

TANZANIA MINERALS CORP.
(formerly Hill Top Resources Corp.)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited)

FOR THE NINE MONTH PERIOD ENDED NOVEMBER 30, 2011

TANZANIA MINERALS CORP.
(formerly Hill Top Resources Corp.)
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited)
AS AT

	November 30, 2011	February 28, 2011	March 1, 2010
ASSETS			
Current			
Cash and equivalents	\$ 6,037,469	\$ 8,816,844	\$ 829,748
Receivables	38,843	57,621	5,764
Prepaid expenses	<u>16,472</u>	<u>6,700</u>	<u>4,394</u>
	6,092,784	8,881,165	839,906
Equipment (Note 6)	104,453	31,050	42,676
Exploration and evaluation assets (Note7)	<u>2,708,050</u>	<u>1,075,494</u>	<u>868,094</u>
	<u>\$ 8,905,287</u>	<u>\$ 9,987,709</u>	<u>\$ 1,750,676</u>

LIABILITIES

Current

Accounts payable and accrued liabilities	<u>\$ 6,612</u>	<u>\$ 133,581</u>	<u>\$ 27,432</u>
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SHAREHOLDERS' EQUITY

Share capital (Note 8)	13,660,966	13,660,966	4,222,386
Subscriptions receivable	(15,000)	(15,000)	-
Reserves (Note 8)	2,321,312	716,818	30,956
Deficit	(7,150,241)	(4,530,218)	(2,585,784)
Accumulated other comprehensive income (loss)	<u>81,638</u>	<u>21,562</u>	<u>55,686</u>
	<u>8,898,675</u>	<u>9,854,128</u>	<u>1,723,244</u>
	<u>\$ 8,905,287</u>	<u>\$ 9,987,709</u>	<u>\$ 1,750,676</u>

Nature and continuance of operations (Note 1)

Going concern (Note 2)

Subsequent event (Note 15)

Approved on behalf of the Board on January 27, 2011:

Kal Matharu

Director

Rob Dzisiak

Director

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

TANZANIA MINERALS CORP.

(formerly Hill Top Resources Corp.)

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT
(Unaudited)

	Three Months Ended November 30, 2011	Three Months Ended November 30, 2010	Nine Months Ended November 30, 2011	Nine Months Ended November 30, 2010
EXPENSES				
Consulting fees	\$ 138,254	\$ 217,887	\$ 296,254	\$ 585,407
Depreciation	7,686	3,707	14,463	8,874
Foreign exchange	-	-	34,410	-
General and administrative	104,981	51,364	276,140	115,839
Professional fees	68,546	71,264	235,129	265,306
Property examination	34,109	9,049	106,066	62,960
Share-based compensation (Note 8)	-	166,620	1,604,494	166,620
Travel and promotion	51,088	43,086	125,274	153,497
Loss before other item	(404,664)	(562,977)	(2,692,230)	(1,358,503)
OTHER ITEM				
Interest income	39,847	1	72,207	11
Net loss for the period	(364,817)	(562,976)	(2,620,023)	(1,358,492)
Cumulative translation adjustment	61,218	(24,217)	60,076	(27,193)
Comprehensive loss for the period	\$ (303,599)	\$ (587,193)	\$ (2,559,947)	\$ (1,385,685)
Basic and diluted loss per common share	\$ (0.005)	\$ (0.010)	\$ (0.036)	\$ (0.027)
Weighted average number of common shares outstanding – basic and diluted	72,153,197	53,930,939	72,153,197	50,544,249

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

TANZANIA MINERALS CORP.
(formerly Hill Top Resources Corp.)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended November 30, 2011	Nine Months Ended November 30, 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (2,620,093)	\$ (1,358,492)
Item not involving cash:		
Depreciation	14,463	8,874
Share-based compensation	1,604,494	166,620
Shares issued for consulting fees	-	165,000
Changes in non-cash working capital items:		
(Increase) decrease in receivables	19,806	(28,123)
(Increase) decrease in prepaid expenses	(9,312)	3,613
(Increase) decrease in accounts payable and accrued liabilities	(50,149)	31,573
Net cash used in operating activities	<u>(1,041,391)</u>	<u>(1,010,935)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash acquired from acquisition (Note 5)	-	136,105
Acquisition of equipment	(83,259)	(2,463)
Acquisition of exploration and evaluation assets	(1,703,204)	(66,442)
Net cash (used in)/ provided by investing activities	<u>(1,786,463)</u>	<u>67,200</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital, net of share issuance costs	-	1,163,765
Net cash provided by financing activities	<u>-</u>	<u>1,163,765</u>
Increase (Decrease) in cash	(2,827,854)	220,030
Cash, beginning of period	8,816,844	829,748
Effect of exchange rate on cash	48,479	(23,990)
Cash, end of period	\$ 6,037,469	\$ 1,025,788
Cash paid during the period for:		
interest	\$ -	\$ -
income taxes	\$ -	\$ -

Supplemental disclosures with respect to cash flows (Note 10)

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

TANZANIA MINERALS CORP.
(formerly Hill Top Resources Corp.)
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited)

