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

AUDITED ANNUALCONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FEBRUARY 29, 2012

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Tanzania Minerals Corp.

We have audited the accompanying consolidated financial statements of Tanzania Minerals Corp., which comprise the consolidated statements of financial position as at February 29, 2012, February 28, 2011 and March 1, 2010 and the consolidated statements of operations and comprehensive loss, cash flows and changes in equity for the years ended February 29, 2012 and February 28, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Tanzania Minerals Corp. as at February 29, 2012, February 28, 2011 and March 1, 2010 and its financial performance and its cash flows for the years ended February 29, 2012 and February 28, 2011 in accordance with International Financial Reporting Standards.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Accountants

June 25, 2012

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TANZANIA MINERALS CORP.
(formerly Hill Top Resources Corp.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT

	February 29, 2012	February 28, 2011 (Note 15)	March 1, 2010 (Note 15)
ASSETS			
Current			
Cash and cash equivalents	$ 5,448,116	$ 8,816,844	$ 829,748
Receivables	32,460	57,621	5,764
Prepaid expenses	13,741	6,700	4,394
	5,494,317	8,881,165	839,906
Equipment (Note 6)	49,603	31,050	42,676
Exploration and evaluation assets (Note7)	2,880,287	1,067,228	865,287
	$ 8,424,207	$ 9,979,443	$ 1,747,869
LIABILITIES			
Current			
Accounts payable and accrued liabilities	$ 158,350	$ 133,581	$ 27,432
SHAREHOLDERS' EQUITY			
Capital stock (Note 8)	13,660,966	13,660,966	4,222,386
Subscriptions receivable	-	(15,000)	-
Reserves (Note 8)	2,392,071	716,818	30,956
Deficit	(7,818,089)	(4,530,218)	(2,585,784)
Accumulated other comprehensive income	30,909	13,296	52,879
	8,265,857	9,845,862	1,720,437
	$ 8,424,207	$ 9,979,443	$ 1,747,869

Nature and continuance of operations (Note 1)
Going concern (Note 2)
Subsequent event (Note 16)

Approved on behalf of the Board on June27, 2012:

Kal Matharu Director *RobDzisiak* Director

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

TANZANIA MINERALS CORP.
(formerly Hill Top Resources Corp.)
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
For the years ended

	February 29, 2012	February 28, 2011 (Note 15)
EXPENSES		
Consulting fees	$ 603,097	$ 744,076
Depreciation	18,356	11,834
Foreign exchange	34,410	-
General and administrative	494,617	203,810
Professional fees	252,270	354,221
Property examination	136,682	66,671
Share-based compensation (Note 8)	1,675,253	343,213
Travel and promotion	164,893	223,207
Loss before other item	(3,379,578)	(1,947,032)
OTHER ITEM		
Interest income	91,707	2,598
Net loss for the year	(3,287,871)	(1,944,434)
Translation adjustment	17,613	(39,583)
Comprehensive loss for the year	$ (3,270,258)	$ (1,984,017)
Basic and diluted loss per common share	$ (0.046)	$ (0.035)
Weighted average number of common shares outstanding – basic and diluted	72,153,197	55,569,743

The accompanying notes are an integral part of theseconsolidated financial statements.

TANZANIA MINERALS CORP.
(formerly Hill Top Resources Corp.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
For the years ended

	February 29, 2012	February 28, 2011 (Note 15)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (3,287,871)	$ (1,944,434)
Item not involving cash:		
Depreciation	18,356	11,834
Share-based compensation	1,675,253	343,213
Shares issued for consulting fees	-	165,000
Changes in non-cash working capital items:		
(Increase) decrease in receivables	25,161	(49,457)
(Increase) decrease in prepaid expenses	(6,921)	13,944
Increase (decrease in) accounts payable and accrued liabilities	98,844	(2,836)
Net cash used in operating activities	(1,477,178)	(1,462,736)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash acquired from acquisition (Note 5)	-	136,105
Acquisition of equipment	(35,763)	(2,401)
Acquisition of exploration and evaluation assets	(1,868,346)	(136,861)
Net cash (used in)/ provided by investing activities	(1,904,109)	(3,157)
CASH FLOWS FROM FINANCING ACTIVITIES		
Subscriptions received	15,000	-
Issuance of share capital, net of share issuance costs	-	9,478,939
Net cash provided by financing activities	15,000	9,478,939
Effect of exchange rate	(2,441)	(25,950)
Increase (Decrease) in cash and cash equivalents	(3,368,728)	7,987,096
Cash and cash equivalents, beginning of year	8,816,844	829,748
Cash and cash equivalents, end of year	$ 5,448,116	$ 8,816,844
Cash paid during the year for:		
interest	$ -	$ -
income taxes	$ -	$ -
Cash and cash equivalents consists of:		
Cash	$ 21,653	$ 4,814,255
Short term investments	5,426,463	4,002,589
	$ 5,448,116	$ 8,816,844

