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

CONSOLIDATED FINANCIAL STATEMENTS

FEBRUARY 28, 2011

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Tanzania Minerals Corp.

We have audited the accompanying consolidated financial statements of Tanzania Minerals Corp. which comprise the consolidated balance sheets as at February 28, 2011 and 2010 and the consolidated statements of operations, comprehensive loss and deficit and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Tanzania Minerals Corp. as at February 28, 2011 and 2010 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Accountants

June 24, 2011

TANZANIA MINERALS CORP. (formerly Hill Top Resources Corp.)
CONSOLIDATED BALANCE SHEETS
AS AT

	February 28, 2011	February 28, 2010
ASSETS		
Current		
Cash	$ 8,816,844	$ 829,748
Receivables	57,621	5,764
Prepaid expenses	6,700	4,394
	8,881,165	839,906
Equipment (Note 5)	27,650	36,684
Mineral properties (Note 6)	1,080,285	859,170
	$ 9,989,100	$ 1,735,760
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 133,581	$ 27,432
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	13,660,966	4,222,386
Subscriptions receivable	(15,000)	-
Contributed surplus (Note 7)	716,818	30,956
Deficit	(4,507,265)	(2,545,014)
	9,855,519	1,708,328
	$ 9,989,100	$ 1,735,760

Nature and continuance of operations (Note 1)
Going concern (Note 2)
Subsequent events (Note 13)

On behalf of the Board:

Kal Matharu Director *James Walchuck* 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
YEARS ENDED

	February 28, 2011	February 28, 2010
EXPENSES		
Consulting fees	$ 744,076	$ 255,798
Depreciation	11,435	17,014
Foreign exchange	18,216	36,706
General and administrative	203,810	80,563
Professional fees	354,221	63,125
Property examination	66,671	54,812
Stock-based compensation (Note 7)	343,213	30,956
Travel and promotion	223,207	89,216
Loss before other item	(1,964,849)	(628,190)
OTHER ITEM		
Interest income/(expense)	2,598	(60)
Net loss and comprehensive loss for the year	(1,962,251)	(628,250)
Deficit, beginning of year	(2,545,014)	(1,916,764)
Deficit, end of year	$ (4,507,265)	$ (2,545,014)
Basic and diluted loss per common share	$ (0.035)	$ (0.013)
Weighted average number of common shares outstanding – basic and diluted	55,569,743	48,332,027

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
YEARS ENDED

	February 28, 2011	February 28, 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (1,962,251)	$ (628,250)
Item not involving cash:		
Depreciation	11,435	17,014
Shares issued for bonus consulting fees	165,000	-
Stock-based compensation	343,213	30,956
Changes in non-cash working capital items:		
(Increase) decrease in receivables	(49,457)	13,092
(Increase) decrease in prepaid expenses	13,944	(1,254)
Decrease in accounts payable and accrued liabilities	(4,374)	(17,139)
Net cash used in operating activities	(1,482,490)	(585,581)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash acquired from Hill Top	136,105	-
Acquisition of equipment	(2,401)	-
Acquisition of mineral properties	(143,057)	(63,138)
Net cash used in investing activities	(9,353)	(63,138)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital, net of share issuance costs	9,478,939	1,230,904
Net cash provided by financing activities	9,478,939	1,230,904
Increase in cash	7,987,096	582,185
Cash, beginning of year	829,748	247,563
Cash, end of year	$ 8,816,844	$ 829,748
Cash paid during the year for:		
interest	$ -	$ -
income taxes	$ -	$ -

The significant non-cash transactions for the year ended February 28, 2011 include:

a) In connection with the Acquisition, as described in Note 8, Hill Top issued 45,332,027 common shares valued at $122,290.
b) The Company issued 3,000,000 common shares with a value of $180,000 to a director for bonus consulting fees (Note 9).
c) 2,090,000 (2010-Nil) stock options were exercised with a fair value of $41,376 (2010-Nil).
d) Included in accounts payable is $78,058 (2010-$nil) of mineral property expenditures.
e) 1,309,768 (2010-Nil) agent warrants were issued with a fair value of $384,025 (2010-Nil).

There were no significant non-cash transactions for the year ended February 28, 2010.

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Tanzania Minerals Corp. (formerly Hill Top Resources Corp.) (the "Company") is 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 a private company (previously named Tanzania Minerals Corp) ("Privco"), whereby the Company acquired 100% of the issued and outstanding shares of Privco by issuing 48,332,027 common shares of the Company (Note 8). 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 new symbol "TZM."

2. GOING CONCERN

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

3. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are presented in Canadian dollars and have been prepared in accordance with Canadian generally accepted accounting principles, and reflect the following policies:

Principles of consolidation

The consolidated financial statements include the accounts of the Company, its wholly owned subsidiary Tansmin, and Privco. All intercompany balances and transactions were eliminated upon consolidation.