	Share Capital		Subscriptions Receivable	Reserves	Deficit	Accumulated Other Comprehensive Income (loss)	Total
	Number	Amount					
Balance, February 28, 2010 and March 1, 2010	40,938,694	4,222,386	-	30,956	(2,585,784)	55,686	1,723,244
Private placement	2,403,333	144,200	-	-	-	-	144,200
Shares issued for bonus consulting fees	3,000,000	180,000	(15,000)	-	-	-	165,000
Exercise of stock options	1,990,000	128,975	-	(29,475)	-	-	99,500
Share issuance costs - cash	-	(125)	-	-	-	-	(125)
Share capital of the Company	4,500,000	-	-	-	-	-	-
Share capital of Privco	(48,332,027)	-	-	-	-	-	-
Acquisition of Privco	48,332,027	122,290	-	-	-	-	122,290
Private placement	2,857,170	1,000,010	-	-	-	-	1,000,010
Share-based compensation	-	-	-	166,620	-	-	166,620
Share issuance costs	-	(79,820)	-	-	-	-	(79,820)
Net loss for the period	-	-	-	-	(1,358,492)	-	(1,358,492)
Other comprehensive loss	-	-	-	-	-	(27,193)	(27,193)
Balance, November 30, 2010	55,689,197	5,717,916	(15,000)	168,101	(3,944,276)	28,493	1,955,234
Private placement	16,364,000	9,000,200	-	-	-	-	9,000,200
Exercise of stock options	100,000	51,901	-	(11,901)	-	-	40,000
Share issuance costs	-	(1,109,051)	-	384,025	-	-	(725,026)
Share-based compensation	-	-	-	176,593	-	-	176,593
Net loss for the period	-	-	-	-	(585,942)	-	(585,942)
Other comprehensive loss	-	-	-	-	-	(6,931)	(6,931)
Balance, February 28, 2011	72,153,197	13,660,966	(15,000)	716,818	(4,530,218)	21,562	9,854,128
Share-based compensation	-	-	-	1,604,494	-	-	1,604,494
Net loss for the period	-	-	-	-	(2,620,023)	-	(2,620,023)
Other comprehensive income	-	-	-	-	-	60,076	60,076
Balance, November 30, 2011	72,153,197	13,660,966	(15,000)	2,321,312	(7,150,241)	81,638	8,898,675

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Tanzania Minerals Corp. (formerly Hill Top Resources Corp.) (the “Company”) is an exploration stage company, and is in the business of exploration and evaluation of mineral properties in Tanzania, Africa through its wholly owned subsidiary, Tansmin Resources (Tanzania) Limited (“Tansmin”). The Company was incorporated under the laws of the British Columbia on June 29, 2007. The Company has its head office at #380-580 Hornby Street, Vancouver, BC V6C 3B6. The Company is in the process of exploring and evaluating its mineral properties and has not yet determined whether these properties contain ore reserves which are economically recoverable.

On July 22, 2010, the Company closed a transaction with a private company, 0886490 B.C. Ltd. (previously named Tanzania Minerals Corp) (“Privco”), whereby the Company acquired 100% of the issued and outstanding shares of Privco by issuing 48,332,027 common shares of the Company (Note 5). The Company subsequently changed its name from Hill Top Resources Corp. to Tanzania Minerals Corp. The Company is listed on the TSX-V under the symbol “TZM.”

2. GOING CONCERN

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 for the foreseeable future. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in the consolidated financial statements. The ability of the Company to continue as a going concern is dependent on its ability to obtain additional equity financing and achieve future profitable operations.

3. BASIS OF PRESENTATION

Statement of compliance

The financial statements of the Company for the year ending February 28, 2012 will be prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), having previously prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles (“pre-changeover Canadian GAAP”). These condensed interim financial statements for the nine month period ended November 30, 2011 have been prepared in accordance with IAS 34 Interim Financial Reporting, and as they are part of the Company’s first IFRS annual reporting period, IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied.

As these condensed consolidated interim financial statements are part of the Company’s first financial statements prepared using IFRS, certain disclosures that are required to be included in annual financial statements prepared in accordance with IFRS, that were not included in the Company’s most recent annual financial statements prepared in accordance with pre-changeover Canadian GAAP have been included in these consolidated financial statements for the comparative annual period. However, these condensed interim financial statements do not include all of the information required for full annual consolidated financial statements.

These condensed consolidated interim financial statements should be read in conjunction with the Company’s 2011 annual consolidated financial statements and the explanation of the transition to IFRS has affected the reporting financial position, financial performance and cash flows of the Company is provided in Note 14.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on January 27, 2012.

3. BASIS OF PRESENTATION (cont'd...)

Basis of measurement

The condensed consolidated interim financial statements are presented in Canadian dollars, which is also the Company's functional currency.

The preparation of condensed consolidated interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In previous annual periods, the Company prepared its consolidated financial statements in accordance with Canadian GAAP. The disclosures concerning the transition from Canadian GAAP to IFRS are presented in Note 4.

Going concern of operations

The Company's consolidated financial statements are prepared using International Financial Reporting Standards applicable to a going concern, which contemplates the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company will require additional financing or outside participation to undertake further exploration and subsequent development of its mineral property interests. Future operations of the Company are dependent on its ability to raise additional equity financing and the attainment of profitable operations.

As at November 30, 2011, the Company had a working capital surplus (excess of current assets over current liabilities) of \$6,086,172 (February 28, 2011 - \$8,747,584; March 1, 2010 - \$812,474) which is sufficient to carry out committed exploration activities and corporate and administrative costs beyond the end of the year.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

The Company is in the process of exploring and developing its exploration and evaluation assets and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to complete the development of those mineral reserves and upon future production or proceeds from the disposition thereof.

Assumptions

The preparation of these 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 financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

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3. BASIS OF PRESENTATION (cont'd...)

Assumptions (cont'd...)

- i) The recoverability of receivables and prepayments that are included in the interim condensed consolidated statement of financial position.
- ii) The carrying value and the recoverability of exploration and evaluation assets, which are included in the interim condensed consolidated statement of financial position.
- iii) The valuation allowance applied to deferred tax assets.
- iv) Estimates used in the calculation of share-based payments.
- v) The estimated useful lives of equipment which are included in the consolidated statement of financial position and the related amortization included in the consolidated statement of comprehensive loss.

4. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements of the Company have been prepared in accordance with IFRS and reflect the following significant accounting policies:

Basis of consolidation

These consolidated financial statements include the financial statements of the Company's wholly owned subsidiaries Privco and Tansmin. All intercompany transactions and balances have been eliminated.

Foreign currency translation

The functional currency is the currency of the primary economic environment in which the entity operations and as been determined for each entity within the Company. The functional currency of the Company, and 0886490 B.C. Ltd. (formerly Tanzania Minerals Corp.) is the Canadian dollar, and the functional currency of Tansmin is the United States dollar. Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting periods, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in accumulated and other comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. At November 30, 2011, the Company had cash and cash equivalents of \$6,037,469 (February 28, 2011 - \$8,816,844, March 1, 2010 - \$829,748).

Property, plant and equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of 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. Depreciation is provided at rates calculated to write off the cost of property, plant and equipment, less their estimated residual value, using the declining balance method at various rates ranging from 20% - 30% per annum.

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

Long-lived assets impairment

At each financial position reporting date the carrying amounts of the Company's long-lived 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. The recoverable amount is the higher of fair value less costs to sell and value in use, which is the present value of future cash flows expected to be derived from the asset. If the recoverable amount of an asset 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. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. 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 so 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Exploration and evaluation assets

Mineral exploration and development costs are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. Costs for a producing prospect are amortized on a unit-of-production method based on the estimated life of the ore reserves, while those costs for the prospects abandoned are written off.

The recoverability of the amounts capitalized for the undeveloped exploration and evaluation assets is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from the disposition thereof.

Management reviews the carrying value of exploration and evaluation assets whenever events or circumstances indicate they may be impaired by comparing the carrying value to the estimated undiscounted future cash flows resulting from the use of the mineral properties and their eventual disposition. If impairment is indicated an impairment loss is recorded, calculated as the amount by which the carrying amount of the exploration and evaluation asset exceeds the estimated discounted future cash flows from the asset.

Provision for environmental rehabilitations

The fair value of obligations associated with the retirement of tangible long-lived assets is recorded in the period it is incurred with a corresponding increase to the carrying amount of the related asset. The obligations recognized are statutory, contractual or legal obligations. The liability is accreted over time for changes in the fair value of the liability through charges to accretion, which is included in depletion, amortization and accretion expense. The costs capitalized to the related assets are amortized in a manner consistent with the depletion and amortization of the related asset. The Company does not have any significant rehabilitation obligations.

As at November 30, 2011, February 28, 2011 and March 1, 2010, there are no significant rehabilitation obligations.

Basic and diluted loss per share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury stock method. Potential issuable common shares were not included in the calculation as their inclusion would be anti-dilutive. The treasury stock method assumes that proceeds received from the exercise of stock options and warrants are used to repurchase common shares at the prevailing market rate.

Income taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Income taxes (cont'd...)

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probably that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probably that future taxable profit will allow the deferred tax asset to be recovered.

Share based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and service providers. The Company recognizes share-based compensation expense based on the estimated fair value of the options. A fair value measurement is made for each vesting installment within each option grant and is determined using the Black-Scholes option-pricing model. The fair value of the options is recognized over the vesting period of the options granted as both share-based compensation expense and reserves. This includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods. The reserves account is subsequently reduced if the options are exercised and the amount initially recorded is then credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments (cont'd...)

Financial assets (cont'd...)

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of comprehensive loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of comprehensive loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss.

Other financial liabilities: This category includes promissory notes, amounts due to related parties and accounts payable and accrued liabilities, all of which are recognized at amortized cost.

The Company has classified its cash and equivalents as fair value through profit and loss. The Company's receivables and subscriptions receivable are classified as loans and receivables. The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

Financial instruments measured at fair value are classified into one of three levels in a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments (cont'd...)

See Note 12 for relevant disclosures.

Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's shareholders' equity that results from transactions and other events from other than the Company's shareholders and includes items that would not normally be included in net earnings, such as unrealized gains and losses on available-for-sale investments. Gains and losses that would otherwise be recorded as part of net earnings are presented in other "comprehensive income" until it is considered appropriate to recognize into net earnings.

The presentation of comprehensive income (loss) and its components in a separate financial statement is displayed with the same prominence as the other financial statements. Accumulated other comprehensive income is presented as a new category in shareholders' equity.

Measurement uncertainty

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, shareholders' equity (deficiency), and the disclosure of contingent assets and liabilities, as at the date of the financial statements, and expenses for the years reported. In particular, the Black-Scholes stock price valuation model used to value warrants and stock options require the input of highly subjective assumptions regarding stock price volatility. Changes in these assumptions can materially affect the fair value estimate, and therefore, the Black-Scholes model does not necessarily provide a reliable measure of fair value. Other significant estimates used relate to the impairment of exploration and evaluation assets and the valuation allowance for future income tax assets. Actual results may differ significantly from estimates and assumptions.

New accounting pronouncements

A number of new standards, amendments to standards and interpretations are not yet effective as of November 30, 2011 and have not been applied in preparing these consolidated financial statements. None of these are expected to have a material effect on the consolidated financial statements of the Company.

5. ACQUISITION

Effective July 22, 2010, the Company acquired all of the issued and outstanding share capital of Privco (Note 1). As consideration, the Company issued 48,332,027 common shares.

Legally, the Company is the parent of Privco. However, as a result of the share exchange described above, control of the combined companies passed to the former shareholders of Privco. This type of share exchange, referred to as a "reverse takeover", deems Privco to be the acquiror for accounting purposes. Accordingly, the net assets of Privco are included in the balance sheet at book values and the deemed acquisition of the Company is accounted for by the purchase method with the net assets of the Company recorded at fair market value at the date of acquisition. The expenses and assets and liabilities subsequent to the date of acquisition include accounts of the Company. The

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5. ACQUISITION (cont'd...)

expenses and assets and liabilities for the year ended February 28, 2010 and from March 1, 2010 to the date of the acquisition are those of Privco.

