TASMAN METALS LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
FEBRUARY 29, 2016

(Unaudited - Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

TASMAN METALS LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Notes	February 29, 2016 $	August 31, 2015 $
ASSETS			
Current assets			
Cash		1,924,105	2,607,710
Amounts receivable		8,662	7,980
GST/VAT receivables		25,103	37,318
Prepaids		71,144	94,335
Total current assets		2,029,014	2,747,343
Non-current assets			
Investments		39,238	34,890
Property, plant and equipment	4	32,537	50,685
Exploration and evaluation assets	5	11,809,672	12,476,018
Bond deposit		31,869	31,869
Total non-current assets		11,913,316	12,593,462
TOTAL ASSETS		13,942,330	15,340,805
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		213,539	269,040
TOTAL LIABILITIES		213,539	269,040
SHAREHOLDERS' EQUITY			
Share capital	6	25,910,384	25,910,384
Share-based payments reserve		9,254,690	9,174,090
Deficit		(21,323,094)	(19,895,172)
Accumulated other comprehensive loss		(113,189)	(117,537)
TOTAL SHAREHOLDERS' EQUITY		13,728,791	15,071,765
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		13,942,330	15,340,805

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on April 21, 2016 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 condensed consolidated interim financial statements

TASMAN METALS LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Note	Three Months Ended		Six Months Ended	
		February 29, 2016 $	February 28, 2015 $	February 29, 2016 $	February 28, 2015 $
Expenses					
Accounting and administration	7(b)(ii)	30,098	30,856	54,020	65,862
Audit		-	5,938	31,620	40,938
Corporate development		7,852	8,528	17,618	14,031
Depreciation	4	9,074	11,510	18,148	23,147
General exploration		6,372	4,341	8,002	10,196
Insurance		15,249	24,312	39,640	63,310
Legal		34,315	38,957	81,847	84,447
Management	7(a)	20,000	45,000	65,000	90,000
Office		13,713	32,344	20,865	41,092
Professional	7	43,272	111,788	109,775	226,429
Regulatory		27,382	15,010	49,278	36,348
Rent		2,248	9,890	4,442	19,923
Salaries and benefits		2,211	9,950	2,337	15,190
Shareholder costs		4,425	3,740	4,579	3,740
Share-based compensation	6(d)	80,600	-	80,600	51,300
Transfer agent		5,112	3,833	9,750	7,992
Travel		8,251	38,277	23,489	58,053
		310,174	394,274	621,010	851,998
Loss before other items		(310,174)	(394,274)	(621,010)	(851,998)
Other items					
Impairment of exploration and evaluation assets	5	(763,169)	(7,154)	(808,698)	(7,154)
Interest income		4,225	11,759	9,542	29,010
Foreign exchange		(1,563)	3,886	(7,756)	2,631
		(760,507)	8,491	(806,912)	24,487
Net loss for the period		(1,070,681)	(385,783)	(1,427,922)	(827,511)
Other comprehensive gain (loss)		4,130	219	4,348	(1,449)
Comprehensive loss for the period		(1,066,551)	(385,564)	(1,423,574)	(828,960)
Basic and diluted loss per common share		(0.02)	(0.01)	(0.02)	(0.01)
Weighted average number of common shares outstanding		66,141,922	66,141,922	66,141,922	66,141,922

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

TASMAN METALS LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Six Months Ended February 29, 2016					
	Share Capital					
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Accumulated Other Comprehensive Loss $	Total Equity $
Balance at August 31, 2015	66,141,922	25,910,384	9,174,090	(19,895,172)	(117,537)	15,071,765
Share-based compensation on share options	-	-	80,600	-	-	80,600
Unrealized gain on investments	-	-	-	-	4,348	4,348
Net loss for the period	-	-	-	(1,427,922)	-	(1,427,922)
Balance at February 29, 2016	66,141,922	25,910,384	9,254,690	(21,323,094)	(113,189)	13,728,791

	Six Months Ended February 28, 2015					
	Share Capital					
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Accumulated Other Comprehensive Loss $	Total Equity $
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	-	-	-	-	(1,449)	(1,449)
Net loss for the period	-	-	-	(827,511)	-	(827,511)
Balance at February 28, 2015	66,141,922	25,910,384	9,174,090	(19,303,543)	(114,858)	15,666,073

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

TASMAN METALS LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Six Months Ended	
	February 29, 2016 $	February 28 2015 $
Operating activities		
Net loss for the period	(1,427,922)	(827,511)
Adjustments for:		
Depreciation	18,148	23,147
Share-based compensation	80,600	51,300
Impairment of exploration and evaluation assets	808,698	7,154
Changes in non-cash working capital items:		
Amounts receivable	(682)	(19,370)
GST/VAT receivables	12,215	74,616
Prepaids	23,191	(43,100)
Accounts payable and accrued liabilities	(9,300)	53,532
Net cash used in operating activities	(495,052)	(680,232)
Investing activities		
Additions to exploration and evaluation assets	(188,553)	(1,950,279)
Increase in bond deposit	-	(21)
Net cash used in investing activities	(188,553)	(1,950,300)
Net change in cash	(683,605)	(2,630,532)
Cash at beginning of period	2,607,710	6,136,271
Cash at end of period	1,924,105	3,505,739

Supplemental cash flow information - see Note 10

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

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 February 29, 2016 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 February 29, 2016 the Company had working capital of $1,815,475. These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business 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 for the next twelve months, the Company recognizes that it will need to obtain additional financing to proceed with work programs on its existing exploration and evaluation assets. 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 condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"), and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended August 31, 2015, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies followed in these condensed consolidated interim financial statements are consistent with those applied in the Company's consolidated financial statements for the year ended August 31, 2015.

