outstanding options or warrants within 60 days from November 20, 2015, these additional shares are deemed to be outstanding for the purpose of computing the percentage of common stock owned by such persons, but are not deemed to be outstanding for the purpose of computing the percentage owned by any other person. Based on 66,141,922 shares of common stock outstanding as of October 31, 2015.
- (2) Includes 308,000 shares held by Mr. Saxon, 2,436,632 shares held by Mr. Saxon's family trusts and 10,000 warrants held by Mr. Saxon to acquire 10,000 shares at a price of \$1.50 per share which expire on February 11, 2017.
- (3) Includes 2,703,809 shares held by Mr. DeMare and 24,000 shares owned by DNG Capital Corp., a private company wholly-owned by Mr. DeMare.
- (4) Includes 2,655,088 shares held by Mr. Henstridge and 20,724 shares held by Mr. Henstridge's family trust.
- (5) Includes 275,000 shares held by Mr. Hudson and 2,411,652 shares held by Mr. Hudson's family trusts.
- (6) Includes 575,272 shares held by Mr. Atkinson and 50,000 warrants to acquire 50,000 shares at a price of \$1.50 per share which expire on February 11, 2017.
- (7) Includes 22,000 shares held by Mr. Leathley.

All of our shareholders have the same voting rights.

Stock Option Plan

In 2009, we adopted a rolling stock option plan (the "**Plan**"), which makes a total of 10% of our issued and outstanding shares available for issuance thereunder. The Plan was last approved by shareholders on May 19, 2015. The TSXV requires shareholder approval of the Plan on a yearly basis.

The Plan is a rolling stock option plan, which makes a total of 10% of our issued and outstanding shares at any time available for issuance thereunder. The purpose of the Plan is to provide us with a share related mechanism to enable us to attract and retain qualified directors, officers, employees, management company employees and consultants, promote a proprietary interest in our company and our affiliates among our employees, management company employees, officers, directors and consultants, and stimulate the active interest of such persons in the development and financial success of our company and our affiliates. The Plan provides that it is solely within the discretion of the Board to determine which directors, officers, employees, management consultant employees and consultants should receive options and in what amounts.

The following information is intended to be a brief description of the Plan and is qualified in its entirety by the full text of the Plan:

- (a) The maximum number of common shares that may be issued upon exercise of stock options granted under the Plan will be that number of shares which is 10% of our issued and outstanding shares. Any outstanding options will form a part of the foregoing 10%. The exercise price of the stock options, as determined by the

Board in its sole discretion, shall not be less than the closing price of our shares traded through the facilities of the TSXV on the date prior to the date of grant, less allowable discounts, in accordance with the policies of the TSXV, and in any event, the exercise price will not be less than \$0.10.

- (b) The maximum aggregate number of shares that may be reserved under the Plan for issuance to any one individual in any 12 month period shall not exceed 5% of our issued and outstanding shares at the time of grant, unless we have obtained “disinterested shareholder approval” in accordance with the policies of the TSXV.
- (c) The maximum aggregate number of shares that may be reserved under the Plan or other share compensation arrangements of our company for issuance to any one consultant during any 12 month period shall not exceed 2% of our issued and outstanding shares at the time of grant.
- (d) The maximum aggregate number of shares that may be reserved under the Plan or other share compensation arrangements of our company for issuance to persons who are employed in investor relations activities during any 12 month period shall not exceed 2% of our issued and outstanding shares.
- (e) Options issued to consultants who perform investor relations activities will be subject to a vesting schedule of at least 12 months whereby no more than 25% of the options granted may be vested in any three month period. Options issued to optionees other than consultants who perform investor relations activities may, at the discretion of the Board or committee of the Board, be subject to vesting conditions.
- (f) Upon expiry of the option, or in the event an option is otherwise terminated for any reason, without having been exercised in full, the number of shares in respect of the expired or terminated option shall again be available for the purposes of the Plan. All options granted under the Plan may not have an expiry date exceeding ten years from the date on which the Board grant and announce the granting of the option.
- (g) If the option holder ceases to be a director, officer, employee, management company employee or consultant of our company (other than by reason of death or termination for cause), as the case may be, then the option granted shall expire within 90 days following the date that the option holder ceases to be a director or ceases to be employed by us, or for those holders engaged in providing investor relations services, the options granted shall expire within 30 days following the date that the option holder ceases to provide such investor relations services, unless the Board or committee of the Board, at its own discretion, extends the expiry of the option. In the event of the death of an optionee, an option which remains exercisable may be exercised in accordance with its terms by the person or persons to whom such optionee’s rights under the option shall have passed under the optionee’s will or pursuant to law, for a period not exceeding one year from the optionee’s death. In the event that the optionee shall cease to be an officer, employee, management company employee or consultant of our company for termination for cause, the option shall terminate and shall cease to be exercisable immediately upon such termination for cause.

The Plan is administered by the Compensation Committee of the Board or such other committee as may be designated from time to time to serve as the committee for the Plan. Other than yearly approval of the Plan by our shareholders as required by the TSXV, and other than as described above or as otherwise required under TSXV policy, shareholder approval will not be required or sought on a case-by-case basis for the purpose of the granting of options to and the exercise of options by our employees regularly employed on a full-time or part-time basis, our directors, persons who perform services for us on an ongoing basis or who have provided, or are expected to provide, services of value to us, and Eligible Charitable Organizations.

Adjustments will be made in the exercise price and number of shares deliverable upon the exercise of the stock options in the event of certain corporate transactions, such as share recapitalization, subdivision or consolidation or if the outstanding common shares are changed into or exchanged for a different number of shares or into or for other securities of our company or another entity, whether through an arrangement, amalgamation or other similar procedure or otherwise.

During fiscal 2015, 2,145,000 stock options expired without being exercised.

As of November 26, 2015, a total of 450,000 stock options, each option to purchase one common share, granted by us to certain consultants were outstanding with exercise prices ranging from \$0.60 to \$1.47 per common share as set forth below.

<u>Number Outstanding</u> ⁽¹⁾	<u>Exercise Price \$</u>	<u>Expiry Date</u>
30,000	1.07	February 11, 2016
60,000	0.65	September 2, 2016
85,000	0.76	September 23, 2016
40,000	0.95	January 3, 2017
100,000	1.47	April 7, 2017
135,000	0.60	October 7, 2017
<u>450,000</u>		

Note:

(1) Each stock option is exercisable to purchase one Common Share.

As of September 1, 2014, and August 31, 2015, the number of unoptioned shares available for issuance under the Plan was 4,079,192 and 6,089,192, respectively.

There are no assurances that the options described above will be exercised in whole or in part.

We have not repriced any stock options since September 1, 2014.

Warrants

As of the date of this annual report, there are 4,919,940 warrants outstanding at an exercise price of \$1.50 per warrant of which, 3,875,863 expire on February 11, 2017, and 1,044,077 expire on March 31, 2017. Each warrant is exercisable for one common share.

Finder's Warrants

As of the date of this annual report, there are 15,495 finder's warrants outstanding at an exercise price of \$1.50 per warrant which expire on February 11, 2017. Each finder's warrant is exercisable for one common share.

Compensation Options

As at the date of this annual report, there are 295,907 compensation options issued and outstanding. Each compensation option is exercisable into units consisting of one common share and one non-transferable common share purchase warrant (the "Unit Warrants"). Each Unit Warrant is exercisable at a price of \$1.50 per common share for three years from the issuance of the compensation option as follows (assuming exercise of the compensation options): 192,000 Unit Warrants exercisable until February 11, 2017, and 103,907 Unit Warrants exercisable until March 31, 2017. On February 11, 2014 we closed the first tranche of the private placement financing and issued 192,000 of these compensation options. On March 31, 2014, we completed the final tranche of the private placement and issued an additional 103,907 compensation options.

Item 7. Major Shareholders and Related Party Transactions.

Major Shareholders

To the best of our knowledge, as of October 31, 2015, there are no persons who own five percent (5%) or more of our outstanding shares.

United States Shareholders

As of November 10, 2015, there were 14 registered holders of our common shares in the United States, with combined holdings of 1,372,823 shares, representing 2% of our issued shares on such date. We do not know how many beneficial shareholders we currently have in the United States.

Control by Foreign Government or Other Persons

To the best of our knowledge, we are not directly or indirectly owned or controlled by another corporation, any foreign government, or any other natural or legal person, severally or jointly.

Change of Control

As of the date of this annual report, there are no arrangements known to us which may at a subsequent date result in a change of control of our company.

Related Party Transactions

A number of key management personnel hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with us during the reporting period.

Other than as disclosed below, for the period from September 1, 2014, through November 25, 2015, we have not entered into any transactions or loans between us and any: (a) enterprises that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, us; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of our company that gives them significant influence over us, and close members of any such individuals' family; (d) key management personnel and close members of such individuals' families; or (e) enterprises in which a substantial interest in the voting power is owned, directly or indirectly by any person described in (c) or (d) or over which such a person is able to exercise significant influence.

(a) Transactions with Key Management Personnel

During fiscal 2015 and 2014 the following amounts were incurred with respect to our executive officers, comprising the President and CEO (Mark Saxon), former Vice-President of Corporate Development (James Powell) and Chief Financial Officer (Nick DeMare):

	2015	2014
	\$	\$
Management fees - Mr. Saxon	180,000	163,500
Professional fees - Mr. Powell*	41,500	95,500
Professional fees - Mr. DeMare	42,000	36,000
	<u>263,500</u>	<u>295,000</u>

*Mr. Powell resigned on February 13, 2015.

As at August 31, 2015, \$36,000 (2014 - \$32,000) of the above amounts remained unpaid.

We have a management agreement with our President. See "Item 6. Directors, Senior Management and Employees – Compensation – Termination and Change of Control Benefits."

(b) Transactions with Other Related Parties

- (i) During fiscal 2015 and 2014 the following amounts were incurred with respect to our non-management directors (David Henstridge, Robert G. Atkinson, Gil Leathley and Michael Hudson):

	2015	2014
	\$	\$
Professional fees - Mr. Henstridge	30,000	39,000
Professional fees - Mr. Atkinson	18,000	18,000
Professional fees - Mr. Leathley	42,000	36,000
Professional fees - Mr. Hudson	30,000	30,000
	<u>120,000</u>	<u>123,000</u>

As at August 31, 2015, \$29,500 (2014 - \$20,000) of the above amounts remained unpaid.

- (ii) During fiscal 2015, we incurred a total of \$52,570 (2014 - \$58,300) to Chase for accounting and administration services provided by Chase personnel, excluding Mr. DeMare, and \$4,020 (2014 - \$4,020) for rent. As at August 31, 2015, \$3,335 (2014 - \$3,335) remained unpaid.
- (c) During fiscal 2015, we incurred \$25,590 (2014 - \$23,251) for shared administration costs with Mawson Resources Limited (“**Mawson**”) a public company with common officers and directors. Nick DeMare is the CFO and a director of Mawson. Michael Hudson is the Chairman, President, CEO and a director of Mawson. Mark Saxon is a director of Mawson. David Henstridge is a director of Mawson. Mariana Bermudez is the corporate secretary of Mawson. Gillyeard Leathley is a director of Mawson. As at August 31, 2015, \$1,410 (2014 - \$363) of the amount remained unpaid.
- (d) During fiscal 2015, we recorded a recovery of \$21,892 (2014 - \$36,844) for shared office personnel and costs from Mawson, Tinka Resources Limited (“**Tinka**”) and Flinders Resources Limited (“**Flinders**”), public companies with common officers and directors. Nick DeMare is the CFO and a director of each of Mawson, Tinka and Flinders. Each of Michael Hudson, Mark Saxon and Robert Atkinson are directors of Flinders. Michael Hudson and Mark Saxon are also directors of Mawson. David Henstridge is a director of Mawson and Tinka. Gillyeard Leathley is a director of Mawson. Mariana Bermudez is the corporate secretary of each of Mawson, Tinka and Flinders.
- (e) During fiscal 2015, we announced the acquisition of a 100% interest in a portfolio of stratiform chromite projects in north-eastern Finland totaling 11,295 ha in size in exchange for the refund of costs incurred to date of \$45,529 by Kipu Metals Corp., a company owned and controlled by Mr. Michael Hudson, a director of Tasman, and Mr. Mark Saxon, our President, CEO and a director. See “Item 4. Information on the Company – Property, Plant and Equipment – Other Projects – Chromite Projects.”

Item 8. Financial Information.

Consolidated Statements and Other Financial Information

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Significant Changes

None.

Dividend Policy

We have not paid any dividends on our common shares. Payment of any dividends on the common shares in the future, if any, will, subject to the BCBCA and pursuant to our Articles, be at the discretion of the board of directors as it may consider appropriate, provided that no such dividend may be declared or paid if there are reasonable grounds for believing that: (a) we are insolvent; or (b) the payment of the dividend would render us insolvent.

Legal Proceedings

None.

Item 9. The Offer and Listing.

Price History

Our common shares are listed on the TSXV and trade under the symbol of "TSM". We are a Tier 1 issuer on the TSXV. Our common shares were quoted on the Frankfurt Stock Exchange on April 6, 2010 under the symbol "T61". On December 2, 2011, our common shares were listed for trading on the NYSE MKT under the symbol "TAS".

The following tables set forth information relating to the trading of the common shares on the TSXV and the NYSE MKT for the periods indicated.

The following tables set forth the market price ranges of our common shares on the TSXV for the periods indicated:

TSX Venture Exchange Stock Trading Activity

Sales Price (\$)

Year Ended	High	Low
August 31, 2015	1.05	0.36
August 31, 2014	2.08	0.70
August 31, 2013	1.97	0.51
August 31, 2012	3.99	1.26
August 31, 2011	5.98	1.11

Sales Price (\$)

Quarter Ended	High	Low
Fiscal 2015		
August 31, 2015	0.84	0.36
May 31, 2015	0.86	0.54
February 28, 2015	0.99	0.40
November 30, 2014	1.05	0.52
Fiscal 2014		
August 31, 2014	1.33	0.88
May 31, 2014	2.08	1.04
February 28, 2014	1.65	0.80
November 30, 2013	1.13	0.70

Sales Price (\$)		
Month Ended	High	Low
October 31, 2015	0.40	0.33
September 30, 2015	0.54	0.37
August 31, 2015	0.49	0.36
July 31, 2015	0.66	0.42
June 30, 2015	0.84	0.62
May 31, 2015	0.84	0.61

The following tables set forth the market price ranges of our common shares on the NYSE MKT for the periods indicated:

NYSE MKT Stock Trading Activity

Sales Price (US\$)		
Year Ended	High	Low
August 31, 2015	0.97	0.25
August 31, 2014	1.89	0.66
August 31, 2013	2.04	0.50
August 31, 2012 ⁽¹⁾	2.85	1.24
August 31, 2011	N/A	N/A

⁽¹⁾ From December 2, 2011 to August 31, 2012.

Sales Price (US\$)		
Quarter Ended	High	Low
Fiscal 2015		
August 31, 2015	0.68	0.25
May 31, 2015	0.73	0.42
February 28, 2015	0.79	0.32
November 30, 2014	0.97	0.46
Fiscal 2014		
August 31, 2014	1.24	0.80
May 31, 2014	1.89	0.95
February 28, 2014	1.58	0.81
November 30, 2013	1.09	0.66

Sales Price (US\$)		
Month Ended	High	Low
October 31, 2015	0.30	0.25
September 30, 2015	0.41	0.27
August 31, 2015	0.37	0.25
July 31, 2015	0.53	0.32
June 30, 2015	0.68	0.50
May 31, 2015	0.69	0.51

Registration, Transfer and Par Value

Our common shares, no par value, are registered. Our transfer agent is Computershare Investor Services Inc. ("Computershare"), 3rd Floor, 510 Burrard Street, Vancouver, B.C. V6C 3B9, and for the purposes of our listing

on the NYSE MKT, Computershare's office at 350 Indiana Street, Suite 750, Golden, CO 80401, was appointed as co-agent.

Item 10. Additional Information.

Memorandum and Articles of Association

As a result of the Amalgamation, Tasman continued as a company under the BCBCA on October 22, 2009, under incorporation number BC0864416. See "Item 4. Information on the Company – History and Development of the Company." Our objectives and purposes are not described in our Articles or Notice of Articles and there is no requirement applicable to us under the Notice of Articles, Articles or the BCBCA to do so. No restrictions on business are contained in our Articles or Notice of Articles.

The following is a summary of certain provisions of our Articles and the BCBCA, applicable to us:

1. Director's power to vote on a proposal, arrangement or contract in which the director is materially interested.

Under the BCBCA, subject to certain exceptions, a director or senior officer of our company must disclose any material interest that he personally has, or that he as a director or senior officer of another corporation has in a contract or transaction that is material to us and which we have entered into or propose to enter into.

A director or senior officer of our company does not hold a disclosable interest in a contract or transaction if:

-) the situation that would otherwise constitute a disclosable interest arose before the coming into force of the BCBCA, and the interest was disclosed and approved under, or was not required to be disclosed under legislation that applied to us before the coming into effect of the BCBCA;
-) both Tasman and the other party to the contract or transaction are wholly-owned subsidiaries of the same corporation;
-) we are a wholly-owned subsidiary of the other party to the contract or transaction;
-) the other party to the contract or transaction is a wholly-owned subsidiary of our company; or
-) the director or senior officer is the sole shareholder of Tasman or of a corporation of which we are a wholly-owned subsidiary.

A director or senior officer of our company does not hold a disclosable interest in a contract or transaction merely because:

-) the contract or transaction is an arrangement by way of a security granted by us for money loaned to, or obligations undertaken by, the director or senior officer, or a person in whom the director or senior officer has a material interest, for the benefit of us or our affiliates;
-) the contract or transaction relates to an indemnity or insurance under the BCBCA;
-) the contract or transaction relates to the remuneration of the director or senior officer, in that person's capacity as director, officer, employee or agent of our company or of one of our affiliates;

-) the contract or transaction relates to a loan to us, and the director or senior officer, or a person in whom the director or senior officer has a material interest, is or is to be a guarantor of some or all of the loan; or
-) the contract or transaction has been or will be made with or for the benefit of a corporation that is affiliated with us and the director or senior officer is also a director or senior officer of that corporation or an affiliate of that corporation.

A director or senior officer who holds such a material interest must disclose the nature and extent of such interest in writing. The disclosure must be evidenced in writing in a consent resolution, the minutes of a meeting or any other record deposited with our record office. A director who has a disclosable interest in a contract or transaction is not entitled to vote on any directors' resolution to approve that contract or transaction, but may be counted in the quorum at the directors' meeting at which such vote is taken.

Additionally, all related party transactions are subject to review by the audit committee of the Board.

2. Directors' power, in the absence of an independent quorum, to vote compensation to themselves or any members of their body.

The compensation of the directors is decided by the directors unless the board of directors specifically requests approval of the compensation from the shareholders. If the issuance of compensation to the directors is decided by the directors, a quorum is the majority of the directors in office. Our Articles do not require that the compensation of any director be approved by disinterested directors.

We have a compensation committee which is currently composed of three independent directors. The compensation committee makes recommendations to the Board with respect to compensation, including incentive stock options, of our directors and executive officers.

3. Borrowing powers exercisable by the directors and how such borrowing powers may be varied.

We, if authorized by the directors, may:

-) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that the directors consider appropriate;
-) issue bonds, debentures and other debt obligations either outright or as security for any of our liabilities or obligations or any liabilities or obligations of any other person and at such discounts or premiums and on such other terms as the directors consider appropriate;
-) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and
-) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of our company.

The borrowing powers may be varied by amendment to our Articles which requires approval of our shareholders by ordinary resolution, being a resolution passed by a simple majority of the votes cast on the resolution (an "**Ordinary Resolution**").

4. Retirement or non-retirement of directors under an age limit requirement.

There are no such provisions applicable to us under the Notice of Articles, Articles or the BCBCA.

