TANZANIA MINERALS CORP.

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

August 31, 2014

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

	August 31, 2014	February 28, 2014
ASSETS		
Current		
Cash and cash equivalents	$ 872,885	$ 1,499,029
Receivables	6,145	21,852
Prepaid expenses	51,936	26,178
Due from related party (Note 8)	-	24,645
	930,966	1,571,704
Investment (Note 6)	20,000	-
Due from Related Party (Note 8)	86,923	-
Equipment (Note 5)	70,009	57,370
Exploration and evaluation assets (Note 6)	3,736,322	3,805,748
	$ 4,844,220	$ 5,434,822
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 39,238	$ 72,388
EQUITY		
Capital stock (Note 7)	13,660,966	13,660,966
Reserves (Note 7)	2,403,701	2,403,701
Deficit	(11,513,506)	(11,023,050)
Accumulated other comprehensive income	253,821	320,817
	4,804,982	5,362,434
	$ 4,844,220	$ 5,434,822

Nature of operations (Note 1)
Going concern (Note 2)
Subsequent Event (Note 13)

Approved on behalf of the Board on October 24, 2014:

Ryan Walchuck Director *Rob Dzisiak* Director

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

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

	For the three months ended		For the six months ended	
	August 31, 2014	August 31, 2013	August 31, 2014	August 31, 2013
EXPENSES				
Consulting fees	$ 106,085	$ 93,005	$ 208,379	$ 186,311
Depreciation (Note 5)	4,711	5,013	9,456	10,247
Foreign exchange loss (gain)	(531)	582	(2,406)	656
General and administrative	81,728	92,243	178,396	169,779
Professional fees	31,442	65,349	93,199	85,879
Property examination (Note 8)	4,515	97,651	(27,490)	165,399
Travel and promotion	23,092	7,014	43,277	12,332
	(251,042)	(360,857)	(502,811)	(630,603)
Finance income	3,010	9,321	7,051	19,378
Gain from sale of equipment	(91)	-	5,304	-
Net loss for the period	(248,123)	(351,536)	(490,456)	(611,225)
Translation adjustment	7,729	141,079	(66,996)	142,540
Comprehensive loss for the period	$ (240,394)	$ (210,457)	$ (557,452)	$ (468,685)
Basic and diluted loss per common share	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding – basic and diluted	72,153,197	72,153,197	72,153,197	72,153,197

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

TANZANIA MINERALS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)

		For the six months ended		
		August 31, 2014		August 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	$	(490,456)	$	(611,225)
Items not involving cash:				
Depreciation		9,456		10,247
Gain from sale of equipment		(5,304)		-
Changes in non-cash working capital items:				
Decrease in receivables		15,707		(3,047)
Increase in prepaid expenses		(26,293)		(22,114)
(Decrease)/increase in accounts payable and accrued liabilities		(32,079)		26,999
Net cash used in operating activities		(528,969)		(599,140)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of equipment, net of dispositions		(18,854)		(11,733)
Acquisition of exploration and evaluation assets		(26,097)		(146,142)
Net cash used in investing activities		(44,951)		(157,875)
CASH FLOWS FROM FINANCING ACTIVITIES				
Due from related party		(49,093)		(83,172)
Net cash (used in)/provided by financing activities		(49,093)		(83,172)
Effect of foreign exchange rate		(3,131)		74,581
Decrease in cash and cash equivalents		(626,144)		(765,606)
Cash and cash equivalents, beginning of period		1,499,029		3,447,608
Cash and cash equivalents, end of period	$	872,885	$	2,682,002
Cash paid during the period for:				
interest	$	-	$	-
income taxes	$	-	$	-
Cash and cash equivalents consists of:				
Cash	$	39,321	$	74,227
Short term investments		833,564		2,607,775
	$	872,885	$	2,682,002

Supplemental disclosures with respect to cash flows (Note 9)