The cost of such an acquisition is based on the fair value of the consideration given, except where the fair value of the consideration given is not clearly evident. In such a case, the fair value of the net assets acquired is used.

The total purchase price of \$122,290 has been allocated as follows:

Cash	\$ 136,105
Prepaid expenses	16,250
Receivables	2,400
Accounts payable and accrued liabilities	<u>(32,465)</u>
	<u>\$ 122,290</u>

These consolidated financial statements include the results of operations of the Company from July 22, 2010, the date of Acquisition. The operating costs of the Company from June 1, 2010 to July 22, 2010 totaled \$19,541.

6. EQUIPMENT

Equipment consists of the following:

	Mining Tools	Automotive	Furniture and Fixtures	Office Equipment	Computer Equipment	Total
<u>Cost</u>						
Balance at February 28, 2010 and March 1, 2010	\$ -	\$ 56,824	\$ 12,854	\$ 13,688	\$ 8,494	\$ 91,860
Additions	-	-	-	-	2,401	2,401
Balance at February 28, 2011	-	56,824	12,854	13,688	10,895	94,261
Additions	81,789	-	359	1,347	-	83,495
Balance at November 30, 2011	81,789	56,824	13,213	15,035	10,895	177,756
<u>Depreciation</u>						
Balance at February 28, 2010 and March 1, 2010	-	33,892	5,271	7,584	3,931	50,678
Depreciation for the year	-	6,992	1,515	1,848	1,489	11,844
Balance at February 28, 2011	-	40,884	6,786	9,432	5,420	62,522
Depreciation for the period	8,168	3,285	863	972	1,175	14,463
Balance at November 30, 2011	8,168	44,169	7,649	10,404	6,595	76,985
<u>Translation adjustment</u>						
At February 28, 2010 and March 1, 2010	-	721	168	605	-	1,494
At February 28, 2011	-	(249)	(313)	(127)	-	(689)
At November 30, 2011	3,148	393	(17)	158	-	3,682
<u>Carrying amounts</u>						
At February 28, 2010 and March 1, 2010	-	23,653	7,751	6,709	4,563	42,676
At February 28, 2011	-	15,691	5,755	4,129	5,475	31,050
At November 30, 2011	\$ 76,769	\$ 13,048	\$ 5,547	\$ 4,789	\$ 4,300	\$ 104,453

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7. EXPLORATION AND EVALUATION ASSETS

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 necessary financing to complete the development, and future profitable production from the properties or proceeds from disposition.

Ownership in mineral interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral interests. The Company has investigated ownership of its mineral interests and, to the best of its knowledge, such ownership interests are in good standing.

The Company has acquired 100% of certain exploration and evaluation assets and rights in Tanzania. Other than keeping the claims in good standing, the Company does not have any significant expenditure commitments on these properties. Details of the costs incurred to date are as follows:

Balance, February 28, 2010 and March 1, 2010	\$ 868,094
Acquisition costs	579
Administration fees	7,768
Consulting	100,866
Leases	4,608
Survey	101,118
Translation adjustment	<u>(7,539)</u>
Total for year	<u>207,400</u>
Balance, February 28, 2011	1,075,494
Consulting	69,697
Data	141,123
Drilling	1,277,737
Equipment	47,563
Travel	9,222
Survey	81,404
Translation adjustment	<u>5,810</u>
Total for the period	<u>1,632,556</u>
Balance, November 30, 2011	2,708,050
Cumulative Totals	
Acquisition costs	75,017
Administration fees	183,737
Consulting	576,335
Data	141,123
Drilling	1,277,737
Equipment	47,563
Leases	33,802
Travel	189,194
Survey	182,521
Translation adjustment	<u>1,021</u>
Balance, November 30, 2011	\$ 2,708,050

8. SHARE CAPITAL AND RESERVES

The authorized share capital of the Company is unlimited common shares without par value.

There was no share capital transactions during the nine months ended November 30, 2011.

During the year ended February 28, 2011:

- a) Privco issued 3,000,000 common shares at a price of \$0.06 per share for a total value of \$180,000. The shares were issued to a director of the Company for \$0.005 per share, for total proceeds of \$15,000 which remain receivable as at February 28, 2011. A \$0.055 expense per common share was recorded as consulting fees representing the difference between the fair value of the shares and the price paid.
- b) Privco issued 2,403,333 common shares at a price of \$0.06 per share for gross proceeds of \$144,200.
- c) Privco issued 1,990,000 common shares for the exercise of stock options at \$0.05 per share for gross proceeds of \$99,500. The fair value of the options was \$29,475.
- d) the Company issued 2,857,170 units at a price of \$0.35 per unit for gross proceeds of \$1,000,010. Each unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at a price of \$0.65 until April 26, 2012. In connection with this financing, the Company issued 164,288 agents warrants with a fair value of \$88,871, exercisable at a price of \$0.65 until April 26, 2012.
- e) the Company issued 16,364,000 units at a price of \$0.55 per unit for gross proceeds of \$9,000,200. Each unit consisted of one common share and one half of one share purchase warrant. Each whole warrant is exercisable into one common share of the Company at a price of \$0.75 until December 7, 2012. In connection with this financing, the Company issued 1,145,480 agent warrants with a fair value of \$295,154, exercisable at a price of \$0.75 until December 7, 2012.
- f) the Company issued 100,000 common shares for the exercise of stock options at \$0.40 per share for gross proceeds of \$40,000. The fair value of the options was \$11,901.
- g) On July 22, 2010 the Company issued 48,332,027 common shares valued at \$122,290 pursuant to the acquisition of Privco (Note 5).
As at February 28, 2011 5,898,193 (2010-Nil) common shares are held in escrow.