Basis of Measurement

The Company's condensed consolidated interim financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value.

Basis of Presentation

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2. Basis of Preparation (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

3. Summary of Significant Accounting Policies

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

4. Property, Plant and Equipment

Cost:	**Computers** **$**	**Office Furniture and Equipment** **$**	**Field Equipment** **$**	**Vehicles** **$**	**Total** **$**
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 and February 29, 2016	18,032	19,767	104,636	45,960	188,395
Accumulated Depreciation:					
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	(15,561)	(14,730)	(76,455)	(30,964)	(137,710)
Depreciation	(1,056)	(1,914)	(10,663)	(4,515)	(18,148)
Balance at February 29, 2016	(16,617)	(16,644)	(87,118)	(35,479)	(155,858)
Carrying Value:					
Balance at August 31, 2015	2,471	5,037	28,181	14,996	50,685
Balance at February 29, 2016	1,415	3,123	17,518	10,481	32,537

5. Exploration and Evaluation Assets

	February 29, 2016		
	Acquisition Costs **$**	**Deferred Exploration Costs** **$**	**Total** **$**
Rare Earth Properties			
Norra Kärr	103,260	11,506,009	11,609,269
Other Properties	127,287	73,116	200,403
	230,547	11,579,125	11,809,672

5. Exploration and Evaluation Assets (continued)

	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	168,281	68,528	236,809
	453,599	12,022,419	12,476,018

	Rare Earth Element Properties		Other	
	Norra Kärr $	Olserum $	Properties $	Total $
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
	1,483,497	8,387	29,477	1,521,361
Acquisition costs				
Mining rights	10,463	29,267	9,899	49,629
Acquisiton	-	-	45,529	45,529
	10,463	29,267	55,428	95,158
Impairment	-	(7,154)	-	(7,154)
Balance at August 31, 2015	11,476,040	763,169	236,809	12,476,018
Exploration costs				
Consulting	133,242	-	1,278	134,520
Exploration site	473	-	-	473
Geochemical	5,540	-	303	5,843
Geological	5,635	-	-	5,635
Recovery	(110,129)	-	-	(110,129)
Salaries	38,930	-	3,007	41,937
Surface rights	58,828	-	-	58,828
Travel	710	-	-	710
	133,229	-	4,588	137,817
Acquisition costs				
Mining rights	-	-	4,535	4,535
Impairment	-	(763,169)	(45,529)	(808,698)
Balance at February 29, 2016	11,609,269	-	200,403	11,809,672

5. Exploration and Evaluation Assets (continued)

(a) Rare Earth Element Properties

(i) *Norra Kärr*

The Norra Kärr property is located in south-central Sweden. In February 2016 the Company was notified of a decision by the Supreme Administrative Court of Sweden to cancel the mining lease. The Company has been advised that the process of cancellation of the mining lease will be through actions undertaken by the Ministry of Enterprise and Innovation. This Ministry has advised the Company that a right of comment regarding the cancellation exists as part of procedural matters. The Company is investigating this new information, and is considering the appropriate course of action. Subject to the outcome of this process the mining lease will revert to an exploration license and will be valid until August 2017, when further renewals are permissible.

As at February 29, 2016 the Norra Kärr property consists of four exploration licenses.

(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. The claim was allowed to lapse in March 2016.

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. The remaining three claims expire in December 2017.

During the six months ended February 29, 2016 the Company determined to write-off the remaining $763,169 of exploration and evaluation assets incurred on the Olserum project.

(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 Properties") 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 Properties. Kingsmen has two common directors.

During fiscal 2015 the Company staked one 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 Laukujarvi 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 February 29, 2016 or February 28, 2015.

5. Exploration and Evaluation Assets (continued)

(iii) *Other*

On December 17, 2014 the Company entered into an agreement to purchase 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.

During the six months ended February 29, 2016 the Company determined to relinquish its interests in the chromite projects and recorded an impairment charge of $45,529.

6. 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 the six months ended February 29, 2016.

(ii) No equity financings were conducted by the Company during fiscal 2015.

(c) *Compensation Options*

A summary of the Company's compensation options at February 29, 2016 and February 28, 2015 and the changes for the six months ended on those dates is presented below:

	2016		2015	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning and end of period	295,907	1.10	295,907	1.10

The following table summarizes information about the compensation options outstanding and exercisable at February 29, 2016:

Number Outstanding	Exercise Price $	Expiry Date
192,000	1.10	February 11, 2017
103,907	1.10	March 31, 2017
295,907		

6. Share Capital (continued)

(d) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's warrants outstanding at February 29, 2015 and February 28, 2014, and the changes for the six months ended on those dates is as follows:

	2016		2015	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning and end of period	4,935,435	1.50	4,935,435	1.50

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at February 29, 2016:

Number Outstanding	Exercise Price $	Expiry Date
3,891,358	1.50	February 11, 2017
1,044,077	1.50	March 31, 2017
4,935,435		

(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 the six months ended February 29, 2016 the Company granted 620,000 (2015 - 135,000) share options and recorded compensation expense of $80,600 (2015 - $51,300).

The fair value of share options granted during the six months ended February 29, 2015 and February 28, 2015 is estimated using the Black-Scholes option pricing model using the following assumptions:

	2016	2015
Risk-free interest rate	0.53%	1.22%
Estimated volatility	86%	82%
Expected life	3 years	3 years
Expected dividend yield	0%	0%
Expected forfeiture rate	0%	0%

The weighted average fair value of all share options granted and/or vested during the six months ended February 29, 2016 was $0.13 (2015 - $0.38) per option.