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

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

	Capital Stock					
	Number	Amount	Reserves	Deficit	Accumulated Other Comprehensive Income	Total
Balance, February 28, 2013	**72,153,197**	**$13,660,966**	**$ 2,403,701**	**$ (9,389,386)**	**$ 129,894**	**$ 6,805,175**
Net loss for the period	-	-	-	(611,225)	-	(611,225)
Translation adjustment	-	-	-	-	142,540	142,540
Balance, August 31, 2013	**72,153,197**	**$ 13,660,966**	**$ 2,403,701**	**$ (10,000,611)**	**$ 272,434**	**$ 6,336,490**
Balance, February 28, 2014	**72,153,197**	**$ 13,660,966**	**$ 2,403,701**	**$ (11,023,050)**	**$ 320,817**	**$ 5,362,434**
Net loss for the period	-	-	-	(490,456)	-	(490,456)
Translation adjustment	-	-	-	-	(66,996)	(66,996)
Balance, August 31, 2014	**72,153,197**	**$ 13,660,966**	**$ 2,403,701**	**$ (11,513,506)**	**$ 253,821**	**$ 4,804,982**

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

1. NATURE OF OPERATIONS

Tanzania Minerals Corp.(the "Company") is an exploration stage company, and is in the business of exploration and evaluation of mineral properties in Tanzania, Africa through its wholly owned subsidiary, Tansmin Resources (Tanzania) Limited ("Tansmin"). The Company was incorporated under the laws of the British Columbia on June 29, 2007. The Company has its head office at 290C Fairhaven Road, Winnipeg, MB R3P 2S6.

To date, the Company has not earned significant revenues, and is considered to be in the exploration stage.

On July 22, 2010, the Company closed a transaction with a private company, 0886490 B.C. Ltd. (previously named Tanzania Minerals Corp) ("Privco"), whereby the Company acquired 100% of the issued and outstanding shares of Privco by issuing 48,332,027 common shares of the Company. The Company subsequently changed its name from Hill Top Resources Corp. to Tanzania Minerals Corp. The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol "TZM."

2. GOING CONCERN

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

As at August 31, 2014, the Company had a working capital surplus (excess of current assets over current liabilities) of $891,728 (February 28, 2014 - $1,499,316) which is sufficient to carry out committed exploration activities and corporate and administrative costs for twelve months after the end of the current period.

The condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

The Company is in the process of exploring and evaluating its exploration and evaluation assets and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to complete the development of those mineral reserves and upon future production or proceeds from the disposition thereof.

3. BASIS OF PRESENTATION

Statement of compliance

The condensed interim consolidated financial statements of the Company for the six months ending August 31, 2014, including comparatives, are prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting.

These condensed interim consolidated financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the Company's February 28, 2014 annual financial statements.

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, or available-for-sale, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The consolidated financial statements were authorized for issue by the Board of Directors on October 24, 2014.

Basis of measurement

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

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

Critical accounting judgments and estimates

The preparation of these condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Critical judgments in applying accounting policies

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

3. BASIS OF PRESENTATION (cont'd…)

Critical accounting judgments and estimates (cont'd…)

Key Sources of Estimation Uncertainty

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

Carrying value and recoverability of exploration and evaluation assets

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

Fair value of stock options and warrants

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

Income taxes

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

3. BASIS OF PRESENTATION (cont'd…)

Critical accounting judgments and estimates (cont'd…)

Useful life of equipment

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

4. SIGNIFICANT ACCOUNTING POLICIES

Adoption of New Standards and Interpretations, and Recent Accounting Pronouncements

Effective March 1, 2014, the following standard was adopted but had no material impact on the financial statements.

- IAS 32 (Amendment): Standard amended to clarify requirements for offsetting financial assets and financial liabilities, effective for annual periods beginning on or after January 1, 2014

The accounting policies followed by the Company are set out in Note 4 to the audited financial statements for the year ended February 28, 2014, and have been consistently followed in the preparation of these condensed interim consolidated financial statements.