Supplemental disclosures with respect to cash flows (Note 10)

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

TANZANIA MINERALS CORP.
(formerly Hill Top Resources Corp.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Capital Stock					Accumulated Other	
	Number	Amount	Subscriptions Receivable	Reserves	Deficit	Comprehensive Income (loss)	Total
Balance, February 28, 2010 and March 1, 2010	**40,938,694**	**$ 4,222,386**	**$ -**	**$ 30,956**	**$ (2,585,784)**	**$ 52,879**	**$ 1,720,437**
Private placement	2,403,333	144,200	-	-	-	-	144,200
Shares issued for consulting fees	3,000,000	180,000	(15,000)	-	-	-	165,000
Exercise of stock options	2,090,000	180,876	-	(41,376)	-	-	139,500
Share issuance costs - cash	-	(125)	-	-	-	-	(125)
Share capital of Privco	(48,332,027)	-	-	-	-	-	-
Share capital of the Company	4,500,000	-	-	-	-	-	-
Acquisition of Privco	48,332,027	122,290	-	-	-	-	122,290
Private placement	19,221,170	10,000,210	-	-	-	-	10,000,210
Share-based compensation	-	-	-	343,213	-	-	343,213
Share issuance costs	-	(1,188,871)	-	384,025	-	-	(804,846)
Net loss for the year	-	-	-	-	(1,944,434)	-	(1,944,434)
Translation adjustment	-	-	-	-	-	(39,583)	(39,583)
Balance, February 28, 2011	**72,153,197**	**13,660,966**	**(15,000)**	**716,818**	**(4,530,218)**	**13,296**	**9,845,862**
Share-based compensation	-	-	-	1,675,253	-	-	1,675,253
Subscriptions receivable	-	-	15,000	-	-	-	15,000
Net loss for the period	-	-	-	-	(3,287,871)	-	(3,287,871)
Translation adjustment	-	-	-	-	-	17,613	17,613
Balance, February 29, 2012	**72,153,197**	**$13,660,966**	**$ -**	**$ 2,392,071**	**$ (7,818,089)**	**$ 30,909**	**$8,265,857**

The accompanying notes are an integral part of these 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 property interests and has not yet determined whether these mineral interests contain ore reserves which are economically recoverable.

To date, the Company has not earned significant revenues, and is considered to be in the exploration stage.

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 using International Financial Reporting Standards applicable to a going-concern, 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.

As at February 29, 2012, the Company had a working capital surplus (excess of current assets over current liabilities) of $5,335,967 (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.

3. BASIS OF PRESENTATION

Statement of compliance

The consolidated financial statements of the Company for the year ending February 29, 2012, including comparatives,are 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 Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). These consolidated financial statements for theyear ended February 29, 2012 have been prepared in accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards".

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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

Basis of measurement

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

A summary of the Company's significant accounting policies under IFRS are presented in Note 4. These policies have been applied retrospectively and consistently applied except where specific exemptions permitted an alternative treatment upon transition to IFRS in accordance with IFRS1. Prior to March 1, 2011, the Company prepared its financial statements in accordance with Canadian GAAP. The impact of the transition from Canadian GAAP to IFRS is explained in Note 15.

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:

i) The recoverability of receivables and prepayments that are included in the consolidated statements of financial position.

ii) The carrying value and the recoverability of exploration and evaluation assets, which are included in the consolidated statements of financial position.

iii) The recognition of deferred tax assets and liabilities.

3. BASIS OF PRESENTATION (cont'd…)

Assumptions (cont'd…)

iv) Estimates used in the calculation of share-based payments.

v) The estimated useful lives of equipment which are included in the consolidated statements of financial position and the related depreciation included in the consolidated statements of operations and comprehensive loss.