5. Number of Common Shares required for a director's qualification.

Under our Articles, our directors are not required to hold any of our common shares as qualification for service on the board of directors.

Rights and Restrictions of Common Shares

Our authorized share capital consists of an unlimited number of common shares without par value.

The holders of the common shares are entitled to receive notice of all shareholder meetings and to attend and vote at such meetings. Our common shares are registered and registered shareholders are entitled to one vote for each common share held on all matters to be voted on by the shareholders. Each common share is equal to every other common share and, subject to the rights of holders of shares ranking senior to the common shares, if any, each common share is entitled to receive pro rata such dividends as may be declared by the board of directors out of funds legally available therefore and to participate equally in the event of our liquidation, dissolution or winding up, whether voluntary or involuntary, or any other distribution of our assets among the shareholders for the purpose of winding up our affairs after we have paid out our liabilities. Common shares are not subject to call or assessment. There are no pre-emptive or conversion rights, and no provisions for redemption, purchase or cancellation, surrender, sinking fund or purchase fund. In addition, there are no provisions in our Articles discriminating against any existing or prospective holders of such securities as a result of a shareholder owning a substantial number of shares.

Alienability of Shares

There are no limitations on the alienability of our common shares; however, pursuant to Article 5.8 of our Articles, if we become a company which is not a reporting issuer as defined in the *Securities Act* (British Columbia), no share or designated security (as defined below) may be sold, transferred or otherwise disposed of without the consent of the directors and the directors are not required to give any reason for refusing to consent to any such sale, transfer or other disposition. For the purpose of our Articles, the following terms have the following meanings:

“**designated security**” means:

- (i) a voting security of Tasman;
- (ii) a security of Tasman that is not a debt security and that carries a residual right to participate in the earnings of Tasman or, on the liquidation or winding up of Tasman, in its assets; or
- (iii) a security of Tasman convertible, directly or indirectly, into a security described in paragraph (i) or (ii);

“**security**” has the meaning assigned in the *Securities Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;

“**voting security**” means a security of Tasman that:

- (i) is not a debt security, and
- (ii) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

Changes to Rights and Restrictions of Common Shares

The BCBCA provides that we may alter the rights and restrictions of our common shares by the type of shareholders resolution specified in our Articles, being either an Ordinary Resolution if no right or special right attached to issued common shares is prejudiced or interfered with or a special resolution passed by at least a 2/3 majority of the votes

cast (a “**Special Resolution**”) if any right or special right attached to issued common shares may be prejudiced or interfered with.

See also “Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds – Amendments to Articles.”

Dividend Record

We have not paid any dividends on our common shares. Payment of any dividends on the common shares in the future, if any, will, subject to the BCBCA and pursuant to our Articles, be at the discretion of the board of directors as it may consider appropriate, provided that no such dividend may be declared or paid if there are reasonable grounds for believing that: (a) we are insolvent; or (b) the payment of the dividend would render us insolvent.

Ownership of Securities and Change of Control

Except for the *Investment Canada Act*, discussed below, there are no limitations on the rights to own securities, including the rights of non-resident or foreign shareholders to hold or exercise voting rights on the securities imposed by the laws of our jurisdiction of incorporation or by our constituent documents.

Any person who beneficially owns or controls, directly or indirectly, more than 10% of our common shares is considered an insider and must file an insider report on The System for Electronic Disclosure by Insiders (SEDI), within ten days of becoming an insider, disclosing any direct or indirect beneficial ownership of, or control over direction over securities of our company. In addition, if we hold any of our own securities, we must disclose such ownership.

There are no provisions in our Articles that would have an effect of delaying, deferring or preventing a change in control of our company operating only with respect to an extraordinary transaction involving our company (or any of our subsidiaries), such as a merger, reorganization, tender offer, sale or transfer of all or substantially all of our assets or liquidation.

Meetings of the Shareholders

Annual and Extraordinary General Meetings

Under the BCBCA and our Articles, our annual general meeting is to be held once in each calendar year and not more than 15 months after the previous meeting. Additionally, the board of directors may call a meeting of shareholders at any time.

General meetings are required to be held in British Columbia under the BCBCA unless permitted by the Articles to be held elsewhere. Under our Articles, the directors may determine an alternate location by directors’ resolution.

We must give shareholders not less than 21 days’ notice of any meeting of the shareholders, so long as we are a public company, otherwise, we must provide shareholders with notice at least ten days in advance of a meeting.

The notice of meeting must include the time, date and location and notice of any proposed resolution to be presented for approval at the meeting and must be sent to all shareholders entitled to attend the meeting and to each director. If special business is to be considered at the meeting, the general nature of the special business is to be described and, if it includes approving, ratifying, adopting or authorizing any document, a statement must be included as to a reasonably accessible location in British Columbia where the document may be available for inspection during statutory business hours one or more days before the date of the meeting. Under our Articles, a Special Resolution at a general meeting requires two-thirds of the votes cast on the resolution to pass.

The board of directors may fix in advance a date, which is no fewer than 21 days (or ten days if we are not a public company) or no more than two months (or in the case of a general meeting requisitioned by shareholders under the

BCBCA, by no more than four months) prior to the date of the meeting, as the record date for determining shareholders entitled to notice of any meeting of shareholders.

In addition, the board of directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is held by more than two months or, in the case of a general meeting requisitioned by shareholders under the BCBCA, by more than four months.

Shareholders may requisition a meeting for the purpose of transacting any business that may be transacted at a general meeting. The shareholder or a group of shareholders are required to hold (on the date of giving the requisition to us) an aggregate of at least 1/20 (5%) of the issued shares carrying the right to vote at general meetings.

The requisition must:

- state the business to be transacted at the meeting (including the wording of any Special Resolution or exception resolution) in 1,000 words or less;
- must be signed by and include the names and mailing addresses of all the requisitioning shareholders;
- may be made in a single record or may consist of several records, each of which is signed by one or more of the requisitioning shareholders;
- must be delivered to the delivery address or mailed to the mailing address of our registered office.

If the requisition consists of more than one record, the requisition is deemed to be received by us on the first date by which we received requisition records that comply with the above-listed conditions and by shareholders holding the minimum number of shares to qualify for a requisition.

On receiving a valid requisition, the Board of Directors must, regardless of the memorandum and articles, call a general meeting to be held not more than four months after the date on which we receive the requisition. The notice and information circular must include the date, time location and the text of the business to be approved. However, if the Board of Directors have called a general meeting to be held after the date on which the requisition is received by us and a valid notice of that meeting has been sent to the shareholders, the Board of Directors are not required to call a separate general meeting to be held not more than four months after the date of the requisition unless the prescribed conditions set out in Section 167(7) of the BCBCA do not apply.

If the Board of Directors does not call a meeting within 21 days after the date of receiving the requisition, the requisitioning shareholders or any one of them holding more than 1/40 of the issued voting shares may send notice of a general meeting to transact the business stated in the requisition.

A general meeting called by the requisitioning shareholders must be held within four months of the requisition notice and be conducted in the same manner as a general meeting called by the directors.

Unless the shareholders otherwise resolve by an Ordinary Resolution at the meeting called, we must reimburse the requisitioning shareholders for the expenses reasonably incurred by them requisitioning, calling and holding the meeting.

Our quorum requirement is set forth in our Articles. A quorum for a meeting of our shareholders is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued common shares entitled to be voted at the meeting. If Tasman has only one shareholder then: (1) the quorum is one person who is, or who represents by proxy, that shareholder; and (2) that shareholder, present in person or by proxy, may constitute the meeting.

Under our Articles, in addition to the shareholders who are entitled to vote at the meeting, the persons entitled to attend a meeting of shareholders are the directors, the President, if any, the Secretary, if any, the Assistant Secretary, if any, the lawyer for our company, our auditor, any persons invited to be present at the meeting by the directors, however, if any of these persons (who are not shareholders) attend the meeting, they are not entitled to be counted in the quorum for the meeting or to vote at the meeting.

Subject to any special rights or restrictions attached to any common shares and to the restrictions imposed on joint shareholders under our Articles:

-) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter shall have one vote;
-) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy. If a poll is demanded at a meeting of shareholders, the poll must be taken at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs or in the manner, at the time and place that the chair directs. The demand for a poll may be withdrawn by the person who demanded it.

Subject to the BCBCA, pursuant to our Articles, every motion put to a vote at a meeting of shareholders will be decided by show of hands, unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by any shareholder entitled to vote who is present in person or by proxy.

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under our Articles, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution. No motion is required to be seconded unless the chair of the meeting rules otherwise and the chair of the meeting is entitled to propose or second a motion. In the case of an equality of votes, the chair of the meeting does not, either on a show of hands or on a poll have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

Our board of directors is not separated into classes and there are no provisions which provide for cumulative voting in the election of directors.

Differences from Requirements in the United States

Except for our quorum requirements, voting by a show of hands, certain restrictions on the alienability of shares, approval of certain changes relating to our securities, and the approval of amendments to our Articles there are no significant differences in the law applicable to our company, in the areas outlined above, in British Columbia versus the corporate laws in the United States. Under the corporate laws in most states in the United States, a quorum must consist of a majority of the shares entitled to vote. Some states allow for a reduction of the quorum requirements to less than a majority of the shares entitled to vote. Having a lower quorum threshold may allow a minority of the shareholders to make decisions about our company, management and operations. In addition, the corporate laws of most states in the United States provide for shareholder voting by number of shares held rather than by a show of hands. Generally, security holders of U.S. companies are not required by law to obtain board approval for a transfer of securities. In certain instances, our Board may be allowed to take actions affecting our securities without obtaining shareholder approval, such as the creation of classes and series of shares, subdivision or consolidation of shares and changes to the par value of shares. Companies formed under the corporate laws in the United States might be required to obtain shareholder approval of such actions. Additionally, the corporate laws of most states in the United States require amendments to a company's articles of incorporation to be approved by at least a majority of the votes cast by the holders of the issued and outstanding shares. Some states, or some older corporations, may require approval of amendments by 2/3 of the votes cast by the holders of the issued and outstanding shares. In addition, under corporate laws in the United States voting by separate voting groups may be required on the approval of any such amendments.

Material Contracts

Other than contracts entered into in the ordinary course of business, the only material contract to which we are a party is the Management Agreement between us and Sierra Peru Pty Ltd. dated October 1, 2010, as amended

September 8, 2014, pursuant to which we have retained the services of Mr. Mark Saxon as our President and CEO. See “Item 6. Directors, Senior Management and Employees – Compensation – Termination and Change of Control Benefits.”

Exchange Controls

Canada has no system of exchange controls. Other than set out below, there are no Canadian restrictions specifically targeted to restrict the repatriation of capital or earnings of a Canadian public company to non-resident investors, and there are no laws in Canada or exchange restrictions specifically targeted to restrict the remittance of dividends, profits, interest, royalties or other payments to non-resident holders of common shares.

Generally, a dividend paid by a corporation resident in Canada to a shareholder that is not resident in Canada is subject to a Canadian withholding tax equal to 25% of the gross amount of the dividend. The rate of such withholding tax may be reduced by an applicable tax treaty between Canada and the country of residence of the shareholder. If the common shares are considered to be “taxable Canadian property” for purposes of the *Income Tax Act* (Canada), and are not “treaty-protected property”, any capital gain realized by a non-resident on the disposition of the common shares may be taxable in Canada and, in some circumstances subject to certain reporting and withholding tax requirements in Canada.

There is no limitation imposed by the laws of Canada or by our charter or other constituent documents on the right of a non-resident to hold or vote our common shares, other than as provided in the *Investment Canada Act*. The following discussion summarizes the principal features of the *Investment Canada Act* for a non-resident who proposes to acquire a control level interest in our common shares.

The *Investment Canada Act* generally prohibits implementation of a reviewable investment by an individual, government or agency thereof, corporation, partnership, trust or joint venture (each an “entity”) that is not a “Canadian” as defined in the *Investment Canada Act* (a “**non-Canadian**”), unless after review, the minister responsible for the *Investment Canada Act* is satisfied or deemed to be satisfied that the investment is likely to be of net benefit to Canada.

An investment in our common shares by a WTO Investor (as defined in the *Investment Canada Act*) that is not a state-owned enterprise (or by a non-Canadian that is neither a state-owned enterprise nor a WTO Investor at a time when we were not controlled by a WTO Investor) would be reviewable under the *Investment Canada Act* if it was an investment to acquire control of our company and the enterprise value of our company, as determined under *Investment Canada Act* regulations was not less than a specified amount, which is \$600,000,000 until April 24, 2017 and will increase thereafter in accordance with *Investment Canada Act* regulations. The enterprise value of our company equals its market capitalization plus its liabilities other than operating liabilities minus its cash and cash equivalents, as determined under *Investment Canada Act* regulations. An investment in the common shares by a WTO Investor that is also a state-owned enterprise (or by a non-Canadian state-owned enterprise who is not a WTO Investor at a time when we were controlled by a WTO Investor) would be reviewable under the *Investment Canada Act* if it was an investment to acquire control and the value of our company’s assets, as determined under *Investment Canada Act* regulations was not less than a specified amount, which for 2015 is \$369,000,000. The *Investment Canada Act* also contains broad discretionary powers that allow for the review of investments, including non-control level investments, that could be injurious to Canada’s national security, even if the forgoing financial thresholds are not exceeded.

A non-Canadian entity would be deemed to acquire control of our company for the purposes of the *Investment Canada Act* if the non-Canadian entity acquired a majority of our common shares. The acquisition of one-third or more, but less than a majority of our common shares, would be presumed to be an acquisition of control of our company unless it could be established that, on the acquisition, we were not controlled in fact by the acquirer through the ownership of the common shares. The acquisition of less than one-third of our common shares is deemed not to be an acquisition of control of our company.

Certain transactions relating to our common shares would be exempt from the *Investment Canada Act*, including: (a) an acquisition of the common shares by a person in the ordinary course of that person’s business as a trader or

dealer in securities; (b) an acquisition of control of our company in connection with the realization of security granted for a loan or other financial assistance and not for a purpose related to the provisions of the *Investment Canada Act*; and (c) an acquisition of control of our company by reason of an amalgamation, merger, consolidation or corporate reorganization following which the ultimate direct or indirect control in fact of our company, through the ownership of the common shares, remained unchanged.

Taxation

Material U.S. Federal Income Tax Considerations

The following is a general summary of the material U.S. federal income tax consequences of the acquisition, ownership, and disposition of our common shares but it does not purport to be a complete analysis of all the potential tax consequences relating thereto.

This summary is based on U.S. tax laws, including the Internal Revenue Code of 1986, as amended (the “**Code**”), Final and Proposed Treasury Regulations promulgated under the Code, rulings, judicial decisions, and administrative pronouncements, all as of the date of this annual report, and all of which are subject to change or changes in interpretation, possibly with retroactive effect.

This summary is limited to U.S. Holders (as defined below) that hold our common shares as capital assets within the meaning of Section 1221 of the Code (i.e., generally, as property held for investment purposes). This summary does not address all aspects of U.S. federal income taxation that may apply to holders that are subject to special tax rules, including: persons that are not U.S. Holders (as defined below); certain U.S. expatriates; insurance companies; tax-exempt entities; banks and other financial institutions; persons subject to the alternative minimum tax; regulated investment companies; securities broker-dealers or dealers; traders in securities who elect to apply a mark-to-market method of accounting; persons that own (directly, indirectly or by attribution) 10 percent or more of our outstanding share capital or voting stock; partnerships or other pass-through entities or a person who is an investor in such an entity; persons holding our common shares as part of a straddle, hedging, constructive sale, synthetic security, integrated or conversion transaction; persons who acquire our common shares as compensation; and, persons whose functional currency is not the U.S. dollar. Such holders may be subject to U.S. federal income tax consequences different from those set forth below. This summary assumes that we are not, and will not become, a controlled foreign corporation for U.S. federal income tax purposes.

We have not sought any ruling from the Internal Revenue Service (the “**IRS**”) with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS will agree with these statements and conclusions.

Each holder of our common shares that is not a U.S. Holder (as defined below) should consult with its own tax adviser regarding the U.S. federal, state, and local tax consequences of the acquisition, ownership, and disposition of our common shares.

This summary does not discuss all of the aspects of U.S. federal income taxation that may be relevant to a U.S. Holder in light of the U.S. Holder’s particular circumstances. In addition, this summary does not discuss any U.S. state or local income, foreign income, estate, gift, generation-skipping or other tax consequences, nor does it discuss the effect of any tax treaty.

If a partnership (including for this purpose any entity treated as a partnership for U.S. federal income tax purposes) acquires, owns, or disposes of our common shares, the tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership. Such partnerships and partners are urged to consult their own tax advisors regarding the specific tax consequences of the acquisition, ownership, and disposition of our common shares.

We urge all prospective holders to consult their tax advisors regarding the U.S. federal, state, local and non-U.S. income, estate and other tax consequences of the acquisition, ownership, and disposition of our common shares.

Definition of U.S. Holder

As used herein, the term “U.S. Holder” means a beneficial owner of our common shares that is (a) an individual citizen or resident of the United States for U.S. federal income tax purposes; (b) a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any state thereof or the District of Columbia; (c) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (d) a trust, if (i) a court within the United States can exercise primary supervision over the administration of the trust and one or more U.S. persons are authorized to control all substantial decisions of the trust or (ii) a valid election is in effect under applicable Treasury Regulations to treat such trust as a United States person.

Passive Foreign Investment Company Rules

In General. A foreign corporation is a PFIC if, for any taxable year, either (i) 75% or more of its gross income is “passive income,” which includes interest, dividends and certain rents and royalties or (ii) the average percentage, by fair market value (or, if the corporation is not publicly traded and makes an election, by adjusted tax basis), of its assets that produce or are held for the production of passive income is 50% or more. We expect that we will be a PFIC for the fiscal year ending August 31, 2016, and may be a PFIC in subsequent fiscal years.

A U.S. Holder who has owned our common shares during any portion of a taxable year in which we were a PFIC generally must continue to treat the company as a PFIC (and will continue to be subject to the tax rules for excess distributions described below) even if we cease to be a PFIC in a later year. We will use commercially reasonable efforts to provide information as to our status as a PFIC and the PFIC status of any subsidiary in which we own more than 50% of such subsidiary’s total aggregate voting power to U.S. Holders who make a written request for such information.

Taxation of Excess Distributions. If we are classified as a PFIC for any taxable year, the so-called “excess distribution” regime will apply to any U.S. Holder that does not make a QEF election or mark-to-market election, as described below. Under the excess distribution regime, (i) any gain the U.S. Holder realizes on the sale or other disposition of common shares and any “excess distribution” that we make to such holder (generally, any distributions to such holder in respect of our common shares during a single taxable year that are greater than 125% of the average annual distributions received by such holder in the three preceding years or, if shorter, such holder’s holding period for such common shares), will be treated as ordinary income that was earned ratably over each day in such holder’s holding period for the common shares; (ii) the portion of any excess distributions allocated to the current year or prior years before the first day of the first taxable year beginning after December 31, 1986, in which we became a PFIC would be includible by the U.S. Holder as ordinary income in the current year; (iii) the portion of such gain or distribution that is allocable to prior taxable years during which we were a PFIC will be subject to tax at the highest rate applicable to ordinary income for the relevant taxable year, regardless of the tax rate otherwise applicable to such holder and without reduction for deductions or loss carryforwards; and (iv) the interest charge generally applicable to underpayments of tax will be imposed with respect of the tax attributable to each such year.

Elections with Respect to PFIC Shares. Certain elections may be available with respect to our common shares (the so-called “QEF,” “mark-to-market,” and “deemed sale” elections) if we are a PFIC, but these elections may accelerate the recognition of taxable income and may result in the recognition of ordinary income.

