Dated: June 27, 2011

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

This management discussion and analysis covers Tanzania Minerals Corp. (the "Company's") financial statements for the year ended February 28, 2011 compared with the year ended February 28, 2010. This Management's Discussion and Analysis ('MD&A') should be read in conjunction with the audited annual Financial Statements and notes thereto for the year ended February 28, 2010 (the "Financial Statements"). The information contained in this report is current to June 15, 2011, and has been reviewed by the Company's auditors.

The accompanying annual financial statements have been prepared by management and are in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") and all amounts are expressed in Canadian dollars unless otherwise noted. Other information contained in this document has also been prepared by management and is consistent with the data contained in the Financial Statements.

The Company's certifying officers are responsible for ensuring that the Financial Statements and MD&A do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made. The Company's officers certify that that the Financial Statements and MD&A fairly present, in all material respects, the financial condition, result of operations and cash flows, of the Company as the date hereof.

The Board of Directors approves the Financial Statements and MD&A, and ensures that the Company's officers have discharged their financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing.

FORWARD-LOOKING STATEMENT

Certain statements in this report may constitute forward-looking statements that are subject to risks and uncertainties. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. Consequently, readers should not place any undue reliance on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they were made.

CORPORATE OVERVIEW

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.

On July 22, 2010, the Company obtained final Exchange approval with respect to the reverse takeover, and the Company's common shares have resumed trading as of July 28, 2010 under the symbol "HIL".

The reverse takeover has resulted in Hill Top acquiring all of the issued and outstanding shares of Tanzania Minerals Corp. ("TMC") through a "three-cornered" amalgamation, whereby a wholly owned subsidiary of Hill Top amalgamated with TMC. Through the amalgamation, shareholders of TMC received 48,332,027 common shares of Hill Top and the resulting amalgamated company, possessing the assets and business of TMC, is now Hill Top's wholly owned operating subsidiary. TMC holds Mineral Licenses in Tanzania through its wholly owned subsidiary, Tansmin Resources Tanzania Limited ("Tansmin"). Of these, the primary project for listing purposes is the Mrangi Project. This area is being explored for its mineral deposits, primarily hypothesized to hold gold reserves.

SUMMARY

The Company is actively engaged in the exploration of the Mrangi mining project. TMC through Tansmin holds the Mrangi prospecting licence (PL 4439/07) located in the Musoma – Mara Greenstone Belt. This belt hosts significant gold mining operations. It is located 50 kilometres south west of Musoma, 40 kilometres west south west of the Kiabakari mine and 67 kilometres west of Buhemba mine and hosts both oxide and sulphide gold mineralization in the structurally complex zones. TMC has rights to 14 prospecting licences covering 1,184 square kilometres in the Lake Victoria Goldfield.

On December 8, 2010, the Company announced that it 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 $229,890 and 1,145,480 finders' warrants exercisable at a price of $0.75 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.

RESULTS OF OPERATIONS

For the three months ended February 28, 2011

The following analysis of the Company's operating results in the three months ended February 28, 2011, includes a comparison against the previously completed three months ended February 28, 2010.

Revenue:

The company has no revenue, as there are no active business operations.

Expenses:

Consulting fees for the three months ended February 28, 2011 were $158,669 compared to $62,833 for the three months ended February 28, 2010. The increased costs are reflective of the Company's financial consulting services following the reverse takeover.

General and administration costs for the three months ended February 28, 2011 were $87,971 compared to $29,003 for the three months ended February 28, 2010. The increased costs are reflective of the Company's activity following the reverse takeover.

Professional fees for the three months ended February 28, 2011 were $88,915 compared to $1,752 for the three months ended February 28, 2010. The increased costs are reflective of the Company's audit and legal activity following the reverse takeover.

Travel and promotion for the three months ended February 28, 2011 were $69,710 compared to $39,825 for the three months ended February 28, 2010. The increased costs are reflective of the Company's activity following the reverse takeover.