Financial instruments

All financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value except for loans and receivables, held-to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

The Company has classified its cash as held-for-trading. Receivables are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other liabilities, which are measured at amortized cost.

The Company also provides the required disclosure about the inputs used in making fair value measurements, including their classification within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

See Note 10 for relevant disclosures.

Impairment of long-lived assets

A long-lived asset is tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of a long-lived asset exceeds its fair value. For purposes of recognition and measurement of an impairment loss, a long-lived asset is grouped with other assets and liabilities to form an asset group at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Estimates of future cash flows used to test recoverability of a long-lived asset include only the future cash flows that are directly associated with, and that are expected to arise as a direct result of, its use and eventual disposition.

Cash and cash equivalents

For the purposes of reporting cash flows, the Company considers cash and cash equivalents to include amounts held in banks and highly liquid investments with maturities at point of purchase of 90 days or less.

Accounting estimates

Management is required to make estimates and assumptions that affect the amounts recorded in the consolidated financial statements and notes to consolidated financial statements. These estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. In particular, the Black-Scholes stock price valuation model used to value warrants and stock options require the input of highly subjective assumptions regarding stock price volatility.

Changes in these assumptions can materially affect the fair value estimates, and therefore, the Black-Scholes model does not necessarily provide a reliable measure of fair value.

Other significant estimates include determining the useful lives for depreciation, the carrying value of mineral properties and the valuation allowance for future income tax assets. Actual results may differ significantly from estimates and assumptions.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Mineral properties

All costs related to the acquisition, exploration and development of mineral properties are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing and permitting to complete the development and future profitable production or proceeds from the disposition thereof.

Equipment

Equipment is recorded at cost less accumulated depreciation. Depreciation is calculated at the following rates per annum using the declining balance method:

Computer hardware 30%
Office equipment and furniture 20%
Vehicles 30%

Additions and disposals are amortized at one half the rate in the year of acquisition and disposition.

Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets are recognized to the extent that realization of those assets is more likely than not. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. Withholding taxes, where applicable, on earnings of foreign operations are provided in the accounts only to the extent earnings are expected to be repatriated.

Loss per share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year.

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Asset retirement obligations

The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

As at February 28, 2011 and 2010 there are no significant asset retirement obligations.

Stock-based compensation

The Company recognizes compensation expense for all stock options granted using the fair value based method of accounting and the associated expense is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

Foreign currency translation

The Company's foreign subsidiary is an integrated foreign operation and is translated into Canadian dollar equivalents using the temporal method. Under this method, monetary items are translated at the exchange rate in effect at the balance sheet date and non-monetary items are translated at historical exchange rates. Income and expense items are translated at the average exchange rate for the year. Translation gains and losses are reflected in the statement of operations.

The monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the balance sheet date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of operations.

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 Company does not expect the adoption of this section to have a significant effect in the Company's financial statements.

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 Company does not expect the adoption of this section to have a significant effect in the Company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

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; impairment of assets; share-based payments; foreign currency translation and future income taxes. The Company has not yet reached the stage where a quantified impact of conversion on its financial statements can be measured.

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 year ended February 28, 2011. The Company is not subject to externally imposed capital requirements.

5. EQUIPMENT

Equipment consists of the following:

	Net Book Value					
	Cost	Accumulated Depreciation	February 28, 2011	Cost	Accumulated Depreciation	February 28, 2010
Computer hardware	$ 10,895	$ 5,419	$ 5,476	$ 8,494	$ 3,931	$ 4,563
Office equipment	12,886	9,049	3,837	12,886	7,257	5,629
Office furniture	12,054	6,820	5,234	12,054	5,366	6,688
Vehicles	52,855	39,752	13,103	52,855	33,051	19,804
	$ 88,690	$ 61,040	$ 27,650	$ 86,289	$ 49,605	$ 36,684

6. MINERAL PROPERTIES

The recoverability of amounts shown for mineral properties 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:

Balance, February 28, 2009	**$**	**796,032**
Administrative fees		26,138
Consulting		37,000
Total for year		63,138
Balance, February 28, 2010		**859,170**
Acquisition costs		579
Administration fees		7,768
Consulting		107,042
Leases		4,608
Survey		101,118
Total for year		221,115
Balance, February 28, 2011	**$**	**1,080,285**
Cumulative Totals		
Acquisition costs	$	71,511
Administration fees		87,988
Consulting		605,912
Leases		33,784
Travel		179,972
Survey		101,118
Balance, February 28, 2011	**$**	**1,080,285**

