TANZANIA MINERALS CORP.

ANNUAL AUDITED CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

February 28, 2015

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Tanzania Minerals Corp.

We have audited the accompanying consolidated financial statements of Tanzania Minerals Corp., which comprise the consolidated statements of financial position as at February 28, 2015 and 2014, and the consolidated statements of operations and comprehensive loss, cash flows, and changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

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Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Tanzania Minerals Corp. as at February 28, 2015 and 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Tanzania Minerals Corp.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Accountants

June 4, 2015

TANZANIA MINERALS CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

AS AT

	February 28, 2015	February 28, 2014
ASSETS		
Current		
Cash and cash equivalents	$ 251,304	$ 1,499,029
Receivables	5,752	21,852
Prepaid expenses	28,378	26,178
Due from related party (Note 9)	-	24,645
	285,434	1,571,704
Investment (Note 7)	25,000	-
Due from Related Party (Note 9)	86,914	-
Equipment (Note 5)	71,979	57,370
Exploration and evaluation assets (Note 6)	4,218,641	3,805,748
	$ 4,687,968	$ 5,434,822
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 30,737	$ 72,388
EQUITY		
Capital stock (Note 8)	13,660,966	13,660,966
Reserves (Note 8)	2,514,841	2,403,701
Deficit	(12,190,044)	(11,023,050)
Accumulated other comprehensive income	671,468	320,817
	4,657,231	5,362,434
	$ 4,687,968	$ 5,434,822

Nature of operations (Note 1)
Going concern (Note 2)
Commitments (Note 15)
Subsequent event (Note 16)

Approved on behalf of the Board on June 4, 2015:

Sidney Soronow Director *Ryan Walchuck* Director

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

TANZANIA MINERALS CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
For the years ended

	February 28, 2015	February 28, 2014
Consulting fees	$ 412,658	$ 715,116
Depreciation (Note 5)	18,918	19,202
Foreign exchange gain	(2,099)	(10,127)
General and administrative expenses	362,146	385,338
Professional fees	168,633	139,103
Property examination (Note 9)	28,247	291,338
Share-based compensation (Note 8)	111,140	-
Travel and promotion	89,775	125,776
Finance income	(15,657)	(32,082)
Gain from sale of assets	(6,767)	-
Loss for the year	(1,166,994)	(1,633,664)
Translation adjustment	350,651	190,923
Comprehensive loss for the year	$ (816,343)	$ (1,442,741)
Basic and diluted loss per common share	$ (0.02)	$ (0.02)
Weighted average number of common shares outstanding – basic and diluted	72,153,197	72,153,197

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

TANZANIA MINERALS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
For the years ended

		February 28, 2015		February 28, 2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the year	$	(1,166,994)	$	(1,633,664)
Items not involving cash:				
Share-based compensation		111,140		-
Depreciation		18,918		19,202
Gain from sale of assets		(6,767)		-
Accrued finance income		(942)		-
Shares received as finance income		(5,000)		-
Changes in non-cash working capital items:				
(Increase)Decrease in receivables		16,100		(11,532)
(Increase) Decrease in prepaid expenses		402		(12,502)
Decrease in accounts payable and accrued liabilities		(46,310)		(73,055)
Due from related party		(48,869)		56,477
Net cash used in operating activities		(1,128,322)		(1,655,074)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of equipment		(36,804)		(11,733)
Proceeds on sale of equipment		18,493		-
Acquisition of exploration and evaluation assets		(106,685)		(258,612)
Net cash used in investing activities		(124,996)		(270,345)
Effect of foreign exchange rate		5,593		(23,160)
Decrease in cash and cash equivalents		(1,247,725)		(1,948,579)
Cash and cash equivalents, beginning of year		1,499,029		3,447,608
Cash and cash equivalents, end of year	$	251,304	$	1,499,029
Cash paid during the year for:				
interest	$	-	$	-
income taxes	$	-	$	-
Cash and cash equivalents consists of:				
Cash	$	19,336	$	1,622
Short term investments		231,968		1,497,407
	$	251,304	$	1,499,029

Supplemental disclosures with respect to cash flows (Note 10)