QEF Election. If a U.S. Holder makes for any taxable year a timely election to treat a PFIC as a QEF (a “**QEF election**”) with respect to such holder’s interest therein, the above-described rules regarding excess distributions generally will not apply. Instead, the electing U.S. Holder would include annually in its gross income its pro rata share of the PFIC’s ordinary earnings and any net capital gain regardless of whether such income or gain was actually distributed. A QEF election is generally timely filed only if it is made for the first taxable year in the U.S. Holder’s holding period for our common shares in which we were a PFIC (or a deemed sale election must be made, as described below). Special rules apply to U.S. Holders who own their interests in a PFIC through intermediate entities or persons. A U.S. Holder may make a QEF election only if the U.S. Holder receives certain information

(known as a “**PFIC annual information statement**”) from us annually. We will use commercially reasonable efforts to make available to a U.S. Holder, upon written request, for each fiscal year in which we are a PFIC the information and documentation required for the U.S. Holder to determine their U.S. federal income tax liability with respect to our company if the U.S. Holder has made a QEF election.

Generally, for a U.S. Holder that makes a QEF election for a year that is not the first year in the U.S. Holder's holding period for our common shares in which we were a PFIC, the U.S. Holder must also make a “deemed sale election.” A deemed sale election requires that the U.S. Holder recognize any gain (but not loss) that the U.S. Holder would have realized on a sale of such U.S. Holder's common shares for their fair market value (i) on the first day of the U.S. Holder's tax year with respect to which the accompanying QEF election is made, if we are still a PFIC for such year, or (ii) on the last day of the most recent taxable year in which we were classified as a PFIC, if we are not a PFIC in the subsequent taxable year. The adjusted tax basis of the U.S. Holder's shares will be increased by the amount of gain recognized by the U.S. Holder on a deemed sale election.

U.S. Holders are advised to consult their own financial advisors, legal counsel, or accountants regarding the QEF election or deemed sale election before making either election.

Mark-to-Market Election. A U.S. Holder of common shares may also elect to recognize any gain or loss on its common shares on a mark-to-market basis at the end of each taxable year, so long as the common shares are regularly traded on a qualifying exchange. We cannot provide assurance that our common shares will be regularly traded on a qualifying exchange for years in which we may be a PFIC.

If a mark-to-market election is made, the excess distribution regime will not apply to amounts received with respect to the common shares from and after the effective time of the election, and any mark-to-market gains or gains on disposition will be treated as ordinary income. Mark-to-market losses and losses on disposition will be treated as ordinary losses to the extent of the U.S. Holder's prior net mark-to-market gains. Losses in excess of prior net mark-to-market gains will generally not be recognized. The mark-to-market election must be made by the due date (as may be extended) for filing the U.S. Holder's federal income tax return for the first year in which the election is to take effect. A mark-to-market election applies to all future years of an electing U.S. Holder during which the common shares are regularly traded on a qualifying exchange, unless revoked with the IRS's consent.

U.S. Holders are advised to consult their own financial advisors, legal counsel, or accountants regarding the mark-to-market election before making such election.

Special Rules for Lower-Tier PFICs. Special adverse rules apply to U.S. Holders of our common shares for any year in which we are a PFIC and own or dispose of shares in another corporation that is also a PFIC (a “**lower-tier PFIC**”).

A U.S. Holder who owned our common shares while we were a PFIC will be taxable under the excess distribution rules described above with respect to any gain that we recognize from a disposition of shares in a lower-tier PFIC, or if the U.S. Holder disposes of all or part of its common shares. Moreover, a QEF election or mark-to-market election that is made for common shares would not apply to a lower-tier PFIC. While a separate QEF election may be made for a lower-tier PFIC, we may not be in possession of and thus may not be able to provide the financial information to U.S. Holders that would allow them to make a QEF election for any lower-tier PFIC.

A U.S. Holder who makes a QEF election for common shares will be taxable under the excess distribution regime on gain that we recognize on the sale of shares of a lower-tier PFIC, but will not also be taxable on such gain under the QEF rules. However, any U.S. Holder of common shares who makes a mark-to-market or deemed sale election for our common shares could be subject to the PFIC rules with respect to income of the lower-tier PFIC, even though the value of the lower-tier PFIC already was subject to tax via mark-to-market or deemed sale adjustments.

Certain Transfers. The IRS has issued Proposed Regulations that, subject to certain exceptions, would treat certain transfers of our common shares that are generally not otherwise taxed by a U.S. Holder that has not made a timely QEF election or mark-to-market election as a taxable disposition, including gifts, exchanges pursuant to corporate reorganizations, pledges, and transfers at death. Generally, in such cases, the basis of our common shares in the

hands of the transferee and the basis of any property received in the exchange for such common shares would be increased by the amount of gain recognized. The specific tax effect to the U.S. Holder and the transferee may vary based on the manner in which the common shares are transferred.

Reporting. U.S. Holders who own common shares during any year in which we are a PFIC must file IRS Form 8621 with their U.S. federal income tax return for each year in which such holder owns common shares and either recognizes gain on a disposition of such common shares, receives certain distributions from us, or makes an election with respect to PFIC status. In addition, subject to certain rules intended to avoid duplicative filings, U.S. Holders generally must file an annual information return on IRS Form 8621 with respect to each PFIC in which the U.S. Holder holds a direct or indirect interest. Each U.S. Holder should consult its tax advisor regarding these and any other applicable information or other reporting requirements.

Status of Proposed Regulations. The Proposed Regulations applicable to PFICs state that they are to be effective for transactions occurring on or after April 11, 1992. If these Proposed Regulations are adopted in their current form, the tax consequences to a U.S. Holder should be as set forth in the preceding paragraphs. However, because the Proposed Regulations have not yet been adopted in final form, they are not currently effective and there is no assurance they will be finally adopted in the form and with the effective date proposed. Nevertheless, the IRS has announced that, in the absence of Final Treasury Regulations, taxpayers may apply reasonable interpretations of the Code provisions applicable to PFICs and that it considers the rules set forth in the Proposed Regulations to be reasonable interpretations of those Code provisions.

Sale or Disposition of Common Shares if the PFIC Rules Do Not Apply

If the PFIC rules discussed above do not apply to the sale or disposition of common shares, the difference between the amount received and the adjusted tax basis of the common shares will be gain or loss. If the common shares are capital assets in the hands of the U.S. Holder, such gain or loss will be capital gain.

Capital gain or loss with respect to common shares generally will be long-term capital gain or loss if the holding period for the common shares giving rise to such gain or loss exceeds one year. Under current law, long-term capital gains realized by individual U.S. Holders are taxed at reduced rates. Short-term capital gains are taxed at ordinary income rates. The deductibility of capital losses is subject to significant limitations.

Dividends

We do not expect to pay dividends in the immediate or foreseeable future. However, subject to the discussion above regarding the “Passive Foreign Investment Company Rules”:

-) A U.S. Holder must include in gross income as dividend income the gross amount of any distribution (including the amount of any foreign withholding tax thereon) paid by us out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) with respect to our common shares. Such distributions are taxable to a U.S. Holder when the U.S. Holder actually or constructively receives the distribution.
-) If we are a PFIC in the taxable year in which we pay a dividend or the immediately preceding taxable year, dividends received by non-corporate U.S. Holders generally will be subject to U.S. federal income tax at ordinary income tax rates.
-) If we are not a PFIC in the taxable year in which we pay a dividend or the immediately preceding taxable year, dividends paid to a non-corporate U.S. Holder in a taxable year will be taxed to such U.S. Holder at the rates applicable to long-term capital gains as “qualified dividend income” so long as our common shares are readily tradable on an established securities exchange within the United States or we are eligible for benefits under the U.S.-Canada income tax treaty (the “**Treaty**”). We will be eligible for benefits under the Treaty if the principal class of our shares is primarily and regularly traded on or more recognized stock exchanges. However, dividend income will not be qualified dividend income (and will be taxed at ordinary income rates) if (i) the U.S. Holder has not held its common shares for at least 61 days during the 121-day period beginning 60 days before the ex-

dividend date; (ii) our common shares are not readily tradable on an established securities market; (iii) the company is a PFIC for the taxable year in which the dividend is paid or in the preceding taxable year; or, (iv) we are not eligible for benefits under the Treaty and our stock is not readily tradable on an established securities exchange within the United States.

-) Dividends paid to a corporate U.S. Holder will be taxed as ordinary income and will not generally be eligible for the dividends received deduction.
-) Distributions in excess of our current and accumulated earnings and profits (as determined for U.S. federal income tax purposes) will be treated as a non-taxable return of capital to the extent of the U.S. Holder's adjusted tax basis in its common shares and thereafter as capital gain.
-) The amount of any distribution paid in foreign currency (including the amount of any foreign withholding tax thereon) generally will be includible in the gross income of a U.S. Holder in an amount equal to the U.S. dollar value of the foreign currency, calculated by reference to the spot rate in effect on the date of receipt by the U.S. Holder, regardless of whether the foreign currency is converted into U.S. dollars on such date. Special rules govern and specific elections are available to accrual method taxpayers to determine the U.S. dollar amount includible in income in the case of taxes withheld in a foreign currency. Accrual basis taxpayers are therefore urged to consult their own tax advisors regarding the requirements and elections applicable in this regard.
-) For foreign tax credit limitation purposes, dividends paid by us generally will be income from sources outside the United States. The use of foreign tax credits is subject to complex conditions and limitations. In lieu of a credit, a U.S. Holder who itemizes deductions may elect to deduct all of such holder's foreign taxes in the taxable year such foreign taxes are paid or deemed paid. A deduction does not reduce U.S. tax on a dollar-for-dollar basis like a tax credit, but the deduction for foreign taxes is not subject to the same limitations applicable to foreign tax credits. U.S. Holders are urged to consult their own tax advisors regarding the availability of foreign tax credits.

Tax Rates Applicable to Ordinary Income and Capital Gains of Non-Corporate U.S. Holders

Ordinary income and short-term capital gains of non-corporate U.S. Holders are generally subject to U.S. federal income tax at rates of up to 39.6%. Long-term capital gains of non-corporate U.S. Holders are generally subject to U.S. federal income tax at rates of up to 20%. The deductibility of capital losses is subject to significant limitations.

Surtax on Unearned Income

A surtax of 3.8% (the "**unearned income Medicare contribution tax**") is imposed on the "net investment income" of certain U.S. citizens and resident aliens, and on the undistributed "net investment income" of certain estates and trusts, in each case in excess of a certain threshold amount. Net investment income generally includes interest, dividends, royalties, rents, gross income from a trade or business involving "passive" activities, and net gain from disposition of property (other than property held in a "non-passive" trade or business). Net investment income is reduced by deductions that are properly allocable to such income.

HIRE Act

U.S. Holders should consult their tax advisors regarding the effect, if any, of the Hiring Incentives to Restore Employment Act, which provides disclosure and withholding rules relating to ownership by U.S. persons of financial accounts with foreign financial institutions.

U.S. Information Reporting and Backup Withholding

Dividend payments with respect to common shares and the proceeds from the sale, exchange, redemption, or other disposition of common shares may be subject to information reporting to the IRS and U.S. backup withholding. Certain exempt recipients, including corporations, are not subject to these information reporting requirements. Backup withholding will not apply to a holder who furnishes a correct taxpayer identification number or certificate of foreign status and who makes any other required certification. U.S. persons who are required to establish their

exempt status generally must provide to us an IRS Form W-9 (Request for Taxpayer Identification Number and Certification).

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. Holder's U.S. federal income tax liability, and a U.S. Holder may obtain a refund of any excess amounts withheld by filing a timely claim for refund with the IRS and furnishing any required information.

Pursuant to Treasury Regulations, we may be required to provide a statement to transferees (including brokers) of our common shares that includes the acquisition date and adjusted basis of the transferred common shares.

Material Canadian Income Tax Considerations

The following is, as of the date of this annual report, a summary of the material Canadian federal income tax considerations generally applicable to an investor (a "**Non-Resident Holder**") who acquires, holds and disposes of our common shares and who, for the purposes of the *Income Tax Act* (Canada) and the regulations thereunder in force as of the date hereof (the "**Canadian Tax Act**"), at all relevant times: (i) will hold the common shares as capital property; (ii) for the purposes of the Canadian Tax Act, has not been and will not be deemed to be resident in Canada at any time while holding the common shares; and (iii) does not use or hold the common shares in carrying on a business in Canada. For purposes of the Canadian Tax Act, all amounts relating to the common shares must be expressed in Canadian dollars, including cost, adjusted cost base, proceeds of disposition, and dividends. Non-Resident Holders may therefore realize additional income or gain by virtue of changes in foreign exchange rates, and are advised to consult with their own advisors in this regard. Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer carrying on business in Canada and elsewhere or an authorized foreign bank (as defined in the Canadian Tax Act). Such Non-Resident Holders should consult their own tax advisors.

Generally, the common shares will be considered to be capital property to a Non-Resident Holder provided that the Non-Resident Holder does not hold such securities in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure in the nature of trade.

This summary is based on the current provisions of the Canadian Tax Act and our understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**") as of the date hereof. This summary takes into account all specific proposals to amend the Canadian Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Canadian Tax Proposals**") and assumes that the Canadian Tax Proposals will be enacted in the form proposed, although no assurance can be given that the Canadian Tax Proposals will be enacted in their current form or at all. This summary does not otherwise take into account any changes in law or in the administrative policies or assessing practices of the CRA, whether by legislative, governmental or judicial decision or action, nor does it take into account or consider any provincial, territorial or foreign income tax considerations, which considerations may differ significantly from the Canadian federal income tax considerations discussed in this summary.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Non-Resident Holder. This summary is not exhaustive of all Canadian federal income tax considerations applicable to a Non-Resident Holder acquiring, holding and disposing of our common shares. Accordingly, prospective Non-Resident Holders are urged to consult their own tax advisors with respect to their particular circumstances.

Dispositions of Common Shares

A Non-Resident Holder, in general, will not be subject to tax under the Canadian Tax Act in respect of any capital gain realized on the disposition of our common shares provided that: (i) such securities do not constitute, and are not deemed to constitute, "taxable Canadian property" of the Non-Resident Holder for the purposes of the Canadian Tax Act; or (ii) such securities constitute "treaty-protected property" by virtue of an applicable tax treaty.

Provided that the common shares are listed on a designated stock exchange for the purposes of the Canadian Tax Act (which includes the TSXV and the NYSE MKT), the common shares will not constitute taxable Canadian property to a Non-Resident Holder unless at any time during the sixty (60) month period immediately preceding the disposition of the common shares: (i) 25% or more of the issued shares of any class or series of the capital stock of our company were owned by one or any combination of the Non-Resident Holder, persons with whom the Non-Resident Holder does not deal at arm's length, and partnerships whose members include, either directly or indirectly, the Non-Resident Holder or persons that do not deal at arm's length with the Non-Resident Holder; and (ii) more than 50% of the fair market value of the shares of our company was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, Canadian resource properties (as defined in the Canadian Tax Act), timber resource properties (as defined in the Canadian Tax Act) or an option, an interest or right in such property, whether or not such property exists. In addition, in some circumstances, our common shares may be deemed to be taxable Canadian property to the Non-Resident Holder for purposes of the Canadian Tax Act.

In the case of a Non-Resident Holder who is a resident of the United States and entitled to benefits under the provisions of the Canada-United States Income Tax Convention (1980), as amended, the common shares held by such a Non-Resident Holder will generally constitute "treaty-protected property" for purposes of the Canadian Tax Act unless the value of the common shares is derived principally from real property situated in Canada. For this purpose "real property" has the meaning that term has under the laws of Canada and includes any option or similar right in respect thereof and usufruct of real property, rights to explore for or to exploit mineral deposits, sources and other natural resources and rights to amounts computed by reference to the amount or value of production from such resources.

A Non-Resident Holder whose common shares constitute or are deemed to constitute taxable Canadian property and are not "treaty-protected property" as defined for purposes of the Canadian Tax Act, will generally realize a capital gain (or a capital loss) for purposes of the Canadian Tax Act on a disposition of those common shares equal to the amount by which the Non-Resident Holder's proceeds of disposition, net of any reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base of those common shares to the Non-Resident Holder immediately before the disposition. Generally, one-half of any such capital gain realized by a non-Resident Holder must be included in the Non-Resident Holder's income for the taxation year of disposition.

Non-Resident Holders whose common shares may be taxable Canadian property should consult their own tax advisors.

Dividends

Dividends paid or credited or deemed to be paid or credited to a Non-Resident Holder on our common shares will generally be subject to Canadian withholding tax at the rate of 25%, subject to reduction under the provisions of an applicable income tax treaty or convention. In the case of a Non-Resident Holder who is a resident of the United States and entitled to benefits under the provisions of the Canada-United States Income Tax Convention (1980), as amended, the rate of withholding tax on such dividends will generally be reduced to 15%. This rate is reduced to 5% in the case of a Non-Resident Holder that is the beneficial owner of the dividends and that is a company that owns beneficially at least 10% of the voting stock of our company.

We, or a person acting on our behalf, will withhold the withholding tax payable on dividends paid or credited or deemed to be paid or credited to a Non-Resident Holder on our common shares.

Inspection of Documents

Copies of the documents referred to in this annual report may be inspected at our corporate office at Suite 1305 – 1090 West Georgia Street, Vancouver, British Columbia, Canada V6E 3V7, during normal business hours.

Item 11. Quantitative and Qualitative Disclosures About Market Risk.

Not Applicable.

Item 12. Description of Securities Other than Equity Securities.

Not Applicable.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies.

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds.

Amendments to Articles

At our annual shareholder meeting on May 19, 2015, our shareholders authorized a new set of Articles (the “**Articles**”).

Most of the changes in the Articles are minor in nature, and will not affect shareholders or the day to day administration of our company; however, there are several changes of note, designed to facilitate the administration of our affairs and reduce the overhead and administrative costs related to implementing such matters.

Material Differences Between Existing Articles and New Articles

The main differences between our old set of Articles (the “**Old Articles**”) and the Articles are that the Articles provide for each of the following provisions, whereas the Old Articles do not: (i) flexibility to make certain alterations to our authorized share structure (as more particularly described below) by way of directors’ resolution or Ordinary Resolution as opposed to Special Resolution; and (ii) allowing for a change of our name by directors’ resolution or Ordinary Resolution instead of by Special Resolution of the shareholders. Under the Articles, subject to the provisions of the BCBCA, we may, by resolution of the Board or by Ordinary Resolution:

1. authorize an alteration of our Notice of Articles in order to change our name;
2. create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
3. increase, reduce or eliminate the maximum number of shares that we are authorized to issue out of any class or series of shares or establish a maximum number of shares that we are authorized to issue out of any class or series of shares for which no maximum is established;
4. subdivide or consolidate all or any of our unissued, or fully paid issued, shares;
5. if we are authorized to issue shares of a class of shares with par value:
 - (a) decrease the par value of those shares,
 - (b) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares,
6. change all or any of our unissued or fully paid issued shares with par value into shares without par value or all or any of our unissued shares without par value into shares with par value;
7. alter the identifying name of any of our shares; and
8. otherwise alter our shares or authorized share structure when required or permitted to do so by the BCBCA.

Under the Old Articles, the alterations described above required approval of the shareholders by Special Resolution. The Articles allow us to make these alterations by directors' resolution without us having to incur the costs of calling and holding a meeting of shareholders for this purpose, or by Ordinary Resolution, to the extent such changes do not alter the rights and restrictions of our shares. Pursuant to the BCBCA and our Articles, we may only alter the rights and restrictions of our shares by Ordinary Resolution if no right or special right attached to issued shares is prejudiced or interfered with, or a Special Resolution if any right or special right attached to issued shares may be prejudiced or interfered with.

The Articles are set forth in Exhibit 1.3 to this annual report.

Form F-3 Registration Statement

We filed a Form F-3 registration statement and base shelf prospectus with the SEC (File Number: 333-190863) which was declared effective on October 1, 2013. We did not offer or sell any securities under the registration statement and it expired by its terms on November 1, 2015. As of the date of this annual report we have not offered or sold any securities under the registration statement. From October 1, 2013 to August 31, 2015, we incurred legal expenses of \$135,174 related to the registration statement and shelf prospectus.