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 February 29, 2016 and February 28, 2015 and the changes for the six months ended on those dates is presented below:

6. Share Capital (continued)

	2016		2015	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Balance, beginning of period	525,000	0.97	2,535,000	1.92
Granted	620,000	0.24	135,000	0.60
Expired	(105,000)	1.32	(1,820,000)	2.18
Balance, end of period	1,040,000	0.50	850,000	1.13

The following table summarizes information about the share options outstanding and exercisable at February 29, 2016:

Number Outstanding	Exercise Price $	Expiry Date
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
620,000	0.24	December 2, 2018
1,040,000		

7. 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 the six months ended February 29, 2016 and February 28, 2015 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 $
Management fees	65,000	90,000
Professional fees	14,500	62,500
	79,500	152,500

As at February 29, 2016, $nil (2015 - $60,000) 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 is payable. Effective December 1, 2015 the President has agreed to reduce his monthly remuneration to $10,000.

7. Related Party Disclosures (continued)

(b) *Transactions with Other Related Parties*

During the six months ended February 29, 2016 the Company:

(i) incurred a total of $41,750 (2015 - $60,000) for professional services provided by the non-management directors of the Company. As at February 29, 2016, $500 (2015 - $22,500) remained unpaid and has been included in accounts payable and accrued liabilities;

(ii) incurred a total of $26,525 (2015 - $32,200) 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 $2,010 (2015 - $2,010) for rent. As at February 29, 2016, $3,335 (2015 - $3,635) remained unpaid and has been included in accounts payable and accrued liabilities;

(iii) incurred $12,238 (2015 - $10,840) for shared administration costs with public companies with common directors and officers. As at February 29, 2016, $2,175 (2015 - $2,538) of the amount remained unpaid and has been included in accounts payable and accrued liabilities; and

(iv) recorded a recovery of $nil (2015 - $12,700) for shared office personnel and costs from public companies with common directors and officers. As at February 29, 2016, $nil (2015 - $1,934) of the amount remained outstanding and has been included in amounts receivable.

See also Notes 6(b).

8. 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:

	February 29, 2016		
	Canada	**Scandinavia**	**Total**
	$	**$**	**$**
Current assets	1,826,344	202,670	2,029,014
Investments	39,238	-	39,238
Property, plant and equipment	-	32,537	32,537
Exploration and evaluation assets	-	11,809,672	11,809,672
Bond deposit	-	31,869	31,869
	1,865,582	12,076,748	13,942,330

	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
	2,616,962	12,723,843	15,340,805

9. 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	February 29, 2016 $	August 31, 2015 $
Cash	FVTPL	1,924,105	2,607,710
Investments	Available-for-sale	39,238	34,890
Amounts receivable	Loans and receivables	8,662	7,980
Accounts payable and accrued liabilities	Other financial liabilities	(213,539)	(269,040)

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 which 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 as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which 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.

9. Financial Instruments and Risk Management (continued)

	Contractual Maturity Analysis at February 29, 2016				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	1,924,105	-	-	-	1,924,105
Investments	-	-	39,238	-	39,238
Amounts receivable	8,662	-	-	-	8,662
Accounts payable and accrued liabilities	(213,539)	-	-	-	(213,539)

	Contractual Maturity Analysis at August 31, 2015				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
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)

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 February 29, 2016, 1 Canadian Dollar was equal to 6.32 SEK.

Balances are as follows:

	Swedish Kronors	CDN $ Equivalent
Cash	721,401	114,146
Amounts receivable	47,318	7,487
VAT receivable	135,415	21,426
Accounts payable and accrued liabilities	(439,045)	(69,469)
	465,089	73,590

Based on the net exposures as of February 29, 2016 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 $7,000 higher (or lower).

9. 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.

10. Supplemental Cash Flow Information

During the six months ended February 29, 2016 and February 28, 2015 non-cash activities were conducted by the Company as follows:

	2016 $	2015 $
Operating activity		
Accounts payable and accrued liabilities	(46,201)	(694,745)
Investing activity		
Exploration and evaluation assets	46,201	694,745

TASMAN METALS LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED FEBRUARY 29, 2016

This discussion and analysis of financial position and results of operation is prepared as at April 21, 2016 and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the six months ended February 29, 2016 of Tasman Metals Ltd. ("Tasman" or "the Company"). The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars.

Forward Looking Statements

Certain statements found in this discussion may constitute forward-looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995 or forward-looking information within the meaning of applicable Canadian securities laws (collectively, "forward-looking statements"). Forward-looking statements reflect the speaker's current views with respect to future events and financial performance and include any statement that does not directly relate to a current or historical fact. Such statements reflect the current risks, uncertainties and assumptions related to certain factors including, without limitations, competitive factors, general economic conditions, customer relations, uncertainties related to the availability and costs of financing, the implementation of the Norra Kärr amended and restated pre-feasibility study, changes in corporate goals, unexpected expenditures, unexpected geological conditions, success of future development initiatives, imprecision in resource estimates, ability to obtain necessary permits and approvals, relationships with vendors and strategic partners, the interest rate environment, governmental regulation and supervision, the termination of the Company's registration under Sections 12(b) and 12(g) of the US Securities Exchange Act of 1934 becoming effective, the outcome of the mining lease cancellation process, seasonality, technological change, changes in industry practices, changes in world metal markets, changes in equity markets, environmental and safety risks, and one-time events. Should any one or more of these risks or uncertainties materialize, or should any underlying assumptions prove incorrect, actual results may vary materially from those described herein. Forward-looking statements cannot be guaranteed and actual results may vary materially due to the uncertainties and risks, known and unknown, associated with such statements. Shareholders and other readers should not place undue reliance on forward-looking statements as such statements speak only as of the date of this discussion. Except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events, results or otherwise.