Loss for the period

The net loss for the three months ended February 28, 2011 was $581,745 as compared to a net loss of $161,515 for the three months ended February 28, 2010. This represents a decrease of $247,641. The increases in cost are reflective of the Company's activity following the reverse takeover.

For the year ended February 28, 2011

The following analysis of the Company's operating results in the year ended February 28, 2011, includes a comparison against the previously completed year ended February 28, 2010.

Revenue:

The company has no revenue, as there are no active business operations.

Expenses:

Consulting fees for the year ended February 28, 2011 were $744,076 compared to $255,798 for the year ended February 28, 2010. The increased costs are reflective of the Company's financial consulting services following the reverse takeover.

General and administration costs for the year ended February 28, 2011 were $203,810 compared to $80,563 for the year ended February 28, 2010. The increased costs are reflective of the Company's activity following the reverse takeover.

Professional fees for the year ended February 28, 2011 were $354,221 compared to $63,125 for the year ended February 28, 2010. The increased costs are reflective of the Company's activity following the reverse takeover.

Travel and promotion for the year ended February 28, 2011 were $223,206 compared to $89,216 for the year ended February 28, 2010. The increased costs are reflective of the Company's activity following the reverse takeover.

Loss for the period
The net loss for the year ended February 28, 2011 was $1,962,251 as compared to a net loss of $628,250 for the year ended February 28, 2010. This represents an increase in loss of $1,334,001. The increased costs are reflective of the Company's efforts to complete the reverse takeover.

SUMMARY OF QUARTERLY RESULTS

	4th Quarter Ended February 28, 2011	3rd Quarter Ended November 30, 2010	2nd Quarter Ended August 31, 2010	1st Quarter Ended May 31, 2010
(a) Revenue	$ -	$ -	$ -	$ -
(b) Net loss for period	$(581,745)	$(583,011)	$(384,873)	$(412,622)
(c) Net loss per share[1,2]	$(0.01)	$(0.01)	$(0.01)	$(0.01)
(d) Total assets	$9,989,100	$2,051,049	$1,558,494	$1,746,809
(e) Total liabilities	$133,581	$90,552	$101,796	$27,528

	4th Quarter Ended February 28, 2010	**3rd Quarter Ended November 30, 2009**	**2nd Quarter Ended August 31, 2009**	**1st Quarter Ended May 31, 2009**
(a) Revenue	$ -	$ -	$ -	$ -
(b) Net loss for period	$(161,515)	$(151,268)	$(136,870)	$(178,597)
(c) Net loss per share[1,2]	$(0.01)	$(0.01)	$(0.00)	$(0.01)
(d) Total assets	$1,735,760	$2,025,770	$1,107,919	$937,002
(e) Total liabilities	$27,432	$17,413	$48,814	$42,072

[1] Numbers have been rounded to the next decimal for presentation purposes.
[2] The escrow shares have been excluded from the weighted average number of shares because they are contingently returnable.

The Company is in the business of exploration and development of mineral properties, and therefore has had no revenue to report since inception. The Company's operating costs consist primarily of corporate consulting, professional fees and travel costs. The increased costs over the last two quarters are reflective of the Company's increased efforts to complete the reverse takeover.

SELECTED ANNUAL INFORMATION

Annual information for the latest annual fiscal period along with the comparative period from date of inception is outlined below:

	For the year ended February 28, 2011	**For the year ended February 28, 2010**	**For the year ended February 28, 2009**
Loss before discontinued operations and extraordinary items:			
(i) total for the year	$(1,962,251)	$(628,250)	$(881,408)
(ii) per share	$(0.04)	$(0.02)	$(0.02)
(iii) per share fully diluted	$(0.04)	$(0.02)	$(0.02)
Total assets	$9,989,100	$1,735,760	$1,119,289
Total liabilities	$133,581	$27,432	$44,571

RISKS AND UNCERTAINTIES

As at the date of this report, the Company has completed its reverse takeover and as a result, the Company's common shares commenced trading on July 28, 2010 as a mining issuer on the TSX-V under the trading symbol "TZM".