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

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

	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**
Loss for the year	-	-	-	(1,633,664)	-	(1,633,664)
Translation adjustment	-	-	-	-	190,923	190,923
Balance, February 28, 2014	**72,153,197**	**$ 13,660,966**	**$ 2,403,701**	**$ (11,023,050)**	**$ 320,817**	**$ 5,362,434**
Share-based compensation	-	-	111,140	-	-	111,140
Loss for the year	-	-	-	(1,166,994)	-	(1,166,994)
Translation adjustment	-	-	-	-	350,651	350,651
Balance, February 28, 2015	**72,153,197**	**$ 13,660,966**	**$ 2,514,841**	**$ (12,190,044)**	**$ 671,468**	**$ 4,657,231**

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 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 February 28, 2015, the Company had a working capital surplus (excess of current assets over current liabilities) of $254,697 (February 28, 2014 - $1,499,316).

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. The Company has not generated revenue from operations and will require additional financing to undertake further exploration and subsequent development of its exploration and evaluation assets. These conditions may cast significant doubt as to the Company's ability to continue as a going concern.

The 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.

3. BASIS OF PRESENTATION

Statement of compliance

The consolidated financial statements of the Company for the year ending February 28, 2015, including comparatives, are prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

The 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 June 4m, 2015.

Basis of measurement

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

These 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 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 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 ("US") 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 share-based payments

Determining the fair value of warrants and stock options granted 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. The value of share-based payments expense for the year, along with the assumptions and model used for estimating the fair value for share-based payment transactions are disclosed in Note 8.

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.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared in accordance with IFRS and reflect the following significant accounting policies:

Financial instruments

All financial instruments are initially recognized at fair value on the statement of financial position. The Company has classified each financial instrument into one of the following categories: (1) financial assets or liabilities at fair value through profit or loss ("FVTPL"), (2) loans and receivables, (3) financial assets available-for-sale, (4) financial assets held-to-maturity, and (5) other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Financial assets and liabilities at FVTPL are subsequently measured at fair value with changes in those fair values recognized in the statement of operations and comprehensive loss. Financial assets "available-for-sale" are subsequently measured at fair value with changes in fair value recognized in other comprehensive income (loss), net of tax.

Financial assets and liabilities "held-to-maturity", "loans and receivables", and "other financial liabilities" are subsequently measured at amortized cost using the effective interest method.

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.

Financial instruments measured at fair value are classified into one of three levels in a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market date (unobservable inputs).

See Note 12 for relevant disclosures.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held with financial institutions and other short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Depreciation is provided at rates calculated to write off the cost of equipment, less their estimated residual value, using the declining balance method at the following rates:

Mining tools and equipment	30% per annum
Automotive	30% per annum
Furniture and fixtures	20% per annum
Office equipment	30% per annum

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statement of operations and comprehensive loss. Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures are capitalized.

Exploration and evaluation assets

Once the legal right to explore a property has been acquired, costs related to the acquisition and exploration of evaluation and exploration assets are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. Each of the Company's evaluation and exploration assets is considered to be a cash generating unit. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable over the estimated economic life of the property, or the property is abandoned, or management deems there to be an impairment in value, the property is written down to its net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation asset. If payments received exceed the capitalized cost of the exploration and evaluation asset, the excess is recognized as income in the year received. The amounts shown for evaluation and exploration assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Impairment

At each financial position reporting date the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use, which is the present value of future cash flows expected to be derived from the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Future reclamation costs

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of evaluation and exploration assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

For the years presented, the Company does not have any significant future reclamation costs.

Foreign currency translation

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency of the Company and Privco is the Canadian dollar, and the functional currency of Tansmin is the United States dollar.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Foreign currency translation (cont'd…)

Accordingly, the accounts of Tansmin are translated into Canadian dollars as follows:

- all of the assets and liabilities are translated at the rate of exchange in effect on the date of the statement of financial position;
- revenue and expenses are translated at the exchange rate approximating those in effect on the date of the transactions; and
- exchange gains and losses arising from translation are included in accumulated other comprehensive income.

Transactions in currencies other than the functional currency are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the date of the statement of financial position while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of operations and comprehensive loss.