During the year ended February 28, 2010:

- a) Privco issued 7,100,000 common shares at a price of \$0.05 per share, and 15,930,000 common shares at \$0.06 per share for gross proceeds of \$1,310,800.
- b) Privco consolidated 30,000,000 seed shares to 5,500,000 seed shares in order to comply with regulatory requirements.

Warrants

The following is a summary of warrants outstanding as at November 30, 2011, February 28, 2011 and 2010 and March 1, 2010, and changes during the periods then ended.

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8. SHARE CAPITAL AND RESERVES (cont'd...)

Warrants (cont'd...)

	Number of Warrants	Weighted Average Exercise Price	Remaining Contractual Life (years)
Outstanding at February 28, 2010 and March 1, 2010	-	\$ -	-
Issued	12,348,938	0.73	0.87
Outstanding at February 28, 2011 and November 30, 2011	12,348,938	\$ 0.73	0.87

As at November 30, 2011, the Company had the following warrants outstanding:

Outstanding	Exercise Price	Remaining Contractual Life (years)	Expiry Date
2,857,170	\$ 0.65	0.41	Apr.26, 2012
164,288 ¹	0.65	0.41	Apr.26, 2012
8,182,000	0.75	1.02	Dec.7, 2012
1,145,480 ¹	0.75	1.02	Dec. 7, 2012
12,348,938			

¹ Agent warrants

The following weighted average assumptions were used for the Black-Scholes valuation of the compensation warrants granted during the periods then ended:

	November 30, 2011	February 28, 2011
Risk-free interest rate	n/a	1.65%
Expected life of warrants	n/a	2 years
Annualized volatility	n/a	75%
Dividend rate	n/a	0%

Stock options

The Company has established a stock option plan pursuant to which options to purchase common shares may be granted to certain officers, directors, and employees of the Company as well as persons providing ongoing services to the Company. Exercise price of options are to equal at least the market price of the Company's stock on the date of grant. Stock options are exercisable on the day of grant and are for a five-year term in accordance with TSX Venture Exchange policy. The options vest at the discretion of the board of directors. The number of common shares reserved for issuance may not exceed 10% of the issued and outstanding common shares of the Company.

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8. SHARE CAPITAL AND RESERVES (cont'd...)

Stock options (cont'd...)

	Number of Stock Options	Weighted Average Exercise Price	Expiry Date
Outstanding and exercisable at February 28, 2010 and March 1, 2010	2,090,000	0.05	May 14, 2014
Exercised	(2,090,000)	0.07	-
Granted	1,400,000	0.40	Sept. 24, 2015
Outstanding and exercisable at February 28, 2011	1,400,000	\$ 0.38	
Granted	2,900,000	0.90	March 3, 2016
Cancelled	(400,000)	0.71	-
Outstanding and exercisable at November 30, 2011	3,900,000	\$ 0.73	

At November 30, 2011 the following stock options were outstanding and exercisable:

Outstanding and Exercisable	Exercise Price	Remaining Contractual Life (years)	Expiry Date
100,000	\$ 0.05	2.45	May 14, 2014
1,150,000	0.40	3.82	Sept. 24, 2015
2,650,000	0.90	4.26	March 3, 2016
3,900,000			

Share-based compensation

The Company recognizes compensation expense for all stock options granted using the fair value based method of accounting. The fair value of the options granted during the nine month period ended November 30, 2011 totaled \$1,604,494 (2010-\$166,620). The weighted average fair value of options granted during the period ended November 30, 2011 is \$0.55 (2010-\$ 0.12).

The following weighted average assumptions were used for the Black-Scholes valuation of the stock options granted during the year:

	November 30, 2011	November 30, 2010
Risk-free interest rate	1.66%	1.47%
Expected life of options	5 years	1 year
Annualized volatility	75%	75%
Dividend rate	0%	0%
Forfeiture rate	0%	0%

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9. RELATED PARTY TRANSACTIONS

During the nine month period ended November 30, 2011, the Company incurred charges from related parties as follows:

- a) Paid or accrued consulting fees of \$201,600 (November 30, 2010- \$158,200) to directors and companies controlled by common directors. As of November 30, 2011, \$Nil (February 28, 2011, \$7,934; March 1, 2010 - \$86) was included in accounts payable and accrued liabilities.
- b) Paid or accrued professional fees of \$25,200 (November 30, 2010 - \$18,700) to a company controlled by an officer of the Company. As of November 30, 2011 \$Nil (February 28, 2011 - \$5,541; March 1, 2010 - \$1,575) was included in accounts payable and accrued liabilities.
- c) Paid or accrued directors fees of \$7,410 (November 30, 2010 - \$Nil) to the directors of the Company, which are included in professional fees.
- d) Included in exploration and evaluation assets is \$Nil (February 28, 2011 - \$Nil; March 1, 2010 - \$22,500) in acquisition cost payments paid to a company with a common director.
- e) The Company issued 3,000,000 common shares to a director with a value at \$180,000. (Note 8). \$15,000 remains receivable with respect to the shares issued and is recorded as subscriptions receivable.

The amounts due to and from related parties are non-interest bearing with no fixed terms of repayment.

10. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

The following were significant non-cash transactions during the nine month period ended November 30, 2011:

- a) Included in accounts payable is \$1,600 (February 28, 2011-\$78,058, November 30, 2010-\$Nil, February 28, 2010-\$Nil) of exploration and evaluation assets expenditures.

The following were significant non-cash transactions during the nine month period ended November 30, 2010:

- a) In connection with the Acquisition, as described in Note 5, the Company issued 45,332,027 common shares valued at \$122,290.
- b) The Company issued 3,000,000 common shares with a value of \$180,000 to a director for bonus consulting fees (Note 9).
- c) 2,090,000 (2010-Nil) stock options were exercised with a fair value of \$41,376 (2010-\$Nil).