Item 15. Controls and Procedures.

Disclosure Controls and Procedures

At the end of the period covered by this report, an evaluation was carried out under the supervision of and with the participation of our management, including the principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures, as defined in Rule 13a-15(e) under the Exchange Act. Based upon that evaluation, our principal executive officer and principal financial officer have concluded that, as of the end the period covered by this report, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and (ii) accumulated and communicated to our management, including our principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for our company, as defined in Rule 13a-15(f) of the Exchange Act. A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that receipts and expenditures of our company are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements. It should be noted that a control system, no matter how well conceived or operated, can only provide reasonable assurance, not absolute assurance, that the objectives of the control system are met. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

Management, including the principal executive officer and principal financial officer, assessed the effectiveness of our internal control over financial reporting as of August 31, 2015. In making this assessment, management used

the criteria set forth in the *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2003). Based on its assessment, management has concluded that, as of August 31, 2015, our internal control over financial reporting was effective and no material weaknesses in our internal control over financial reporting were discovered.

Attestation Report of the Registered Public Accounting Firm

As an “emerging growth company,” we are exempted from the requirement to include an auditor attestation report in this annual report.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during our fiscal year ended August 31, 2015, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 16A. Audit Committee Financial Expert.

Audit Committee Financial Expert

Our Board has determined that Mr. Atkinson qualifies as an “audit committee financial expert” and was “financially sophisticated” as determined under Section 803 (B)(2)(iii) of the NYSE MKT Company Guide.

Mr. Atkinson qualifies as an “audit committee financial expert” and is financially sophisticated, as a result of his education and extensive experience in the investment industry, including being a member of the audit committee of various companies. Mr. Atkinson is considered to be “independent” as determined under Rule 10A-3 of the Exchange Act and Section 803A of the NYSE MKT Company Guide.

Item 16B. Code of Ethics.

On September 23, 2011, we adopted a written code of ethics for our directors and officers entitled “Code of Business Conduct and Ethics” (the “**Code**”). The Code includes, among other things, written standards for our principal executive officer, principal financial officer and principal accounting officer or controller, or persons performing similar functions that are required by the SEC for a code of ethics applicable to such officers. Effective June 4, 2015 we amended the Code (the “**Amended Code**”) to reflect our commitment to conducting our business in accordance with all applicable laws, rules and regulations and the highest ethical standards. Under the Amended Code, a new section 6 was created with respect to dealings with public officials. A copy of the Amended Code is attached as Exhibit 11.1 to this annual report.

We did not grant any waivers from any provisions of the Code during the fiscal year ended August 31, 2015.

Item 16C. Principal Accountant Fees and Services.

D&H Group LLP, Chartered Accountants (“**D&H**”), serve as our independent auditors and have acted as our independent auditor for the fiscal year ended August 31, 2015, and for the fiscal year ended August 31, 2014. The chart below sets forth the total amount billed to us by D&H for services performed with respect to these periods and breaks down these amounts by category of service (for audit fees, audit-related fees, tax fees and all other fees):

External Auditor Service Fees (By Category)

Financial Year Ended	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
August 31, 2015	\$31,000*	-	-	-
August 31, 2014	\$35,000	-	-	-

* Estimated

“Audit Fees” are the aggregate fees billed by D&H for the audits of our consolidated annual financial statements and services that are normally provided in connection with statutory and regulatory filings or engagements.

“Audit-Related Fees” are fees charged by D&H for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported under “Audit Fees”. This category includes, but is not limited to, fees billed for review of our interim financial statements.

“Tax Fees” are fees billed by D&H for tax compliance, tax advice, and tax planning.

“All Other Fees” are fees charged by D&H for products and services other than Audit Fees, Audit-Related Fees and Tax Fees.

To our knowledge, no more than 50% of the hours expended on D&H’s engagement to audit our financial statements for the fiscal year ended August 31, 2015, were attributed to work performed by persons other than D&H’s full time, permanent employees.

Pre-Approval of Audit and Non-Audit Services Provided by Independent Auditors

The Audit Committee is responsible for the selection of a firm of independent auditors, including the decision to retain any existing independent auditors, to be proposed for election as our independent auditors. The Audit Committee also approves all audit, audit-related services, tax services and other services provided by our independent auditors. All audit and audit-related services and the fees and other compensation related thereto, and any permitted non-audit services and fees and other compensation related thereto must be reviewed and pre-approved by the Audit Committee. Provided the pre-approval of a permitted non-audit service is presented to the Audit Committee’s first scheduled meeting following such approval, such authority may be delegated by the Audit Committee to one or more independent members of the Audit Committee.

In the fiscal year ended August 31, 2015, we did not pay any fees to D&H pursuant to the de minimus exception set forth in paragraph (C)(7)(i)(C) of Rule 2-01 of Regulation S-X which provides a waiver of the pre-approval requirement for services other than audit, review or attest services in certain circumstances.

Item 16D. Exemptions from the Listing Standards for Audit Committees.

None.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

None.

Item 16F. Change in Registrant’s Certifying Accountants.

None.

Item 16G. Corporate Governance.

NYSE MKT Corporate Governance

Our common shares are listed on the NYSE MKT Exchange. Section 110 of the NYSE MKT Company Guide permits us to follow certain rules and regulations of our home jurisdiction instead of those of the NYSE MKT and grants exemptions from NYSE MKT listing criteria based on these considerations.

A description of the significant ways in which our governance practices differ from those followed by U.S. domestic companies pursuant to NYSE MKT standards is as follows:

Shareholder Meeting Quorum Requirement: Under Section 123 of the NYSE MKT Company Guide, the quorum requirement for meetings of an NYSE MKT listed company is at least 33-1/3% of the shares issued and outstanding and entitled to vote at such meeting. In addition, a company listed on the NYSE MKT is required to state its quorum requirement in its bylaws. Our quorum requirement is set forth in our Articles. A quorum for a meeting of our shareholders is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the meeting.

Proxy Delivery Requirement: Under Section 705 of the NYSE MKT Company Guide, the solicitation of proxies and delivery of proxy statements is required for all shareholder meetings and these proxies shall be solicited pursuant to a proxy statement that conforms to the proxy rules of the SEC. Section 705 also provides that in lieu of proxy solicitations, shareholders of NYSE MKT listed companies may take action by written consent in compliance with applicable state and federal laws and rules, including Regulations 14A and 14C adopted by the SEC. We are a "foreign private issuer" as defined in Rule 3b-4 under the Exchange, and our equity securities are accordingly exempt from the provisions set forth in Sections 14(a), 14(b), 14(c) and 14(f) of the Exchange Act. We solicit proxies in accordance with the BCBCA, applicable Canadian securities laws and the rules and policies of the TSXV.

Director Independence Requirements: Sections 802A and 803A of the NYSE MKT Company Guide require that an NYSE MKT listed company must have a sufficient number of independent directors on its board of directors, such that at least a majority of such directors are independent directors, as defined in Section 803A of the NYSE MKT Company Guide (subject to certain exceptions set forth in the NYSE MKT Company Guide). Currently, we do not have a majority of independent directors. The TSXV does not require a majority of our directors to be independent. Additionally, the fact that a majority of our directors are not independent is not prohibited by the BCBCA nor applicable Canadian securities laws. The Board has determined that Messrs. Atkinson, Henstridge, and Leathley are independent pursuant to Section 803A of the NYSE MKT Company Guide.

The foregoing are consistent with the laws, customs and practices in Canada.

In addition, we may from time-to-time seek relief from NYSE MKT corporate governance requirements on specific transactions under Section 110 of the NYSE MKT Company Guide by providing written certification from independent local counsel that the non-complying practice is not prohibited by our home country law, in which case, we shall make the disclosure of such transactions available on our website at www.tasmanmetals.com. Information contained on our website is not part of this annual report.

To date, Tasman has sought relief from the NYSE MKT with respect to Section 711 of the NYSE MKT Company Guide in connection with a private placement of units in the first calendar quarter of 2014. The NYSE MKT takes the position that Section 711 of the NYSE MKT Company Guide requires shareholder approval of participation by our officers and directors in a private placement transaction when the securities to be issued in the private placement will be sold at a discount to the closing price of our common shares on the date of announcement of the private placement. The closing price for our common shares on the date the private placement of units was announced was less than the offering price for the units. Certain of our officers and directors participated, directly or indirectly, in the private placement. The participation of officers and directors in the private placement did not require approval by our shareholders under the BCBCA, applicable Canadian securities laws or the policies of the TSXV. Additionally, the participation of officers and directors in the private placement was not prohibited by, and does not constitute a breach of, the BCBCA nor applicable Canadian securities laws. Accordingly, we sought and received an

exemption from the NYSE MKT from the shareholder approval requirements of Section 711 in connection with the private placement.

Item 16H. Mine Safety Disclosure.

Not Applicable.

PART III

Item 17. Financial Statements.

Not Applicable.

Item 18. Financial Statements.

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Audited Consolidated Financial Statements for the Years Ended August 31, 2015, 2014 and 2013.	F-1

Item 19. Exhibits.

Exhibit Number	Description
1.1*	Certificate of Amalgamation
1.2*	Amalgamation Application and Notice of Articles
1.3**	Articles dated May 19, 2015
4.1***	Management Agreement between Tasman Metals Ltd. and Sierra Peru Pty Ltd. dated October 1, 2010.
4.2****	Letter Agreement dated September 8, 2014, amending Management Agreement between Tasman Metals Ltd. and Sierra Peru Pty Ltd.
4.3	Tasman Metals Ltd. Amended and Restated Stock Option Plan dated May 19, 2015
8.1	List of Subsidiaries
11.1	Code of Business Conduct and Ethics
12.1	Certificate of Chief Executive Officer Pursuant to Rule 13a-14(a) of the Exchange Act
12.2	Certificate of Chief Financial Officer Pursuant to Rule 13a-14(a) of the Exchange Act
13.1	Certificate of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2	Certificate of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1	Consent of D&H Group LLP, Chartered Accountants
15.2*****	Audit Committee Charter

* Previously filed as an exhibit to the registrant's Registration Statement on Form 8-A, File No. 001-35307, filed with the Securities and Exchange Commission on September 27, 2011, and incorporated by reference herein.

** Incorporated by reference to Exhibit 99.1 in the registrant's Form 6-K, File No. 001-35307, filed with the Securities and Exchange Commission on May 21, 2015.

*** Incorporated by reference to Exhibit 4.1 in the registrant's Annual Report on Form 20-F, File No. 001-35307, filed with the Securities and Exchange Commission on November 27, 2013.

**** Incorporated by reference to Exhibit 4.2 in the registrant's Annual Report on Form 20-F, File No. 001-35307, filed with the Securities and Exchange Commission on November 26, 2014.

***** Incorporated by reference to Exhibit 99.5 in the registrant's Annual Report on Form 40-F, File No. 001-35307, filed with the Securities and Exchange Commission on December 28, 2011.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

TASMAN METALS LTD.

Dated: November 30, 2015

/s/ Nick Demare

Nick Demare, Chief Financial Officer

TASMAN METALS LTD.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
AUGUST 31, 2015, 2014 AND 2013

(Expressed in Canadian Dollars)



D&H Group LLP
Chartered Professional Accountants
10th Floor, 1333 West Broadway
Vancouver, BC V6H 4C1

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Independent Auditor's Report

To the Shareholders of Tasman Metals Ltd.

We have audited the accompanying consolidated financial statements of Tasman Metals Ltd., which comprise the consolidated statements of financial position as at August 31, 2015 and August 31, 2014, and the consolidated statements of comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended August 31, 2015, August 31, 2014 and August 31, 2013 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Tasman Metals Ltd. as at August 31, 2015 and August 31, 2014, and its financial performance and its cash flows for the years ended August 31, 2015, August 31, 2014 and August 31, 2013 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Vancouver, B.C.
November 26, 2015

/s/D&H Group LLP

Chartered Professional Accountants

A BC Limited Liability Partnership of Corporations
Member of BHD™ an Association of Independent Accounting Firms Located Across Canada and Internationally

TASMAN METALS LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Notes	August 31, 2015 \$	August 31, 2014 \$
ASSETS			
Current assets			
Cash		2,607,710	6,136,271
Amounts receivable		7,980	4,582
GST/VAT receivables		37,318	117,813
Prepays		94,335	76,294
Total current assets		<u>2,747,343</u>	<u>6,334,960</u>
Non-current assets			
Investments	4	34,890	39,018
Property, plant and equipment	5	50,685	103,075
Exploration and evaluation assets	6	12,476,018	10,866,653
Bond deposit		31,869	31,865
Total non-current assets		<u>12,593,462</u>	<u>11,040,611</u>
TOTAL ASSETS		<u>15,340,805</u>	<u>17,375,571</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		269,040	931,838
TOTAL LIABILITIES		<u>269,040</u>	<u>931,838</u>
SHAREHOLDERS' EQUITY			
Share capital	7	25,910,384	25,910,384
Share-based payments reserve		9,174,090	9,122,790
Deficit		(19,895,172)	(18,476,032)
Accumulated other comprehensive loss		(117,537)	(113,409)
TOTAL SHAREHOLDERS' EQUITY		<u>15,071,765</u>	<u>16,443,733</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>15,340,805</u>	<u>17,375,571</u>

Event after the Reporting Period - See Note 13

These consolidated financial statements were approved and authorized for issue by the Board of Directors on November 26, 2015 and are signed on its behalf by:

/s/ Mark Saxon
Mark Saxon
Director

/s/ Nick DeMare
Nick DeMare
Director

The accompanying notes are an integral part of these consolidated financial statements

TASMAN METALS LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Notes	Year Ended August 31		
		2015 \$	2014 \$	2013 \$
Expenses				
Accounting and administration	8(b)(ii)	111,433	124,990	126,793
Audit		40,884	51,072	41,947
Corporate development		36,673	149,280	109,449
Depreciation	5	42,249	54,635	56,229
General exploration		15,507	82,650	165,846
Insurance		97,596	100,765	110,807
Investor relations		-	-	10,500
Legal		177,006	246,118	296,790
Management fees	8(a)	180,000	163,500	162,000
Office		47,873	91,905	101,981
Professional fees	8	383,124	475,484	583,023
Regulatory fees		70,941	71,001	69,403
Rent	8(b)(ii)	35,815	47,048	59,414
Salaries and benefits		43,987	304,999	290,616
Shareholder costs		21,688	26,158	35,056
Share-based compensation	7(e),8(a)	51,300	225,200	654,705
Transfer agent		32,120	36,752	24,452
Travel		88,955	180,525	194,759
		<u>1,477,151</u>	<u>2,432,082</u>	<u>3,093,770</u>
Loss before other items		<u>(1,477,151)</u>	<u>(2,432,082)</u>	<u>(3,093,770)</u>
Other items				
Gain (loss) on sale of property, plant and equipment		11,041	(9,345)	1,921
Impairment of exploration and evaluation assets	6	(7,154)	(46,636)	(498,114)
Interest and other income		44,679	105,160	95,935
Foreign exchange		9,445	(59,105)	12,786
		<u>58,011</u>	<u>(9,926)</u>	<u>(387,472)</u>
Net loss for the year		<u>(1,419,140)</u>	<u>(2,442,008)</u>	<u>(3,481,242)</u>
Other comprehensive loss		<u>(4,128)</u>	<u>(2,390)</u>	<u>(56,057)</u>
Comprehensive loss for the year		<u>(1,423,268)</u>	<u>(2,444,398)</u>	<u>(3,537,299)</u>
Basic and diluted loss per common share		<u>(0.02)</u>	<u>(0.04)</u>	<u>(0.06)</u>
Weighted average number of common shares outstanding		<u>66,141,922</u>	<u>63,611,873</u>	<u>60,635,585</u>

The accompanying notes are an integral part of these consolidated financial statements

TASMAN METALS LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Year Ended August 31, 2015					
	Share Capital		Share-Based Payments Reserve	Deficit	Accumulated Other Comprehensive Loss	Total Equity
	Number of Shares	Amount \$				
Balance at August 31, 2014	66,141,922	25,910,384	9,122,790	(18,476,032)	(113,409)	16,443,733
Share-based compensation on share options	-	-	51,300	-	-	51,300
Unrealized loss on investments	-	-	-	-	(4,128)	(4,128)
Net loss for the year	-	-	-	(1,419,140)	-	(1,419,140)
Balance at August 31, 2015	66,141,922	25,910,384	9,174,090	(19,895,172)	(117,537)	15,071,765

	Year Ended August 31, 2014					
	Share Capital		Share-Based Payments Reserve	Deficit	Accumulated Other Comprehensive Loss	Total Equity
	Number of Shares	Amount \$				
Balance at August 31, 2013	60,850,982	20,299,802	9,056,102	(16,034,024)	(111,019)	13,210,861
Common shares issued for:						
Cash - private placement	4,919,940	5,411,934	-	-	-	5,411,934
Cash - exercise of share options	285,000	351,000	-	-	-	351,000
Exploration and evaluation assets	86,000	104,420	-	-	-	104,420
Share issue costs	-	(643,672)	-	-	-	(643,672)
Share-based compensation on share options	-	-	225,200	-	-	225,200
Share-based compensation on finder's option	-	-	218,316	-	-	218,316
Share-based compensation on finders' warrants	-	-	10,072	-	-	10,072
Transfer on exercise of share options	-	386,900	(386,900)	-	-	-
Unrealized loss on investments	-	-	-	-	(2,390)	(2,390)
Net loss for the year	-	-	-	(2,442,008)	-	(2,442,008)
Balance at August 31, 2014	66,141,922	25,910,384	9,122,790	(18,476,032)	(113,409)	16,443,733

	Year Ended August 31, 2013					
	Share Capital		Share-Based Payments Reserve	Deficit	Accumulated Other Comprehensive Loss	Total Equity
	Number of Shares	Amount \$				
Balance at August 31, 2012	59,570,982	19,808,552	8,565,897	(12,552,782)	(54,962)	15,766,705
Common shares issued for:						
Cash - exercise of share options	1,250,000	301,250	-	-	-	301,250
Exploration and evaluation assets	30,000	25,500	-	-	-	25,500
Share-based compensation on share options	-	-	654,705	-	-	654,705
Transfer on exercise of share options	-	164,500	(164,500)	-	-	-
Unrealized loss on investments	-	-	-	-	(56,057)	(56,057)
Net loss for the year	-	-	-	(3,481,242)	-	(3,481,242)
Balance at August 31, 2013	60,850,982	20,299,802	9,056,102	(16,034,024)	(111,019)	13,210,861

The accompanying notes are an integral part of these consolidated financial statements

TASMAN METALS LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year Ended August 31		
	2015	2014	2013
	\$	\$	\$
Operating activities			
Net loss for the year	(1,419,140)	(2,442,008)	(3,481,242)
Adjustments for:			
Depreciation	42,249	54,635	56,229
Share-based compensation	51,300	225,200	654,705
Loss (gain) on sale of property, plant and equipment	(11,041)	9,345	(1,921)
Impairment of exploration and evaluation assets	7,154	46,636	498,114
Changes in non-cash working capital items:			
Amounts receivable	(3,398)	8,862	31,137
GST/VAT receivables	80,495	(61,573)	102,031
Prepays	(18,041)	(6,992)	627
Accounts payable and accrued liabilities	100,129	(337,035)	228,066
Net cash used in operating activities	(1,170,293)	(2,502,930)	(1,912,254)
Investing activities			
Proceeds from sale of property, plant and equipment	21,182	14,985	25,545
Additions to exploration and evaluation assets	(2,379,446)	(2,301,549)	(2,562,939)
Additions to property, plant and equipment	-	(6,555)	-
Increase in bond deposits	(4)	(219)	(28,150)
Increase in investments	-	(16,603)	-
Net cash used in investing activities	(2,358,268)	(2,309,941)	(2,565,544)
Financing activities			
Issuance of common shares	-	5,762,934	301,250
Share issue costs	-	(415,284)	-
Net cash provided by financing activities	-	5,347,650	301,250
Net change in cash	(3,528,561)	534,779	(4,176,548)
Cash at beginning of year	6,136,271	5,601,492	9,778,040
Cash at end of year	2,607,710	6,136,271	5,601,492

Supplemental cash flow information - see Note 12

The accompanying notes are an integral part of these consolidated financial statements

TASMAN METALS LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2015, 2014 AND 2013
(Expressed in Canadian Dollars)

1. Nature of Operations

Tasman Metals Ltd. (“Tasman” or the “Company”) was incorporated under the laws of the Province of British Columbia on August 27, 2007. The Company’s common shares are listed and traded on the TSX Venture Exchange (“TSXV”) under the symbol “TSM” and on the New York Stock Exchange Market (“NYSE MKT”), under the symbol “TAS”. The Company’s head office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7, Canada.

