TANZANIA MINERALS CORP.

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

AUGUST 31, 2013

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

	August 31, 2013	February 28, 2013
ASSETS		
Current		
Cash and cash equivalents	$ 2,682,002	$ 3,447,608
Receivables	13,367	10,320
Prepaid expenses	34,414	12,126
	2,729,783	3,470,054
Due from Related Party(Note 8)	164,708	78,102
Equipment (Note 5)	63,201	59,889
Exploration and evaluation assets (Note 6)	3,623,490	3,349,175
	$ 6,581,182	$ 6,957,220
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 244,692	$ 152,045
EQUITY		
Capital stock (Note 7)	13,660,966	13,660,966
Reserves (Note 7)	2,403,701	2,403,701
Deficit	(10,000,611)	(9,389,386)
Accumulated other comprehensive income	272,434	129,894
	6,336,490	6,805,175
	$ 6,581,182	$ 6,957,220

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

Approved on behalf of the Board on October 29, 2013:

Ryan Walchuck 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 six months ended	
	August 31, 2013	August 31, 2012	August 31, 2013	August 31, 2012
EXPENSES				
Consulting fees	$ 93,005	$ 223,500	$ 186,311	$ 332,919
Depreciation (Note 5)	5,013	3,671	10,247	7,265
Foreign exchange	582	-	656	-
General and administrative	92,243	96,250	169,779	182,793
Professional fees	65,349	100,536	85,879	130,330
Property examination	97,651	9,040	165,399	20,665
Share-based compensation (Note 7)	-	11,630	-	11,630
Travel and promotion	7,014	68,941	12,332	116,772
	(360,857)	(513,568)	(630,603)	(802,374)
Finance income	9,321	14,184	19,378	29,906
Write-off of equipment	-	(3,409)	-	(3,409)
Net loss for the period	(351,536)	(502,793)	(611,225)	(775,877)
Translation adjustment	141,079	(47,261)	142,540	6,330
Comprehensive loss for the period	$ (210,457)	$ (550,054)	$ (468,685)	$ (769,547)
Basic and diluted loss per common share	$ (0.005)	$ (0.007)	$ (0.008)	$ (0.011)
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)
(Unaudited)

	For the six months ended	
	August 31, 2013	August 31, 2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (611,225)	$ (775,877)
Item not involving cash:		
Depreciation	10,247	7,265
Share-based compensation	-	11,630
Write-off of equipment	-	3,409
Changes in non-cash working capital items:		
Increase in receivables	(3,047)	9,779
Increase in prepaid expenses	(22,114)	1,833
Increase in accounts payable and accrued liabilities	26,999	(40,911)
Net cash used in operating activities	(599,140)	(782,872)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	(11,733)	(923)
Acquisition of exploration and evaluation assets	(146,142)	(207,051)
Net cash used in investing activities	(157,875)	(207,974)
CASH FLOWS FROM FINANCING ACTIVITIES		
Due from related party	(83,172)	-
Net cash (used in)/provided by financing activities	(83,172)	-
Effect of foreign exchange rate	74,581	(17,128)
Decrease in cash and cash equivalents	(765,606)	(1,007,974)
Cash and cash equivalents, beginning of period	3,447,608	5,448,116
Cash and cash equivalents, end of period	$ 2,682,002	$ 4,440,142
Cash paid during the period for:		
interest	$ -	$ -
income taxes	$ -	$ -
Cash and cash equivalents consists of:		
Cash	$ 74,227	$ 93,342
Short term investments	2,607,775	4,346,800
	$ 2,682,002	$ 4,440,142

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					
	Number	Amount	Reserves	Deficit	Accumulated Other Comprehensive Income	Total
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	-	-	-	(775,877)	-	(775,877)
Translation adjustment	-	-	-	-	6,330	6,330
Balance, August 31, 2012	**72,153,197**	**$13,660,966**	**$ 2,403,701**	**$ (8,593,966)**	**$ 37,239**	**$ 7,507,940**
Balance, February 28, 2013	**72,153,197**	**$13,660,966**	**$ 2,403,701**	**$ (9,389,386)**	**$ 129,894**	**$ 6,805,175**
Net loss for the period	-	-	-	(611,225)	-	(611,225)
Translation adjustment	-	-	-	-	142,540	142,540
Balance, August 31, 2013	**72,153,197**	**$13,660,966**	**$ 2,403,701**	**$ (10,000,611)**	**$ 272,434**	**$ 6,336,490**

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

1. NATURE 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.

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 Venture Exchange ("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 August 31, 2013, the Company had a working capital surplus (excess of current assets over current liabilities) of $2,485,091 (February 28, 2013 - $3,318,009) which is sufficient to carry out committed exploration activities and corporate and administrative costs for twelve months after the end of the current fiscal period.