11. 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, exploration and development of exploration and evaluation assets. 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.

In the management of capital the Company considers cash balances and components of shareholders' equity.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. 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 on-going basis and believes that this approach, given the relative size of the Company, is reasonable.

12. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and equivalents, receivables, subscriptions receivable, and accounts payable and accrued liabilities. The fair value of the Company's receivables, subscriptions receivable, and accounts payable and accrued liabilities approximate the carrying value, which is the amount on the consolidated balance sheet dates due to their short-term maturities or ability of prompt liquidation. The Company's other financial instrument, cash and equivalents, under the fair value hierarchy is based on level one quoted prices in active markets for identical assets or liabilities.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk as the majority of its cash is held at a large Canadian bank.

The Company's receivables consist mainly of input tax credits receivable from the Government of Canada, and as a result the Company does not believe it is subject to significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at November 30, 2011, the Company had a cash and equivalents balance of \$6,037,469 to settle current liabilities of \$6,612. Management believes the Company has sufficient funds to meet its obligations as they become due.

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.

a) Interest rate risk

The Company has cash and equivalents balances and no interest bearing debt. The interest earned on cash and equivalents approximates fair value rates and therefore the Company is not at a significant risk to fluctuating interest rates.

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12. FINANCIAL INSTRUMENTS (cont'd...)

Market risk (cont'd...)

b) Currency risk

The Company's operations are in Canada and Tanzania. The international nature of the Company's operations results in foreign exchange risk as transactions are denominated in foreign currency.

The operating results and the financial position of the Company are reported in Canadian dollars. The fluctuations of the operating currencies in relation to the Canadian dollar will, consequently, have an impact upon the reported results of the Company and may also affect the value of the Company's assets and liabilities.

Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible".

As at November 30, 2011, the Company's net US dollar financial assets were US\$77,216. Thus a 10% change in the Canadian dollar versus the US dollar exchange rate would give rise to a \$7,970 change in other comprehensive income.

The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and copper, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

13. SEGMENTED INFORMATION

The Company primarily operates in one reportable operating segment, being the acquisition, exploration, development and exploitation of resource properties located in Africa. Geographic information is as follows:

	Total Assets	Equipment	Exploration and evaluation assets	Other Assets
November 30, 2011				
Canada	\$ 6,007,730	\$ 4,300	\$ -	\$ 6,003,430
Tanzania	<u>2,897,557</u>	<u>100,153</u>	<u>2,708,050</u>	<u>89,354</u>
	\$ 8,905,287	\$ 104,453	\$ 2,708,050	\$ 6,092,784

-Continued-

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13. SEGMENTED INFORMATION (cont'd...)

	Total Assets	Equipment	Exploration and evaluation assets	Other Assets
<i>Continued...</i>				
February 28, 2011				
Canada	\$ 8,807,626	\$ 5,475	\$ -	\$ 8,802,151
Tanzania	<u>1,180,083</u>	<u>25,575</u>	<u>1,075,494</u>	<u>79,014</u>
	\$ 9,987,709	\$ 31,050	\$ 1,075,494	\$ 8,881,165
February 28, 2010 and March 1, 2010				
Canada	\$ 708,949	\$ 4,564	\$ -	\$ 704,385
Tanzania	<u>1,041,727</u>	<u>38,112</u>	<u>868,094</u>	<u>135,521</u>
	\$ 1,750,676	\$ 42,676	\$ 868,094	\$ 839,906

14. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

The Company adopted IFRS on March 1, 2011 with a transition date of March 1, 2010. Under IFRS 1 First-time Adoption of International Financial Reporting Standards, the IFRS are applied retrospectively at the transition date with all adjustments to assets and liabilities as stated under GAAP taken to retained earnings unless certain exemptions are applied. IFRS provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adopters. However, the exemptions did not apply to the Company’s operations, therefore, no elections were taken upon transition.

Reconciliations

The adoption of IFRS has resulted in changes to the Company’s reported financial position and results of operations. The Company’s adoption of IFRS did not have an impact on the total operating, investing or financing cash flows. In order to allow the users of the financial statements to better understand these changes, the financial statements previously presented under Canadian GAAP have been reconciled to IFRS. For a description of the changes, see the discussion in Notes to the IFRS Reconciliations below.

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14. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)
(cont’d...)

Reconciliations (cont’d...)

The March 1, 2010 Canadian GAAP Consolidated Balance Sheets have been reconciled to IFRS as follows:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 1, 2010				
	Notes	March 1, 2010		
		Canadian GAAP	Effect of transition to IFRS	IFRS
ASSETS				
Current assets				
Cash and equivalents		\$ 829,748	\$ -	\$ 829,748
Receivables		5,764	-	5,764
Prepaid expenses		4,394	-	4,394
		839,906	-	839,906
Non-current assets				
Equipment	a	36,684	5,992	42,676
Exploration and evaluation assets	a	859,170	8,924	868,094
		1,735,760	14,916	1,750,676
LIABILITIES				
Current liabilities				
Accounts payable & accrued liabilities		27,432	-	27,432
		27,432	-	27,432
SHAREHOLDERS' EQUITY				
Share capital		4,222,386	-	4,222,386
Other equity reserve	a	30,956	-	30,956
Deficit		(2,545,014)	(40,770)	(2,585,784)
Accumulated other comprehensive income	a	-	55,686	55,686
		1,708,328	14,916	1,723,244
		\$ 1,735,760	\$ 14,916	\$ 1,750,676

a. Under IFRS, the functional currency of the Company’s subsidiary is the USD. This results in a difference in translation of the Company’s equipment and exploration and evaluation assets.

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14. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)
(cont’d...)

Reconciliations (cont’d...)

