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

CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTH PERIOD ENDED NOVEMBER 30, 2010

(UNAUDITED)

TANZANIA MINERALS CORP. (formerly Hill Top Resources Corp.)
CONSOLIDATED BALANCE SHEETS (unaudited)
AS AT NOVEMBER 30, 2010

	November 30, 2010	February 28, 2010
ASSETS		
Current		
Cash	$ 1,025,788	$ 829,748
Receivables	36,287	5,764
Due from related party (Note 9)	15,000	-
Prepaid expenses	16,986	4,394
	1,094,061	839,906
Equipment (Note 5)	31,398	36,684
Mineral properties (Note 6)	925,590	859,170
	$ 2,051,049	$ 1,735,760
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 90,552	$ 27,432
	90,552	27,432
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	5,717,916	4,222,386
Contributed surplus (Note 7)	168,101	30,956
Deficit	(3,925,520)	(2,545,014)
	1,960,497	1,708,328
	$ 2,051,049	$ 1,735,760

Nature and continuance of operations (Note 1)
Going concern (Note 2)
Subsequent events (Note 12)

On behalf of the Board:

Kal Matharu Director *John Icke* 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, COMPREHENSIVE LOSS AND DEFICIT (unaudited)

	Three months ended November 30		Nine months ended November 30	
	2010	2009	2010	2009
EXPENSES				
Consulting fees	$ 217,887	$ 69,935	$ 585,407	$ 192,965
Depreciation	2,579	5,138	7,886	12,761
Foreign exchange	21,163	1,329	23,002	5,632
General and administrative	51,364	1,016	115,839	51,560
Professional fees	71,264	16,647	265,306	61,373
Property examination	9,049	42,440	62,960	90,918
Stock-based compensation	166,620	-	166,620	-
Travel and promotion	43,086	12,624	153,497	49,391
Loss before other item	583,012	149,129	1,380,517	464,600
OTHER ITEM				
Interest income	(1)	-	(11)	(4)
Net loss and comprehensive loss for the period	(583,011)	(149,129)	(1,380,506)	(464,596)
Deficit, beginning of period	(3,342,509)	(2,232,231)	(2,545,014)	(1,916,764)
Deficit, end of period	$ (3,925,520)	$ (2,381,360)	$ (3,925,520)	$ (2,381,360)
Basic and diluted loss per common share	$ (0.011)	$ (0.005)	$ (0.027)	$ (0.016)
Weighted average number of common shares outstanding – basic and diluted	53,930,939	29,790,612	50,544,249	29,790,612

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

TANZANIA MINERALS CORP. (formerly Hill Top Resources Corp.)
CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)

	Three months ended November 30		Nine months ended November 30	
	2010	2009	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	$ (583,011)	$ (149,129)	$ (1,380,506)	$ (464,596)
Item not involving cash:				
Depreciation	2,579	5,138	7,886	12,761
Shares issued for bonus consulting fees	-	-	165,000	-
Stock based compensation	166,620	-	166,620	-
Changes in non-cash working capital items:				
(Increase) decrease in receivables	(16,616)	4,980	(28,123)	9,981
(Increase) decrease in prepaid expenses	8,650	(13,531)	3,658	(23,412)
Increase (decrease) in accounts payable and accrued liabilities	(14,116)	(31,401)	27,783	(27,158)
Net cash used in operating activities	(435,894)	(183,943)	(1,037,682)	(492,424)
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash acquired from Hill Top	-	-	136,105	-
Acquisition of equipment	(2,461)	767	(2,600)	5,904
Acquisition of mineral properties	(42,704)	(42,234)	(63,548)	(53,298)
Net cash (used in)/provided by investing activities	(45,165)	(41,467)	69,957	(47,394)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of share capital, net of share issuance costs	920,190	49,357	1,163,765	341,589
Net cash provided by financing activities	920,190	49,357	1,163,765	341,589
Increase (decrease) in cash and equivalents	439,131	(176,053)	(196,040)	(198,229)
Cash and equivalents, beginning of period	586,657	225,387	829,748	247,563
Cash and equivalents, end of period	$ 1,025,788	$ 49,334	$ 1,025,788	$ 49,334
Cash paid during the period for:				
interest	$ -	$ -	$ -	$ -
income taxes	$ -	$ -	$ -	$ -
Cash is comprised of:				
Cash held in deposit with major banks	$ 1,025,788	$ 49,334	$ 1,025,788	$ 49,334

a) During the nine months ended November 30, 2010, in connection with the Acquisition, as described in Note 8, Hill Top issued 45,332,027 common shares valued at $122,290
b) During the nine months ended November 30, 2010, the Company issued 3,000,000 common shares with a value of $180,000 to a director for bonus consulting fees (Note 9).
c) During the nine months ended November 30, 2010, 1,990,000 stock options were exercised with a fair value of $29,475.
d) Included in accounts payable is $2,872 (2009-$nil) of mineral property expenditures.

