TANZANIA MINERALS CORP.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

NOVEMBER 30, 2012

TANZANIA MINERALS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT
(Unaudited)

	November 30, 2012	February 29, 2012
ASSETS		
Current		
Cash and cash equivalents	$ 3,837,753	$ 5,448,116
Receivables	10,009	32,460
Prepaid expenses	15,502	13,741
	3,863,264	5,494,317
Due from Related Party (Note 8)	24,334	-
Equipment (Note 5)	44,825	49,603
Exploration and evaluation assets (Note 6)	3,189,571	2,880,287
	$ 7,121,994	$ 8,424,207
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 133,473	$ 158,350
SHAREHOLDERS' EQUITY		
Capital stock (Note 7)	13,660,966	13,660,966
Reserves	2,403,701	2,392,071
Deficit	(9,064,080)	(7,818,089)
Accumulated other comprehensive income	(12,066)	30,909
	6,988,521	8,265,857
	$ 7,121,994	$ 8,424,207

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

Approved on behalf of the Board on January 25, 2013:

Kal Matharu Director *Rob Dzisiak* Director

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

TANZANIA MINERALS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Unaudited)

	For the three months ended		For the nine months ended	
	November 30, 2012	November 30, 2011	November 30, 2012	November 30, 2011
EXPENSES				
Consulting fees	$ 112,744	$ 138,254	$ 445,663	$ 296,254
Depreciation	3,284	7,686	10,549	14,463
Foreign exchange	-	-	-	34,410
General and administrative	166,647	104,981	349,440	276,140
Professional fees	39,564	68,546	169,894	235,129
Property examination	105,699	34,109	126,364	106,066
Share-based compensation (Note 7)	-	-	11,630	1,604,494
Travel and promotion	54,200	51,088	170,972	125,274
	(482,138)	(404,664)	(1,284,512)	(2,692,230)
Interest income	12,024	39,847	41,930	72,207
Write-off of equipment	-	-	(3,409)	-
Net loss for the period	(470,114)	(364,817)	(1,245,991)	(2,620,023)
Translation adjustment	(49,305)	61,218	(42,975)	60,076
Comprehensive loss for the period	$ (519,419)	$ (303,599)	$ (1,288,966)	$ (2,559,947)
Basic and diluted loss per common share	$ (0.007)	$ (0.005)	$ (0.017)	$ (0.036)
Weighted average number of common shares outstanding – basic and diluted	72,153,197	72,153,197	72,153,197	72,153,197

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

TANZANIA MINERALS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
For the nine months ended
(Unaudited)

	November 30, 2012	November 30, 2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (1,245,991)	$ (2,620,023)
Item not involving cash:		
Depreciation	10,549	14,463
Share-based compensation	11,630	1,604,494
Write-off of equipment	3,409	-
Changes in non-cash working capital items:		
Decrease in receivables	22,451	19,806
Increase in prepaid expenses	(1,796)	(9,312)
Decrease in accounts payable and accrued liabilities	(45,092)	(50,749)
Net cash used in operating activities	(1,244,840)	(1,041,321)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	(9,288)	(83,259)
Acquisition of exploration and evaluation assets	(314,322)	(1,703,204)
Net cash used in investing activities	(323,610)	(1,786,463)
Effect of exchange rate	(41,913)	48,409
Decrease in cash and cash equivalents	(1,610,363)	(2,779,375)
Cash and cash equivalents, beginning of period	5,448,116	8,816,844
Cash and cash equivalents, end of period	$ 3,837,753	$ 6,037,469
Cash paid during the period for:		
interest	$ -	$ -
income taxes	$ -	$ -
Cash and cash equivalents consists of:		
Cash	$ 71,045	$ 611,006
Short term investments	3,766,708	5,426,463
	$ 3,837,753	$ 6,037,469

Supplemental disclosures with respect to cash flows (Note 9)

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

TANZANIA MINERALS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)
(Unaudited)