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 six months ending August 31, 2013, 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 28, 2013 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 or loss, or available-for-sale, which are stated at their fair value. In addition, these consolidated interim 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 October 29, 2013.

Basis of measurement

The consolidated interim financial statements are presented in Canadian dollars, unless otherwise stated.

These consolidated interim financial statements include the financial statements of the Company, Privco, and Tansmin, which are wholly owned, and controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of Privco and Tansmin are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

The functional currency of the Company and Privco is Canadian dollar, and the functional currency of Tansmin is the United States dollar.

Critical accounting judgments and estimates

The preparation of these consolidated 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 year. Actual results could differ from these estimates.

Critical judgments in applying accounting policies

The preparation of these consolidated interim financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 2, as well as the determination of functional currency. The functional currency is the currency of the primary economic environment in which an entity operates, and has been determined for each entity within the Company. The functional currency for the Company and Privco has been determined to be the Canadian dollar, while the functional currency of Tansmin has been determined to be the United States dollar.

3. BASIS OF PRESENTATION (cont'd…)

Critical accounting judgments and estimates (cont'd…)

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:

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 equity.

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities 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 and liabilities will not be realized. The ultimate realization of deferred tax assets and liabilities 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 or liabilities, and deferred income tax provisions or recoveries could be affected.

3. BASIS OF PRESENTATION (cont'd…)

Critical accounting judgments and estimates (cont'd…)

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, and 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 28, 2013, and have been consistently followed in the preparation of these condensed consolidated financial statements except for the following policies which were adopted on March 1, 2013:

Change in accounting policies

Amendments to IFRS 7, *Financial Instruments: Disclosures* ("IFRS 7") are effective for the Company beginning on March 1, 2013 and introduce enhanced disclosure around transfer of financial assets and associated risks.

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 the Company on March 1, 2013.

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 the Company beginning on March 1, 2013.

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 the Company on March 1, 2013.

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 the Company beginning on March 1, 2013.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Changes in accounting policies (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 the Company beginning March 1, 2013.

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 the Company on March 1, 2013.

The adoption of above policies resulted in no impact on the Company's condensed interim financial statements.

New accounting pronouncements

The following accounting pronouncements have been made, but are not yet effective for the Company as at August 31, 2013. The Company is currently evaluating the impact these pronouncements may have on its consolidated financial statements.

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.

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.

(Expressed in Canadian Dollars)

5. EQUIPMENT

Equipment consists of the following:

	Mining Tools and Equipment	Automotive	Furniture and Fixtures	Office Equipment	Computer Equipment	Total
Cost						
Balance at February 29, 2012	$ 33,220	$ 56,824	$ 13,213	$ 15,872	$ 10,895	$ 130,024
Additions	6,722	17,737	-	2,566	-	27,025
Write-off	-	-	-	-	(10,895)	(10,895)
Balance at February 28, 2013	39,942	74,561	13,213	18,438	-	146,154
Additions	-	11,733	-	-	-	11,733
Balance at August 31, 2013	$ 39,942	$ 86,294	$ 13,213	$ 18,438	$ -	$ 157,887
Depreciation						
Balance at February 29, 2012	$ 10,127	$ 45,127	$ 7,920	$ 10,817	$ 6,887	$ 80,878
Depreciation for the year	7,348	4,461	945	1,786	600	15,140
Write-off	-	-	-	-	(7,487)	(7,487)
Balance at February 28, 2013	17,475	49,588	8,865	12,603	-	88,531
Depreciation for the period	3,480	5,470	420	877	-	10,247
Balance at August 31, 2013	$ 20,955	$ 55,058	$ 9,285	$ 13,480	$ -	$ 98,778
Translation adjustment						
At February 28, 2013	$ 1,387	$ 714	$ (82)	$ 247	$ -	$ 2,266
At August 31, 2013	$ 1,971	$ 1,773	$ 26	$ 322	$ -	$ 4,092
Carrying amounts						
At February 28, 2013	$ 23,854	$ 25,687	$ 4,266	$ 6,082	$ -	$ 59,889
At August 31, 2013	$ 20,958	$ 33,009	$ 3,954	$ 5,280	$ -	$ 63,201