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations of metal prices, the proximity and capacity of milling facilities, mineral markets, processing reagents and equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environment protection, the combination of which factors may result in the Company not receiving an adequate return on investment capital.

Exploration and Development Efforts May Not Be Unsuccessful

There is no certainty that the expenditures to be made by the Company in the exploration of its properties as described herein will result in the discovery of mineralized material in commercial quantities. Most exploration projects do not result in the discovery of commercially mineable ore deposits and no assurance can be given that any particular level of recovery of ore reserves will in fact be realized or that any identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be legally and economically exploited. Estimates of reserves, mineral deposits and production costs can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined May differ from that indicated by drilling results. Short term factors relating to ore reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small scale tests will be duplicated in large scale tests under on-site conditions or in production scale. Material changes in ore reserves, grades, stripping ratios or recovery rates may affect the economic viability of any project.

Lack of Cash Flow

None of the Company's properties have advanced to the commercial production stage and the Company has no history of earnings or cash flow from operations. The Company does not expect to generate material revenue from mining operations or to achieve self-sustaining commercial mining operations for several years. The Company has paid no dividends on its shares since inception and does not anticipate doing so in the foreseeable future. Historically, the only source of funds available to the Company is through the sale of its securities. Future additional equity financing would cause dilution to current shareholders.

No Proven Reserves

The properties in which the Company has an interest or the right to earn an interest are in the exploratory stage only and are without a known body of ore in commercial production.

No Guarantee of Clear Title to Mineral Properties

While the Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties and properties in which it has the right to acquire or earn an interest are in good standing, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects.

Uncertainty of Obtaining Additional Funding Requirements
Programs planned by the Company may necessitate additional funding, which could cause a dilution of the value of the investment of the shareholders of the Company. The recuperation value of mining properties indicated in the balance sheet depends on the discovery of mineralization that can be profitably exploited and on the Company's capacity to obtain additional funds in order to realize these programs.

The Company's exploration activities can therefore be interrupted at any moment if the Company is incapable of obtaining the necessary funds in order to continue any additional activities that are necessary and that are not described in the exploration programs outlined in the Company's geological report for its properties.

Mineral Prices May Not Support Corporate Profit
The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of mineral resources are developed, a profitable market will exist for the sale of same. Factors beyond the control of the Company may affect the marketability of any substances discovered. The price of minerals is volatile over short periods of time, and is affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining techniques.

Competition
The mining industry is intensively competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for the recruitment and retention of qualified employees.

Environmental Regulations
The current and future operations of the Company, including further exploration, development activities and commencement of production on its properties, require permits from various Provincial, Federal and State governmental authorities.

Such operations are subject to various laws governing land use, the protection of the environment, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances mine safety and other matters. There can be no assurance, however, that all permits which the Company may require for construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions.

Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violation of applicable laws or regulations.

Environmental Impact

The Company does not believe that there are any significant environmental obligations requiring material capital outlays in the immediate future and anticipates that such obligations will only arise when full scale development commences. As the Company's project is still in the exploration and development stage and no significant environmental impact has occurred to date, the Company does not currently consider that expenditures required meeting any ongoing environmental obligations at the projects material to its results or to financial condition to the Company at this time. However, these costs may become material in the future and will be reported in the Company's filings at that time.

Uncertainty of Reserves and Mineralization Estimates

There are numerous uncertainties inherent in estimating proven and probable reserves and mineralization, including many factors beyond the control of the Company. The estimation of reserves and mineralization is a subjective process and the accuracy of any such estimates is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may justify revision of such estimates. No assurances can be given that the volume and grade of reserves recovered and rates of production will not be less than anticipated. Assumptions about prices are subject to greater uncertainty and metal prices have fluctuated widely in the past. Declines in the market price of base or precious metals also may render reserves or mineralization containing relatively lower grades of ore uneconomic to exploit. Changes in operating and capital costs and other factors including, but not limited to, short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades, may materially and adversely affect reserves.