	Capital Stock					Accumulated Other	
	Number	Amount	Subscriptions Receivable	Reserves	Deficit	Comprehensive Income (loss)	Total
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	-	-	-	1,604,494	-	-	1,604,494
Net loss for the period	-	-	-	-	(2,620,023)	-	(2,620,023)
Translation adjustment	-	-	-	-	-	60,076	(60,076)
Balance, November 30, 2011	**72,153,197**	**$13,660,966**	**$ (15,000)**	**$ 2,321,312**	**$ (7,150,241)**	**$ 73,372**	**$ 8,890,409**
Balance, February 29, 2012	**72,153,197**	**$13,660,966**	**$ -**	**$ 2,392,071**	**$ (7,818,089)**	**$ 30,909**	**$ 8,265,857**
Share-based compensation	-	-	-	11,630	-	-	11,630
Net loss for the period	-	-	-	-	(1,245,991)	-	(1,245,991)
Translation adjustment	-	-	-	-	-	(42,975)	(42,975)
Balance, November 30, 2012	**72,153,197**	**$13,660,966**	**$ -**	**$ 2,403,701**	**$ (9,064,080)**	**$ (12,066)**	**$ 6,988,521**

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Tanzania Minerals 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 #210-400 St. Mary Avenue, Winnipeg, MB R3C 4K5. 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. 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 interim financial statements have been prepared using International Financial Reporting Standards ("IFRS") 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 November 30, 2012, the Company had a working capital surplus (excess of current assets over current liabilities) of $3,729,791 (February 29, 2012 - $5,335,967) which is sufficient to carry out committed exploration activities and corporate and administrative costs beyond the end of the year.

The consolidated interim 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 evaluating 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 is 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 interim financial statements of the Company for the nine months ending November 30, 2012, including comparatives, are prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting.

These condensed interim consolidated financial statements do not include all the information required for full annual financial statements, and should be read in conjunction with the Company's February 29, 2012 annual financial statements.

The consolidated interim 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 interim financial statements were authorized for issue by the Board of Directors on January 29, 2013.

Basis of measurement

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

Assumptions

The preparation of these interim 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.

Critical judgments in applying accounting policies

The preparation of these financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 2.

Key Sources of Estimation Uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant. Significant estimates made by management affecting our consolidated financial statements include:

3. BASIS OF PRESENTATION (cont'd…)

Assumptions (cont'd…)

Carrying value and recoverability of exploration and evaluation assets

The carrying amount of Company's exploration and evaluation assets does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's mineral properties.
To the extent that any of management's assumptions change, there could be a significant impact on the Company's future financial position, operating results and cash flows.

Fair value of stock options and warrants

Determining the fair value of warrants and stock options requires judgments related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or on other components of shareholders' equity.

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

Useful Life of Equipment

Each significant component of an item of equipment is depreciated over its estimated useful life. Estimated useful lives are determined based on current facts and past experience, and take into consideration the anticipated physical life of the asset, existing long-term sales agreements and contracts, current and forecasted demand, the potential for technological obsolescence, and regulations.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed by the Company are set out in Note 4 to the audited financial statements for the year ended February 29, 2012, and have been consistently followed in the preparation of these condensed consolidated financial statements.

New accounting pronouncements

Amendments to IFRS 7, *Financial Instruments: Disclosures* ("IFRS 7") are effective for annual periods beginning on or after January 1, 2013 and introduce enhanced disclosure around transfer of financial assets and associated risks. These amendments are not anticipated to impact the disclosures made by the Company.

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, 2015, 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.

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New accounting pronouncements (cont'd…)

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.

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.

In addition, there have been amendments to existing standards, including IAS 27, Separate Financial Statements (IAS 27), and IAS 28, Investments in Associates and Joint Ventures (IAS 28). IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 -13. These amendments are in effect for annual periods beginning on or after January 1, 2013. The Company is currently evaluating any impact that these amendments may have on its consolidated financial statements.