Historical results of operations and trends that may be inferred from this MD&A may not necessarily indicate future results from operations. In particular, the current state of the global securities markets may cause significant reductions in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations.

All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via www.sedar.com or the Company's website at www.tasmanmetals.com and readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties.

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 National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* ("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 document have been prepared in accordance with NI 43-101 and the CIM classifications system. Accordingly, information contained in this document containing descriptions of the Company's 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.

Company Overview

The Company was incorporated under the laws of the Province of British Columbia on August 27, 2007. On October 22, 2009 the Company completed a statutory amalgamation with Lumex Capital Corp. and Ausex Capital Corp. and the surviving corporation continued under the name of Tasman Metals Ltd. On November 3, 2009 the Company commenced trading on the TSX Venture Exchange ("TSXV") under the symbol "TSM". On December 2, 2011 the Company commenced trading on the NYSE MKT (formerly the NYSE AMEX) under the symbol "TAS". On February 5, 2016 the Company's common shares commenced trading on the OTCBB under the symbol "TASIF" and were delisted from the NYSE MKT.

On January 25, 2016 the Company filed a Form 25 with the SEC to terminate Tasman's registration under Section 12(b) of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). On March 21, 2016, the Company filed a Form 15 with the SEC to terminate the Company's registration under Section 12(g) of the Exchange Act and suspend its reporting obligations under Section 15(d) of the Exchange Act. Accordingly, the Company's duty to file reports with the SEC under Sections 13(a) and 15(d) of the Exchange Act has been suspended.

The Company anticipates that the termination of its registration under Section 12(b) of the Exchange Act will be effective April 24, 2016, and that the termination of its registration under Section 12(g) of the Exchange Act will be effective June 19, 2016.

The Company is a junior resource company engaged in the acquisition and exploration of unproven REE properties and also holds interests in tungsten properties in Scandinavia and is considered an exploration stage company. As at November 30, 2015 the Company has not earned any production revenue, nor found proven reserves on any of its mineral interests.

The Company's main focus continues to be the exploration and assessment of the Company's Norra Kärr property. The Company filed an amended and restated pre-feasibility study (the "PFS") on July 10, 2015. In February 2016 the Company received notice of a decision by the Supreme Administrative Court of Sweden ("SAC") regarding the cancellation of the mining lease, however, this cancellation does not affect the Company's 100% ownership of the Norra Kärr property. See also "Exploration Projects - REE Projects, Sweden, Norra Kärr" in this MD&A.

Resignation of Director

Effective April 4, 2016 Mr. Gil Leathley resigned as a director of the Company. Mr. Leathley was a non-executive director and a member of the Company's Audit Committee since September 2011. Mr. Michael Hudson, a director of the Company, replaced Mr. Leathley as a member of the Audit Committee.

Mr. Leathley remains on the Company's Advisory Board to advise the Company on technical matters.

Exploration Projects

As of the date of this MD&A the Company is the 100% owner of seven exploration claims for rare earth elements in Sweden and holds a 100% interest in eight exploration claims for tungsten in the Bergslagen district of Sweden.

REE Projects

Sweden

In Sweden Tasman holds seven exploration claims considered prospective for REEs. REE consumption is growing globally, being essential in the production of hybrid/electric cars, solar panels, wind turbines, compact florescent lighting, high-energy magnets, mobile phones and computers. Tasman is well placed as the European Union is supports policies to promote the domestic supply of REEs to secure high-tech industry.

Norra Kärr

Norra Kärr lies in south-central Sweden, 15km NNE of the township of Gränna and 300km SW of the capital Stockholm in mixed forestry and farming land. The project is 100% owned by Tasman via an exploration licence granted on August 31, 2009. On August 31, 2015 Tasman applied for a two-year extension of this exploration licence. The renewal of the exploration licence is subject to appeals to the Administrative Court in Falun. If appeals are rejected, the exploration licence will be valid until August 31, 2017 when further renewals are permissible.

During February 2016, Tasman was notified of a decision by SAC to cancel the Norra Kärr Mining Lease. This mining lease was granted to the Company in May 2013 by the Swedish Mining Inspectorate (Bergsstaten) and has remained in force since that time.

On the basis of a review of the process of granting of the mining lease, the SAC has determined that the decision by the Swedish Mining Inspectorate was incorrect, as the decision to grant the mining lease was not adequately supported by environmental studies into a future mining operation. Environmental studies into a future mining operation were publically released as part of the 2015 pre-feasibility study.

The Company has been advised that the process of cancellation of the mining lease will be through actions undertaken by the Ministry of Enterprise and Innovation. This Ministry has advised the Company that a right of comment regarding the cancellation exists as part of procedural matters. Tasman is investigating this procedure of comment, and is considering the appropriate course of action. This cancellation however, does not affect the Company's 100% ownership of the Norra Kärr property and the Company continues to hold the Norra Kärr property under exploration licenses.

Norra Kärr is a zirconium (Zr) and heavy REE enriched peralkaline nepheline syenite intrusion which covers 450m x 1,500m in area. The deepest extents of the REE mineralized intrusion exceed 350m. The rock units comprising the Norra Kärr intrusion include mineral phases that are comprised of or associated with REEs, Zr, Nb, Y and Hf.

Mineralogical studies show nearly all of the REE in the deposit is found within the mineral eudialyte, with only trace britholite and mosandrite. Eudialyte at Norra Kärr is relatively rich in REE's compared to most other similar deposits globally, and also contains a very high proportion of high value heavy REE's.

The first phase drill program by Tasman at Norra Kärr commenced in mid-December 2009. A total of 121 exploration holes have now been completed, typically on 50m sections.