Operating Hazards and Risks Associated with the Mining Industry

Mining operations generally involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Hazards such as unusual or unexpected formations and other conditions are involved.

Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of precious and base metals, any of which could result in work stoppages, damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damage. The Company may become subject to liability for cave-ins and other hazards for which it cannot insure or against which it may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration activities.

The Ability to Manage Growth
Should the Company be successful in its efforts to develop its mineral properties or to raise capital for other mining ventures it will experience significant growth in operations. If this occurs management anticipates that additional expansion will be required in order to continue development. Any expansion of the Company's business would place further demands on its management, operational capacity and financial resources. The failure to manage growth effectively could have a material adverse effect on the Company's business, financial condition and results of operations.

Lack of Dividend Policy
The Company does not presently intend to pay cash dividends in the foreseeable future, as any earnings are expected to be retained for use in developing and expanding its business. However, the actual amount of dividends received from the Company will remain subject to the discretion of the Company's Board of Directors and will depend on results of operations, cash requirements and future prospects of the Company and other factors.

Possible Dilution to Present and Prospective Shareholders
The Company's plan of operation, in part, contemplates the accomplishment of business negotiations by the issuance of cash, securities of the Company, or a combination of the two, and possibly, incurring debt. Any transaction involving the issuance of previously authorized but unissued common shares, or securities convertible into common shares, would result in dilution, possibly substantial, to present and prospective holders of common shares.

Dependence of Key Personnel
The Company strongly depends on the business and technical expertise of its management and key personnel. There is little possibility that this dependence will decrease in the near term.

As the Company's operations expand, additional general management resources will be required, especially since the Company encounters risks that are inherent in doing business in several countries.

Conflict of Interest
Certain directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties.

Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Lack of Trading
The lack of trading volume of the Company's shares reduces the liquidity of an investment in the Company's shares.

Volatility of Share Price
Market prices for shares of early stage companies are often volatile. Factors such as announcements of mineral discoveries, financial results, and other factors could have a significant effect on the price of the Company's shares.

LIQUIDITY

The Financial Statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. The financial statements do not reflect adjustments that may be necessary if the going concern assumption were not appropriate. If the going concern basis were not appropriate, adjustments maybe necessary to the carrying amounts and/or classification of assets and/or liabilities and the reported expenses in these consolidated financial statements. Such adjustments could be material.

On July 22, 2010, the Company closed a transaction with Hill Top, whereby Hill Top acquired all of the issued and outstanding shares of the Company. The Company is classified as a Tier-2 mineral exploration company. As at February 28, 2011, the Company has accumulated losses of $4,507,265 since its inception, and expects to incur further losses in pursuit of its mineral exploration opportunities. The Company increased cash of $7,987,096 for the year ended February 28, 2011, and as at February 28, 2011, the Company has working capital of $8,745,584 from which to meet its obligations and repay its liabilities arising from general corporate matters. The Company currently has sufficient working capital to meet its short term business requirements. In addition, the Company completed a private placement of common shares at a price of $0.55 per share, for aggregate gross proceeds of $9,000,200. The proceeds of the Financing will be used to fund exploration initiatives and general working capital requirements.

The Company's ability to continue as a going concern in the long term is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. The Company is now a junior exploration company without operating revenues and therefore, the Company must utilize its current cash reserves, funds obtained from the exercise of warrants and stock options and other financing transactions to maintain the Company's capacity to meet working capital requirements and ongoing exploration program, or to fund any further development activities. See "Risk Factors" of this MD&A.

As at the date of this report, the Company's cash position is sufficient to cover initial exploration initiatives and administrative expenses for the next fiscal year, however, the Company will require additional financing in order to continue its exploration, and if warranted development, of the Company's mining endeavors. The Company does not expect to generate material revenue from mining operations or to achieve self-sustaining commercial mining operations for several years. Consequently, the Company may seek future financing by means of private placements or debt financing in order to fund its exploration activities. There is no guarantee that additional financing will be available or that it will be available on terms acceptable to management of the Company. No assurance can be given that the Company will be successful in raising the funds required to realize on the Company's exploration programs. These factors all cast doubt about the liquidity of the Company and its ability to continue as a going concern.