Amendments to IAS 32, *Financial Instruments: Presentation,* are effective for annual periods beginning on or after January 1, 2014. This provides for amendments relating to offsetting financial assets and financial liabilities. These amendments are not anticipated to impact the disclosures made by the Company.

5. EQUIPMENT

Equipment consists of the following:

	Mining Tools	Automotive	Furniture and Fixtures	Office Equipment	Computer Equipment	Total
Cost						
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
Additions	6,722	-	-	2,566	-	9,288
Write-off	-	-	-	-	(10,895)	(10,895)
Balance at November 30, 2012	$ 39,942	$ 56,824	$ 13,213	$ 18,438	$ -	$ 128,417
Depreciation						
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
Depreciation for the period	5,471	2,437	728	1,313	600	10,549
Write-off	-	-	-	-	(7,487)	(7,487)
Balance at November 30, 2012	$ 15,599	$ 47,564	$ 8,648	$ 12,130	$ -	$ 83,941

(Expressed in Canadian Dollars)

5. EQUIPMENT (cont'd…)

	Mining Tools	Automotive	Furniture and Fixtures	Office Equipment	Computer Equipment	Total
Translation adjustment						
At February 29, 2012	$ 632	$ (2)	$ (187)	$ 15	$ -	$ 458
At November 30, 2012	$ 600	$ (77)	$ (222)	$ 48	$ -	$ 349
Carrying amounts						
At February 29, 2012	$ 23,724	$ 11,695	$ 5,106	$ 5,070	$ 4,008	$ 49,603
At November 30, 2012	$ 24,943	$ 9,183	$ 4,343	$ 6,356	$ -	$ 44,825

6. 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.

During the current period, the Company entered into an option agreement 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 "Option"). In order to acquire the interest, Karoo must issue 2,000,000 common shares to the Company, and incur exploration expenditures totaling $750,000 over a three year period. Upon exercise of the Option, the Company will retain a 2% Net Smelter Royalty ("NSR"). One half of the NSR and a right of first refusal on the other half can be purchased by Karoo for $2,000,000. The other half can be purchased by Karoo for $5,000,000.

During the term of the Option, the Company will have the right to nominate two individuals to the Board of Directors of Karoo.

(Expressed in Canadian Dollars)

6. 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, 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	**$**	**2,880,287**
Acquisition costs		3,504
Administration fees		102,444
Consulting		120,485
Data		49,423
Equipment		13,185
Travel		40,937
Translation adjustment		(20,694)
Total for the period		309,284
Balance, November 30, 2012	**$**	**3,189,571**

Cumulative Totals

Acquisition costs	$	78,721
Administration fees		286,280
Consulting		727,333
Data		235,198
Drilling		1,353,897
Equipment		60,748
Leases		33,803
Travel		245,163
Survey		182,521
Translation adjustment		(14,093)
Balance, November 30, 2012	**$**	**3,189,571**

(Expressed in Canadian Dollars)

7. CAPITAL STOCK AND RESERVES

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

As at November 30, 2012, 2,359,276 (February 29, 2012 – 3,603,423) common shares are held in escrow.

There were no capital stock transactions during the nine months ended November 30, 2012 or the year ended February 29, 2012.

Warrants

The following is a summary of warrants outstanding as at November 30, 2012 and February 29, 2012:

	Number of Warrants	Weighted Average Exercise Price
Outstanding at February 28, 2011 and February 29, 2012	12,348,938	$ 0.71
Expired	(3,021,458)	0.65
Outstanding at November 30, 2012	9,327,480	$ 0.73

As at November 30, 2012, the Company had the following warrants outstanding:

Outstanding	Exercise Price	Remaining Contractual Life (years)	Expiry Date	
8,182,000[2]	0.75	1.02	December 7, 2013	
1,145,480[1]	0.61	0.02	December 7, 2012	(subsequently expired)
9,327,480				

[1] Agent warrants
[2] During the current period, the Company received approval from the TSX Venture Exchange, and extended the expiry date of these warrants from December 7, 2012 to December 7, 2013.