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Tanzania Minerals Corp. (the "Company") is in the business of exploration and development 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 October 26, 2006. The Company is in the process of exploring and developing its mineral properties and has not yet determined whether these properties contain ore reserves which are economically recoverable.

On July 22, 2010, the Company closed a transaction with Hill Top Resources Corp. ("Hill Top"), whereby Hill Top acquired (the "Acquisition") all of the issued and outstanding shares of the Company by issuing 45,332,027 common shares from treasury in exchange for each of the 45,332,027 common shares of the Company outstanding. As a result of this share exchange, the former shareholders of the Company acquired control of Hill Top. Hill Top was incorporated under the Business Corporations Act (British Columbia) on June 29, 2007. These consolidated financial statements include the results of operations of Hill Top from July 22, 2010, the date of acquisition (Note 8).

2. GOING CONCERN

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

3. SIGNIFICANT ACCOUNTING POLICIES

These unaudited interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada. They do not include all of the information and disclosures required by Canadian GAAP for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. The interim consolidated financial statements should be read in conjunction with the Company's audited financial statements including the notes thereto for the year ended February 28, 2010.

The accounting policies followed by the Company are set out in Note 3 to the audited financial statements for the year ended February 28, 2011, and have been consistently followed in the preparation of these consolidated financial statements.

Future accounting policies

Business combinations (Section 1582)

In January 2009, the CICA issued Section 1582 "Business Combinations" to replace Section 1581. Prospective application of the standard will be effective March 1, 2011, with early adoption permitted. This new standard effectively harmonizes the business combinations standard under Canadian GAAP with International Financial Reporting Standards. The new standard revises guidance on the determination of the carrying amount of the assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination. The application of this accounting pronouncement is not expected to impact the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Consolidated Financial Statements (Section 1601) and Non-Controlling Interests (Section 1602)

The CICA concurrently issued Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests". Section 1601 provides revised guidance on the preparation of consolidated financial statements and Section 1602 addresses accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. These standards are effective March 1, 2011, unless they are early adopted at the same time as Section 1582 "Business Combinations." The application of this accounting pronouncement is not expected to impact the Company.

International Financial Reporting Standards

In February 2008 the Canadian Accounting Standards Board ("AcSB") announced that publicly-listed companies are to adopt IFRS, replacing Canadian GAAP, for interim and annual financial statements relating to fiscal periods beginning on or after January 1, 2011. Accordingly, the Company will commence reporting under IFRS for its fiscal year commencing March 1, 2011, and will present its first IFRS-based financial statements for its interim fiscal quarter ending May 31, 2011. IFRS will require the restatement for comparative purposes of amounts reported by the Company for the year-ended February 28, 2011.

The Company has completed the diagnostic phase of planning for the implementation of IFRS. It has determined that the principal areas of impact will be IFRS 1 – first time adoption; presentation of financial statements; asset retirement obligations; impairment of assets; and share-based payments. The Company expects its detailed analysis of relevant IFRS requirements and of IFRS 1 will be complete by the end of its fiscal quarter ending February 28, 2011, along with its determination of changes to accounting policies and choices to be made. The Company has not yet reached the stage where a quantified impact of conversion on its financial statements can be measured. The Company expects to complete its quantification of financial statement impacts by the end of its fiscal year ending February 28, 2011.

4. 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 mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In the management of capital, the Company includes the components of shareholders' equity as well as cash balances.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended November 30, 2010. The Company is not subject to externally imposed capital requirements.