CAPITAL RESOURCES

The Company defines capital as consisting of shareholder's equity, being comprised of issued capital stock, contributed surplus and deficit. The Company's objectives when managing capital are primarily to support the creation of shareholder value, but also to ensure that the Company is able to meet its financial obligations as they become due. The Company has not declared or paid any dividends on its common shares.

On July 22, 2010, the Company closed a transaction with Hill Top, whereby Hill Top acquired all of the issued and outstanding shares of the Company. The Company is classified as a Tier-2 mineral exploration company. This business opportunity has been evaluated by the Company's officers and a formal review and approval process has been established at the Board of Directors' level.

The mineral exploration opportunity in which the Company currently has an interest is in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed.

The Company's officers and senior management take full responsibility for managing the Company's capital and do so through quarterly meetings and regular review of financial information. The Company's Board of Directors is responsible for overseeing this process.

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 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.
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

SHARE CAPITAL

Authorized: Unlimited common shares without par value
Unlimited preferred shares without par value

Issued and Outstanding:

The Company has the following common shares issued and outstanding:

	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	$ 14,033,090	$ 716,818

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. The Company is classified as a Tier-2 mineral exploration company.

During the year ended February 28, 2011:

a) Privco 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, 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.

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

	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 has the following warrants outstanding:

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

Escrow Shares:

The Company has the following escrow shares:

	Number of Shares
Balance as at February 28, 2010	**-**
Transferred from reverse takeover	**2,500,000**
Released pursuant to CPC Escrow Agreement	(625,000)
Held pursuant to a Value Security Escrow Agreement	5,364,258
Released pursuant to Value Security Escrow Agreement	(1,341,065)
Balance as at February 28, 2011	**5,898,193**

5,364,258 common shares were issued on the reverse takeover with Hill Top on July 22, 2010, are being held in escrow and will be released pursuant to a Value Security Escrow Agreement. These common shares will be held in escrow and will be released on a pro-rata basis to the shareholders as follows; 10% of the escrow shares were released upon issuance of notice of final acceptance of the reverse takeover by the TSX-V and the remainder to be released in six equal tranches of 15% every six months thereafter for a period of 36 months. These escrow shares may not be transferred, assigned, or otherwise dealt with, without the consent of the regulatory authorities.

At February 28, 2011, 5,898,193 common shares are being held in escrow.

Stock Options:

At February 28, 2011 and the date of this report, the following is a summary of the Company's stock option activity:

	Number of Stock Options	Weighted Average Exercise Price	Expiry Date	Remaining Contractual Life (years)
Outstanding and exercisable as 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 as at February 28, 2011	**1,400,000**	**$0.38**		**4.48**

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.

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 $166,620 (2010 - $30,956).

Contributed Surplus:

The following table summarizes the continuity of the Company's contributed surplus:

	Contributed Surplus
Balance as at February 28, 2010	**$30,956**
Stock options exercised	(29,475)
Stock based compensation	166,620
Balance as at February 28, 2011	**$168,100**

TRANSACTIONS WITH RELATED PARTIES

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

a) Paid or accrued consulting fees of $259,200 (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, 2010 $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.

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.

CHANGES IN ACCOUNTING POLICIES

Future Accounting Changes

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.

Conversion to International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canadian GAAP. This date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of March 1, 2010 will require the restatement for comparative purposes of amounts reported by the Company for the year ended February 28, 2011.

The Company completed a preliminary IFRS transition assessment which highlighted several key areas of difference between existing Canadian GAAP and IFRS, specifically, presentation of financial statements, the treatment of asset retirement obligations, impairment of assets and share-based payments.

The Company developed an IFRS project plan assigning responsibilities and outlining the proposed timing of execution of key IFRS conversion projects. The Company's IFRS project plan stipulates several project phases. The first phase includes initial training and education for key finance staff. This phase is currently underway and is expected to be completed by the end of the Company's fiscal quarter ending November 30, 2011, with key members of the IFRS project team attending external courses, as well as conducting self-study training.