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	-
Shares issued for bonus consulting fees (Note 9)	3,000,000	180,000	-
Exercise of options	1,990,000	128,975	(29,475)
Share capital of the Company	4,500,000	-	-
Share capital of Privco	(48,332,027)	-	-
Acquisition of Privco (Note 8)	48,332,027	122,290	-
Issued for private placement	19,221,170	10,000,210	-
Exercise of stock options	100,000	51,901	(11,901)
Share issue costs	-	(1,188,996)	384,025
Stock-based compensation	-	-	343,213
Balance, as at February 28, 2011	72,153,197	$ 13,660,966	$ 716,818

During the year ended February 28, 2011:

a) Privco issued 3,000,000 common shares at a price of $0.06 per share for a total value of $180,000. The shares were issued to a director of the Company for $0.005 per share, for total proceeds of $15,000 which remain receivable as at February 28, 2011. A $0.055 expense per common share was recorded as consulting fees representing the difference between the fair value of the shares and the price paid.

b) Privco issued 2,403,333 common shares at a price of $0.06 per share for gross proceeds of $144,200.

c) Privco issued 1,990,000 common shares for the exercise of stock options at $0.05 per share for gross proceeds of $99,500. The fair value of the options was $29,475.

d) the Company issued 2,857,170 units at a price of $0.35 per unit for gross proceeds of $1,000,010. Each unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at a price of $0.65 until April 26, 2012. In connection with this financing, the Company issued 164,288 agents warrants with a fair value of $88,871, exercisable at a price of $0.65 until April 26, 2012.

e) the Company issued 16,364,000 units at a price of $0.55 per unit for gross proceeds of $9,000,200. Each unit consisted of one common share and one half of one share purchase warrant. Each whole warrant is exercisable into one common share of the Company at a price of $0.75 until December 7, 2012. In connection with this financing, the Company issued 1,145,480 agent warrants with a fair value of $295,154, exercisable at a price of $0.75 until December 7, 2012.

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

f) the Company issued 100,000 common shares for the exercise of stock options at $0.40 per share for gross proceeds of $40,000. The fair value of the options was $11,901.

g) On July 22, 2010 the Company issued 48,332,027 common shares valued at $122,290 pursuant to the acquisition of Privco (Note 8).
As at February 28, 2011 5,898,193 (2010-Nil) common shares are held in escrow.

During the year ended February 28, 2010:

a) Privco issued 7,100,000 common shares at a price of $0.05 per share, and 15,930,000 common shares at $0.06 per share for gross proceeds of $1,310,800.

b) Privco consolidated 30,000,000 seed shares to 5,500,000 seed shares in order to comply with regulatory requirements.

Warrants

The following is a summary of warrants outstanding as at February 28, 2011 and 2010, and changes during the years then ended.

	Number of Warrants	Weighted Average Exercise Price	Remaining Contractual Life (years)
Outstanding at February 28, 2009 and 2010	-	$ -	-
Issued	12,348,938	0.73	1.62
Outstanding at February 28, 2011	12,348,938	$ 0.73	1.62

As at February 28, 2011, the Company had the following warrants outstanding:

Outstanding	Exercise Price	Remaining Contractual Life (years)	Expiry Date
2,857,170	$ 0.65	1.16	Apr.26, 2012
164,288[1]	0.65	1.16	Apr.26, 2012
8,182,000	0.75	1.78	Dec.7, 2012
1,145,480[1]	0.75	1.78	Dec. 7, 2012
12,348,938			

[1] Agent warrants

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

During the year ended February 28, 2011, the Company issued 1,309,768 (2010 – Nil) compensation warrants with a fair value of $384,025 (2010 – Nil).

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

	February 28, 2011	February 28, 2010
Risk-free interest rate	1.65%	n/a
Expected life of warrants	2 years	n/a
Annualized volatility	75%	n/a
Dividend rate	0%	n/a

Stock options

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

	Number of Stock Options	Weighted Average Exercise Price	Expiry Date	Remaining Contractual Life (years)
Outstanding at February 28, 2009	-	$ -	-	-
Granted	2,090,000	0.05	May 14, 2014	
Outstanding and exercisable at February 28, 2010	2,090,000	0.05	May 14, 2014	3.21
Exercised	(2,090,000)	0.07	-	-
Granted	1,400,000	0.40	Sept. 24, 2015	4.57
Outstanding and exercisable at February 28, 2011	1,400,000	$ 0.38		4.48

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

At February 28, 2011 the following stock options were outstanding and exercisable:

Outstanding and Exercisable	Exercise Price	Remaining Contractual Life (years)	Expiry Date
100,000	$ 0.05	3.21	May 14, 2014
1,300,000	0.40	4.57	Sept.24, 2015
1,400,000			

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 year ended February 28, 2011 totaled $343,213 (2010-$30,956). The weighted average fair value of options granted during the year ended February 28, 2011 is $0.12 (2010-$0.01).