Basic and diluted loss per share

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

Income taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probably that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probably that future taxable profit will allow the deferred tax asset to be recovered.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Share based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and service providers. The Company recognizes share-based compensation expense based on the estimated fair value of the options. A fair value measurement is made for each vesting installment within each option grant and is determined using the Black-Scholes option-pricing model. The fair value of the options is recognized over the vesting period of the options granted as both share-based compensation expense and reserves. This includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods. The reserves account is subsequently reduced if the options are exercised and the amount initially recorded is then credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's equity that results from transactions and other events from other than the Company's shareholders and includes items that would not normally be included in net earnings, such as unrealized gains and losses on available-for-sale investments. Gains and losses that would otherwise be recorded as part of net earnings is presented in other "comprehensive income" until it is considered appropriate to recognize into net earnings. The Company's translation of its subsidiary (Tansmin) into Canadian dollars is the only item affecting comprehensive income (loss) for the years presented.

Adoption of New Standards and Interpretations, and Recent Accounting Pronouncements

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

- IFRS 2 (Amendment): The amendment clarifies vesting conditions by separately defining a performance condition and a service condition, both of which were previously incorporated within the definition of a vesting condition. The amendment is effective on a prospective basis for share-based payment transactions for which the grant date is on or after July 1, 2014.

- 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

- IAS 36 (Amendment): The standard was amended to address the disclosures required regarding the recoverable amount of impaired assets or cash generating units (CGUs) for periods in which an impairment loss has been recognized or reversed.

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC"). 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

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Adoption of New Standards and Interpretations, and Recent Accounting Pronouncements (cont'd)

- IFRS 9: New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018

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		-		-		36,673		131		36,804
Dispositions		-		(30,826)		(11,576)		-		(42,402)
Balance at February 28, 2015	$	39,942	$	55,468	$	38,310	$	18,569	$	152,289
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 year		4,848		7,282		5,478		1,310		18,918
Accumulated depreciation of disposal		-		(28,015)		(2,661)		-		(30,676)
Balance at February 28, 2015	$	28,368	$	39,473	$	12,519	$	15,615	$	95,975
Translation adjustment										
At February 28, 2014	$	2,539	$	3,774	$	260	$	643	$	7,216
At February 28, 2015	$	3,407	$	6,507	$	4,588	$	1,163	$	15,665
Carrying amounts										
At February 28, 2014	$	18,961	$	29,862	$	3,771	$	4,776	$	57,370
At February 28, 2015	$	14,981	$	22,502	$	30,379	$	4,117	$	71,979

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.

On August 9, 2012, (the "Closing Date") 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 August 9, 2014 (issued). See Note 7.

ii. an additional 500,000 common shares on or before the two year anniversary of the Closing Date. During the year ended February 28, 2015, Karoo and the Company 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. During the year ended February 28, 2015, Karoo and the Company 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. During the year ended February 28, 2015, Karoo and the Company 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. During the year ended February 28, 2015, Karoo and the Company 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.

(Expressed in Canadian Dollars)

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

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	**$**	**3,349,175**
Acquisition costs		20,190
Administration fees		6,065
Consulting		220,885
Translation adjustment		209,433
Total for the year		456,573
Balance, February 28, 2014	**$**	**3,805,748**
Acquisition costs		35,227
Administration fees		11,597
Consulting		63,181
Equipment sold (Note 9)		(13,185)
Shares received for mineral claims		(20,000)
Translation adjustment		336,073
Total for the year		412,893
Balance, February 28, 2015	**$**	**4,218,641**

Cumulative Totals		
Acquisition costs	$	134,137
Administration fees		305,053
Consulting		1,076,481
Data		235,220
Drilling		1,353,897
Equipment		47,563
Leases		33,803
Travel		260,623
Shares received for mineral claims		(20,000)
Survey		182,521
Translation adjustment		609,343
Balance, February 28, 2015	**$**	**4,218,641**

7. INVESTMENT

During the year ended February 28, 2015, the Company received 1,000,000 common shares from Karoo as part of an option agreement (Note 6) and 250,000 in order to extend the principal repayment to June 25, 2015, of the amount due from related party (Note 9). These 250,000 shares were issued in November 2014, and were subject to a four month hold period. The fair market value of the shares is as follows:

Balance, February 28, 2014 and 2013	$	-
Additions		25,000
Fair market value adjustment		-
Balance, February 28, 2015	$	25,000

(Expressed in Canadian Dollars)

8. 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 years ended February 28, 2015 or February 28, 2014.