The next phase of the Company's IFRS project was the "impact assessment" phase, whereby the project team reviewed each of the significant areas of difference highlighted by the initial diagnostic. In this phase, the project team determined the potential qualitative differences between Canadian GAAP and IFRS and assessed the impact of these differences on the Company's accounting policies, information systems, internal controls over financial reporting and other business processes. To-date, the Company has identified the following key areas of potential difference with respect to the accounting for:

- Share-based payments – Canadian GAAP allows the preparer to choose from two options, namely a) treating all options granted at a particular date and with the same terms and conditions as one pool (pooling method) and b) treating options with different vesting dates as different grants (vesting method). The cost of such options is calculated according to Black-Scholes for both methods. For the pooling method, the total expense is amortized on a straight line basis over the longest vesting period of all of the options in the pool resulting in equal charges to income over the period. The vesting method looks at each vesting tranche and the expense associated with that particular vesting tranche and amortizes that in a straight line. This second method front end loads the expense so that although available, this method is rarely used under Canadian GAAP. Under IFRS, the vesting method is the only method that may be used.

- Asset retirement obligation – Canadian GAAP requires that the future cost of asset retirement be discounted at the credit adjusted risk-free interest rate with the asset book value being increased by the discounted amount and a liability being recognized in the same amount. The credit adjusted risk-free interest rate is defined as the rate of interest on monetary assets that are essentially free of default risk, adjusted for the effect of the entity's credit standing. On the asset side, the discounted asset retirement amount is amortized over the life of the asset whereas the liability is increased or accreted at the credit adjusted risk-free rate so that, at the end of the project's life, the full liability for the rehabilitation work will have been recorded. Unless the anticipated cost of the asset retirement obligation changes due to more stringent requirements, improved technology or for other reasons, no further adjustment is made to the original asset retirement obligation except for ongoing amortization (asset side) or accretion (liability side).

In contrast, IFRS requires that the asset retirement obligation must be calculated using a discount rate equal to the pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Further, re-measurement must be made at the end of each reporting period to give a best estimate of the obligation and includes recalculating using the discount rate at the balance sheet date. As interest rates fluctuate, the discounted asset retirement obligation will also change causing changes to both the amortization and accretion expense. The effect of these changes may be material. Re-measurement for changes in the interest rate is not a requirement of Canadian GAAP.

- Impairment of assets – IAS 36, Impairment of Assets ("IAS 36"), uses a one-step approach for testing and measuring asset impairments with asset carrying values being compared to the higher of value in use and fair value less costs to sell. Value in use is defined as being equal to the present value of future cash flows expected to be derived from the asset in its current state. In the absence of an active market, fair value less costs to sell may also be determined using discounted cash flows. The use of discounted cash flows under IFRS to test and measure asset impairment differs from Canadian GAAP where undiscounted future cash flows are used to compare against the asset's carrying value to determine if impairment exists. This may result in more frequent write-downs in the carrying value of assets under IFRS since asset carrying values that were previously supported under Canadian GAAP based on undiscounted cash flows may not be supported on a discounted cash flow basis under IFRS. However, under IAS 36, previous impairment losses may be reversed where circumstances change such that the impairment has been reduced. This also differs from Canadian GAAP, which prohibits the reversal of previously recognized impairment losses.

- Mineral property costs – The Company has evaluated its existing policy for exploration cost accounting and does not expect any of the differences between IFRS and Canadian GAAP to impact its accounting for exploration costs.

On changing to IFRS, the Company will be eligible to make elections under the standard for the transition to IFRS, namely IFRS 1 – First Time Adoption. In some cases, the changes that would otherwise have been retrospective are, with election, applicable from the date of transition and prospectively; in a number of other cases, there is a mandatory approach to deal with the effects of the changes. Where an election is available, the Company is currently reviewing the selection of a suitable option. Typically, IFRS requires significantly more disclosure than is the case under current Canadian GAAP, particularly with respect to the notes to the financial statements. The Company, as part of the Plan, will be reviewing its data collection and reporting systems to ensure that the requisite information will be available and reliable.