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning on or after January 1, 2015. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 7: Amended to require additional disclosures on transition from IAS 39 and IFRS 9, effective for annual periods beginning on or after January 1, 2015
- IFRS 9: New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018

(Expressed in Canadian Dollars)

5. EQUIPMENT

Equipment consists of the following:

	Mining Tools and Equipment	Automotive	Furniture and Fixtures	Office Equipment	Total
Cost					
Balance at February 28, 2013	$ 39,942	$ 74,561	$ 13,213	$ 18,438	$ 146,154
Additions	-	11,733	-	-	11,733
Balance at February 28, 2014	39,942	86,294	13,213	18,438	157,887
Additions	-	-	26,429	-	26,429
Dispositions	-	(30,826)	-	-	(30,826)
Balance at August 31, 2014	$ 39,942	$ 55,468	$ 39,642	$ 18,438	$ 153,490
Depreciation					
Balance at February 28, 2013	$ 17,475	$ 49,588	$ 8,865	$ 12,603	$ 88,531
Depreciation for the year	6,045	10,618	837	1,702	19,202
Balance at February 28, 2014	23,520	60,206	9,702	14,305	107,733
Depreciation for the period	2,518	3,784	2,484	670	9,456
Accumulated depreciation of disposal	-	(28,015)	-	-	(28,015)
Balance at August 31, 2014	$ 26,038	$ 35,975	$ 12,186	$ 14,975	$ 89,174
Translation adjustment					
At February 28, 2014	$ 2,539	$ 3,774	$ 260	$ 643	$ 7,216
At August 31, 2014	$ 1,306	$ 3,350	$ 451	$ 586	$ 5,693
Carrying amounts					
At February 28, 2014	$ 18,961	$ 29,862	$ 3,771	$ 4,776	$ 57,370
At August 31, 2014	$ 15,210	$ 22,843	$ 27,907	$ 4,049	$ 70,009

6. EXPLORATION AND EVALUATION ASSETS

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

In August 9, 2012, the Company entered into an option agreement with Karoo Exploration Corp. ("Karoo") a company with three directors and two officers in common with the Company, whereby Karoo can acquire a 100% interest in certain mineral claims located in the Songea and Lindi regions of southern Tanzania (the "Option"). In order to acquire the interest, Karoo must:

(a) Issue 2,000,000 common shares to the Company as follows:
   i. 1,000,000 common shares on or before the one year anniversary of the closing date of the agreement ("Closing Date"). Karoo and the Company have agreed to extend the issuance of these shares to August 9, 2014 without amending the Agreement; these shares have been issued to the Company during the period ended August 31, 2014, and have a fair value of $20,000.

(Expressed in Canadian Dollars)

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

ii. an additional 500,000 common shares on or before the two year anniversary of the Closing Date. Subsequent to period end, Karoo and the Company have agreed to extend the issuance of these shares to the third year anniversary, and

iii. an additional 500,000 common shares on or before the three year anniversary of the Closing Date. Subsequent to period end, Karoo and the Company have agreed to extend the issuance of these shares to the fourth year anniversary.

(b) Incur exploration expenditures totaling $750,000 as follows:
   i. $150,000 on or before the one year anniversary of the Closing Date (completed);
   ii. an additional $250,000 on or before the two year anniversary of the Closing Date. Subsequent to period end, Karoo and the Company have agreed to extend to the third year anniversary of the Closing Date, and
   iii. an additional $350,000 on or before the three year anniversary of the Closing Date. Subsequent to period end, Karoo and the Company have agreed to extend to the fourth year anniversary of the Closing Date.

Upon exercise of the Option, the Company will retain a 2% Net Smelter Royalty ("NSR"). One half of the NSR and a right of first refusal on the other half can be purchased by Karoo for $2,000,000. The other half can be purchased by Karoo for $5,000,000.