4. SIGNIFICANT ACCOUNTING POLICIES

The 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 and its wholly owned subsidiaries 0886490 BC Ltd. (formerly Tanzania Minerals Corp.) and Tansmin Resources (Tanzania) Ltd. 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 entityoperations and has 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 Resources (Tanzania) Ltd.is the United States dollar.

Accordingly, the accounts of Tansmin Resources (Tanzania) Ltd. are translated into Canadian dollars as follows:

- all of the assets and liabilities are translated at the rate of exchange in effect on the date of the statement of financial position;
- revenue and expenses are translated at the exchange rate approximating those in effect on the date of the transactions; and
- exchange gains and losses arising from translation are included in accumulated other comprehensive income.

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 period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the date of the statement of financial position 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 the statement of operations and comprehensive loss.

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 that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. At February 29, 2012, the Company had cash and cash equivalents of $5,448,116 (February 28, 2011 - $8,816,844, March 1, 2010 - $829,748).

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 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.

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

Once the legal right to explore a property has been acquired, costs related to the acquisition, exploration of evaluation and exploration assets are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. Each of the Company's evaluation and exploration assets is considered to be a cash generating unit. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable over the estimated economic life of the property, or the property is abandoned, or management deems there to be an impairment in value, the property is written down to its net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation asset. If payments received exceed the capitalized cost of the exploration and evaluation asset, the excess is recognized as income in the year received. The amounts shown for evaluation and exploration assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Future reclamation costs

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of evaluation and exploration assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

For the years presented, the Company does not have any significant future reclamation costs.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Basic and diluted loss per share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. For diluted per share computations, assumptions are made regarding potential common shares outstanding during the year. The weighted average number of common shares is increased to include the number of additional common shares that would be outstanding if, at the beginning of the year, or at time of issuance, if later, all options and warrants are exercised. Proceeds from exercise are used to purchase the Company's common shares at their average market price during the year, thereby reducing the weighted average number of common shares outstanding. If these computations prove to be anti-dilutive, diluted loss per share is the same as basic loss per share.

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.

Current 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 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 differencesarising 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 capital stock.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments

All financial instruments are initially recognized at fair value on the statement of financial position. The Company has classified each financial instrument into one of the following categories: (1) financial assets or liabilities at fair value through profit or loss ("FVTPL"), (2) loans and receivables, (3) financial assets available-for-sale, (4) financial assets held-to maturity, and (5) other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Financial assets and liabilities at FVTPL are subsequently measured at fair value with changes in those fair values recognized in the statement of operations. Financial assets "available-for-sale" are subsequently measured at fair value with changes in fair value recognized in other comprehensive income (loss), net of tax.

Financial assets and liabilities "held-to-maturity", "loans and receivables", and "other financial liabilities" are subsequently measured at amortized cost using the effective interest method.

The Company has classified its cash and cash 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 date (unobservable inputs).

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 is presented in other "comprehensive income" until it is considered appropriate to recognize into net earnings. The Company's translation of its subsidiary into Canadian dollars is the only item affecting comprehensive income (loss) for the periods presented.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New accounting pronouncements

In November 2009 and October 2010, the IASB issued IFRS 9, *Financial Instruments* ("IFRS 9"), which represents the completion of the first part of a three-part project to replace IAS 39, *Financial Instruments: Recognition and Measurement*, with a new standard. Per the new standard, an entity choosing to measure a liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in the other comprehensive income or loss section of the entity's statement of comprehensive loss, rather than within profit or loss. Additionally, IFRS 9 includes revised guidance related to the derecognition of financial instruments. IFRS 9 applies to financial statements for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company currently is evaluating any impact that this new guidance may have on the Company's consolidated financial statements.

In May 2011, the IASB issued IFRS 10, *Consolidated Financial Statements* ("IFRS 10"), which builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of a parent company. IFRS 10 also provides additional guidance to assist in the determination of control where this is difficult to assess. IFRS 10 applies to financial statements for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company currently is evaluating any impact that this new guidance may have on the Company's consolidated financial statements.

In May 2011, the IASB issued IFRS 11, *Joint Arrangements* ("IFRS 11"), which enhances accounting for joint arrangements, particularly by focusing on the rights and obligations of the arrangement, rather than the arrangement's legal form. IFRS 11 also addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities and prohibits proportionate consolidation. IFRS 11 applies to financial statements for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company currently is evaluating any impact that this new guidance may have on the Company's consolidated financial statements.