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. The exercise price of options is to equal at least the market price of the Company's stock on the date of grant. Stock options are exercisable 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.

(Expressed in Canadian Dollars)

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

Stock options (cont'd…)

	Number of Stock Options	Weighted Average Exercise Price
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
Granted	100,000	0.19
Outstanding and exercisable at November 30, 2012	4,350,000	$ 0.67

At November 30, 2012 the following stock options were outstanding and exercisable:

Outstanding and Exercisable	Exercise Price	Remaining Contractual Life (years)	Expiry Date
100,000	$ 0.05	1.45	May 14, 2014
1,100,000	0.40	2.82	September 24, 2015
2,600,000	0.90	3.26	March 3, 2016
450,000	0.27	4.19	February 8, 2017
100,000	0.19	4.69	August 9, 2017
4,350,000			

Share-based compensation

The Company recognizes compensation expense for all stock options granted using the fair value based method of accounting. During the nine months ended November 30, 2012, 100,000 stock options were granted. The fair value of the options granted during the nine months ended November 30, 2012 was $11,630 (November 30, 2011 was $1,604,494). The weighted average fair value of options granted during the nine months ended November 30, 2012 was $0.12 (November 30, 2011-$0.55).

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

	November 30, 2012	November 30, 2011
Risk-free interest rate	1.39%	1.66%
Expected life of options	5 years	5 years
Annualized volatility	75%	75%
Dividend rate	0%	0%
Forfeiture rate	0%	0%

(Expressed in Canadian Dollars)

8. 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:

	Nine months ended November 30, 2012	November 30, 2011
Share-based compensation	$ 11,630	$ 1,051,220
Short-term benefits*	426,220	440,702
	$ 437,850	$ 1,491,922

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

Other related parties

Other related parties include Encanto Potash Corp., a company with a common director, May Lake Consulting Corp., where the CFO of the Company is the owner, and Karoo Exploration Corp. which has a director and officer in common with the Company.

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

a) Paid or accrued office rent and administration fees of $9,408 (November 30, 2011 - $11,941) to Encanto Potash Corp.

b) As of November 30, 2012, $5,175 (February 29, 2012, $5,175) was included in accounts payable due to the Corporate Secretary of the Company and May Lake Consulting Corp.

c) As of November 30, 2012, $24,334 (February 29, 2012, $Nil) was included in due from related parties and is due from Karoo Exploration Corp.

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

9. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

The following were non-cash transactions affecting cash flows from operating, investing, and financing activities during the nine months ended November 30, 2012:

a) Included in accounts payable is $23,774 (February 29, 2012 - $3,114) of exploration and evaluation asset expenditures.

The following were significant non-cash transactions affecting cash flows from operating, investing, and financing activities during the nine months ended November 30, 2011:

a) Included in accounts payable is $1,600 (February 28, 2011 - $78,058) of exploration and evaluation asset expenditures.

10. 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 period.

11. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, receivables, due from related party, and accounts payable and accrued liabilities. The fair value of the Company's receivables, due from related party, 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, cash and 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.

11. FINANCIAL INSTRUMENTS (cont'd…)

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 amounts due from related parties 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, 2012, the Company had cash and equivalents of $3,837,753 to settle current liabilities of $133,473. 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 is insignificant, and the Company does not rely on interest received to fund its operations. As a result, 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".

As at November 30, 2012, the Company's net US dollar financial liabilities were US$39,414. Thus a 10% change in the Canadian dollar versus the US dollar exchange rate would give rise to a $3,910 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.

(Expressed in Canadian Dollars)

11. FINANCIAL INSTRUMENTS (cont'd…)

Market risk (cont'd…)

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.

12. 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
November 30, 2012				
Canada	$ 3,790,839	$ -	$ -	$ 3,790,839
Tanzania	3,331,155	44,825	3,189,571	96,759
	$ 7,121,994	$ 44,825	$ 3,189,571	$ 3,887,598

	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