Warrants

The following is a summary of warrants outstanding as at February 28, 2015 and February 28, 2014:

	Number of Warrants	Weighted Average Exercise Price
Outstanding at February 28, 2013, February 28, 2014 and February 28, 2015	8,182,000	$0.75

As at February 28, 2015, the Company had the following warrants outstanding:

Outstanding	Exercise Price	Remaining Contractual Life (years)	Expiry Date
8,182,000[1]	$ 0.75	0.77	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.

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	3,900,000	0.68
Granted	3,150,000	0.05
Outstanding and exercisable at February 28, 2015	7,050,000	$ 0.40

(Expressed in Canadian Dollars)

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

At February 28, 2015 the following stock options were outstanding and exercisable:

Outstanding and Exercisable	Exercise Price	Remaining Contractual Life (years)	Expiry Date
1,100,000	$ 0.40	0.57	September 24, 2015
2,350,000	$ 0.90	1.01	March 3, 2016
350,000	$ 0.27	1.95	February 8, 2017
100,000	$ 0.19	2.45	August 9, 2017
3,150,000	$ 0.05	4.74	November 24, 2019
7,050,000			

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 3,150,000 stock options granted during the year ended February 28, 2015 and no stock options granted during the year ended February 28, 2014. The fair value of the options granted during the year ended February 28, 2015 was $111,140 (February 28, 2014 - $nil) and the weighted average fair value per option was $0.04.

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

	February 28, 2015	February 28, 2014
Risk-free interest rate	1.38%	n/a
Expected life of options	5 years	n/a
Annualized volatility	143%	n/a
Dividend rate	0%	n/a
Forfeiture rate	0%	n/a

9. RELATED PARTY TRANSACTIONS

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

Key management personnel

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

(Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS (cont'd…)

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

	For the year ended	
	February 28, 2015	February 28, 2014
Consulting and professional fees	$ 405,000	$ 686,500
Share-based compensation	85,560	-
	$ 490,560	$ 686,500

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, and an executive of business development in common with the Company; and 6362959 Manitoba Ltd., a company owned by an executive 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 $14,400 (February 28, 2014 - $14,400) to Encanto Potash Corp.

b) Paid or accrued office rent of $23,700 (February 28, 2014 - $1,600) to 6362959 Manitoba Ltd.

c) 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 from related party.

As at February 28, 2015, $8,300 (February 28, 2014, $8,325) was included in accounts payable due various related parties.

As at February 28, 2015, $86,914 (February 28, 2014, $24,645) was included in due from related party and is due from Karoo Exploration Corp. which includes $46,370 recovered from property examination costs. This amount accrues annual interest of 2.5%, starting June 25, 2014, payable quarterly.

On November 18, 2014, Karoo Exploration Corp. issued 250,000 common shares at a value of $5,000 to extend the principal repayment date to June 25, 2015, on the note payable by one year with 4 month hold period. This was recorded as finance income in the consolidate statement of operations and comprehensive loss.

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

10. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

The following were the significant non-cash transactions affecting cash flows from investing activities during the year ended February 28, 2015:

a) Included in accounts payable and accrued liabilities is $3,658 (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.

10. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS (cont'd)

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.

d) The Company received 250,000 common shares from Karoo valued at $5,000 in order to extend the principal repayment of the amount due from related party as reflected in Note 9.

The following was the significant non-cash transaction affecting cash flows from investing activities during the year ended February 28, 2014:

a) Included in accounts payable and accrued liabilities is $338 (February 28, 2013 - $11,810) of exploration and evaluation asset expenditures.

11. CAPITAL MANAGEMENT

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

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

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

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

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

12. 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, and accounts payable and accrued liabilities approximate the carrying value, which is the amount on the consolidated statements of financial position due to their short-term maturities or ability of prompt liquidation. The Company's 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.