5. EQUIPMENT

Equipment consists of the following:

			Net Book Value			
	Cost	Accumulated Amortization	November 30, 2010	Cost	Accumulated Amortization	February 28, 2010
Computer hardware	$ 10,895	$ 5,266	$ 5,629	$ 8,494	$ 3,931	$ 4,563
Office equipment	12,886	8,461	4,425	12,886	7,257	5,629
Office furniture	12,115	6,342	5,773	12,054	5,366	6,688
Vehicles	52,855	37,284	15,571	52,855	33,051	19,804
	$ 88,751	$ 57,353	$ 31,398	$ 86,289	$ 49,605	$ 36,684

6. MINERAL PROPERTIES

The recoverability of amounts shown for mineral properties and related deferred costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, and future profitable production from the properties or proceeds from disposition.

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

The Company has acquired 100% of certain mineral properties 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:

	November 30, 2010	February 28, 2010
Acquisition	$ 72,085	$ 70,932
Site administration	135,896	80,220
Site consulting	504,248	498,870
Mineral leases	33,389	29,176
Site travel	179,972	179,972
Balance, end of period	$ 925,590	$ 859,170

7. SHARE CAPITAL AND CONTRIBUTED SURPLUS

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

	Number of Shares		Value		Contributed Surplus
Balance, as at February 28, 2009	42,408,694	$	2,991,482	$	-
Issued for private placement	23,030,000		1,310,800		-
Seed shares cancelled	(30,000,000)		-		-
Seed shares re-issued	5,500,000		-		-
Share issuances costs	-		(79,896)		-
Stock-based compensation	-		-		30,956
Balance, as at February 28, 2010	40,938,694		4,222,386		30,956
Issued for private placement	2,403,333		144,200		-
Share issue costs	-		(125)		-
Stock options exercised	1,990,000		128,975		(29,475)
Shares issued for bonus consulting fees (Note 9)	3,000,000		180,000		-
Capital stock of Hill Top (Note 8)	4,500,000		122,290		-
Issued for private placement	2,857,170		1,000,010		-
Share issue costs	-		(79,820)		-
Stock-based compensation	-		-		166,620
Balance, as at November 30, 2010	55,689,197	$	5,717,916	$	168,101

During the year ended February 28, 2010:

a) the Company 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) the Company consolidated 30,000,000 seed shares to 5,500,000 seed shares in order to comply with regulatory requirements.

During the period ended November 30, 2010:

a) the Company issued 3,000,000 common shares at a price of $0.06 for a total value of $180,000. The shares were issued to a director of the Company for $0.005 per share ($15,000 included in due from related party). 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) the Company issued 2,403,333 common shares at a price of $0.06 per share for gross proceeds of $144,200.

c) the Company issued 1,990,000 common shares for the exercise of stock options at $0.05 per share for gross proceeds of $99,500

d) the Company issued 2,857,170 units at a price of $0.35 per unit for gross proceeds of $1,000,010. Each unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable at $0.65 until April 26, 2012.

e) the Company granted 1,400,000 stock options at an exercise price of $0.40

7. SHARE CAPITAL AND CONTRIBUTED SURPLUS (cont'd…)

Warrants

	Number of Warrants	Weighted Average Exercise Price	Expiry Date	Remaining Contractual Life (years)
Outstanding at February 28, 2009 and 2010	-	$ -	-	-
Granted October 26, 2010	2,857,170	0.65	April 26,2012	1.41
Outstanding and exercisable at November 30, 2010	2,857,170	$ 0.65		1.41

Stock options

	Number of Stock Options	Weighted Average Exercise Price	Expiry Date	Remaining Contractual Life (years)
Outstanding at February 28, 2009	-	$ -	-	-
Granted May 14, 2009	2,090,000	0.05	May 14, 2014	
Outstanding and exercisable at February 28, 2010	2,090,000	0.05	May 14, 2014	3.45
Exercised	(1,990,000)	0.05		-
Granted September 24, 2010	1,400,000	0.40	Sept. 24, 2015	4.82
Outstanding and exercisable at November 30, 2010	1,500,000	$ 0.38		4.73

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 will not exceed 10% of the issued and outstanding common shares.

Stock-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 period ended November 30, 2010 totaled $166,620 (2009 - $Nil). The weighted average fair value of options granted during the period ended November 30, 2010 is $0.12 (2009-$nil).

8. ACQUISITION

On January 22, 2010, the Company entered into a letter of intent with Hill Top Resources Corp. ("Hill Top"), whereby Hill Top acquired (the "Acquisition") of all of the issued and outstanding shares of the Company. On July 22, 2010, the Acquisition was completed and Hill Top issued 45,332,027 common shares, to the Company's shareholders in exchange for each of the 45,332,027 common shares of the Company outstanding.