The Company is a junior resource company engaged in the acquisition and exploration of unproven mineral interests in Scandinavia. As at August 31, 2015 the Company has not earned any production revenue, nor found proven reserves on any of its mineral interests.

The Company is in the process of exploring and evaluating its mineral properties. On the basis of information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the mineral properties and related deferred acquisition costs is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. Exploration and evaluation assets represent costs incurred to date, less amounts depreciated and/or written off, and do not necessarily represent present or future values.

As at August 31, 2015 the Company had working capital of \$2,478,303. These consolidated 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 operations for the foreseeable future. The Company’s ability to continue as a going concern is dependent upon the ability of the Company to obtain the necessary financing to develop properties and to establish future profitable production. The Company’s operations are primarily funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. Although management considers that the Company has adequate resources to maintain its core operations and planned work programs on its existing exploration and evaluation assets for the next twelve months, the Company recognizes that work programs may change with ongoing results and, as a result, it may be required to obtain additional financing. While the Company has been successful in securing financings in the past, there can be no assurance that it will be able to do so in the future.

2. Basis of Preparation

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

Basis of Measurement

The Company’s consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value.

Details of the Group

In addition to the Company, the consolidated financial statements include all subsidiaries. Subsidiaries are all corporations over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are de-consolidated from the date that control by the Company ceases.

The Company has one wholly-owned Swedish subsidiary, Tasman Metals AB.

3. Summary of Significant Accounting Policies

Critical Judgments and Sources of Estimation Uncertainty

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

- (i) The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.
- (ii) Management is required to assess the functional currency of each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary company, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.
- (iii) Management is required to assess impairment in respect of exploration and evaluation assets. The triggering events are defined in IFRS 6. In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and some assets are likely to become impaired in future periods.

Management has determined impairment indicators were present in respect of certain exploration and evaluation assets and as a result an impairment test was performed. See also Note 6.

- (iv) Although the Company takes steps to verify title to exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

- (i) Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

3. Summary of Significant Accounting Policies (continued)

- (ii) The assessment of any impairment of exploration and evaluation assets, and property, plant and equipment is dependent upon estimates of the recoverable amount that take into account factors such as reserves, economic and market conditions and the useful lives of assets. As a result of this assessment, management has carried out an impairment test on certain exploration and evaluation assets and, in fiscal 2015, an impairment charge of \$7,154 (2014 - \$46,636; 2013 - \$498,114) was made. See also Note 6.

Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Company is not exposed to significant credit or interest rate risk although cash is held in excess of federally insured limits with a major financial institution. As at August 31, 2015 and 2014 the Company did not have any cash equivalents.

Amounts Receivable

Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Receivables are classified as loans and receivables. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Accounts Payable and Accrued Liabilities

Payables are obligations to pay for materials or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are classified as other financial liabilities initially at fair value and subsequently measured at amortized cost using the effective interest method.

Exploration and Evaluation Assets

The Company is in the exploration stage with respect to its investment in exploration and evaluation assets and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral properties and crediting all proceeds received against the cost of the related properties. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral properties are charged to operations at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farmout of the property result in a revised estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets.

3. Summary of Significant Accounting Policies (continued)

Although the Company takes steps to verify title to exploration and evaluation assets in which it has an interest, according to the usual industry standards for the stage of exploration of such interests, these procedures do not guarantee the Company's title. Such interests may be subject to prior agreements or transfers and title may be affected by undetected defects.

From time to time, the Company will acquire or dispose of interests pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are recorded as exploration and evaluation assets costs or recoveries when the payments are made or received.

Property, Plant and Equipment

Property, plant and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Property, plant and equipment are depreciated annually on a straight-line basis over the estimated useful life of the assets at a rate of 20%.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statement of comprehensive loss.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

The Company compares the carrying value of property, plant and equipment to estimated net recoverable amounts, based on estimated future cash flows, to determine whether there is any indication of impairment whenever events or circumstances warrant.

Impairment of Assets

At each financial position reporting date, 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. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the price that would be received to sell an asset in an orderly transaction between market participants. 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 or cash generating unit 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.

Where 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 only to the extent that the increased carrying amount 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.

3. **Summary of Significant Accounting Policies** (continued)

Decommissioning Provision

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral interest by or on behalf of the Company. Costs for restoration of site damage which is created on an ongoing basis during exploration and evaluation are provided for at their net present values and charged against profits in the period such exploration and evaluation occurs.

Discount rates using a risk-free rate that reflects the time value of money are used to calculate the net present value. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. As at August 31, 2015 and 2014 the Company does not have any decommissioning obligations.

Financial Instruments

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through comprehensive loss. Cash is classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity are measured at amortized cost. Amounts receivable are classified as loans and receivables.

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive loss except for losses in value that are considered other than temporary. Investments in common shares are classified as available-for-sale.

Transaction costs associated with FVTPL are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities.

Financial liabilities classified as FVTPL are measured at fair value with unrealized gains and losses recognized through comprehensive loss. At August 31, 2015 and 2014 the Company has not classified any financial liabilities as FVTPL.

Share Capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

Equity Financing

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. Units typically comprise a certain number of common shares and share purchase warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the terms of the transaction. The Company adopted a residual value method with respect to the measurement of common shares and share purchase warrants issued as private placement units. The fair value of the common shares issued in the private placements is determined by the closing quoted bid price on the price reservation date, if applicable, or the announcement date. The balance, if any, is allocated to the attached share purchase warrants.

3. **Summary of Significant Accounting Policies** (continued)

Share-Based Payment Transactions

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of share options granted is recognized as a share-based compensation expense with a corresponding increase in the equity settled share-based payments reserve in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

For employees, the fair value is measured at grant date and each tranche is recognized separately on a straight line basis over the period during which the share options vest. The fair value of the share options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the share options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

Current and Deferred Income Taxes

The tax expense comprises current and deferred income tax. Tax is recognized separately in the statement of comprehensive loss, except to the extent that it relates to items recognized in other comprehensive loss or directly in equity. In this case the income tax is also recognized in other comprehensive loss or directly in equity, respectively.

Current Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax relating to items recognized directly in equity or other comprehensive income ("OCI") is recognized in equity or OCI and not in the statement of comprehensive loss.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3. **Summary of Significant Accounting Policies** (continued)

Loss Per Share

Basic loss per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share.

Foreign Currency Translation

Functional and Presentation Currency

The financial statements of each of the Company's subsidiaries are prepared in the local currency of their home jurisdictions. Consolidation of each subsidiary includes re-measurement from the local currency to the subsidiary's functional currency. Each subsidiary's functional currency, being the currency of the primary economic environment in which the subsidiary operates, is the Canadian dollar. The consolidated financial statements are presented in Canadian dollars.

Exchange rates published by the Bank of Canada were used to translate subsidiary financial statements into the consolidated financial statements. Income and expenses for each statement of comprehensive loss presented are translated using the rates prevailing on the transaction dates. All resulting foreign exchange differences are recognized in comprehensive loss.

Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in comprehensive loss.

Accounting Standards and Interpretations Issued but Not Yet Adopted

As at the date of these financial statements, the following standards have not been applied in these financial statements:

- (i) IFRS 9 Financial Instruments; tentatively effective for annual periods beginning on or after January 1, 2018. IFRS 9 replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortized cost and fair value. IFRS 9 prohibits reclassifications except in rare circumstances when the entity's business model changes. The new standard removes the requirement to separate embedded derivatives from financial asset hosts. It requires a hybrid contract to be classified in its entirety at either amortized cost or fair value.
- (ii) IFRS 15 Revenue from Contracts with Customers; is effective for annual periods beginning on or after January 1, 2018. IFRS 15 specifies how and when to recognize revenue as well as requires entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 Revenue, IAS 11 Construction Contracts, and a number of revenue-related interpretations. The new standard will apply to nearly all contracts with customers; the main exceptions are leases, financial instruments and insurance contracts.

Management is currently assessing the impact of these new standards on the Company's accounting policies and financial statement presentation.

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4. Investments

August 31, 2015				
	Number of Shares	Cost \$	Accumulated Compre- hensive (Loss) Gain \$	Carrying Value \$
Hannans Reward Limited ("Hannans")	2,647,059	135,824	(123,422)	12,402
Thomson Resources Ltd. ("Thomson")	600,000	16,603	5,885	22,488
		<u>152,427</u>	<u>(117,537)</u>	<u>34,890</u>

August 31, 2014				
	Number of Shares	Cost \$	Accumulated Compre- hensive Loss \$	Carrying Value \$
Hannans	2,647,059	135,824	(108,977)	26,847
Thomson	600,000	16,603	(4,432)	12,171
		<u>152,427</u>	<u>(113,409)</u>	<u>39,018</u>

The carrying values of the investments were determined using quoted market values.

5. Property, Plant and Equipment

	Computers \$	Office Furniture and Equipment \$	Field Equipment \$	Vehicles \$	Total \$
Cost:					
Balance at August 31, 2013	18,032	19,767	98,081	134,475	270,355
Additions	-	-	6,555	-	6,555
Disposals	-	-	-	(44,168)	(44,168)
Balance at August 31, 2014	18,032	19,767	104,636	90,307	232,742
Disposals	-	-	-	(44,347)	(44,347)
Balance at August 31, 2015	<u>18,032</u>	<u>19,767</u>	<u>104,636</u>	<u>45,960</u>	<u>188,395</u>
Accumulated Depreciation:					
Balance at August 31, 2013	(8,542)	(7,043)	(34,087)	(45,198)	(94,870)
Depreciation	(3,500)	(3,833)	(20,888)	(26,414)	(54,635)
Disposals	-	-	-	19,838	19,838
Balance at August 31, 2014	(12,042)	(10,876)	(54,975)	(51,774)	(129,667)
Depreciation	(3,519)	(3,854)	(21,480)	(13,396)	(42,249)
Disposals	-	-	-	34,206	34,206
Balance at August 31, 2015	<u>(15,561)</u>	<u>(14,730)</u>	<u>(76,455)</u>	<u>(30,964)</u>	<u>(137,710)</u>
Carrying Value:					
Balance at August 31, 2014	<u>5,990</u>	<u>8,891</u>	<u>49,661</u>	<u>38,533</u>	<u>103,075</u>
Balance at August 31, 2015	<u>2,471</u>	<u>5,037</u>	<u>28,181</u>	<u>14,996</u>	<u>50,685</u>

During fiscal 2015 the Company sold a vehicle for \$21,182 realizing a gain of \$11,041.

6. Exploration and Evaluation Assets

	August 31, 2015		
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Rare Earth Properties			
Norra Kärr	103,260	11,372,780	11,476,040
Olserum	182,058	581,111	763,169
Other Properties	<u>168,281</u>	<u>68,528</u>	<u>236,809</u>
	<u>453,599</u>	<u>12,022,419</u>	<u>12,476,018</u>
	August 31, 2014		
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Rare Earth Properties			
Norra Kärr	92,797	9,889,283	9,982,080
Olserum	159,317	573,352	732,669
Other Properties	<u>112,853</u>	<u>39,051</u>	<u>151,904</u>
	<u>364,967</u>	<u>10,501,686</u>	<u>10,866,653</u>

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6. Exploration and Evaluation Assets (continued)

	Rare Earth Element Properties			Other Properties	Total
	Norra Kärr	Olserum	Other		
	\$	\$	\$	\$	\$
Balance at August 31, 2013	7,202,949	633,900	44,230	2,860	7,883,939
Exploration costs					
Consulting	579,055	72,570	-	33,436	685,061
Database	2,424	-	-	191	2,615
Exploration site	8,490	1,069	-	265	9,824
Geochemical	94,575	3,723	-	4,192	102,490
Geological	156,299	-	-	-	156,299
Maps	1,442	-	-	437	1,879
Metallurgical testing	429,895	-	-	-	429,895
Recovery	(69,808)	-	-	-	(69,808)
Salaries	43,853	-	-	-	43,853
Surface rights	76,364	-	-	-	76,364
Technical report	1,364,575	-	-	-	1,364,575
Travel	22,215	2,896	-	76	25,187
	<u>2,709,379</u>	<u>80,258</u>	<u>-</u>	<u>38,597</u>	<u>2,828,234</u>
Acquisition costs					
Mining rights	16,832	18,511	-	16,353	51,696
Issuance of common shares	52,920	-	-	51,500	104,420
Acquisition	-	-	-	45,000	45,000
	<u>69,752</u>	<u>18,511</u>	<u>-</u>	<u>112,853</u>	<u>201,116</u>
Impairment	-	-	(44,230)	(2,406)	(46,636)
Balance at August 31, 2014	9,982,080	732,669	-	151,904	10,866,653
Exploration costs					
Consulting	381,013	5,326	-	6,148	392,487
Drilling	107,857	-	-	-	107,857
Exploration site	1,641	-	-	200	1,841
Geochemical	35,346	-	-	2,955	38,301
Geological	72,494	-	-	-	72,494
Maps	-	1,158	-	2,673	3,831
Recovery	(52,670)	-	-	-	(52,670)
Salaries	44,255	1,903	-	17,501	63,659
Surface rights	106,278	-	-	-	106,278
Technical report	784,944	-	-	-	784,944
Travel	2,339	-	-	-	2,339
	<u>1,483,497</u>	<u>8,387</u>	<u>-</u>	<u>29,477</u>	<u>1,521,361</u>
Acquisition costs					
Mining rights	10,463	29,267	-	9,899	49,629
Acquisition	-	-	-	45,529	45,529
	<u>10,463</u>	<u>29,267</u>	<u>-</u>	<u>55,428</u>	<u>95,158</u>
Impairment	-	(7,154)	-	-	(7,154)
Balance at August 31, 2015	11,476,040	763,169	-	236,809	12,476,018

(a) Rare Earth Element Properties

(i) *Norra Kärr*

The Norra Kärr property consists of four staked exploration claims and a mining lease located in southern Sweden.

6. Exploration and Evaluation Assets (continued)

During fiscal 2014 the Company issued 36,000 common shares at a fair value of \$52,920 to acquire certain surface access rights to the Norra Kärr property.

(ii) *Olserum*

During fiscal 2012 the Company acquired a 100% interest in the Olserum property, comprising one claim, in southern Sweden. The Olserum property was purchased from Norrsken Energy Limited, a private company registered in the United Kingdom, for total consideration of 37,746 common shares of the Company issued at a fair value of \$95,120.

During fiscal 2012 the Company staked five claims surrounding the Olserum property. During fiscal 2015 the Company relinquished two of the claims and recorded an impairment charge of \$7,154 to exploration and evaluation assets.

(iii) *Other*

During fiscal 2014 the Company relinquished certain other exploration claims and recorded an impairment charge of \$44,230 (2013 - \$498,114) to exploration and evaluation assets.

As at August 31, 2015 the Company has 8 exploration claims and one mining lease in Sweden.

(b) Other Properties

(i) *Tungsten Properties*

On October 7, 2013 the Company entered into a letter agreement with Kingsmen Resources Ltd. ("Kingsmen") and acquired a 100% interest in seven exploration licenses (the "Tungsten Projects") located in south-central Sweden by paying \$45,000 cash and issuing 50,000 common shares of the Company at a fair value of \$51,500. A further 50,000 common shares are issuable upon commencement of production from any of the Tungsten Projects. Kingsmen has two common directors.

During fiscal 2015 the Company staked one further claim.

(ii) *Iron Ore Properties*

On May 16, 2010 the Company entered into an option agreement with Hannans whereby Hannans subsequently earned a 75% interest in the Sautusvaara, Vieto, Harrejaure and Laukjarvi exploration claims (the "Iron Ore Claims") in Sweden. Hannans could earn a further 15% interest in the Iron Ore Claims by funding a feasibility study on at least one Iron Ore Claim prior to June 30, 2018, including minimum expenditures of AUS \$100,000 per annum. On June 10, 2015 the Company was notified by Hannans of its termination of the option agreement.

During fiscal 2015 the Sautusvaara claim expired and the remaining three claims will not be renewed upon their expiries in fiscal 2018. There were no costs attributable to the Iron Ore Claims as at August 31, 2015 or 2014.

(iii) *Other*

During fiscal 2014 the Company relinquished certain exploration claims in Sweden and recorded an impairment charge of \$2,406 to exploration and evaluation assets.

6. Exploration and Evaluation Assets (continued)

During fiscal 2015 the Company completed the purchase of 100% interests in two chromite projects (Akanvaara and Koitelainen), comprising of 54 exploration claims and claim applications located in north-eastern Finland. The Company paid \$45,529 to the vendor, Kipu Metals Corp. ("Kipu"), a private corporation of which the President of the Company and a director of the Company are also directors and shareholders of Kipu.

7. Share Capital

(a) *Authorized Share Capital*

The Company's authorized share capital consists of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) *Equity Financings*

(i) No equity financings were conducted by the Company during fiscal 2015.

(ii) During fiscal 2014 the Company completed a private placement in two tranches as follows:

) In February 2014 the Company completed the first tranche of a private placement of 3,875,863 units at a price of \$1.10 per unit for gross proceeds of \$4,263,449. Each unit comprised one common share and one non-transferable share purchase warrant. Each warrant entitles the holder to purchase an additional common share at a price of \$1.50 per share on or before February 11, 2017. The Company paid a finders' fee of \$168,735 cash and issued finders' warrants which entitles the holder to purchase 15,495 common shares at a price of \$1.50 per share on or before February 11, 2017. The fair value of the finders' warrants, estimated using the Black-Scholes option pricing model, is \$10,072. The assumptions used were: a risk-free interest rate of 1.39%; an estimated volatility of 88%; an expected life of 3 years; an expected dividend yield of 0%; and an estimated forfeiture rate of 0%. The Company also issued 192,000 compensation options exercisable into units with each unit having the same terms as the units issued under the private placement. The fair value of the compensation options, estimated using the Black-Scholes option pricing model, is \$124,800. The assumptions used were: a risk-free interest rate of 1.39%; an estimated volatility of 88%; an expected life of 3 years; an expected dividend yield of 0%; and an estimated forfeiture rate of 0%.

) In March 2014 the Company completed the final tranche of its private placement and issued 1,044,077 units as a price of \$1.10 per unit for gross proceeds of \$1,148,485. Each unit comprised one common share and one non-transferable share purchase warrant. Each warrant entitles the holder to purchase an additional common share at a price of \$1.50 per share on or before March 31, 2017. The Company paid a finder's fee of \$80,009 cash and issued 103,907 compensation options exercisable into units with each unit having the same terms as the units issued under the private placement. The fair value of the compensation options, estimated using the Black-Scholes option pricing model, is \$93,516. The assumptions used were: a risk-free interest rate of 1.26%; an estimated volatility of 87%; an expected life of 3 years; an expected dividend yield of 0%; and an estimated forfeiture rate of 0%.

The Company incurred \$166,540 for legal and filing fees associated with this private placement.

Directors and officers of the Company purchased 83,000 units of this private placement.

See also Notes 6(a)(i) and 6(b)(i).

(iii) No equity financings were conducted by the Company during fiscal 2013.