6. EXPLORATION AND EVALUATION ASSETS

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 previous year, the Company entered into an option agreement with Karoo Exploration Corp. ("Karoo") a company with a director and officer in common with the Company, 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:

(Expressed in Canadian Dollars)

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

(a) Issue 2,000,000 common shares to the Company as follows:

i. 1,000,000 common shares on or before the one year anniversary of the closing date of the agreement ("Closing Date");
ii. an additional 500,000 common shares on or before the two year anniversary of the Closing Date, and
iii. an additional 500,000 common shares on or before the three year anniversary of the Closing Date.

(b) Incur exploration expenditures totaling $750,000 as follows:

i. $150,000 on or before the one year anniversary of the Closing Date;
ii. an additional $250,000 on or before the two year anniversary of the Closing Date, and
iii. an additional $350,000 on or before the three year anniversary of the Closing Date.

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.

As at August 31, 2013, this transaction was still subject to TSX-Venture Exchange approval and had not yet closed.

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 are as follows:

Balance, February 29, 2012	$	**2,880,287**
Acquisition costs		3,504
Administration fees		103,555
Consulting		185,568
Data		49,445
Equipment		13,185
Travel		56,397
Translation adjustment		57,234
Total for the year		468,888
Balance, February 28, 2013	**$**	**3,349,175**
Acquisition costs		20,595
Administration fees		4,816
Consulting		183,450
Translation adjustment		65,454
Total for the year		274,315
Balance, August 31, 2013	**$**	**3,623,490**

(Expressed in Canadian Dollars)

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

Cumulative Totals		
Acquisition costs	$	99,316
Administration fees		292,207
Consulting		975,865
Data		235,220
Drilling		1,353,897
Equipment		60,748
Leases		33,803
Travel		260,623
Survey		182,521
Translation adjustment		129,290
Balance, August 31, 2013	**$**	**3,623,490**

7. CAPITAL STOCK AND RESERVES

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

As at August 31, 2013, Nil (February 28, 2013 – 1,179,637) common shares are held in escrow.

There were no capital stock transactions during the six months ended August 31, 2013 or the year ended February 28, 2013.

Warrants

The following is a summary of warrants outstanding as at August 31, 2013 and February 28, 2013:

	Number of Warrants	Weighted Average Exercise Price
Outstanding at February 29, 2012	12,348,938	$0.71
Expired	(4,166,938)	0.64
Outstanding at February 28, 2013 and August 31, 2013	8,182,000	$0.75

(Expressed in Canadian Dollars)

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

Warrants (cont'd…)

As at August 31, 2013, the Company had the following warrants outstanding:

Outstanding	Exercise Price	Remaining Contractual Life (years)	Expiry Date
8,182,000[1]	0.75	0.27	December 7, 2013

[1]In the year ended February 28, 2013, the Company received approval from the TSX-V, 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-V 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 29, 2012	4,250,000	$ 0.68
Granted	100,000	0.19
Outstanding and exercisable at February 28, 2013	4,350,000	$ 0.67
Forfeited	(450,000)	0.57
Outstanding and exercisable at August 31, 2013	3,900,000	$ 0.68

At August 31, 2013 the following stock options were outstanding and exercisable:

Outstanding and Exercisable	Exercise Price	Remaining Contractual Life (years)	Expiry Date
1,100,000	0.40	2.07	September 24, 2015
2,350,000	0.90	2.51	March 3, 2016
350,000	0.27	3.44	February 8, 2017
100,000	0.19	3.94	August 9, 2017
3,900,000			

(Expressed in Canadian Dollars)

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

Share-based compensation

The Company recognizes compensation expense for all stock options granted using the fair value based method of accounting. There were no stock options granted during the six months ended August 31, 2013. During the six months ended August 31, 2012, 100,000 stock options were granted. The fair value of the options granted during the six months ended August 2012 was $11,630 and the weighted average fair value per option was $0.12.