The Company has completed a preliminary review of the above areas of potential difference on its information systems and is planning a number of new software implementations as a result. The above changes are not expected to have a significant impact on the Company's information and data systems, business processes, internal controls over financial reporting, disclosure controls and business activities.

The Company has completed the majority of its impact assessment phase. The next project phase consists of developing new IFRS-compliant accounting policies, implementation of these policies, calculating the Company's opening balance sheet under IFRS as at March 1, 2010, related testing and additional training as required. The Company expects to have developed new IFRS-compliant accounting policies and calculated its opening balance sheet under IFRS by the end of its fiscal quarter ending November 30, 2011.

COMMITMENTS

As at the date of this report, there are no outstanding commitments.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

SUBSEQUENT EVENTS

a) On March 3, 2011, the Company announced the appointment of Mr. John Knowles to the Board of Directors. Mr. Knowles has 25 years of experience in senior roles in Canada and overseas with Canadian and international resource companies. He is currently a director of HudBay Minerals Inc. He is the President and CEO of Wildcat Exploration Ltd., prior to which he was Executive Vice President and Chief Financial Officer of Aur Resources Inc. For nine years he was Vice President oand Chief Financial Officer of Hudson Bay Mning and Smelting Co., Limited and, following its acquisition by HudBay, he was Vice President and Chief Financial Officer of HudBay.

He is a Chartered Accountant and holds a Bachelor of Commerce degree from Queen's University.

b) Also on March 3, 2011, the Company announced the grant of 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 being granted pursuant to the terms of the Company's stock option plan and are subject to regulatory approval.

c) On April 26, 2011, the Company announced that it had completed eight holes of an initial nine hole drill program. A portable XRF unit has arrived on site and is currently being used to geochemically analyse the core at 0.5 m intervals to characterize the mineralization encountered. The portable unit will also be used to carry out a number of tightly spaced soil lines parallel to the drilling fence. This will be used to accurately determine the surface geochemical signature of the mineralization encountered during drilling. The XRF unit will then complete infill soil sampling over soil anomalies determined by traditional soil geochemistry in the west of the licence, prior to drilling in this area.

d) Also on April 29, 2011 the Company announced the resignation of John Icke, President and CEO of Resinco Capital Partners Inc. (formerly Longview Capital Partners Incorporated) as Director of the Company effective April 26, 2011.

INTERNAL CONTROLS AND PROCEDURES

The Company evaluated the design of its internal controls and procedures over financial reporting as defined under the Multilateral Instrument 52-109 for the fiscal period ended June 30, 2008.

The Company identified certain material weaknesses and the need for improvement of policies, controls and procedures in areas such as the segregation of duties, taxation and awareness of the accounting implications of certain transactions and decisions. These weaknesses and their related risks are not uncommon in a company the size of Shane Resources because of limitations of size and number of staff.

Management is taking steps to further analyze areas of weakness, improve controls and reduce risks by taking active steps to design and implement procedures, including written documentation of these procedures and where appropriate retaining external independent advice on certain key accounting, taxation and legal issues, as the Company does not presently have internal personnel with all of the technical accounting or legal knowledge to address the more complex issues.
While these measures may reduce the likelihood of a material misstatement or untimely disclosure in financial reporting, there is no assurance that a material misstatement will not occur.

CORPORATE GOVERNANCE

Management of the Company is responsible for the preparation and presentation of the financial statements and the accompanying notes, the MD&A, and other information contained in this report.

Management also has the responsibility for the maintenance of adequate accounting records and internal controls, prevention and detection of fraud and errors, safeguarding of assets, selection, and application of suitable policies, and appropriate disclosure and the timely disclosure of financial information in the financial statements. The preparation of the financial statements in accordance with generally accepted accounting principles is also the responsibility of management.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com