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7. Share Capital (continued)

(c) Compensation Options

A summary of the Company's compensation options at August 31, 2015, 2014 and 2013 and the changes for the years ended on those dates is presented below:

	2015		2014		2013	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of year	295,907	1.10	-	-	-	-
Issued on private placement	-	-	295,907	1.10	-	-
Balance, end of year	<u>295,907</u>	<u>1.10</u>	<u>295,907</u>	<u>1.10</u>	<u>-</u>	<u>-</u>

The following table summarizes information about the compensation options outstanding and exercisable at August 31, 2015:

Number Outstanding	Exercise Price \$	Expiry Date
192,000	1.10	February 11, 2017
103,907	1.10	March 31, 2017
<u>295,907</u>		

(d) Warrants

A summary of the number of common shares reserved pursuant to the Company's warrants outstanding at August 31, 2015, 2014 and 2013, and the changes for the years ended on those dates is as follows:

	2015		2014		2013	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of year	4,935,435	1.50	2,090,667	1.85	2,177,607	1.85
Issued on private placement	-	-	4,935,435	1.50	-	-
Expired	-	-	(2,090,667)	1.85	(86,940)	1.85
Balance, end of year	<u>4,935,435</u>	<u>1.50</u>	<u>4,935,435</u>	<u>1.50</u>	<u>2,090,667</u>	<u>1.85</u>

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at August 31, 2015:

Number Outstanding	Exercise Price \$	Expiry Date
3,891,358	1.50	February 11, 2017
1,044,077	1.50	March 31, 2017
<u>4,935,435</u>		

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7. Share Capital (continued)

(e) *Share Option Plan*

The Company has established a rolling share option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts in accordance with the policies of the TSXV. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of ten years.

During fiscal 2015 the Company granted 135,000 (2014 - 360,000; 2013 - 230,000) share options and recorded compensation expense of \$51,300 (2014 - \$225,200; 2013 - \$154,000). In addition, during fiscal 2013 the Company recorded \$9,475 compensation expense on share options previously granted which had vested during the period.

The fair value of share options granted and/or vested during fiscal 2015, 2014 and 2013 is estimated using the Black-Scholes option pricing model using the following assumptions:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Risk-free interest rate	1.22%	1.26% - 1.46%	1.09% - 1.26%
Estimated volatility	82%	87% - 96%	86% - 130%
Expected life	3 years	3 years	2 years - 3 years
Expected dividend yield	0%	0%	0%
Estimated forfeiture rate	0%	0%	0%

The weighted average fair value of all share options granted and/or vested during fiscal 2015 was \$0.38 (2014 - \$0.63; 2013 - \$0.56) per option.

During fiscal 2013 the Company re-priced 1,706,500 share options previously granted, from original exercise prices ranging from \$2.13 to \$4.22 per share, to a revised exercise price of \$1.40 per share. The fair value of the re-priced share options have been estimated using the Black-Scholes option pricing model. The assumptions used were: risk-free interest rate of 1.09% - 1.22%; estimated volatility of 91% - 103%; expected life of 1.25 years to 2.46 years; expected dividend yield of 0%; and estimated forfeiture rate of 0%. The value assigned to the re-pricing of the share options was \$491,230.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide a reliable measure of the fair value of the Company's share options.

A summary of the Company's share options at August 31, 2015, 2014 and 2013 and the changes for the years ended on those dates is presented below:

	<u>2015</u>		<u>2014</u>		<u>2013</u>	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of year	2,535,000	1.92	3,781,500	2.01	5,181,500	2.09
Granted	135,000	0.60	360,000	0.96	230,000	0.96
Exercised	-	-	(285,000)	1.23	(1,250,000)	0.24
Expired	(2,145,000)	2.07	(1,321,500)	2.07	(380,000)	2.32
Balance, end of year	<u>525,000</u>	0.97	<u>2,535,000</u>	1.92	<u>3,781,500</u>	2.01

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7. Share Capital (continued)

The following table summarizes information about the share options outstanding and exercisable at August 31, 2015:

Number Outstanding	Exercise Price \$	Expiry Date
50,000	1.40	September 13, 2015
25,000	1.44	October 31, 2015
30,000	1.07	February 11, 2016
60,000	0.65	September 2, 2016
85,000	0.76	September 23, 2016
40,000	0.95	January 3, 2017
100,000	1.47	April 7, 2017
135,000	0.60	October 7, 2017
<u>525,000</u>		

See also Note 13.

(f) *Escrow Shares*

As at August 31, 2015, 30,575 (2014 - 91,745; 2013 - nil) common shares are held in escrow.

8. Related Party Disclosures

A number of key management personnel hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period.

(a) *Transactions with Key Management Personnel*

During fiscal 2015, 2014 and 2013 the following amounts were incurred with respect to the Company's executive officers, comprising the President, former Vice-President of Corporate Development ("VPCD") and Chief Financial Officer ("CFO"):

	2015 \$	2014 \$	2013 \$
Management fees	180,000	163,500	162,000
Professional fees	83,500	131,500	156,000
Share-based compensation	-	-	51,250
	<u>263,500</u>	<u>295,000</u>	<u>369,250</u>

As at August 31, 2015, \$36,000 (2014 - \$32,000; 2013 - \$18,000) of the above amounts remained unpaid and has been included in accounts payable and accrued liabilities.

The Company has a management agreement with the President which provides that, in the event the President's services are terminated without cause or upon a change of control of the Company, a termination payment of two years of compensation, at \$15,000 per month, is payable. If the termination had occurred on August 31, 2015 the amount payable under the agreement would be \$360,000.

See also Notes 6(b)(i) & (iii) and 7(b)(ii).

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8. Related Party Disclosures

(b) *Transactions with Other Related Parties*

During fiscal 2015 the Company:

- (i) incurred a total of \$120,000 (2014 - \$123,000; 2013 - \$126,000) for professional services provided by the non-management directors of the Company. As at August 31, 2015, \$29,500 (2014 - \$20,000; 2013 - \$32,500) remained unpaid and has been included in accounts payable and accrued liabilities;
- (ii) incurred a total of \$52,570 (2014 - \$58,300; 2013 - \$48,650) to Chase Management Ltd. ("Chase"), a private corporation owned by the CFO of the Company, for accounting and administration services provided by Chase personnel, excluding the CFO, and \$4,020 (2014 - \$4,020; 2013 \$4,475) for rent. As at August 31, 2015, \$3,335 (2014 - \$3,335; 2013 - \$4,085) remained unpaid and has been included in accounts payable and accrued liabilities;
- (iii) incurred \$25,590 (2014 - \$23,251; 2013 - \$25,100) for shared administration costs with public companies with common directors and officers. As at August 31, 2015, \$1,410 (2014 - \$363; 2013 - \$2,640) of the amount remained unpaid and has been included in accounts payable and accrued liabilities; and
- (iv) recorded a recovery of \$21,892 (2014 - \$36,844; 2013 - \$96,625) for shared office personnel and costs from public companies with common directors and officers. As at August 31, 2015, \$nil (2014 - \$nil; 2013 - \$9,821) of the amount remained outstanding and has been included in amounts receivable.

See also Notes 6(b)(iii) and 7(b)(ii).

9. Income Tax

Deferred income tax assets and liabilities of the Company as at August 31, 2015 and 2014 are as follows:

	2015	2014
	\$	\$
Deferred income tax assets		
Losses carried forward	3,441,700	3,054,300
Other	80,000	114,800
	<u>3,521,700</u>	<u>3,169,100</u>
Valuation allowance	(3,521,700)	(3,169,100)
Net deferred income tax asset	<u>-</u>	<u>-</u>

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9. Income Tax (continued)

The recovery of income taxes shown in the consolidated statements of comprehensive loss for fiscal 2015, 2014 and 2013 differs from the amounts obtained by applying statutory rates to the loss before provision for income taxes due to the following:

	2015 \$	2014 \$	2013 \$
Income tax rate reconciliation			
Combined federal and provincial income tax rate	26.0%	26.0%	25.0%
Expected income tax recovery	369,000	634,900	870,300
Effect of income tax rate changes	-	75,400	(24,900)
Foreign income tax rate differences	(11,800)	(34,000)	16,100
Non-deductible share-based compensation	(13,300)	(58,500)	(163,700)
Other	33,500	45,400	23,600
Unrecognized benefit of income tax losses	(377,400)	(663,200)	(721,400)
Actual income tax (expense) recovery	-	-	-

As at August 31, 2015, the Company has non-capital losses of approximately \$10,097,500 and accumulated pools of approximately \$249,200 for Canadian income tax purposes and are available to reduce taxable income of future years. The non-capital losses expire commencing in 2024 through 2034. The Company's subsidiary in Sweden has losses for income tax purposes of approximately \$3,406,800 (SEK 23,785,000) which may be carried forward indefinitely.

10. Segmented Information

The Company is involved in the exploration and development of resource properties in certain Scandinavian countries, with corporate operations in Canada. The Company is in the exploration stage and accordingly, has no reportable segment revenues or operating results.

The Company's total assets are segmented geographically as follows:

	August 31, 2015		
	Canada \$	Scandinavia \$	Total \$
Current assets	2,582,072	165,271	2,747,343
Investments	34,890	-	34,890
Property, plant and equipment	-	50,685	50,685
Exploration and evaluation assets	-	12,476,018	12,476,018
Bond deposit	-	31,869	31,869
	<u>2,616,962</u>	<u>12,723,843</u>	<u>15,340,805</u>
	August 31, 2014		
	Canada \$	Scandinavia \$	Total \$
Current assets	5,945,775	389,185	6,334,960
Investments	39,018	-	39,018
Property, plant and equipment	-	103,075	103,075
Exploration and evaluation assets	-	10,866,653	10,866,653
Bond deposit	-	31,865	31,865
	<u>5,984,793</u>	<u>11,390,778</u>	<u>17,375,571</u>

11. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial assets are classified into one of the following categories: FVTPL; held-to-maturity investments; loans and receivables; available-for-sale; and other financial liabilities. Financial liabilities are classified as FVTPL or other temporary liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	August 31, 2015 \$	August 31, 2014 \$
Cash	FVTPL	2,607,710	6,136,271
Investments	Available-for-sale	34,890	39,018
Amounts receivable	Loans and receivables	7,980	4,582
Accounts payable and accrued liabilities	Other financial liabilities	(269,040)	(931,838)

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.
- Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable at the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, can be substantially observed or corroborated in the market place.
- Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for amounts receivable and accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The Company's cash and investments under the fair value hierarchy are measured using Level 1 inputs.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Management believes that the credit risk concentration with respect to financial instruments included in cash and amounts receivable is remote.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

11. Financial Instruments and Risk Management (continued)

	Contractual Maturity Analysis at August 31, 2015				
	Less than	3 - 12	1 - 5	Over	Total
	3 Months	Months	Years	5 Years	
	\$	\$	\$	\$	\$
Cash	2,607,710	-	-	-	2,607,710
Investments	-	-	34,890	-	34,890
Amounts receivable	7,980	-	-	-	7,980
Accounts payable and accrued liabilities	(269,040)	-	-	-	(269,040)

	Contractual Maturity Analysis at August 31, 2014				
	Less than	3 - 12	1 - 5	Over	Total
	3 Months	Months	Years	5 Years	
	\$	\$	\$	\$	\$
Cash	6,136,271	-	-	-	6,136,271
Investments	-	-	39,018	-	39,018
Amounts receivable	4,582	-	-	-	4,582
Accounts payable and accrued liabilities	(931,838)	-	-	-	(931,838)

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash bears floating rates of interest. The interest rate risk on cash and on the Company's obligations are not considered significant.

(b) Foreign Currency Risk

The Company's functional currency is the Canadian dollar and major transactions are transacted in Canadian Dollars and Swedish Kronors ("SEK"). The Company maintains SEK bank accounts in Sweden to support the cash needs of its foreign operation. Management believes the foreign exchange risk related to currency conversions are minimal and therefore does not hedge its foreign exchange risk. At August 31, 2015, 1 Canadian Dollar was equal to 6.41 SEK.

Balances are as follows:

	Swedish Kronors	CDN \$ Equivalent
Cash	594,220	92,702
Amounts receivable	21,045	3,283
VAT receivable	184,967	28,856
Accounts payable and accrued liabilities	(898,766)	(140,213)
	<u>(98,534)</u>	<u>(15,372)</u>

Based on the net exposures as of August 31, 2015 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the SEK would result in the Company's net loss to be approximately \$1,500 higher (or lower).

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11. Financial Instruments and Risk Management (continued)

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital, cash and cash equivalents and short-term investments. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

12. Supplemental Cash Flow Information

Non-cash activities were conducted by the Company as follows:

	2015 \$	2014 \$	2013 \$
Operating activity			
(Decrease) increase in accounts payable and accrued liabilities	<u>(762,927)</u>	<u>734,818</u>	<u>111,437</u>
Financing activities			
Issuance of common shares	-	104,420	190,000
Share issue costs	-	(228,388)	-
Share-based payments reserve	<u>-</u>	<u>228,388</u>	<u>(164,500)</u>
	<u>-</u>	<u>104,420</u>	<u>25,500</u>
Investing activities			
Additions to exploration and evaluation assets	<u>762,927</u>	<u>(839,238)</u>	<u>(136,937)</u>

13. Event after the Reporting Period

Subsequent to August 31, 2015 share options to purchase 50,000 common shares and 25,000 common shares at exercise prices of \$1.40 and \$1.44 per share, respectively, expired without exercise.

Exhibit Number	Description
1.1*	Certificate of Amalgamation
1.2*	Amalgamation Application and Notice of Articles
1.3**	Articles dated May 19, 2015
4.1***	Management Agreement between Tasman Metals Ltd. and Sierra Peru Pty Ltd. dated October 1, 2010.
4.2****	Letter Agreement dated September 8, 2014, amending Management Agreement between Tasman Metals Ltd. and Sierra Peru Pty Ltd.
4.3	Tasman Metals Ltd. Amended and Restated Stock Option Plan dated May 19, 2015
8.1	List of Subsidiaries
11.1	Code of Business Conduct and Ethics
12.1	Certificate of Chief Executive Officer Pursuant to Rule 13a-14(a) of the Exchange Act
12.2	Certificate of Chief Financial Officer Pursuant to Rule 13a-14(a) of the Exchange Act
13.1	Certificate of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2	Certificate of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1	Consent of D&H Group LLP, Chartered Accountants
15.2*****	Audit Committee Charter

* Previously filed as an exhibit to the registrant's Registration Statement on Form 8-A, File No. 001-35307, filed with the Securities and Exchange Commission on September 27, 2011, and incorporated by reference herein.

** Incorporated by reference to Exhibit 99.1 in the registrant's Form 6-K, File No. 001-35307, filed with the Securities and Exchange Commission on May 21, 2015.

*** Incorporated by reference to Exhibit 4.1 in the registrant's Annual Report on Form 20-F, File No. 001-35307, filed with the Securities and Exchange Commission on November 27, 2013.

**** Incorporated by reference to Exhibit 4.2 in the registrant's Annual Report on Form 20-F, File No. 001-35307, filed with the Securities and Exchange Commission on November 26, 2014.

***** Incorporated by reference to Exhibit 99.5 in the registrant's Annual Report on Form 40-F, File No. 001-35307, filed with the Securities and Exchange Commission on December 28, 2011.

Exhibit 4.3

**TASMAN METALS LTD.
(the "Issuer")**

STOCK OPTION PLAN 2015, AS AMENDED AND RESTATED TO INCORPORATE AMENDMENT NUMBER ONE TO STOCK OPTION PLAN APPROVED BY SHAREHOLDERS ON MAY 19, 2015".

1. OBJECTIVES

The Plan is intended as an incentive to enable the Issuer to:

- (a) attract and retain qualified Directors, Senior Officers, Employees, Management Issuer Employees and Consultants of the Issuer and its Affiliates;
- (b) promote a proprietary interest in the Issuer and its Affiliates among its Directors, Senior Officers, Employees, Management Issuer Employees and Consultants; and
- (c) stimulate the active interest of such Persons in the development and financial success of the Issuer and its Affiliates.

2. DEFINITIONS

As used in the Plan, the terms set forth below shall have the following respective meanings:

"**Affiliate**" has the meaning ascribed thereto in the Policies of the TSXV;

"**Associate**" has the meaning ascribed thereto in the Policies of the TSXV;

"**BCBCA**" means the *Business Corporations Act* (British Columbia);

"**Blackout Period**" means a period formally imposed by the Issuer during which the Issuer prohibits Optionees from exercising their Options pursuant to its internal trading policies as a result of the bona fide existence of undisclosed Material Information;

"**Board**" means the board of directors of the Issuer;

"**Charitable Options**" means an Option granted by the Issuer to an Eligible Charitable Organization;

"**Committee**" means a committee of the Board that the Board may, in accordance with subsection 3.1, designate to administer the Plan;

"**Company**" means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;

“**Consultant**” means an individual or Company, other than an Employee, a Senior Officer, a Management Issuer Employee or a Director of the Issuer, that:

- (a) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Issuer or to an Affiliate of the Issuer, other than services provided in relation to a distribution of securities;
- (b) provides the services under a written contract between the Issuer or the Affiliate and the individual or the Company, as the case may be;
- (c) in the reasonable opinion of the Issuer, spends or will spend a significant amount of time and attention on the affairs and business of the Issuer or an Affiliate of the Issuer; and
- (d) has a relationship with the Issuer or an Affiliate of the Issuer that enables the individual to be knowledgeable about the business and affairs of the Issuer;

“**Consultant Company**” means a Consultant that is a Company;

“**Director**” means a member of the Board;

“**Eligible Charitable Organization**” has the meaning ascribed thereto in the Policies of the TSXV;

“**Employee**” means an individual who:

- (a) is considered an employee of the Issuer or its subsidiary under the *Income Tax Act* (Canada) (i.e. for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source);
- (b) works full-time for the Issuer or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Issuer over the details and methods of work as an employee of the Issuer, but for whom income tax deductions are not made at source; or
- (c) works for the Issuer or its subsidiary on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Issuer over the details and methods of work as an employee of the Issuer, but for whom income tax deductions are not made at source;

“**Insider**” has the meaning ascribed thereto by the Policies of the TSXV;

“**Investor Relations Activities**” has the meaning ascribed thereto by the Policies of the TSXV;

“**Issuer**” means Tasman Metals Ltd., a company existing under the BCBCA;

“**Management Issuer Employee**” means an individual employed by a Person providing management services to the Issuer, which are required for the ongoing successful operation of the business enterprise of the Issuer, but excluding a Person engaged in Investor Relations Activities;

“**Market Price**” has the meaning ascribed thereto by the Policies of the TSXV;

“**Material Information**” has the meaning ascribed thereto in the Policies of the TSXV;

“**Option**” means an option to purchase Shares granted under or subject to the terms of the Plan;

“**Option Agreement**” means a written agreement or certificate between the Issuer and an Optionee that evidences the Option and sets forth the terms, conditions and limitations applicable to an Option;

“**Option Period**” means the period for which an Option is granted;

“**Optionee**” means a Person to whom an Option has been granted under the terms of the Plan or who holds an Option that is otherwise subject to the terms of the Plan;

“**Other Share Compensation Arrangement**” means, other than the Plan and any Options, any employee stock purchase plan or other compensation or incentive mechanism involving the issuance or potential issuance of Shares, including but not limited to a purchase of Shares from treasury which is financially assisted by the Issuer by way of loan, guarantee or otherwise;

“**Outstanding Issue**” means the number of Shares that are outstanding immediately prior to the Share issuance or Option grant in question;

“**Person**” means a company or individual;

“**Plan**” means this Stock Option Plan of the Issuer;

“**Policies of the TSXV**” means the policies of the TSXV published by the TSXV in its Corporate Finance Manual, as may be amended from time to time;

“**Securities Acts**” means the *Securities Act* (British Columbia), R.S.B.C. 1996 c. 418, as amended, and the *Securities Act* (Alberta) R.S.A. 2000 c. S-4, as amended, from time to time;

“**Senior Officer**” means an officer of the Issuer within the meaning ascribed thereto in either the Securities Acts or a senior officer of the Issuer within the meaning ascribed thereto in the BCBCA;

“**Shares**” means common shares without par value in the capital stock of the Issuer as the same are presently constituted; and

“**TSXV**” means the TSX Venture Exchange or any successor thereto; provided that if the Shares are or become listed on a senior stock exchange, then reference to “TSXV” means a reference to such senior stock exchange.