12. FINANCIAL INSTRUMENTS (cont'd…)

As at February 28, 2015, 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 February 28, 2015, the Company had cash and equivalents of $251,304 to settle current liabilities of $30,737. 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 an amount due from related party which bears interest. The Company has no interest bearing debt. The interest earned on cash and cash equivalents and the amount due from related party 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 February 28, 2015, the majority of the Company's net US dollar financial assets are held by Tansmin, which has a US dollar functional currency. As at February 28, 2015, net financial assets of US $7,700 were denominated in US dollars. Therefore a 10% change in the Canadian dollar versus the US dollar exchange rate would not have a significant impact on loss and comprehensive loss.

(Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS (cont'd…)

Sensitivity Analysis (cont'd)

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 loss and comprehensive 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. As at February 28, 2015, the Company was exposed to price risk on its $25,000 investment. A 10% change in the share price of the investment would change comprehensive loss by approximately $2,500. 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.

13. 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	Investment	Non-current portion of due from related party	Other assets
February 28, 2015						
Canada	$ 354,397	$ -	$ -	$ 25,000	$ 86,914	$ 242,483
Tanzania	4,333,571	71,979	4,218,641	-	-	42,951
	$ 4,687,968	$ 71,979	$ 4,218,641	$ 25,000	$ 86,914	$ 285,434

	Total assets	Equipment	Exploration and evaluation assets	Investment	Non-current portion of due from related party	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

(Expressed in Canadian Dollars)

14. INCOME TAXES

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

	February 28, 2015	February 28, 2014
Loss for the year	$ (1,166,994)	$ (1,633,664)
Expected income tax recoverable at statutory rate	(303,000)	(423,000)
Non-deductible items	33,000	4,000
Impact of different foreign subsidiary tax rates, and other	(130,000)	(61,000)
Impact of future income tax rates applied versus current statutory rates	-	(39,000)
Change in unrecognized deductible temporary differences	400,000	519,000
Total income taxes	$ -	$ -

The significant components of the Company's deferred tax assets that have not been set up are as follows:

	February 28, 2015	February 28, 2014
Non-capital losses	$ 2,872,000	$ 2,453,000
Exploration and evaluation costs	99,000	75,000
Equipment	20,000	21,000
Share issuance costs	-	42,000
Total	$ 2,991,000	$ 2,591,000
Unrecognized deferred tax assets	(2,991,000)	(2,591,000)
Net deferred tax assets	$ -	$ -

The significant deductible temporary differences, unused tax losses and expiry dates are as follows:

	February 28, 2015		February 28, 2014	
Exploration and evaluation assets	$ 381,000	no expiry	$ 288,000	no expiry
Equipment	74,000	no expiry	79,000	no expiry
Share issuance costs	-	n/a	161,000	2034 - 2035
Non-capital losses available for future periods-Tanzania	3,781,000	no expiry	3,029,000	no expiry
Non-capital losses available for future periods-Canada	7,267,000	2027 - 2035	6,407,000	2016 - 2034

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Tax attributes are subject to review, and potential adjustment, by tax authorities.

(Expressed in Canadian Dollars)

15. COMMITMENTS

The Company has the following commitments with respect to the lease of its office in Dar es Salaam, Tanzania:

Fiscal Year End	Office lease payments
2016	$ 24,000
2017	2,000
	$ 26,000

16. SUBSEQUENT EVENT

On October 21, 2014, the Company announced that it had entered into a letter of intent to acquire from Twigg Gold Ltd. ("Twigg") its 75% and 90% interest in the Igurubi and Msasa, gold projects, respectively.

On March 30, 2015, the Company announced that the TSX Venture Exchange accepted the agreement for expedited filing whereby the Company may acquire a 75% interest in the Igurubi project and 90% interest in the Msasa project located in Tanzania. The consideration payable to Twigg consists of US $350,000 cash and 7,000,000 common shares of the Company.

The Company continues to work with Twigg to bring the closing conditions of the transaction to completion and bring the transaction to a close. This agreement may be terminated by the written explicit mutual consent of the parties at any time prior to the closing date. The Company has the right to terminate this agreement at any time prior to closing, provided that:

(a) there is a material breach of any warranty made by Twigg under this agreement, the Company has given written notice of such termination to Twigg (which has not been remedied by Twigg within 30 days from such notice having been served by the Company)

(b) the Company has provided written notice of such termination to Twigg, and has paid a $50,000 cash payment to Twigg.