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

The Company has acquired 100% of certain exploration and evaluation assets and rights in Tanzania. Other than keeping the claims in good standing, the Company does not have any significant expenditure commitments on these properties. Details of the costs incurred are as follows:

Balance, February 28, 2013	**$**	**3,349,175**
Acquisition costs		20,190
Administration fees		6,065
Consulting		220,885
Translation adjustment		209,433
Balance, February 28, 2014	**$**	**3,805,748**
Acquisition costs		3,324
Consulting		22,870
Equipment (Note 8)		(13,185)
Shares for mineral claims		(20,000)
Translation adjustment		(62,435)
Total for the period		(69,426)
Balance, August 31, 2014	**$**	**3,736,322**

(Expressed in Canadian Dollars)

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

Cumulative Totals		
Acquisition costs	$	102,234
Administration fees		293,456
Consulting		1,036,170
Data		235,220
Drilling		1,353,897
Equipment		47,563
Leases		33,803
Travel		260,623
Shares for mineral claims		(20,000)
Survey		182,521
Translation adjustment		210,835
Balance, August 31, 2014	**$**	**3,736,322**

7. CAPITAL STOCK AND RESERVES

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

The authorized preferred shares of the Company is unlimited preferred shares without par value.

There were no capital stock transactions during the six months ended August 31, 2014 or the year ended February 28, 2014.

Warrants

The following is a summary of warrants outstanding as at August 31, 2014 and February 28, 2014:

	Number of Warrants	Weighted Average Exercise Price
Outstanding at February 28, 2013, February 28, 2014 and August 31, 2014	8,182,000	$0.75

As at August 31, 2014, the Company had the following warrants outstanding:

Outstanding	Exercise Price	Remaining Contractual Life (years)	Expiry Date
8,182,000[1]	$ 0.75	1.27	December 6, 2015

[1]On December 4, 2013, the Company received approval from the TSX-V, and extended the expiry date of these warrants from December 7, 2013 to December 6, 2015.

(Expressed in Canadian Dollars)

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

Stock options

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

	Number of Stock Options	Weighted Average Exercise Price
Outstanding and exercisable at February 28, 2013	4,350,000	$ 0.67
Forfeited	(450,000)	0.57
Outstanding and exercisable at February 28, 2014 and August 31, 2014	3,900,000	$ 0.68

Stock options (cont'd…)

At August 31, 2014 the following stock options were outstanding and exercisable:

Outstanding and Exercisable	Exercise Price	Remaining Contractual Life (years)	Expiry Date
1,100,000	$ 0.40	1.07	September 24, 2015
2,350,000	$ 0.90	1.51	March 3, 2016
350,000	$ 0.27	2.44	February 8, 2017
100,000	$ 0.19	2.94	August 9, 2017
3,900,000			

Share-based payments

The Company recognizes share-based payments expense for all stock options granted using the fair value based method of accounting. There were no stock options granted during the six months ended August 31, 2014 or during the year ended February 28, 2014.

8. RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

(Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS (cont'd…)

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	For the six months ended August 31, 2014	For the six months ended August 31, 2013
Short-term benefits*	$ 215,000	$ 150,000
	$ 215,000	$ 150,000

*included in consulting fees and professional fees

Other related parties

Other related parties include Encanto Potash Corp., a company with a common director; Karoo Exploration Corp. which has three directors, a chief executive officer, an executive of business development and a former chief financial officer in common with the Company; and 6362959 Manitoba Ltd., a company owned by the former CEO of the Company.

Transactions entered into with related parties other than key management personnel that are not disclosed elsewhere in these consolidated financial statements include the following:

a) Paid or accrued office rent of $7,200 (August 31, 2013 - $7,200) to Encanto Potash Corp.

b) Paid or accrued office rent of $11,100 (August 31, 2013 - $nil) to 6362959 Manitoba Ltd.

c) The Company recovered $46,370 in property examination costs which it incurred on behalf of Karoo Exploration Corp. The recovery of these costs is included in amounts due from related party.

d) The Company removed $13,185 from its exploration and evaluation assets, as this equipment was transferred to Karoo Exploration Corp. The value of this equipment is included in amounts due to related party.

As at August 31, 2014, $23,600 (February 28, 2014, $8,325) was included in accounts payable due to Madison Capital Corp., a company owned by the CEO of the Company, the Corporate Secretary of the Company, to Ryan Walchuck, the VP of Corporate Development of the Company, May Lake Consulting Corp., a company owned by the CFO of the Company, and 6362959 Manitoba Ltd., a company owned by the former CEO of the Company.