The November 30, 2010 Canadian GAAP Consolidated Balance Sheets have been reconciled to IFRS as follows:

	Notes	November 30, 2010		
		Canadian GAAP	Effect of transition to IFRS	IFRS
ASSETS				
Current assets				
Cash and equivalents		\$ 1,025,788	\$ -	\$ 1,025,788
Receivables		36,287	-	36,287
Prepaid expenses		16,986	-	16,986
		1,079,061	-	1,079,061
Non-current assets				
Equipment	a	31,398	3,790	35,188
Exploration and evaluation assets	a	925,590	5,947	931,537
		2,036,049	9,737	2,045,786
LIABILITIES				
Current liabilities				
Accounts payable & accrued liabilities		90,552	-	90,552
		90,552	-	90,552
SHAREHOLDERS' EQUITY				
Share capital		5,717,916	-	5,717,916
Subscriptions receivable		(15,000)	-	(15,000)
Reserves		168,101	-	168,101
Deficit	a	(3,925,520)	(18,756)	(3,944,276)
Accumulated other comprehensive income	a	-	28,493	28,493
		1,945,497	9,737	1,955,234
		\$ 2,036,049	\$ 9,737	\$ 2,045,786

a. Under IFRS, the functional currency of the Company’s subsidiary is the USD. This results in a difference in translation of the Company’s equipment and exploration and evaluation assets.

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14. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)
(cont’d...)

Reconciliations (cont’d...)

The February 28, 2011 Canadian GAAP Consolidated Balance Sheets have been reconciled to IFRS as follows:

	Notes	February 28, 2011		
		Canadian GAAP	Effect of transition to IFRS	IFRS
ASSETS				
Current assets				
Cash and equivalents		\$ 8,816,844	\$ -	\$ 8,816,844
Receivables and deposits		57,621	-	57,621
Prepays		6,700	-	6,700
		8,881,165	-	8,881,165
Non-current assets				
Equipment	a	27,650	3,400	31,050
Exploration and evaluation assets	a	1,080,285	(4,791)	1,075,494
		9,989,100	(1,391)	9,987,709
LIABILITIES				
Current liabilities				
Accounts payable & accrued liabilities		133,581	-	133,581
		133,581	-	133,581
SHAREHOLDERS' EQUITY				
Share capital		13,660,966	-	13,660,966
Subscriptions receivable		(15,000)	-	(15,000)
Reserves		716,818	-	716,818
Deficit	a	(4,507,265)	(22,953)	(4,530,218)
Accumulated other comprehensive income	a	-	21,562	21,562
		9,855,519	(1,391)	9,854,128
		\$ 9,989,100	\$ (1,391)	\$ 9,987,709

a. Under IFRS, the functional currency of the Company’s foreign subsidiary is the USD. This results in a difference in translation of the Company’s equipment and exploration and evaluation assets.

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14. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)
(cont’d...)

Reconciliations (cont’d...)

The Canadian GAAP consolidated statement of operations and comprehensive (loss) income for the nine-month period ended November 30, 2010 has been reconciled to IFRS as follows:

EXPENSES				
Consulting fees		\$ 585,407	\$ -	\$ 585,407
Depreciation	a	7,886	988	8,874
Foreign exchange	a	23,002	(23,002)	-
General and administrative		115,839	-	115,839
Professional fees		265,306	-	265,306
Property examination		62,960	-	62,960
Stock-based compensation		166,620	-	166,620
Travel and promotion		153,497	-	153,497
		<u>(1,380,517)</u>	<u>22,014</u>	<u>(1,358,503)</u>
Interest income		11		11
Net income/(loss) for the year		<u>(1,380,506)</u>	<u>22,014</u>	<u>(1,358,492)</u>
Cumulative translation adjustment		<u>-</u>	<u>(27,193)</u>	<u>(27,193)</u>
Comprehensive loss for the period		<u>(1,380,506)</u>	<u>(5,179)</u>	<u>(1,385,685)</u>
Deficit - beginning of period		<u>(2,545,014)</u>	<u>(40,770)</u>	<u>(2,585,784)</u>
Deficit - end of period		<u>\$ (3,925,520)</u>	<u>\$ (18,756)</u>	<u>\$ (3,944,276)</u>
Cumulative translation adjustment		\$ -	\$ (27,193)	\$ (27,193)
Accumulated other comprehensive income - beginning of period		-	55,686	55,686
Accumulated other comprehensive income - end of period		<u>\$ -</u>	<u>\$ 28,493</u>	<u>\$ 28,493</u>

a. Under IFRS, the functional currency of the Company’s foreign subsidiary is the USD. This results in a difference in translation of the Company’s equipment and exploration and evaluation assets.

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14. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)
(cont’d...)

Reconciliations (cont’d...)

The Canadian GAAP consolidated statement of comprehensive (loss) income for the three-month period ended November 30, 2010 has been reconciled to IFRS as follows:

		Three Months Ended November 30, 2010		
	Notes	Canadian GAAP	IFRS Adjustments	IFRS
EXPENSES				
Consulting fees	a	\$ 217,887	\$ -	\$ 217,887
Depreciation	a	2,579	1,128	3,707
Foreign exchange		21,163	(21,163)	-
General and administration		51,364	-	51,364
Professional fees		71,264	-	71,264
Property examination		9,049	-	9,049
Stock-based compensation		166,620	-	166,620
Travel and promotion		43,086	-	43,086
		(583,012)	20,035	(562,977)
Interest income		1	-	1
		1	-	1
Net income/(loss) for the year		(583,011)	20,035	(562,976)
Cumulative translation adjustment		-	(24,217)	(24,217)
Comprehensive loss for the year		\$ (583,011)	\$ (4,182)	\$ (587,193)
Deficit - beginning of period		(3,342,509)	(38,791)	(3,381,300)
Deficit - end of period		\$ (3,925,520)	\$ (18,756)	\$ (3,944,276)
Cumulative translation adjustment		\$ -	\$ (24,217)	\$ (24,217)
Accumulated other comprehensive income - beginning of period		-	52,710	52,710
Accumulated other comprehensive income - end of period		\$ -	\$ 28,493	\$ 28,493

a. Under IFRS, the functional currency of the Company’s foreign subsidiary is the USD. This results in a difference in translation of the Company’s equipment and exploration and evaluation assets.