3. ADMINISTRATION OF THE PLAN

- 3.1 The Plan will be administered by the Issuer’s Secretary or such other officer or employee as may be designated by the Board from time to time. The Secretary or such other officer or employee will report to the Board or to a Committee of two or more Directors who may be designated from time to time to serve as the Committee for the Plan, all of the sitting members of which shall be current Directors. Notwithstanding the existence of any such Committee, the Board itself will
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retain independent and concurrent power to undertake any action hereunder delegated to the Committee, whether with respect to the Plan as a whole or with respect to individual Options granted or to be granted under the Plan.

- 3.2 Subject to the limitations of the Plan, the Board shall have full power to grant Options, to determine the terms, limitations, restrictions and conditions respecting such Options and to settle, execute and deliver Option Agreements and bind the Issuer accordingly, to interpret the Plan and to adopt such rules, regulations and guidelines for carrying out the Plan as it may deem necessary or proper, all of which powers shall be exercised in the best interests of the Issuer and in keeping with the objectives of the Plan.
- 3.3 Notwithstanding any provision of this Plan, the Board may, in its discretion grant Options as it sees fit, or otherwise accelerate the vesting or exercisability of any Option, eliminate or make less restrictive any restrictions contained in an Option, provide for the extension of the Option Period of an outstanding Option, waive any restriction or other provision of the Plan or an Option or otherwise amend or modify an Option in any manner that is either:
- (a) not adverse to the Optionee holding such Option; or
 - (b) consented to by such Optionee;

subject to any required approvals of any stock exchange or regulatory body having jurisdiction over the securities of the Issuer.

- 3.4 The Board or Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any Option in the manner and to the extent deemed necessary or desirable to carry it into effect. Any decision of the Board or Committee in the interpretation and administration of the Plan shall lie within its absolute discretion and shall be final, conclusive and binding on all parties concerned. No member of the Board or Committee shall be liable for anything done or omitted to be done by such member, by any other member of the Board or Committee or by any officer of the Issuer, in connection with the performance of any duties under the Plan, except those which arise from such member's own wilful misconduct or as expressly provided by statute.
- 3.5 All administrative costs of the Plan shall be paid by the Issuer.

4. ELIGIBILITY FOR OPTIONS

- 4.1 Options may be granted to Directors, Senior Officers, Employees, Management Issuer Employees and Consultants of the Issuer and its Affiliates, including an issuer all the voting securities of which are owned by such Persons, who are, in the opinion of the Board or Committee, in a position to contribute to the success of the Issuer or any of its Affiliates or who, by virtue of their service to the Issuer or any predecessors thereof or to any of its Affiliates, are in the opinion of the Board or Committee, worthy of special recognition. Except as may be otherwise set out in this Plan, the granting of Options is entirely discretionary. Nothing in this Plan shall be deemed to give any Person any right to participate in this Plan or to be granted an Option and the designation of any Optionee in any year or at any time shall not require the designation of such Person to receive an Option in any other year or at any other time. The Board or Committee shall consider such factors as it deems pertinent in selecting participants and in determining the amounts and terms of their respective Options.
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- 4.2 If an Optionee who is granted an Option is an Employee, Management Issuer Employee or Consultant of the Issuer or any of its Affiliates, the Option Agreement pertaining to such Option shall contain a representation by both the Issuer and the Optionee, and the Issuer and the Optionee will be responsible for ensuring and confirming, that the Optionee is a bona fide Employee, Management Issuer Employee or Consultant of the Issuer or its Affiliates.
- 4.3 Subject to any applicable regulatory approvals, Options may also be granted under the Plan in exchange for outstanding options granted by the Issuer or any predecessor Issuer thereof or any Affiliate thereof, whether such outstanding options were granted under the Plan, under any other stock option plan of the Issuer or any predecessor Issuer or any Affiliate thereof, or under any stock option agreement with the Issuer or any predecessor Issuer or Affiliate thereof.
- 4.4 Subject to any applicable regulatory approvals, Options may also be granted under the Plan in substitution for outstanding options of one or more other companies in connection with a plan of arrangement or exchange, amalgamation, merger, consolidation, acquisition of property or shares, or other reorganization between or involving such other companies and the Issuer or any of its Affiliates.
- 4.5 Options may also be granted to Eligible Charitable Organizations.

5. NUMBER OF SHARES RESERVED UNDER THE PLAN

- 5.1 The number of Shares that may be reserved for issuance under the Plan, is limited as follows:
- (a) the maximum aggregate number of Shares reserved for issuance pursuant to the exercise of Options granted under the Plan shall be 10% of the Outstanding Issue as at the date of a stock option grant, provided that:
 - (i) if any Option subject to the Plan is forfeited, expires, is terminated or is cancelled for any reason whatsoever (other than by reason of exercise), then the maximum number of Shares for which Options may be granted hereunder shall be increased by the number of Shares which were the subject of such forfeited, expired, terminated or cancelled Option; and
 - (ii) such maximum number of Shares shall be appropriately adjusted in the event of any subdivision or consolidation of the Shares;
 - (b) if and for so long as the Shares are listed on the TSXV:
 - (i) the maximum aggregate number of Shares that may be reserved for issuance under Options granted to Insiders (as a group) pursuant to the Plan may not exceed 10% of the Outstanding Issue at the time of grant, unless the Issuer has obtained “disinterested shareholder” approval in accordance with the Policies of the TSXV; and
 - (ii) the maximum aggregate number of Options granted to Insiders (as a group) under the Plan together with any Other Share Compensation Arrangement within a 12 month period may not exceed 10% of the Outstanding Issue at the time of grant, unless the Issuer has obtained “disinterested shareholder” approval in accordance with the Policies of the TSXV;
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- (c) if and for so long as the Shares are listed on the TSX Venture Exchange (excluding any senior stock exchange):
 - (i) the maximum aggregate number of Shares that may be reserved for issuance under Options pursuant to the Plan together with any Other Share Compensation Arrangement to any one Person (and Companies wholly owned by that Person) within a 12 month period shall not exceed 5% of the Outstanding Issue at the time of grant (unless the Issuer has obtained “disinterested shareholder” approval in accordance with the Policies of the TSX Venture Exchange);
 - (ii) the maximum aggregate number of Shares that may be reserved under the Plan or any Other Share Compensation Arrangement for issuance to any one Consultant within a 12 month period shall not exceed 2% of the Outstanding Issue at the time of grant; and
 - (iii) the maximum aggregate number of Shares that may be reserved under the Plan or any Other Share Compensation Arrangement for issuance to Persons who are conducting Investor Relations Activities within a 12 month period shall not exceed 2% of the Outstanding Issue at the time of grant;
- (c) subject to the policies of the TSXV an Option shall vest and may be exercised (in each case to the nearest full Share) during the Option Period in accordance with any vesting schedule as the Board may determine from time to time in its sole discretion.

5.2 The aggregate number of Options granted and outstanding to Eligible Charitable Organizations must not at any time exceed 1% of the Outstanding Issue, as calculated immediately subsequent to the grant of any Options to Eligible Charitable Organizations.

6. NUMBER OF SHARES PER OPTION

6.1 The number of Shares under an Option shall be determined by the Board or Committee, in its discretion, at the time such Option is granted, taking into consideration the Optionee’s present and potential contribution to the success of the Issuer and taking into account all other Options then held by such Optionee, but subject always to the limitations set forth in subsection 5.1.

7. HOLD PERIOD

7.1 In addition to any resale restrictions under Securities Acts, where the exercise price of the Option is less than the Market Price, the Option and any Shares issued on the exercise of the Option must be legended with the TSXV hold period commencing on the date the Option was granted as follows:

“Without prior written approval of the TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this certificate may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until **[four months + 1 day from the date of grant].**”

8. PRICE

- 8.1 The exercise price per Share under an Option shall be determined by the Board or Committee, in its discretion, at the time such Option is granted, but such price shall not be less than the closing price of the Shares on the TSXV on the trading day immediately preceding the day on which the Option is granted, less any allowable discount (provided that if there are no trades on such day then the last closing price within the preceding ten trading days will be used, and if there are no trades within such ten-day period, then the simple average of the bid and ask prices on the trading day immediately preceding the day of grant will be used) and, in any event, the exercise price per Share will not be less than \$0.10, being the minimum exercise price allowable under the Policies of the TSXV.
- 8.2 The exercise price at which, and the number of Optioned Shares for which, an outstanding Option may be exercised following a subdivision or consolidation of the Shares shall be subject to adjustment in accordance with section 12.
- 8.3 Subject to TSXV approval, the exercise price per Optioned Share under an Option may be reduced at the discretion of the Board or Committee if:
- (a) prior TSXV approval is obtained and at least six months has elapsed since the later of the date such Option was granted and the date the exercise price for such Option was last amended; and
 - (b) disinterested shareholder approval is obtained for any reduction in the exercise price under an Option held by an Insider of the Issuer;

provided that if the exercise price is reduced to less than Market Price, the TSXV four month hold period will apply from the date of the amendment and further provided that no such conditions will apply in the case of an adjustment made under subsection 5.1(a)(ii).

9. OPTION PERIOD AND EXERCISE OF OPTIONS

- 9.1 The Option Period for an Option shall be determined by the Board or Committee at the time the Option is granted and may be up to ten (10) years from the date the Option is granted. At the time an Option is granted, the Board or Committee may determine that, with respect to that Option, upon the occurrence of one of the events described in subsection 11.1 there shall come into force a time limit for exercise of such Option which is different than the Option Period, and in the event of such a determination, the Option Agreement for such Option shall contain provisions which specify the events and time limits related to that determination. Subject to the applicable maximum Option Period provided for in this subsection 9.1 and subject to applicable regulatory requirements and approvals, the Board or Committee may extend the Option Period of an outstanding Option beyond its original expiration date, (whether or not such Option is held by an Insider) if the following requirements are satisfied:
- (a) the term of the Option is not extended so that the effective term of the Option exceeds ten (10) years in total; and
 - (b) the Option has been outstanding for at least one year at the time of extension.
- 9.2 If the Option Period for an Option expires during a Blackout Period, the Option Period will be automatically extended, without prior Board or Committee approval, to the date that is 10
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business days after the expiry of the Blackout Period unless the applicable Optionee or the Issuer is subject to a cease trade order (or similar order under securities laws) in respect of the Issuer's securities.

- 9.3 If and for so long as the Shares are listed on the TSX Venture Exchange (excluding any senior stock exchange), Options issued to Consultants who perform Investor Relations Activities will be subject to a vesting schedule of at least 12 months whereby no more than 25% of the options granted may be vested in any three month period.
- 9.4 If there is a takeover bid made for all or any of the issued and outstanding Shares, then all outstanding Options, whether fully vested and exercisable or remaining subject to vesting provisions or other limitations on exercise, shall be exercisable in full to enable the Shares subject to such Options to be issued and tendered to such bid.
- 9.5 The vested portions of Options will be exercisable, in whole or in part, at any time after vesting. If an Option is exercised for fewer than all of the Shares for which the Option has then vested, the Option shall remain in force and exercisable for the remaining Shares for which the Option has then vested, according to the terms of such Option.
- 9.6 The exercise of any Option will be contingent upon receipt by the Issuer of cash payment in full for the exercise price of the Shares being purchased by way of certified cheque, wire transfer or bank draft. Neither an Optionee nor the legal representatives, legatees or distributees of such Optionee will be, or will be deemed to be, a holder of any Shares subject to an Option under the Plan unless and until certificates for such Shares are issuable to the Optionee or such other Persons pursuant to the Option or the Plan.

10. STOCK OPTION AGREEMENT

- 10.1 Upon the grant of an Option to an Optionee, the Issuer and the Optionee shall enter into an Option Agreement setting out the number of Shares subject to the Option, the Option Period and the vesting schedule for the Option, if any, and incorporating the terms and conditions of the Plan and any other requirements of regulatory authorities and stock exchanges having jurisdiction over the securities of the Issuer, together with such other terms and conditions as the Board or Committee may determine in accordance with the Plan.

11. EFFECT OF TERMINATION OF EMPLOYMENT OR DEATH

- 11.1 An outstanding Option shall remain in full force and effect and exercisable according to its terms for the Option Period until the Optionee ceases to be a Director, Employee, Non-Employee Director, Management Issuer Employee, Senior Officer or Consultant of the Issuer for any reason, excluding death or termination for cause, after which time the Option will expire within 90 days or, for those Optionees engaged in Investor Relations Activities, the Options will expire within 30 days of the cessation date, unless, the Board or Committee, at its own discretion, agrees to extend the period.
- 11.2 In the event that the Optionee, shall cease to be a Director, Senior Officer, Employee, Management Issuer Employee, or Consultant of the Issuer for termination for cause, the Option shall terminate and shall cease to be exercisable upon such termination for cause.
- 11.3 In the event of the death of an Optionee, an Option which remains exercisable may be exercised in accordance with its terms by the Person or Persons to whom such Optionee's rights under the
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Option shall have passed under the Optionee's will or pursuant to law, for a period not exceeding the earlier of one year from the Optionee's death and the original expiry date of such Option.

- 11.4 A Charitable Option shall terminate and shall cease to be exercisable on the 90th day following the date that the holder of the Charitable Option ceases to be an Eligible Charitable Organization.

12. ADJUSTMENT IN SHARES SUBJECT TO THE PLAN

- 12.1 Following the date an Option is granted, the exercise price for and the number of Shares which are subject to an Option will be adjusted, with respect to the then unexercised portion thereof, in the events and in accordance with the provisions and rules set out in this section 12, with the intent that the rights of Optionees under their Options are, to the extent possible, preserved and maintained notwithstanding the occurrence of such events. Any dispute that arises at any time with respect to any adjustment pursuant to such provisions and rules will be conclusively determined by the Board or Committee, and any such determination will be binding on the Issuer, the Optionee and all other affected parties.
- 12.2 If the outstanding Shares are changed into or exchanged for a different number of shares or into or for other securities of the Issuer or securities of another company or entity, whether through an arrangement, amalgamation, merger, business combination, sale or other similar procedure or otherwise, or a share recapitalization, subdivision or consolidation, then on each exercise of the Option which occurs following such events, for each Optioned Share for which the Option is exercised, the Optionee shall instead receive the number and kind of shares or other securities of the Issuer or other company into which such Share would have been changed or for which such Share would have been exchanged if it had been outstanding on the date of such event and the exercise price will be similarly adjusted so that the aggregate price to exercise the Option is preserved, and if the Issuer undertakes an arrangement or is amalgamated, merged or combined with another company, the Board shall make such other provision for the protection of the rights of Optionees as it shall deem advisable.
- 12.3 If the outstanding Shares are changed into or exchanged for a different number of shares or into or for other securities of the Issuer or securities of another company or entity, in a manner other than as specified in subsection 12.2, then the Board or Committee, in its sole discretion, may make such adjustment to the securities to be issued pursuant to any exercise of the Option and the exercise price to be paid for each such security following such event as the Board or Committee in its sole and absolute discretion determines to be equitable to give effect to the principle described in subsection 12.1, and such adjustments shall be effective and binding upon the Issuer and the Optionee and all the other parties for all purposes.
- 12.4 No adjustment or substitution provided for in this section 12 shall require the Issuer to issue a fractional share in respect of any Option. Fractional shares shall be eliminated.
- 12.5 The grant or existence of an Option shall not in any way limit or restrict the right or power of the Issuer to effect adjustments, reclassifications, reorganizations, arrangements or changes of its capital or business structure, or to amalgamate, merge, consolidate, dissolve or liquidate, or to sell or transfer all or any part of its business or assets.
- 12.6 Notwithstanding any other provision of the Plan, a Charitable Option may not be amended or may be subject to amendment after its grant other than to give effect to this Section 12 or to provide for the cancellation of the Charitable Option in order to enable the Issuer to comply with section 5.2.
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13. NON-ASSIGNABILITY

13.1 The Options under the Plan shall not be assignable or otherwise transferable, except as specifically provided in subsection 11.3 in the event of the death of the Optionee. During the lifetime of the Optionee, all Options may only be exercised by the Optionee.

14. EMPLOYMENT

14.1 Nothing contained in the Plan shall confer upon any Optionee, or any Person employing a Management Issuer Employee, any right with respect to employment or continuance of employment with, or the provision of services to, the Issuer or any of its Affiliates, or interfere in any way with the right of the Issuer or any of its Affiliates to terminate the Optionee's employment or the services of any such Person at any time. Participation in the Plan by an Optionee is voluntary.

15. REGULATORY ACCEPTANCES

15.1 The Plan is subject to the acceptance of the Plan for filing by the TSXV, and the Board or Committee is authorized to amend the Plan from time to time in order to comply with any changes required from time to time by such applicable regulatory authorities, whether as conditions to the acceptance for filing of the Plan or otherwise, provided that no such amendment will in any way derogate from the rights held by Optionees holding Options (vested or unvested) at the time thereof without the consent of such Optionees.

15.2 The obligation of the Issuer to issue and deliver Shares pursuant to the exercise of any Options granted under the Plan is subject to the acceptance of the Plan for filing by the TSXV. If any Shares cannot be issued to any Optionee for any reason, including, without limitation, the failure to obtain such acceptance for filing, then the obligation of the Issuer to issue such Shares shall terminate and any amounts paid to the Issuer for such Shares shall be returned to the Optionee forthwith without interest or deduction.

16. SECURITIES REGULATION AND TAX WITHHOLDING

16.1 Where necessary to enable the Issuer to use an exemption from requirements to register Shares or file a prospectus or use a registered dealer to distribute Shares under securities laws applicable to the securities of the Issuer in any jurisdiction, an Optionee, upon the acquisition of any Shares on the exercise of Options and as a condition to such exercise, shall provide to the Board or Committee such evidence as the Board or Committee requires to demonstrate that the Optionee or recipient will acquire such Shares with investment intent (i.e. for investment purposes) and not with a view to their distribution, including an undertaking to that effect in a form acceptable to the Board or Committee. The Board or Committee may cause a legend or legends to be placed upon any certificates for the Shares to make appropriate reference to applicable resale restrictions, and the Optionee or recipient shall be bound by such restrictions. The Board or Committee also may take such other action or require such other action or agreement by such Optionee or proposed recipient as may from time to time be necessary to comply with applicable securities laws. This provision shall in no way obligate the Issuer to undertake the registration or qualification of any Options or the Shares under any securities laws applicable to the securities of the Issuer.

16.2 For all purposes of the Plan, the Issuer may take all such measures as it deems appropriate or necessary to comply with applicable laws, including income tax laws and securities laws and

regulations, as well as the rules of regulatory authorities having jurisdiction over the Issuer or in respect of the securities of the Issuer. Without limitation to the foregoing, the Issuer may withhold and remit to tax authorities such sums which might otherwise be due or accruing due by the Issuer to an Optionee, if such withholding and remittance are required under applicable income tax laws in connection with the grant or exercise of the Optionee's Options.