As at August 31, 2014, $86,923 (February 28, 2014, $24,645) was included in due from related party and is due from Karoo Exploration Corp. This amount accrues annual interest of 2.5%, starting June 25, 2014, payable quarterly.

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

9. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

The following were the significant non-cash transactions affecting cash flows from operating, investing, and financing activities during the six months ended August 31, 2014:

a) Included in accounts payable and accrued liabilities is $435 (February 28, 2014 - $338) of exploration and evaluation asset expenditures.

b) Included in due from related party is $13,185 (February 28, 2014 - $Nil) from the sale of equipment which was included in exploration and evaluation assets.

c) The Company received 1,000,000 common shares from Karoo valued at $20,000 as consideration on the option agreement as outlined in Note 6.

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

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

10. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and evaluation of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

In the management of capital the Company considers components of equity.

The properties in which the Company currently has an interest are in the exploration stage as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

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

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

11. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, receivables, due from related party, investment, and accounts payable and accrued liabilities. The Company has classified its cash and cash equivalents as fair value through profit or loss. The Company's receivables and due from related party are classified as loans and receivables. The Company's investment is classified as available for sale. The Company's accounts payable and accrued liabilities are classified as other financial liabilities. The fair value of the Company's receivables, due from related party, and accounts payable and accrued liabilities approximate the carrying value, which is the amount on the consolidated statements of financial position due to their short-term maturities or ability of prompt liquidation. The

11. FINANCIAL INSTRUMENTS (cont'd…)

Company's other financial instruments, cash and cash equivalents and investment, under the fair value hierarchy are measured at fair value, based on level one quoted prices in active markets for identical assets or liabilities.

As at August 31, 2014, the Company's risk exposures and the impact on the Company is financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk as the majority of its cash is held at a large Canadian bank.

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

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at August 31, 2014, the Company had cash and equivalents of $872,885 to settle current liabilities of $39,238. Management believes the Company has sufficient funds to meet its obligations as they become due.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company has cash and cash equivalents balances and no interest bearing debt. The interest earned on cash and cash equivalents is insignificant, and the Company does not rely on interest received to fund its operations. As a result, the Company is not at a significant risk to fluctuating interest rates.

b) Currency risk

The Company's operations are in Canada and Tanzania. The international nature of the Company's operations results in foreign exchange risk as transactions are denominated in foreign currency.

The operating results and the financial position of the Company are reported in Canadian dollars. The fluctuations of the operating currencies in relation to the Canadian dollar will, consequently, have an impact upon the reported results of the Company and may also affect the value of the Company's assets and liabilities.

Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible".

As at August 31, 2014, the majority of the Company's net US dollar financial assets are held by Tansmin, which has a US dollar functional currency. Therefore a 10% change in the Canadian dollar versus the US dollar exchange rate would not have a significant impact on net loss.

(Expressed in Canadian Dollars)

11. FINANCIAL INSTRUMENTS (cont'd…)

Sensitivity Analysis

The Company also has an insignificant amount of net assets denominated in the Tanzanian shilling. A 10% change in the Tanzanian shilling versus the Canadian dollar would also not have a significant impact on net 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.

12. SEGMENTED INFORMATION

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

	Total Assets	Equipment	Exploration and evaluation assets	Other Assets
August 31, 2014				
Canada	$ 1,000,765	$ -	$ -	$ 1,000,765
Tanzania	3,843,455	70,009	3,736,322	37,124
	$ 4,844,220	$ 70,009	$ 3,736,322	$ 1,037,889

	Total Assets	Equipment	Exploration and evaluation assets	Other Assets
February 28, 2014				
Canada	$ 1,490,972	$ -	$ -	$ 1,490,972
Tanzania	3,943,850	57,370	3,805,748	80,732
	$ 5,434,822	$ 57,370	$ 3,805,748	$ 1,571,704

13. SUBSEQUENT EVENT

On October 21, 2014, the Company has entered into a definitive agreement to acquire from Twigg Gold Ltd. ("Twigg") its 75% and 90% interest in the Igurubi and Msasa gold projects, respectively for consideration of US $350,000 and 7,000,000 common shares upon the completion of the closing conditions as per the executed asset purchase agreement.