In July 2015 Tasman filed the PFS which confirmed 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, or on the Company's website at www.tasmanmetals.com. **Tasman cautions that there is no certainty that the PFS will be realized.**

GBM Minerals Engineering Consultants Limited ("GBM"), an independent engineering consulting group based in Twickenham, UK coordinated and authored the PFS. The PFS addresses 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' 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.

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
- 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
- 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 1 and 2 below.

Table 1: 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 2: 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_2O_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.

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 3. 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 3: Indicated Mineral Resource for Norra Kärr Project, Effective Date January 13, 2015.

TREO % Cut-Off Grade	Tonnes (M)	TREO (%)	% HREO in TREO	Dy_2O_3 (%)	Y_2O_3 (%)	Eu_2O_3 (%)	La_2O_3 (%)	Nd_2O_3 (%)	Ce_2O_3 (%)	Gd_2O_3 (%)	Tb_2O_3 (%)	Pr_2O_3 (%)	Sm_2O_3 (%)	Lu_2O_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 Catapleiite 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: La_2O_3, Ce_2O_3, Pr_2O_3, Nd_2O_3, Sm_2O_3, 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.*

7. *Heavy Rare Earth Oxides (HREO) includes: 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.*
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 4, with a full break down of REE's in Table 5. 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 4: Probable Mineral Reserves for Norra Kärr Project, Effective Date January 13, 2015.

Tonnes (M)	TREO (%)	HREO %	% HREO in TREO	Dy_2O_3 (%)	Y_2O_3 (%)	Eu_2O_3 (%)	La_2O_3 (%)	Nd_2O_3 (%)	Ce_2O_3 (%)	Gd_2O_3 (%)	Tb_2O_3 (%)	Pr_2O_3 (%)	Sm_2O_3 (%)	Lu_2O_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 5: Composition of TREO in 20-Year Mineral Reserve, Norra Kärr

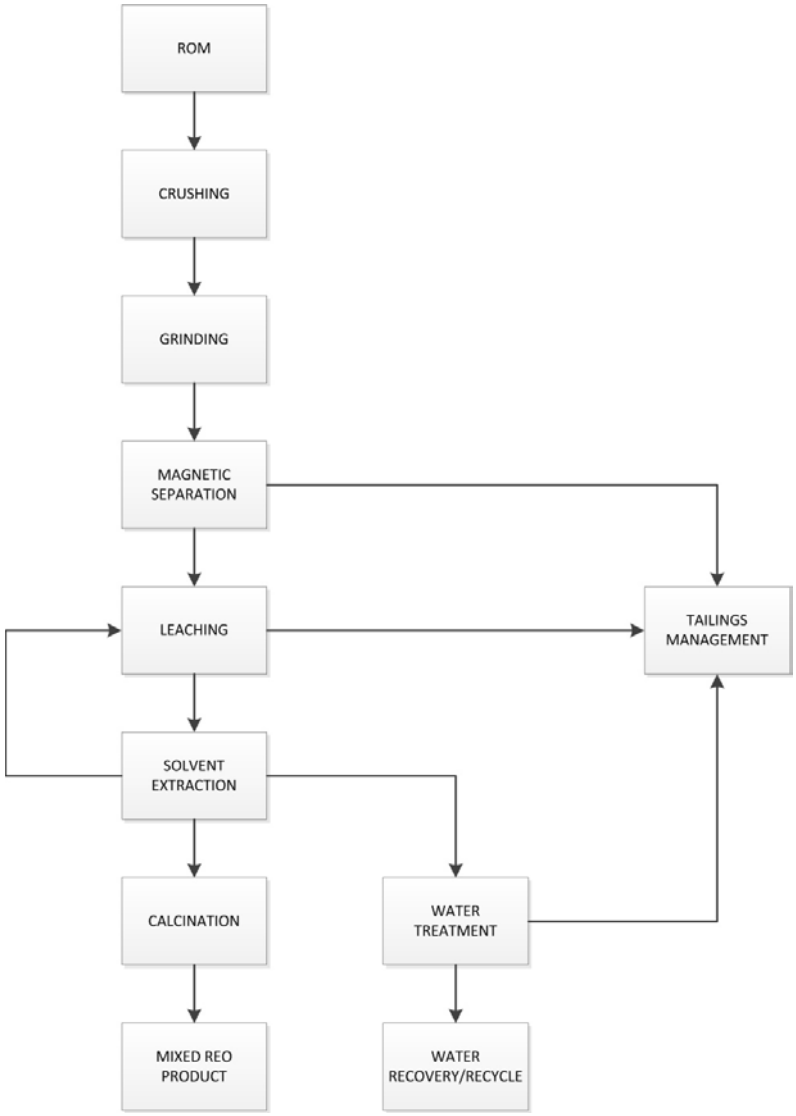
RARE EARTH OXIDE	GRADE (%)	RELATIVE DISTRIBUTION	
Lanthanum (La)	0.0551	9.3%	LIGHT REE
Cerium (Ce)	0.1240	20.9%	
Praseodymium (Pr)	0.0161	2.7%	
Neodymium (Nd)	0.0648	10.9%	
Samarium (Sm)	0.0178	3.0%	
Total Light REO	***0.2778***	***46.9%***	
Europium (Eu)	0.0022	0.37%	HEAVY REE
Gadolinium (Gd)	0.0196	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 the Company's exploration projects, Mark Saxon, President and Chief Executive Officer of Tasman and a member of the Australasian Institute of Mining and Metallurgy and Australian Institute of Geoscientists oversaw this data collection.

The beneficiation and hydrometallurgy flowsheet is provided in Figure 1.

Figure 1: Processing Flowsheet for Norra Kärr



The estimated start-up capital cost for the Norra Kärr project 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 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.