In May 2011, the IASB issued IFRS 12, *Disclosure of Interests in Other Entities* ("IFRS 12"), which is a comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. IFRS 12 applies to financial statements for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company currently is evaluating any impact that this new guidance may have on the Company's consolidated financial statements.

In May 2011, the IASB issued IFRS 13, *Fair Value Measurement* ("IFRS 13"), which defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 does not determine when an asset, a liability or an entity's own equity instrument is measured at fair value. Rather, the measurement and disclosure requirements of IFRS 13 apply when another IFRS requires or permits the item to be measured at fair value (with limited exceptions). IFRS 13 applies to financial statements for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company currently is evaluating any impact that this new guidance may have on the Company's consolidated financial statements.

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New accounting pronouncements (cont`d…)

In June 2011, the IASB amended IAS 1, *Presentation of Financial Statements* ("IAS 1"), to change the disclosure of items presented in other comprehensive income into two groups, based on whether those items may be recycled to profit or loss in the future. The amendments to IAS 1 apply to financial statements for annual periods beginning after July 1, 2012, with early adoption permitted. The Company currently is evaluating any impact that this new guidance may have on the Company's consolidated financial statements.

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 (the "Acquisition").

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 statement of financial position 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 expenses and assets and liabilities 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	(32,465)
	$ 122,290

These consolidated financial statements include the results of operations of the Company from July 22, 2010, the date of Acquisition.

(Expressed in Canadian Dollars)

6. EQUIPMENT

Equipment consists of the following:

	Mining Tools	Automotive	Furniture and Fixtures	Office Equipment	Computer Equipment	Total
Cost						
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	33,220	-	359	2,184	-	35,763
Balance at February 29, 2012	$ 33,220	$ 56,824	$ 13,213	$ 15,872	$ 10,895	$ 130,024
Depreciation						
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 year	10,128	4,243	1,134	1,385	1,467	18,357
Balance at February 29, 2012	$ 10,128	$ 45,127	$ 7,920	$ 10,817	$ 6,887	$ 80,879

	Mining Tools	Automotive	Furniture and Fixtures	Office Equipment	Computer Equipment	Total
Translation adjustment						
At February 28, 2010 and March 1, 2010	$ -	$ 721	$ 168	$ 605	-	$ 1,494
At February 28, 2011	$ -	$ (249)	$ (313)	$ (127)	-	$ (689)
At February 29, 2012	$ 632	$ (2)	$ (187)	$ 15	-	$ 458
Carrying amounts						
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 February 29, 2012	$ 23,724	$ 11,695	$ 5,106	$ 5,070	$ 4,008	$ 49,603

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.

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (cont'd…)

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	$	**865,287**
Acquisition costs		579
Administration fees		7,768
Consulting		100,866
Leases		4,608
Survey		101,118
Translation adjustment		(12,998)
Total for year		201,941
Balance, February 28, 2011	$	**1,067,228**
Acquisition costs		199
Administration fees		99
Consulting		100,209
Data		185,775
Drilling		1,353,897
Equipment		47,563
Travel		24,254
Survey		81,404
Translation adjustment		19,659
Total for the year		1,813,059
Balance, February 29, 2012	**$**	**2,880,287**
Cumulative Totals		
Acquisition costs	$	75,216
Administration fees		183,836
Consulting		606,847
Data		185,775
Drilling		1,353,897
Equipment		47,563
Leases		33,803
Travel		204,226
Survey		182,521
Translation adjustment		6,603
Balance, February 29, 2012	**$**	**2,880,287**

8. CAPITAL STOCK AND RESERVES

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

As at February 29, 2012, 3,603,423 (2011 – 5,898,193) common shares are held in escrow.

There wasno capital stock transactions during the year ended February 29, 2012.

During the year ended February28, 2011:

a) Privco issued 3,000,000 common shares at a price of $0.06per 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 remained receivable as at February 28, 2011. This amount was paid during the year ended February 29, 2012. 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 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.

e) 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.

f) 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.

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) of these common shares were 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.

(Expressed in Canadian Dollars)

8. CAPITAL STOCK AND RESERVES (cont'd…)

Warrants

The following is a summary of warrants outstanding as at February 29, 2012, February 28, 2011 and 2010 and March 1, 2010.