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

	August 31, 2013	August 31, 2012
Risk-free interest rate	n/a	1.39%
Expected life of options	n/a	5 years
Annualized volatility	n/a	75%
Dividend rate	n/a	0%
Forfeiture rate	n/a	0%

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:

	For the six months ended August 31, 2013	August 31, 2012
Short-term benefits*	$ 150,000	$ 324,070
Share-based compensation	-	11,630
	$ 150,000	$ 335,700

*included in consulting fees

Other related parties

Other related parties include Encanto Potash Corp., a company with a common director, 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 that are not disclosed elsewhere in these consolidated financial statements include the following:

8. RELATED PARTY TRANSACTIONS (cont'd…)

Other related parties (cont'd…)

a) Paid or accrued office rent and administration fees of $7,200 (August 31, 2012 - $5,376) to Encanto Potash Corp.

As at August 31, 2013, $5,000 (February 28, 2013, $5,617) was included in accounts payable due to the Corporate Secretary of the Company and May Lake Consulting Corp., a company owned by the CFO of the Company.

As at August 31, 2013, $164,708 (February 28, 2013, $78,102) was included in due from related party and is due from Karoo Exploration Corp.

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

9. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

The following was the significant non-cash transaction affecting cash flows from operating, investing, and financing activities during the six months ended August 31, 2013:

a) Included in accounts payable and accrued liabilities is $74,529 (February 28, 2013 - $11,810) of exploration and evaluation asset expenditures.

The following was the significant non-cash transaction affecting cash flows from operating, investing, and financing activities during the six months ended August 31, 2012:

a) Included in accounts payable and accrued liabilities is $22,354 (February 29, 2012 - $3,114) 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 evaluation 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 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.

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.

As at August 31, 2013, the Company's risk exposures and the impact on the Company is financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company 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 August 31, 2013, the Company had cash and equivalents of $2,682,002 to settle current liabilities of $244,692. 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".

(Expressed in Canadian Dollars)

11. FINANCIAL INSTRUMENTS (cont'd…)

Market risk (cont'd…)

As at August 31, 2013, the Company's net US dollar financial liabilities were US$51,182. Thus a 10% change in the Canadian dollar versus the US dollar exchange rate would give rise to a $5,391 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.

12. SEGMENTED INFORMATION

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

	Total Assets	Equipment	Exploration and evaluation assets	Other Assets
August 31, 2013				
Canada	$ 2,671,854	$ -	$ -	$ 2,671,854
Tanzania	3,909,328	63,201	3,623,490	222,637
	$ 6,581,182	$ 63,201	$ 3,623,490	$ 2,894,491

	Total Assets	Equipment	Exploration and evaluation assets	Other Assets
February 28, 2013				
Canada	$ 3,299,631	$ -	$ -	$ 3,299,631
Tanzania	3,657,589	59,889	3,349,175	248,525
	$ 6,957,220	$ 59,889	$ 3,349,175	$ 3,548,156

13. SUBSEQUENT EVENTS

On October 15, 2013, the Company announced it has entered into a Letter of Intent with MDN Inc. ("MDN") to jointly explore and develop the Ikungu gold project (the "Property") in Tanzania. The Company can acquire up to a 50% interest in MDN's interest in the Property.

MDN will grant an option to the Company to acquire an undivided ownership interest in the Property equal to 50% of the undivided interest held by MDN by incurring up to an aggregate of $12,000,000 in exploration work expenditures on or in respect of the Property, over four years commencing on the date on which the Definitive Agreement is entered into, as follows in tranches:
(All figures in US dollars)

- A minimum amount of $3,000,000 during the first year to earn 12.5% (the "First Tranche");
- Provided that the First Tranche has been exercised, an additional amount of $3,000,000 during the second year to earn an additional 12.5% (the "Second Tranche");
- Provided that the Second Tranche has been exercised, an additional amount to $3,000,000 during the third year to earn an additional 12.5% (the "Third Tranche"); and
- Provided that the Third Tranche has been exercised, an additional amount to $3,000,000 during the fourth year to earn an additional 12.5%.

A joint venture will be deemed to have been established once the Company has acquired 50% of the interest held by MDN in the Property.

The Company and MDN shall have a due diligence period commencing upon the execution of the Letter of Intent and expiring on November 30, 2013. Subject to the satisfactory conclusion of due diligence by the Company and, the receipt of all necessary corporate and regulatory approvals, a formal agreement (the "Definitive Agreement") shall be prepared by MDN for review by the Company and shall contain the terms of the Letter of Intent together with all such other terms and conditions customary to mining transactions of this nature or otherwise necessary or appropriate to implement the terms of the Letter of Intent and as are acceptable to the parties. The Company and MDN shall use their best efforts to complete and execute the Definitive Agreement on or before November 30, 2013, unless otherwise mutually agreed upon.