- 16.3 The Issuer may withhold from any amount payable to a participant (a "Participant"), either under the Plan or otherwise, such amount as may be necessary to enable the Issuer to comply with the applicable requirements of any federal, provincial, state or local law, or any administrative policy of any applicable tax authority, relating to the withholding of tax or any other required deductions with respect to awards hereunder ("Withholding Obligations"). The Issuer shall also have the right in its discretion to satisfy any liability for any Withholding Obligations by selling, or causing a broker to sell, on behalf of any Participant such number of Shares issued to the Participant pursuant to an exercise of Options hereunder as is sufficient to fund the Withholding Obligations (after deducting commissions payable to the broker), or retaining any amount payable which would otherwise be delivered, provided or paid to the Participant hereunder. The Issuer may require a Participant, as a condition to the exercise of an Option to make such arrangements as the Issuer may require so that the Issuer can satisfy applicable Withholding Obligations, including, without limitation, requiring the Participant to (i) remit the amount of any such Withholding Obligations to the Issuer in advance; (ii) reimburse the Issuer for any such Withholding Obligations; or (iii) cause a broker who sells shares acquired by the Participant under the Plan on behalf of the Participant to withhold from the proceeds realized from such sale the amount required to satisfy any such Withholding Obligations and to remit such amount directly to the Issuer.
- 16.4 Any Shares of a Participant that are sold by the Issuer, or by a broker engaged by the Issuer (the "Broker"), to fund Withholding Obligations will be sold as soon as practicable in transactions effected on the exchange on which the common shares of the Issuer are then listed for trading. In effecting the sale of any such Shares, the Issuer or the Broker will exercise its sole judgment as to the timing and manner of sale and will not be obligated to seek or obtain a minimum price. Neither the Issuer nor the Broker will be liable for any loss arising out of any sale of such Shares including any loss relating to the manner or timing of such sales, the prices at which the Shares are sold or otherwise. In addition, neither the Issuer nor the Broker will be liable for any loss arising from a delay in transferring any Shares to a Participant. The sale price of Shares sold on behalf of Participants will fluctuate with the market price of the Issuer's shares and no assurance can be given that any particular price will be received upon any such sale.
- 16.5 Issuance, transfer or delivery of certificates for Shares acquired pursuant to the Plan may be delayed, at the discretion of the Board or Committee, until it is satisfied that the requirements of applicable laws and regulations, and applicable rules of regulatory authorities, have been met.

17. AMENDMENT AND TERMINATION OF PLAN

- 17.1 The Board reserves the right to amend or terminate the Plan at any time if and when it is deemed advisable in the absolute discretion of the Board; provided, however, that no such amendment or termination shall adversely affect any outstanding Options granted under the Plan without the consent of the Optionee. Any amendment to the Plan shall also be subject to acceptance of such amendment or amended Plan for filing by the TSXV and, where required by the TSXV, the approval of the shareholders of the Issuer.
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18. NO REPRESENTATION OR WARRANTY

18.1 The Issuer makes no representation or warranty as to the future market value of any Shares.

19. GENERAL PROVISIONS

19.1 Nothing contained in the Plan shall prevent the Issuer or any of its Affiliates from adopting or continuing in effect other compensation arrangements (subject to shareholder approval if such approval is required by TSXV) and such arrangements may be either generally applicable or applicable only in specific cases.

19.2 The validity, construction and effect of the Plan, the grant of Options, the issue of Shares, any rules and regulations relating to the Plan any Option Agreement, and all determinations made and actions taken pursuant to the Plan, shall be governed by and determined in accordance with the laws of the Province of British Columbia.

19.3 If any provision of the Plan or any Option Agreement is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or as to any Person or Option, or would disqualify the Plan or any Option under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Option, such provision shall be stricken as to such jurisdiction, Person, or Option and the remainder of the Plan and any such Option Agreement shall remain in full force and effect.

19.4 Neither the Plan nor any Option shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Issuer or any of its Affiliates and an Optionee or any other Person.

19.5 Headings are given to the sections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

20. TERM OF THE PLAN

20.1 The Plan shall be effective as of May 19, 2015, and is subject to approval by the shareholders of the Issuer on a yearly basis at the Issuer's meetings of shareholders and acceptance for filing by the TSXV pursuant to section 15.

20.2 The Plan shall be effective until the Plan is terminated by the Board pursuant to section 17, and no Option shall be granted under the Plan after that date. Unless otherwise expressly provided in the Plan or in an applicable Option Agreement, the Option Period for any Option granted hereunder will, and any authority of the Board to amend, alter, adjust, suspend, discontinue or terminate any such Option or to waive any conditions or rights under any such Option shall, continue after termination of the Plan notwithstanding such termination.

Exhibit 8.1
List of Subsidiaries

Tasman Metals AB Wholly-owned subsidiary incorporated pursuant to the laws of Sweden.
(formerly TasMet AB)

Exhibit 11.1

SCHEDULE "A"

TASMAN METALS LTD.

CODE OF BUSINESS CONDUCT AND ETHICS

(Adopted by the Board of Directors on September 23, 2011, as Amended on June 4, 2015)

I. GENERAL

1. Purpose of the Code

The board of directors (the "**Board**") of Tasman Metals Ltd. (the "**Company**") has adopted this Code of Business Conduct and Ethics (the "**Code**"), which is designed to provide guidance on the conduct of the Company's business in accordance with high ethical standards. As a public company, the Company must not only conduct, but must also be seen to conduct, its business in accordance with such high ethical standards. The Code constitutes written standards that are reasonably designed to promote integrity, to deter wrongdoing and to address at a minimum, the fundamental principles set out below.

2. Application of the Code

The Code applies to all directors, officers and employees of the Company and its subsidiaries (who are referred to collectively as "**Company Personnel**") and operates in all countries in which the Company and its subsidiaries conduct business.

3. Monitoring Compliance

The Board is responsible for monitoring compliance with the Code.

4. Waivers from the Code

A waiver of the Code will be granted only in exceptional circumstances. Any waivers from the Code that are granted for the benefit of the Company's directors or executive officers will be granted by the Board only. Any waiver for employees will be granted only upon approval by the Chief Executive Officer.

II. FUNDAMENTAL PRINCIPLES

1. Conflicts of Interest

Company Personnel must act honestly and in good faith, with a view to the best interests of the Company. Company Personnel must avoid situations involving a conflict or the potential for a conflict between their personal interests and the interests of the Company. The following are specific conflicts that may arise in the course of carrying out the Company's business:

(a) **Outside Business Interests**

Company Personnel are free to take on employment and other activities outside of their work responsibilities with the Company. However, in doing so, Company Personnel must ensure that any "outside" activities do not present a real or perceived conflict with the interests of the Company or with their duties as Company Personnel.

(b) **Public Statements**

Before publicly expressing views on matters that relate to the Company, Company Personnel should discuss the information with the Chief Executive Officer. Company Personnel must not claim to speak on behalf of the Company without prior authorization.

(c) **Outside Directorships**

Company Personnel are free to take on directorships; however, Company Personnel must be aware of any potential for conflicts with the interests of the Company.

(d) **Financial Interests in Suppliers, Contractors or Competitors**

Any proposed affiliation between Company Personnel and any entity that has a relationship with the Company is subject to review by the Board or an appropriate committee thereof, such as the Audit Committee.

(e) **Obtaining a Personal Loan or Guarantee from the Company**

Company Personnel should not accept, whether directly or indirectly, any loan or guarantee of obligations from the Company for personal benefit. Company Personnel who are not directors or officers may receive loans from the Company in certain circumstances, provided that such loans do not, or do not appear to, create conflicts of interest or otherwise constitute improper benefits.

(f) **Hiring Relatives of Current Company Personnel**

The hiring of relatives of any Company Personnel is prohibited without the prior consent of the Chief Executive Officer.

(g) **Giving and Receiving Gifts**

Company Personnel are prohibited from soliciting or receiving any gift, loan, reward or benefit from a supplier or customer unless:

- (i) it is not a cash gift;
- (ii) it is consistent with customary business practices;
- (iii) it is not excessive in value;
- (iv) it is not in exchange for any decision, act or omission by any Company Personnel in the course of carrying out their functions;
- (v) it does not violate any laws; and
- (vi) it does not violate any internal Company policy.

Similarly, Company Personnel should not try to influence the decisions of a supplier or customer by giving gifts. Examples of acceptable gifts, both to give and receive, include:

- (i) gifts that are promotional in nature (i.e. pens, golf shirts);
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- (ii) gifts that are widely distributed to other Company Personnel, customers or suppliers;
- (iii) meals;
- (iv) local sporting or theatrical events;
- (v) holiday gatherings and other celebrations; and
- (vi) reimbursement for reasonable expenses incurred in the course of business.

2. Protection and Proper Use of Corporate Assets and Opportunities

(a) **Use of Company Assets**

All Company Personnel must handle the physical and intellectual assets of the Company with integrity and with due regard to the interests of all of the Company's stakeholders.

(b) **Corporate Property and Opportunities**

Company Personnel cannot appropriate a corporate opportunity or corporate property, arising out of their relationship with the Company, for their own personal benefit.

(c) **Corporate Transactions**

Company Personnel must have authorization to enter into business transactions on behalf of the Company.

(d) **Accounting**

All corporate transactions must be accounted for in the Company's books. Records must not be manipulated or destroyed for the purpose of impeding or obstructing any investigation undertaken by the Company or a governmental body.

(e) **Audits**

No action will be taken to fraudulently influence or mislead anyone engaged in the performance of an audit of the Company's financial statements.

(f) **Use of Email and Internet**

Email and Internet systems are provided primarily for business use. Personal use of these resources should be kept to a minimum. As email may not be entirely secure, Company Personnel must exercise caution and etiquette when sending email correspondence.

3. Confidentiality of Corporate Information

(a) **Meaning of Confidential Information**

Confidential information is any information relating to the Company that is not known to the general public and includes business research, market plans, strategic objectives, unpublished financial information, customer, supplier and personnel lists and all

intellectual property, including trade secrets, software, trademarks, copyrights and patents.

(b) **Release of Confidential Information**

Confidential information may not be given or released without proper authority and appropriate protection to anyone not employed by the Company or to Company Personnel who have no need for such information.

(c) **Insider Trading**

Company Personnel are prohibited from trading or encouraging others to trade in the securities of the Company where the person trading is in possession of material non-public information.

(d) **Personal Information**

Personal information, as it relates to Company Personnel, including medical and benefits information, is only to be released to non-Company individuals after receiving prior permission from the affected Company Personnel, except where the information will be used to verify employment or to satisfy legitimate legal requirements.

4. Fair Dealing

(a) **Competitor's Information**

Company Personnel will not undertake any activities that could reasonably be expected to result in an unreasonable restraint of trade, unfair trade practice or any other anticompetitive behaviour in violation of any law. However, in the normal course of business, it is not unusual for Company Personnel to acquire information about other organizations. In doing so, Company Personnel must not use illegal means to acquire a competitor's trade secrets or other confidential information.

(b) **Competition Laws**

Company Personnel are expected to be sensitive to situations where competition law issues may exist and to comply with all competition laws that apply in all countries in which the Company and its subsidiaries carry on business. When participating in joint ventures and industry associations involving competitors, Company Personnel must limit communication to that reasonably required for the legitimate business purposes of the arrangement.

(c) **Harassment**

The Company undertakes to deal fairly with all Company Personnel. There is a "no tolerance" policy in place for any form of discrimination or harassment against Company Personnel, with respect to race, religion, age, gender, marital and family status, sexual orientation, ethnic or national origin or disability or any other grounds enumerated in applicable human rights legislation.

5. Compliance with Laws, Rules and Regulations

(a) **Company Policies**

All Company Personnel must comply with all Company policies.

(b) **Compliance with Laws**

All Company Personnel, in discharging their duties, must comply with all the laws and regulations of the countries in which the Company and its subsidiaries carry on business.

(c) **Compliance with Exchange Policies**

All Company Personnel must comply with all applicable stock exchange policies, rules and regulations.

(d) **Knowledge of Laws**

Company Personnel must ensure that they conduct their business activities in compliance with the laws involved in their area and keep up-to-date on issues that may affect the laws in their area of operation. Company Personnel are also expected to comply with the governing rules of any industry or other association with which they participate on behalf of the Company.

6. Dealings with Public Officials

(a) **Improper Payments**

Company Personnel are prohibited from giving, authorizing, promising or offering all forms of bribes, kickbacks, payments, gifts or other benefits or things of value (referred to collectively as “**Improper Payments**”), directly or indirectly to a public official in order to secure any improper business advantage or to influence, induce or reward that public official, in order to obtain a business advantage, obtain or retain business, or direct business to any person or entity (including the Company and/or its subsidiaries) in any country in which the Company and its subsidiaries operate. Company Personnel are also prohibited from giving, authorizing, promising or offering Improper Payments to any other person for the benefit of a public official (for example, an agent, a close relative, a business associate of the public official, or a charitable organization associated with a public official) in order to secure any improper business advantage or to influence, induce or reward that public official, in order to obtain a business advantage, obtain or retain business, or direct business to any person or entity (including the Company and/or its subsidiaries) in any country in which the Company and its subsidiaries operate.

It is important to consider that public officials include not only government officers and employees, judges, politicians, political parties, officials of political parties, candidates for political office, public international organizations (such as the World Bank, the International Monetary Fund, the World Trade Organization, the European Union, and other similar entities and instrumentalities) but also any other person performing a public duty or function for a government, political party or public international organization or acting on behalf of a government, political party or public international organization (for

example, consultants to the government, employees of government-owned or controlled corporations, etc.).

It is also important to consider that governments include departments, agencies, and instrumentalities of governments.

(b) **Duress Payments**

When Company Personnel reasonably believes his or her health or safety to be at risk and believes that the making of a payment in response to a demand is necessary to preserve his or her health or safety, such Company Personnel may make payments which would otherwise be prohibited. The amount and purpose of such payments must be properly documented and reported forthwith to Mats Linden, the Company's accountant in Sweden, who will, in turn, provide a half yearly report of such duress payments to the Board of Directors.

Mats Linden should be consulted if there is any doubt whether a payment constitutes a duress payment.

(c) **Gifts, Entertainment, Hospitality and Travel**

Offering or giving gifts, entertainment or hospitality to a public official may be considered bribery if the gift, entertainment or hospitality is:

-) lavish, excessive in value, or made in the form of cash or cash equivalent;
-) made for the purpose of influencing or rewarding a public official to provide the Company with a business advantage; or
-) made in violation of local laws, or the local government's code of conduct for public officials.

Pre-approval from the Chief Executive Officer is required before offering any gifts, entertainment or hospitality with a greater value of C\$300 to a public official.

Paying for, or reimbursing, a public official's travel expenses may also be considered bribery unless the travel expenses are reasonable and directly related to a legitimate business purpose.

(d) **Using Agents and Other Intermediaries**

The Company will only conduct business with reputable agents, partners and contractors (collectively, "**Intermediaries**"). Before the Company hires an Intermediary to represent its business interests in a country other than the United States or Canada, the Company Personnel responsible for or primarily involved with engaging the Intermediary shall conduct appropriate due diligence checks to verify the Intermediary's background, integrity and past performance.

Before proceeding with the Intermediary, the results of the due diligence must be documented and sufficient to conclude the Intermediary will represent the Company in a trustworthy manner without making Improper Payments to public officials.

Intermediaries may only be engaged using a written agreement that includes anti-corruption provisions appropriate to the degree of risk presented by the Intermediary.

7. Full, Fair, Accurate, Timely and Understandable Disclosure

(a) **Financial Integrity**

When preparing reports and documents that the Company files with, or submits to, regulatory authorities, governmental agencies and stock exchanges, and preparing the Company's other public communications, Company Personnel should ensure that disclosures are full, fair, accurate, timely, and understandable.

(b) **Accurate and Complete Books, Records and Accounting**

All Company Personnel must help ensure that reporting of business information, computerized, paper or otherwise, is accurate, complete, and timely. This includes accurately recording costs, sales, time sheets, vouchers, bills, payroll and benefits records, regulatory data, and other essential Company information.

In addition, all Company Personnel must:

- (i) follow all accounting requirements, internal accounting controls and disclosure controls, and any other Company procedures for reporting financial information;
- (ii) record transactions in reasonable detail and never deliberately make a false or misleading entry in a report or record;
- (iii) never alter or destroy Company records except as authorized by established policies and procedures;
- (iv) never sell, transfer or dispose of Company assets without proper documentation and authorization;
- (v) cooperate with the Company's internal and external auditors;
- (vi) contact the accounting department with any questions about the proper recording of financial transactions.

8. Reporting of Any Illegal or Unethical Behaviour

(a) **Compliance and Reporting**

Company Personnel are each responsible for being aware of, understanding and complying with this Code when making business decisions. Company Personnel must promptly report any problems or concerns and any actual or potential violation of the Code. To do otherwise will be viewed as condoning a violation of this Code.

(b) **No Reprisal**

There will be no reprisal or other action taken against any Company Personnel who, in good faith, bring forward concerns about actual or potential violations of laws or the

Code. Anyone engaging in any form of retaliatory conduct will be subject to disciplinary action, which may include termination.

(c) **Process**

Company Personnel should first raise a complaint or concern with his or her supervisor. If that is not possible for some reason or if this does not resolve the matter, Company Personnel must take the matter up the chain of management within the Company. Ultimately, unresolved complaints and concerns should be referred to the Chief Executive Officer or the Chair of the Audit Committee (depending on the nature of the matter) who will treat all disclosures in confidence and will involve only those individuals who need to be involved in order to conduct an investigation. If a complaint regarding accounting, internal accounting or auditing matters or a concern regarding questionable accounting or auditing matters is not effectively addressed after being raised internally, then such complaint or concern should be referred to the Chair of the Audit Committee of the Company.

(d) **Public Complaints**

Company Personnel who receive complaints from a member of the public, including complaints regarding accounting, internal accounting or auditing matters, should advise the complainant to raise such complaints with the Chief Executive Officer or the Chair of the Audit Committee, whichever is appropriate.

(e) **Accounting Complaints**

Company Personnel or members of the public wishing to refer a complaint regarding accounting, internal accounting or auditing matters or a concern regarding questionable accounting or auditing matters to the Chair of the Audit Committee on a confidential and anonymous basis may do so in writing. The complaint or concern should be specified in detail in a letter, which should be delivered to the Chair of the Audit Committee in a sealed envelope marked "Confidential—For the Chair of the Audit Committee".

9. Consequences of Violating the Code

Failure to comply with the Code will be considered by this Company to be a very serious matter. Depending on the nature and severity of the violation, disciplinary action may be taken by the Company, up to and including termination. In addition, the Company may make claims for reimbursement of losses or damages and/or the Company may refer the matter to the authorities. Anyone who fails to report a violation upon discovery or otherwise condones the violation of this Code may also be subject to disciplinary action.

Exhibit 12.1
CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER

I, Mark Saxon, certify that:

1. I have reviewed this annual report on Form 20-F of Tasman Metals Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: November 30, 2015

/s/ Mark Saxon
Mark Saxon
President and Chief Executive Officer (Principal Executive Officer)

Exhibit 12.2
CERTIFICATION BY THE CHIEF FINANCIAL OFFICER

I, Nick DeMare, certify that:

1. I have reviewed this annual report on Form 20-F of Tasman Metals Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: November 30, 2015

/s/ Nick DeMare
Nick DeMare
Chief Financial Officer (Principal Financial Officer)

Exhibit 13.1

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Tasman Metals Ltd. (the "Company") on Form 20-F for the period ending August 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark Saxon, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Mark Saxon

Mark Saxon
Chief Executive Officer

November 30, 2015

Exhibit 13.2

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Tasman Metals Ltd. (the "Company") on Form 20-F for the period ending August 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Nick DeMare, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Nick DeMare

Nick DeMare
Chief Financial Officer

November 30, 2015

Exhibit 15.1



D&H Group LLP
Chartered Professional Accountants
10th Floor, 1333 West Broadway
Vancouver, BC V6H 4C1

dhgroup.ca
t 604.731.5881
f 604.731.9923

November 26, 2015

Consent of Independent Registered Chartered Professional Accountants

We hereby consent to the inclusion in this annual report on Form 20-F of Tasman Metals Ltd. (the “**Company**”), of our report dated November 26, 2015 (the “**Report**”), on our audit of the consolidated financial statements of the Company for the years ended August 31, 2015, 2014 and 2013 (the “**Financial Statements**”) which are included in the Company’s Form 20-F for the fiscal year ended August 31, 2015.

/s/D&H Group LLP

Chartered Professional Accountants