	Number of Warrants	Weighted Average Exercise Price	Remaining Contractual Life (years)
Outstanding at February 28, 2010 and March 1, 2010	-	$ -	-
Issued	12,348,938	0.71	0.62
Outstanding at February 28, 2011 and February 29, 2012	12,348,938	$ $0.71	

As at February 29, 2012, the Company had the following warrants outstanding:

Outstanding		Exercise Price	Remaining Contractual Life (years)	Expiry Date
2,857,170	$	0.65	0.16	April 26, 2012 (subsequently expired)
164,288[1]		0.65	0.16	April 26, 2012 (subsequently expired)
8,182,000		0.75	0.77	December 7, 2012
1,145,480[1]		0.61	0.77	December 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 years then ended:

	February 29, 2012	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%

(Expressed in Canadian Dollars)

8. CAPITAL STOCK AND RESERVES (cont'd…)

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.

	Number of Stock Options		Weighted Average Exercise Price
Outstanding and exercisable at February 28, 2010 and March 1, 2010	2,090,000		0.05
Granted	1,400,000		0.40
Exercised	(2,900,000)		0.07
Outstanding and exercisable at February 28, 2011	1,400,000	$	0.38
Granted	3,350,000		0.82
Cancelled	(500,000)		0.70
Outstanding and exercisable at February 29, 2012	4,250,000	$	0.68

At February 29, 2012 the following stock options were outstanding and exercisable:

Outstanding and Exercisable		Exercise Price	Remaining Contractual Life (years)	Expiry Date
100,000	$	0.05	2.21	May 14, 2014
1,100,000		0.40	3.57	September 24, 2015
2,600,000		0.90	4.01	March 3, 2016
450,000		0.27	4.95	February 8, 2017
4,250,000				

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 year ended February 29, 2012 totaled $1,675,253(February 28, 2011-$343,213). The weighted average fair value of options granted during the year ended February 29, 2012 is $0.50 (February 28, 2011-$0.12).

(Expressed in Canadian Dollars)

8. CAPITAL STOCK AND RESERVES (cont'd…)

Share-based compensation (cont'd…)

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

	February 29, 2012	February 28, 2011
Risk-free interest rate	1.63%	1.47%
Expected life of options	5 years	5 year
Annualized volatility	75%	75%
Dividend rate	0%	0%
Forfeiture rate	0%	0%

9. RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	Years ended February 29, 2012	February 28, 2011
Share-based compensation	$ 849,420	$ 269,667
Short-term benefits*	558,500	311,260
	$ 1,407,920	$ 580,927

*include base salaries, pursuant to contractual employment or consultancy arrangements

Other related parties

Other related parties include Madison Capital Corp. where one owner is a director for the Company, Tansmin Resources (T) Ltd. where one director is a director for the Company and the CEO who is also director for the Company.

Transactions entered into with related parties other than key management personnel include the following:

a) Paid or accrued office rent of $10,640(February28, 2011 - $16,492) to Encanto Potash Corp., with a common director.

9. RELATED PARTY TRANSACTIONS

Other related parties (cont'd…)

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 followingwere significant non-cash transactions during the year ended February 29, 2012:

a) Included in accounts payable is $3,114 (February 28, 2011 - $78,058; February 28, 2010 - $Nil) of exploration and evaluation assets expenditures.

The following were significant non-cash transactions during the yearended February28, 2011:

a) In connection with the Acquisition, as described in Note 5, the Company issued 48,332,027 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 8(a)).

c) 2,090,000 (2010 - Nil) stock options were exercised with a fair value of $41,376 (2010 - $Nil)

d) 1,309,768 (2010 - Nil) agent warrants were issued with a fair value of $384,025 (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 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.

The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year.

12. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash 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 statements of financial position due to their short-term maturities or ability of prompt liquidation. The Company's other financial instrument, cashand cash equivalents, under the fair value hierarchy is measured at fair value, 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 February 29, 2012, the Company had cash and equivalents balance of $5,448,116to settle currentliabilities of $158,350. 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 cash equivalents balances and no interest bearing debt. The interest earned on cash and cash equivalents approximates fair value rates and therefore the Company is not at a significant risk to fluctuating interest rates.

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".

(Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS (cont'd…)

Sensitivity Analysis (cont'd...)

As at February 29, 2012, the Company's net US dollar financial liabilities were US$84,855. Thus a 10% change in the Canadian dollar versus the US dollar exchange rate would give rise to an $8,457 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 Tanzania. Geographic information is as follows:

	Total Assets	Equipment	Exploration and evaluation assets	Other Assets
February 29, 2012				
Canada	$ 5,461,100	$ 4,008	$ -	$ 5,457,092
Tanzania	2,963,107	45,595	2,880,287	37,225
	$ 8,424,207	$ 49,603	$ 2,880,287	$ 5,494,317

	Total Assets	Equipment	Exploration and evaluation assets	Other Assets
February28, 2011				
Canada	$ 8,807,626	$ 5,475	$ -	$ 8,802,151
Tanzania	1,171,817	25,575	1,067,228	79,014
	$ 9,979,443	$ 31,050	$ 1,067,228	$ 8,881,165
February 28, 2010 and March 1, 2010				
Canada	$ 708,949	$ 4,564	$ -	$ 704,385
Tanzania	1,038,920	38,112	865,287	135,521
	$ 1,747,869	$ 42,676	$ 865,287	$ 839,906

(Expressed in Canadian Dollars)

14. INCOME TAXES

Following is a reconciliation of income taxes attributable to operations computed at the statutory tax rates to income tax recovery.

	February 29, 2012	February 28, 2011
Loss for the year	$ (3,287,871)	$ (1,944,434)
Expected income tax recoverable at statutory rate	(863,000)	(548,000)
Non-deductible items	444,000	105,000
Share issuance costs	-	-
Impact of different foreign subsidiary tax rates	(26,000)	(6,000)
Impact of future income tax rates applies versus current statutory rates	25,000	46,000
Change in unrecognized deductible temporary differences	1,416,000	1,089,000
Other	(996,000)	(686,000)
Total income taxes	$ -	$ -

The significant components of the Company's deferred tax assets (liabilities) that have not been set up are as follows:

	February 29, 2012	February 28, 2011	March 1, 2010
Non-capital losses	$ 1,560,000	$ 1,099,000	$ 757,000
Mineral property and exploration costs	(283,000)	(199,000)	21,000
Equipment	10,000	15,000	11,000
Share issuance costs	129,000	174,000	19,000
Net deferred tax assets	$ 1,416,000	$ 1,089,000	$ 808,000

As at February 29, 2012, the Company has non-capital losses of approximately $6,019,000 (February 28, 2011 - $4,257,000), and share issuance costs of approximately $515,000 (February 28, 2011 - $697,000) that may be applied against future income for Canadian income tax purposes. The share issuance costs expire through to 2015. The non-capital losses expire as follows:

2016	$ 42,000
2018	303,000
2019	560,000
2020	307,000
2022	668,000
2027	545,000
2028	637,000
2029	326,000
2030	382,000
2031	1,155,000
2032	1,094,000
	$ 6,019,000

15. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

As stated in Note 3, these consolidated financial statements have been prepared in accordance with IFRS. The accounting policies in Note 4 have been applied in preparing the consolidated financial statements for the years ended February 29, 2012, February 28, 2011, and the opening IFRS statement of financial position on March 1, 2010, the "Transition Date".

In preparing the opening IFRS statement of financial position and the financial statements for the year ended February 28, 2011, the Company has adjusted amounts reported previously in financial statements that were prepared in accordance with Canadian GAAP. An explanation of how the transition from Canadian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables. The guidance for the first time adoption of IFRS is set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS.

Set forth below are the IFRS 1 applicable exemptions and exceptions applied in the conversion from Canadian GAAP to IFRS.

(i) Business combinations

IFRS 1 permits the application of IFRS 3 "Business Combinations" on a prospective basis from the Transition Date. The Company has applied this exemption and will apply IFRS 3 for business combinations after the Transition Date.

Reconciliations

The adoption of IFRS has resulted in changes to the Company's reported financial position and results of operations. 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.

(Expressed in Canadian Dollars)

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

Reconciliations (cont’d…)

The March 1, 2010 Canadian GAAP Consolidated Balance Sheet has 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 cash 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	6,117	865,287
		$ 1,735,760	$ 12,109	$ 1,747,869
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		30,956	-	30,956
Deficit	a	(2,545,014)	(40,770)	(2,585,784)
Accumulated other comprehensive income	a	-	52,879	52,879
		1,708,328	12,109	1,720,437
		$ 1,735,760	$ 12,109	$ 1,747,869

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.