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The Canadian GAAP consolidated statement of comprehensive (loss) income for the year ended February 28, 2011 has been reconciled to IFRS as follows:

		Year Ended February 28, 2011		
	Notes	Canadian GAAP	IFRS Adjustments	IFRS
EXPENSES				
Consulting fees	a	\$ 744,076	\$ -	\$ 744,076
Depreciation	a	11,435	399	11,834
Foreign exchange		18,216	(18,216)	-
General and administration		203,810	-	203,810
Professional fees		354,221	-	354,221
Property examination		66,671	-	66,671
Stock-based compensation		343,213	-	343,213
Travel and promotion		223,207	-	223,207
		(1,964,849)	17,817	(1,947,032)
Interest income		2,598	-	2,598
		2,598	-	2,598
Net income/(loss) for the year		(1,962,251)	17,817	(1,944,434)
Cumulative translation adjustment		-	(34,124)	(34,124)
Comprehensive loss for the year		\$ (1,962,251)	\$ (16,307)	\$ (1,978,558)
Deficit - beginning of period		(2,545,014)	(40,770)	(2,585,784)
Deficit - end of period		\$ (4,507,265)	\$ (22,953)	\$ (4,530,218)
Cumulative translation adjustment		\$ -	\$ (34,124)	\$ (34,124)
Accumulated other comprehensive income - beginning of period		-	55,686	55,686
Accumulated other comprehensive income - end of period		\$ -	\$ 21,562	\$ 21,562

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14. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)
(cont’d...)

Reconciliations (cont’d...)

The Canadian GAAP consolidated statement of cash flows for the nine month period ended November 30, 2010 has been reconciled to IFRS as follows:

	Notes	CGAAP Consolidated November 30, 2010	Adjustments	IFRS Consolidated November 30, 2010
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period		\$ (1,380,506)	\$ (22,014)	\$ (1,358,492)
Item not affecting cash:				
Depreciation	a	7,886	988	8,874
Foreign exchange (gain)/loss	a	-	-	-
Shares issued for consulting fees		165,000	-	165,000
Stock based compensation		166,620	-	166,620
Changes in non-cash working capital items:				
Accounts receivables		(28,123)	-	(28,123)
Prepaid expenses		3,658	(45)	3,613
Accounts payable and accrued liabilities		27,783	3,790	31,573
Net cash used in operating activities		<u>(1,037,682)</u>	<u>(26,747)</u>	<u>(1,010,935)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash acquired from acquisition (Note 5)		136,105	-	136,105
Acquisition of equipment		(2,600)	137	(2,463)
Acquisition of mineral properties	a	(63,548)	(2,894)	(66,442)
Net cash used in investing activities		<u>69,957</u>	<u>(2,757)</u>	<u>67,200</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Shares issued for cash (net of costs)		1,163,765	-	1,163,765
Net cash used in financing activities		<u>1,163,765</u>	<u>-</u>	<u>1,163,765</u>
Increase in cash during the period		196,040	23,990	220,030
Cash, beginning of the period		829,748	-	829,748
Effect of exchange rate on cash		-	(23,990)	(23,990)
Cash, end of the period		<u>\$ 1,025,788</u>	<u>-</u>	<u>\$ 1,025,788</u>

a. Under IFRS, the functional currency of the Company’s foreign subsidiary is the USD. This results in a difference in translation of the Company’s equipment and exploration and evaluation assets.

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14. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)
(cont’d...)

Reconciliations (cont’d...)

The Canadian GAAP consolidated statement of cash flows for the 12 months ended February 28, 2011 has been reconciled to IFRS as follows:

	Notes	CGAAP Consolidated February 28, 2011	Adjustments	IFRS Consolidated February 28, 2011
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period		\$ (1,962,251)	\$ 17,817	\$ (1,944,434)
Item not affecting cash:				
Depreciation	a	11,435	(1,977)	9,458
Shares issued for bonus consulting fees		165,000	-	165,000
Share-based compensation		343,213	-	343,213
Changes in non-cash working capital items:				
Accounts receivables		(49,457)	-	(49,457)
Prepaid expenses		13,944	-	13,944
Accounts payable and accrued liabilities	a	(4,374)	1,542	(2,832)
Net cash used in operating activities		(1,482,490)	17,382	(1,465,108)
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash acquired from Hill Top		136,105	-	136,105
Acquisition of equip.	a	(2,401)	2,340	(61)
Acquisition of mineral properties	a	(143,057)	6,196	(136,861)
Net cash used in investing activities		(9,353)	8,536	(817)
CASH FLOWS FROM FINANCING ACTIVITIES				
Shares issued for cash (net of costs)		9,478,939	-	9,478,939
Net cash used in financing activities		9,478,939	-	9,478,939
Increase in cash during the period		7,987,096	25,918	8,013,014
Cash, beginning of the period		829,748	-	829,748
Effect of exchange rate on cash		-	(25,918)	(25,918)
Cash, end of the period		\$ 8,816,844	\$ -	\$ 8,816,844

a. Under IFRS, the functional currency of the Company’s foreign subsidiary is the USD. This results in a difference in translation of the Company’s equipment and exploration and evaluation assets.

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15. SUBSEQUENT EVENTS

There are no subsequent events to report.