The operating cost estimates for the proposed mine are provided in Table 6. The operating cost estimate 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 6: 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%**

Pricing assumptions used in the PFS financial model were provided by independent consultants and discussions with various industry partners, as provided in Table 7.

Table 7: 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_2O_3		5.00	4.65	11.88
La_2O_3		7.00	4.85	11.99
Pr_2O_3		115.00	117.00	110.94
Nd_2O_3		80.00	58.00	84.32
Sm_2O_3		8.00	16.50	27.59
Eu_2O_3		700.00	705.00	1,455.48
Gd_2O_3		40.00	46.50	65.34
Tb_2O_3		950.00	615.00	1,199.23
Dy_2O_3		575.00	340.00	670.69
Ho_2O_3		n/a	n/a	n/a
Er_2O_3		n/a	n/a	n/a
Tm_2O_3		n/a	n/a	n/a
Yb_2O_3		n/a	n/a	n/a
Lu_2O_3		900.00	n/a	n/a
Y_2O_3		25.00	14.00	44.40
NK Basket		**$64.46**	**$41.42**	**$80.65**

NI 43-101 Compliance

A technical report supporting the PFS is available in its entirety, on the SEDAR website at www.sedar.com or the Company's website at www.tasmanmetals.com. 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.

In December 2015, Tasman reported on the completion of a beneficiation pilot plant test for the Norra Kärr project. The pilot plant was run at the Geological Survey of Finland (GTK) in Outokumpu, with the cost borne by the EURARE project, of which Tasman is a research partner. 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).

A 6.5 tonne sample of representative Norra Karr mineralized rock was collected via drilling during 2014 with the support of EURARE. From this sample 5.6 tonnes was crushed, ground and magnetically separated as per Tasman's PFS flow sheet. A scavenging magnetic separation stage was also tested, to determine the possibility for enhanced recovery. Greater than 95% of REE's at Norra Karr are contained within the zirconosilicate mineral eudialyte. Eudialyte is para-magnetic, and concentrates well using wet magnetic separation. Magnetic separation does not require any process chemicals.

Although the optimal magnetic separation equipment selected by Tasman's previous bench scale work was not available at GTK, the pilot plant performed well, and in line with results from bench scale testing when using similar equipment. The magnetic separation pilot plant was run continuously for 6 hours on each of 3 days, and 79% yttrium (Y) recovery was achieved in a mass of 34.8%.

The pilot plant has produced approximately 1.9 tonnes of eudialyte/REE enriched mineral concentrate. This mineral concentrate is available for scaled up hydrometallurgical testwork by the ERECON team, and Tasman's other research partners. This work is now being planned and scheduled.

In addition to the REE enriched concentrate, some 3.7 tonnes (65% of original sample) of nepheline and feldspar by-product was also produced. Nepheline and feldspar are industrial minerals with large European market in ceramics, glass, cement, building material and metallurgical industries. Nepheline and feldspar are for example widely consumed in the manufacture of bathroom ceramics, roof and floor tiles, crockery, building fillers, paints, cement and even cosmetics.

Tasman's previous test work on the nepheline/feldspar by-product from Norra Karr has shown it to be low in iron, and with key characteristics similar to material being used industrially across Europe today. This material is now being subsampled and screened in preparation for product and market development activities to progress commercialization.

Olserum

On October 13, 2011 Tasman announced the acquisition of a 100% interest in the Olserum heavy rare earth element project in southern Sweden. The Company subsequently staked a further five claims surrounding the Olserum property. Due to the prolonged downturn in the mining industry and in REE prices, the Company has elected not to renew the Olserum exploration licences, and has allowed them to lapse as they fall due. As of the date of this MD&A, the Company holds three claims which shall expire in December 2017.

Tungsten Projects

Sweden

On October 7, 2013 Tasman purchased a portfolio of tungsten projects in the Bergslagen mining district of south-central Sweden. In addition, during fiscal 2015, Tasman staked one additional tungsten claim. This 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 acquired tungsten projects are approximately centered on the Yxsjöberg historical mine where a mill and tailings dam remains on site. Simple road access links all project areas. The data from the mines is historical in nature and was compiled prior to the implementation of NI 43-101 reporting standards. Tasman has not completed sufficient

exploration to verify the estimates and is not treating them as NI 43-101 defined resources or reserves verified by a qualified person; the historical estimate should not be relied upon.

Yxsjöberg

The Yxsjöberg historical 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 deposit is of a skarn-hosted tungsten-copper-beryllium-fluorite style consisting of three mineralized material 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 in 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 1960s, and the mine was closed in 1963 and subsequently allowed to flood. By the end of the 1960s 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 600m. A total of more than 5 million tonnes of mineralized material averaging approximately 0.35% WO3 (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.

Other

The other tungsten projects include Wigström, Sandudden, Gensgruvan, Gussarvet, and Gustavsberg.

Tasman is 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.

Chromite Projects

During 2014, Tasman purchased the Akanvaara and Koitelainen chromite projects from Kipu Metals Corp. These projects were comprised of both granted claims and claim applications. Due to the prolonged downturn in the mining industry, Tasman chose to relinquish all granted claims and withdraw from the claim applications in full. The Company recorded an impairment charge of $45,529 during the first quarter ended November 30, 2015.

Qualified Person

The qualified person for Tasman's projects, Mr. Mark Saxon, the Company's President and Chief Executive Officer, a Fellow of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists, has reviewed and verified the contents of this document.

Selected Financial Data

The following selected financial information is derived from the unaudited condensed consolidated interim financial statements of the Company prepared in accordance with IFRS.