As a result of the share exchange described above, the former shareholders of the Company acquired control of Hill Top. Accordingly, the Acquisition constitutes a reverse takeover ("RTO") of Hill Top and is accounted for by the purchase method with the net assets of Hill Top recorded at fair value at the date of acquisition.

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 Hill Top from July 22, 2010, the date of Acquisition. The operating costs of Hill Top from June 1, 2010 to July 22, 2010 totaled $19,541.

9. RELATED PARTY TRANSACTIONS

During the period the Company incurred charges from directors or companies sharing common directors as follows:

a) Paid or accrued consulting fees of $158,200 (November 30, 2009- $140,250) to directors and companies controlled by common directors. As of November 30, 2010, $8,817 (February 28, 2010 - $86) was included in accounts payable and accrued liabilities.

b) Paid or accrued professional fees of $18,700 (November 30, 2009 - $25,000) to a company controlled by an officer of the Company. As of November 30, 2010 $1,918 (February 28, 2010 - $1,575) was included in accounts payable and accrued liabilities.

c) Included in mineral properties is $Nil (February 28, 2010 - $22,500) in acquisition cost payments paid to a company with a common director.

d) The Company loaned $15,000 to a director of the Company which is included in due from related parties (February 28, 2010 $Nil).

e) The Company issued 3,000,000 common shares to a director for consulting fees valued at $180,000. (Note 7).

The amounts due to and from related parties are non-interest bearing with no fixed terms of repayment. The fair value of the amounts due to and from related parties cannot be determined as there are no specific terms of repayment.
These transactions occurred during the normal course of operations and were measured at the exchange amount; that is the amount established and accepted by the parties.

10. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, 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 balance sheet dates due to their short-term maturities or ability of prompt liquidation. The Company's other financial instrument, cash, under the fair value hierarchy is based on level one quoted prices in active markets for identical assets or liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company believes it has no 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, 2010, the Company had a cash balance of $1,025,788 to settle current liabilities of $90,552. 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 balances and no interest bearing debt. The interest earned on cash approximates fair value rates and therefore the Company is not at a significant risk to fluctuating interest rates.

b) Foreign 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".

The Company's revenues and cash balances denominated in USD are exposed to risk from changes in the USD. A 10% fluctuation in the USD against the Canadian dollar would affect net loss for the period by approximately $24,015.

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

10. FINANCIAL INSTRUMENTS (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.

11. SEGMENTED INFORMATION

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

	Total Assets	Property and Equipment	Resource Properties	Other Assets
November 30, 2010				
Canada	$ 1,012,346	$ 5,629	$ -	$ 1,006,717
Tanzania	1,038,703	25,769	925,590	87,344
	$ 2,051,049	$ 31,398	$ 925,590	$ 1,094,061
February 28, 2010				
Canada	$ 708,949	$ 4,564	$ -	$ 704,385
Tanzania	1,026,811	32,120	859,170	135,521
	$ 1,735,760	$ 36,684	$ 859,170	$ 839,906

12. SUBSEQUENT EVENTS

a) Subsequent to November 30, 2010, the Company completed a private placement of 16,364,000 units at a price of $0.55 per unit for gross proceeds of $9,000,200 (the "Offering"). Each unit consisted of one common share of the Company and one half of one share purchase warrant. Each warrant entitles the holder to purchase an additional common share of the Company at a price of $0.75 per share for a period of 24 months from closing, subject to acceleration in the event that if, after April 8, 2011, the closing price of the Company's common shares on the TSX Venture Exchange (or such other stock exchange on which the Company's shares are listed), for a period of 20 consecutive trading days equals or exceeds $1.10 per share, the Company may provide written notice to the holder of early expiry of the warrants and thereafter, the warrants will expire at 4:30 pm (Vancouver time) on the earlier of the date which is thirty days after the date of the written notice to the holder and December 7, 2012.

Finders' fees of $630,014 and 1,145,480 finders' warrants exercisable at a price of $0.61 per share for a period of 24 months from closing will be paid in connection with the placement and have the same terms as the units under the Offering described above.

All securities issued in connection with the Offering will be subject to a four month and a day hold period until April 8, 2011.