(Expressed in Canadian Dollars)

15. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") (cont'd…)

Reconciliations (cont'd…)

The February28, 2011 Canadian GAAP Consolidated Balance Sheet has been reconciled to IFRS as follows:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT FEBRUARY 28, 2011

	Notes	February 28, 2011		
		Canadian GAAP	**Effect of transition to IFRS**	**IFRS**
ASSETS				
Current assets				
Cash and cash equivalents		$ 8,816,844	$ -	$ 8,816,844
Receivables and deposits		57,621	-	57,621
Prepaids		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	(13,057)	1,067,228
		9,989,100	(9,657)	9,979,443
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	-	13,296	13,296
		9,855,519	(9,657)	9,845,862
		$ 9,989,100	$ (9,657)	$ 9,979,443

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.

(Expressed in Canadian Dollars)

15. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") (cont'd…)

Reconciliations (cont'd…)

The Canadian GAAP consolidated statement of operations and comprehensive lossfor 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		$ 744,076	$ -	$ 744,076
Depreciation	a	11,435	399	11,834
Foreign exchange	a	18,216	(18,216)	-
General and administration		203,810	-	203,810
Professional fees		354,221	-	354,221
Property examination		66,671	-	66,671
Share-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		-	(39,583)	(39,583)
Comprehensive loss for the year		$ (1,962,251)	$ (21,766)	$ (1,984,017)

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.

(Expressed in Canadian Dollars)

15. 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 year	a	$ (1,962,251)	$ 17,817	$(1,944,434)
Item not affecting cash:				
Depreciation	a	11,435	399	11,834
Shares issued for bonus consulting fees		165,000	-	165,000
Share-based compensation		343,213	-	343,213
Changes in non-cash working capital items:				
Receivables		(49,457)	-	(49,457)
Prepaid expenses		13,944	-	13,944
Accounts payable and accrued liabilities	a	(4,374)	1,538	(2,836)
Net cash used in operating activities		(1,482,490)	19,754	(1,462,736)
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash acquired from Hill Top		136,105	-	136,105
Acquisition of equipment	a	(2,401)	-	(2,401)
Acquisition of exploration and evaluation assets	a	(143,057)	6,196	(136,861)
Net cash used in investing activities		(9,353)	6,196	(3,157)
CASH FLOWS FROM FINANCING ACTIVITIES				
Shares issued for cash (net of costs)		9,478,939	-	9,478,939
Net cash provided by financing activities		9,478,939	-	9,478,939
Effect of exchange rate on cash and cash equivalents		-	(25,950)	(25,950)
Increase in cash and cash equivalents during the year		7,987,096	-	7,987,096
Cash and cash equivalents, beginning of the year		829,748	-	829,748
Cash and cash equivalents, end of the year		$ 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.

16. SUBSEQUENT EVENTS

On June 25, 2012, the Company announced that it has entered into a non-binding Letter of Intent dated May 15, 2012, with Karoo Exploration Corp. (“Karoo”) whereby Karoo can acquire a 100% interest in certain mineral claims located in the Songea and Lindi regions of southern Tanzania (the “Property”). Karoo is a privately held mining company, incorporated under the laws of British Columbia.

Pursuant to the non-binding Letter of Intent, Tanzania will grant to Karoo the option to acquire a 100% interest in the Property (the “Option”), by issuing 1,200,000 common shares to Tanzania, and incurring exploration expenditures on the Property totalling $750,000, all over a three year period. Upon exercise of the Option, Karoo will grant to Tanzania a 2.0% NSR on the proceeds of any commercial production from the Property. One-half of the NSR and a right of first refusal on the other half can be purchased by Karoo for a cash payment of $2,000,000. The other half of the NSR can be purchased by Karoo for a cash payment of $5,000,000.

During the term of the Option, Tanzania will have the right to nominate two individuals to the board of Karoo. It is anticipated that prior to exercise of the Option, Karoo will list its shares on a public stock exchange, or complete a transaction with an existing publically traded company. The transaction is conditional upon Tanzania entering into a definitive option agreement with Karoo.