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

	February 28, 2011	February 28, 2010
Risk-free interest rate	1.47%	1.10%
Expected life of options	5 years	1 year
Annualized volatility	75%	75%
Dividend rate	0%	0%

8. ACQUISITION

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

Legally, the Company is the parent of Privco. However, as a result of the share exchange described above, control of the combined companies passed to the former shareholders of Privco. This type of share exchange, referred to as a "reverse takeover", deems Privco to be the acquiror for accounting purposes. Accordingly, the net assets of Privco are included in the balance sheet at book values and the deemed acquisition of the Company is accounted for by the purchase method with the net assets of the Company recorded at fair market value at the date of acquisition. The expenses and assets and liabilities subsequent to the date of acquisition include accounts of the Company. The expenses and assets and liabilities for the year ended February 28, 2010 and from March 1, 2010 to the date of the acquisition are those of Privco.

8. ACQUISTION (cont'd…)

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

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

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

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

9. RELATED PARTY TRANSACTIONS

During the year, the Company incurred charges from related parties as follows:

a) Paid or accrued consulting fees of $259,020 (February 28, 2010- $185,000) to directors and companies controlled by common directors. As of February 28, 2011, $7,934 (February 28, 2010 - $86) was included in accounts payable and accrued liabilities.

b) Paid or accrued professional fees of $29,740 (February 28, 2010 - $28,500) to a company controlled by an officer of the Company. As of February 28, 2011 $541 (February 28, 2010 - $1,575) was included in accounts payable and accrued liabilities.

c) Paid or accrued directors fees of $99,500 (2010 - $Nil) to the directors of the Company, which are included in professional fees, in the consolidated statement of operations.

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

e) The Company issued 3,000,000 common shares to a director with a value at $180,000. (Note 7). $15,000 remains receivable with respect to the shares issued and is recorded as subscriptions receivable.

The amounts due to and from related parties are non-interest bearing with no fixed terms of repayment. 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, and accounts payable and accrued liabilities. The fair value of the Company's receivables, 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 a counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk as the majority of its cash is held at a large Canadian bank.

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

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at February 28, 2011, the Company had a cash balance of $8,816,844 to settle current liabilities of $133,581. 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) 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 February 28, 2011, the Company's net US dollar financial assets were $54,274. Thus a 10% change in the Canadian dollar versus the US dollar exchange rate would give rise to a $5,309 gain or loss.

10. FINANCIAL INSTRUMENTS (cont'd…)

Sensitivity Analysis (cont'd…)

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.

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	Equipment	Mineral Properties	Other Assets
February 28, 2011				
Canada	$ 8,807,626	$ 5,475	$ -	$ 8,802,151
Tanzania	1,181,474	22,175	1,080,285	79,014
	$ 9,989,100	$ 27,650	$ 1,080,285	$ 8,881,165
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. INCOME TAXES

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

	2011	2010
Loss for the year	$ (1,962,251)	$ (628,250)
Expected income tax recoverable at statutory rate	(552,707)	(186,904)
Non-deductible items	154,445	19,785
Share issuance costs	(51,380)	(6,371)
Difference in foreign tax rates	(4,336)	-
Unrecognized benefit of non-capital losses	453,978	173,490
Total income taxes	$ -	$ -

12. INCOME TAXES (cont'd…)

The significant components of the Company's future income tax assets are as follows:

	2011	2010
Non-capital losses	$ 1,046,788	$ 621,953
Mineral property and exploration costs	32,933	-
Equipment	14,246	12,515
Share issuance costs	174,338	18,698
Future income tax assets, before valuation allowance	1,268,305	653,166
Valuation allowance	(1,268,305)	(653,166)
Net future income tax assets	$ -	$ -

The timing of the utilization of the future tax assets is undeterminable. Consequently, a full valuation allowance has been provided against the future value of the assets. The Company has approximately $4,187,000 in non-capital losses which will expire through 2031 in Canada and are carried forward indefinitely in Tanzania.

13. SUBSEQUENT EVENTS

Subsequent to February 28, 2011, the Company appointed Mr. John Knowles to the Board of Directors effective March 3, 2011. John Icke resigned as a Director of the Company effective April 26, 2011.

Subsequent to February 28, 2011, the Company granted incentive stock options to directors, officers and consultants of the Company to purchase up to 2,900,000 common shares of the Company at a price of $0.90 per share, exercisable for a period of five years. The options are granted pursuant to the terms of the Company's stock option plan and are subject to regulatory approval.

Subsequent to February 28, 2011, the Company acquired two new properties in the Musoma district, northern Tanzania.