	Fiscal 2016		Fiscal 2015				Fiscal 2014	
Three Months Ended	**Feb. 29, 2016 $**	**Nov. 30, 2015 $**	**Aug. 31, 2015 $**	**May 31, 2015 $**	**Feb. 28, 2015 $**	**Nov. 30, 2014 $**	**Aug. 31, 2014 $**	**May 31, 2014 $**
Operations:								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(310,174)	(310,836)	(307,371)	(317,782)	(394,274)	(457,724)	(449,118)	(578,083)
Other items	(760,507)	(46,405)	17,483	16,041	8,491	15,996	(2,287)	(33,713)
Net loss	(1,070,681)	(357,241)	(289,888)	(301,741)	(385,783)	(441,728)	(451,405)	(611,796)
Other comprehensive gain(loss)	4,130	218	20,731	(23,410)	219	(1,668)	16,744	(10,141)
Comprehensive loss	(1,066,551)	(357,073)	(269,157)	(325,151)	(385,564)	(443,396)	(434,661)	(621,937)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Balance Sheet:								
Working capital	1,815,475	2,034,082	2,478,303	2,982,098	3,401,657	4,347,099	5,403,122	7,160,151
Total assets	13,942,330	14,943,059	15,340,805	15,535,415	15,956,698	16,451,844	17,375,571	17,470,818
Total long term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Results of Operations

As the Company is in the exploration stage of investigating and evaluating its unproven mineral interests, it has no revenue.

Three Months Ended February 29, 2016 Compared to the Three Months Ended November 30, 2015

During the three months ended February 29, 2016 ("Q2") the Company reported a net loss of $1,070,681 ($0.00 per share), compared to a net loss of $357,241 ($0.00 per share) for the three months ended November 30, 2015 ("Q1"), an increase in loss of $713,440. The increase was attributed primarily to the recognition of an impairment charge of $763,169 during Q2 relating to the Olserum Project.

Six Months Ended February 29, 2016 Compared to the Six Months Ended February 28, 2015

During the six months ended February 29, 2016 (the "2016 period"), the Company incurred a net loss of $1,427,922 ($0.01 per share) compared to a net loss of $827,511 ($0.01 per share) for the six months ended February 28, 2015 (the "2015 period"). The $600,411 increase in loss during the 2016 period was primarily due to the recognition of $808,698 in impairment charges relating to the Olserum and Chromite projects, partially offset by a general decrease in corporate expenses.

Total expenses decreased by $230,998, from $851,998 during the 2015 period to $621,010 during the 2016 period. Specific expenses of variance are noted below:

(i) a total of $54,020 (2015 - $65,862) was incurred for accounting and administrative services of which $26,525 (2015 - $32,200) was provided by Chase Management Ltd.("Chase"), a private corporation owned by a director of the Company and $27,495 (2015 - $33,662) provided by an external accounting service provider in Sweden. Accounting and administrative services provided by Chase were lower during the 2016 period compared to the 2015 period due to reduced corporate activities conducted;

(ii) general exploration activities were limited in the 2016 period and as a result $18,148 was incurred compared to $23,147 in the 2015 period;

(iii) professional fees of $109,775 (2015 - $226,429) were incurred of which $56,250 (2015 - $122,500) was charged by current and former directors and officers of the Company and $53,525 (2015 - $103,929) was charged by independent consultants for general corporate services. The decrease in professional fees of $116,654 was due to the resignation of Mr. Jim Powell in February 2015 as the Company's Vice-President of

Corporate Development and the decision to reduce corporate activities. See also "Transactions with Related Parties";

(iv) rent expense of $4,442 (2015 - $19,923) was incurred for office premises in Canada and Sweden. During the 2015 period, the Company relocated to a smaller office premise in Sweden;

(v) during the 2016 period the Company recorded $80,600 (2015 - $51,300) for share-based compensation for the immediate vesting of 620,000 (2015 - 135,000) share options granted.

(vi) $65,000 was paid for management fees charged by the Company's President, a decrease of $25,000 from $90,000 in the 2015 period. The decrease was due to a voluntary reduction in compensation agreed to by the Board members;

(vii) office expenses decreased by $20,407, from $41,092 in the 2015 period to $20,865 in the 2016 period reflecting the Company's reduced activities; and

(viii) travel expenses decreased by $34,564, from $58,053 in the 2015 period to $23,489 in the 2016 period due to reduced travel by management and consultants.

During the 2016 period the Company reviewed its exploration and evaluation assets portfolio and a decision was made to relinquish its interests in the Olserum and Chromite Projects and, accordingly, recorded impairment charges totalling $808,698.

Interest income generated during the 2016 period was $9,542, a decrease of $19,468 from $29,010 earned during the 2015 period. The decrease in interest income during the 2016 period was due to higher levels of cash held during the 2015 period.

Exploration and Evaluation Assets

During the 2016 period the Company incurred a total of $142,352 (2015 - $1,255,534) on the acquisition, exploration and evaluation of its unproven resources assets, of which $133,229 (2015 - $1,203,137) was incurred on the Norra Kärr property and $9,123 (2015 - $52,397) on other properties. The Company also recorded a total of $808,698 for impairment charges relating to the Olserum and Chromite Projects.

Details of the exploration activities conducted during the 2016 period are described in "Exploration Projects" in this MD&A.

The carrying costs of the Company's exploration and evaluation assets are as follows:

	As at February 29, 2016			As at August 31, 2015		
	Acquisition Costs $	Deferred Exploration Costs $	Total $	Acquisition Costs $	Deferred Exploration Costs $	Total $
Rare Earth Properties						
Norra Kärr	103,260	11,506,009	11,609,269	103,260	11,372,780	11,476,040
Olserum	-	-	763,169	182,058	581,111	763,169
Other Properties	127,287	73,116	200,403	168,281	68,528	236,809
	230,547	11,579,125	11,809,672	453,599	12,022,419	12,476,018

Exploration and evaluation activities incurred during fiscal 2015 and the six months ended February 29, 2016 are as follows:

	Rare Earth Element Properties		Other	
	Norra Kärr $	Olserum $	Properties $	Total $
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)

	Rare Earth Element Properties		Other	
	Norra Kärr	Olserum	Properties	Total
	$	$	$	$
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
	1,483,497	8,387	29,477	1,521,361
Acquisition costs				
Mining rights	10,463	29,267	9,899	49,629
Acquisition	-	-	45,529	45,529
	10,463	29,267	55,428	95,158
Impairment	-	(7,154)	-	(7,154)
Balance at August 31, 2015	11,476,040	763,169	236,809	12,476,018
Exploration costs				
Consulting	133,242	-	1,278	134,520
Exploration site	341	-	-	341
Geochemical	5,540	-	303	5,843
Geological	5,635	-	-	5,635
Recovery	(110,129)	-	-	(110,129)
Salaries	38,930	-	3,007	41,937
Surface rights	58,828	-	-	58,828
Travel	710	-	-	710
	133,229	-	4,588	137,817
Acquisition costs				
Mining rights	-	-	4,535	4,535
Impairment	-	(763,169)	(45,529)	(808,698)
Balance at February 29, 2016	11,609,269	-	200,403	11,809,672

Financial Condition / Capital Resources

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.

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

The Company advances funds to its subsidiary as required to satisfy ongoing levels of operations. There are no legal or economic restrictions on the ability of the Company's subsidiary to transfer funds to the Company in the form of cash dividends, loans or advances.

As at February 29, 2016 the Company had working capital of $1,815,475. Due to the global financial down-turn and deterioration in the capital markets for junior exploration financing, the Company has focused on reducing costs and expenditures where possible to preserve its working capital until the financial markets recover. Although the Company anticipates that it has sufficient financial resources to meet estimated corporate administration costs for the ensuing twelve months, it will need additional financing to conduct further exploration programs. The Company has relied solely on equity financing to raise the requisite financial resources. While it has been successful in the past, there can be no assurance that the Company will be successful in raising future financing.

Contractual Commitments

The Company has no contractual commitments.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company has not entered into any proposed transactions.

Critical Accounting Estimates

Critical Judgments and Sources of Estimation Uncertainty

The preparation of the 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 companies, 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.

(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.

(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 $808,698 was made during the 2016 period (2015 - $nil).

Changes in Accounting Policies

There are no changes in accounting policies.

Transactions with Related Parties

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 the six months ended February 29, 2016 and February 28, 2015 the following amounts were incurred with respect to the Company's executive officers, comprising the President and CEO (Mark Saxon), former Vice-President of Corporate Development (James Powell) and Chief Financial Officer (Nick DeMare):

	2016 $	2015 $
Management fees - Mr. Saxon	65,000	90,000
Professional fees - Mr. Powell*	-	41,500
Professional fees - Mr. DeMare	14,500	21,000
	79,500	152,500

*Mr. Powell resigned on February 13, 2015.

As at February 29, 2016, $nil (2015 - $60,000) of the above amounts remained unpaid.

The Company has a management agreement with Mr. Saxon, which provides that in the event his services as President are terminated without cause or upon a change of control of the Company, a termination payment of two years of compensation is payable. Effective December 1, 2015 Mr. Saxon agreed to a reduced compensation of $10,000 per month.

(b) *Transactions with Other Related Parties*

(i) During the six months ended February 29, 2016 and February 28, 2015 the following amounts were incurred with respect to the Company's non-management directors of the Company (David Henstridge, Robert G. Atkinson, Gil Leathley and Michael Hudson):

	2016 $	2015 $
Professional fees - Mr. Henstridge	10,250	15,000
Professional fees - Mr. Atkinson	7,250	9,000
Professional fees - Mr. Leathley	14,000	21,000
Professional fees - Mr. Hudson	10,250	15,000
	41,750	60,000

As at February 29, 2016, $500 (2015 - $22,500) of the above amounts remained unpaid.

(ii) During the six months ended February 29, 2016 the Company incurred a total of $26,525 (2015 - $32,200) to Chase for accounting and administration services provided by Chase personnel, excluding Mr. DeMare, and $2,010 (2015 - $2,010) for rent. As at February 29, 2015, $3,335 (2015 - $3,635) remained unpaid.

(c) During the six months ended February 29, 2016 the Company incurred $12,238 (2015 - $10,840) for shared administration costs with Mawson Resources Limited ("Mawson") a public company with common officers and directors. As at February 29, 2016, $2,175 (2015 - $2,538) of the amount remained unpaid.

Risks and Uncertainties

The Company competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral concessions, claims and other interests, as well as for the recruitment and retention of qualified employees.

The Company is in compliance in all material regulations applicable to its exploration activities. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

The Company's material mineral properties are located in Scandinavia and consequently the Company is subject to certain risks, including currency fluctuations which may result in the impairment or loss of mining title or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by governmental regulations relating to the mining industry.

For additional risks and uncertainties relating to the Company and its business, readers are encouraged to read Tasman's Annual Report on Form 20-F for the fiscal year ended August 31, 2015 available at www.sedar.com, or the Company's website at www.tasmanmetals.com.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares without par value. As at April 21, 2016, there were 66,141,922 outstanding common shares, 4,935,435 warrants outstanding with an exercise price of $1.50 per common share, 295,907 compensation options outstanding with an exercise price of $1.10 per unit and 1,040,000 share options outstanding with exercise prices ranging from $0.24 to $1.47 per common share.