UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended February 28, 2011

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: **000-50907**

DOUGLAS LAKE MINERALS INC.

(Exact name of registrant as specified in its charter)

Nevada	**98-0430222**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
Suite 500, 666 Burrard Street **Vancouver, British Columbia, Canada**	**V6C 3P6**
(Address of principal executive offices)	(Zip Code)

(604) 642-6165
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," "non-accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date. **292,416,653 shares of common stock as of April 13, 2011.**

DOUGLAS LAKE MINERALS INC.

Quarterly Report On Form 10-Q
For The Quarterly Period Ended
February 28, 2011

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FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q contains forward-looking statements that involve risks and uncertainties. Forward-looking statements in this quarterly report include, among others, statements regarding our capital needs, business plans and expectations. Such forward-looking statements involve risks and uncertainties regarding the market price of copper, availability of funds, government regulations, permitting, common share prices, operating costs, capital costs, outcomes of ore reserve development, recoveries and other factors. Forward-looking statements are made, without limitation, in relation to operating plans, property exploration and development, availability of funds, environmental reclamation, operating costs and permit acquisition. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may", "will", "should", "expect", "plan", "intend", "anticipate", "believe", "estimate", "predict", "potential" or "continue", the negative of such terms or other comparable terminology. Actual events or results may differ materially. In evaluating these statements, you should consider various factors, including the risks outlined in our annual report on Form 10-K for the year ended May 31, 2010, and, from time to time, in other reports that we file with the Securities and Exchange Commission (the "SEC"). These factors may cause our actual results to differ materially from any forward-looking statement. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

The following unaudited interim financial statements of Douglas Lake Minerals Inc.(sometimes referred to as “we”, “us” or “our Company”) are included in this quarterly report on Form 10-Q:

Douglas Lake Minerals Inc.
(An Exploration Stage Company)
Balance Sheets
(Expressed in U.S. dollars)

	February 28, 2011 $ (Unaudited)	May 31, 2010 $
ASSETS		
Current Assets		
Cash	222,408	–
Marketable securities (Note 11)	2,840,000	–
Prepaid expenses (Note 3)	256,185	13,490
Total Current Assets	3,318,593	13,490
Property and Equipment (Note 4)	38,426	33,299
Total Assets	3,357,019	46,789
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities		
Cheques issued in excess of funds on deposit	–	3,313
Accounts payable	553,012	530,838
Accrued liabilities (Note 7)	302,212	281,258
Due to related parties (Note 5)	22,671	738,059
Total Liabilities	877,895	1,553,468
Commitments and Contingencies (Notes 1, 6 and 12)		
Subsequent Events (Note 14)		
Stockholders' Equity (Deficit)		
Common Stock Authorized: 500,000,000 shares (May 31, 2010 - 500,000,000), $0.001 par value Issued and outstanding: 265,203,282 shares (May 31, 2010 – 72,313,282)	265,203	72,313
Additional Paid-in Capital	98,331,433	26,154,556
Subscriptions Receivable	(153,814)	–
Common Stock Subscribed (Notes 6, 8 and 12(a))	2,455,500	2,253,000
Donated Capital	109,000	109,000
Accumulated Other Comprehensive Income	80,000	–
Deficit Accumulated During the Exploration Stage	(98,608,198)	(30,095,548)
Total Stockholders' Equity (Deficit)	2,479,124	(1,506,679)
Total Liabilities and Stockholders' Equity (Deficit)	3,357,019	46,789

(The accompanying notes are an integral part of these financial statements)

Douglas Lake Minerals Inc.
(An Exploration Stage Company)
Statements of Operations
(Expressed in U.S. dollars)
(Unaudited)

	Accumulated from January 5, 2004 (Date of Inception) to February 28, 2011 $	For the Three Months Ended February 28, 2011 $	For the Three Months Ended February 28, 2010 $	For the Nine Months Ended February 28, 2011 $	For the Nine Months Ended February 28, 2010 $
Revenue	–	–	–	–	–
Expenses					
Amortization	60,994	7,082	–	18,241	–
Consulting	18,289,339	2,801,607	106,683	10,738,950	1,700,294
General and administrative	1,160,896	100,151	17,098	160,070	93,132
Mineral property costs	79,767,059	77,646	56,984	60,237,646	67,081
Professional	1,424,388	163,057	30,463	304,843	191,039
Rent	164,604	14,181	13,743	30,866	42,046
Travel	1,402,744	121,016	40,205	234,914	64,732
Total Expenses	102,270,024	3,284,740	265,176	71,725,530	2,158,324
Net Loss Before Other Expense	(102,270,024)	(3,284,740)	(265,176)	(71,725,530)	(2,158,324)
Other Income (Expense)					
Gain on write-down of accounts payable	102,880	–	–	102,880	–
Mineral property option payments	3,616,017	2,760,000	–	3,110,000	125,000
Loss on sale of investment securities	(57,071)	–	–	–	–
Net Loss	(98,608,198)	(524,740)	(265,176)	(68,512,650)	(2,033,324)
Other Comprehensive Income					
Unrealized gain on marketable securities	80,000	80,000	–	80,000	–
Comprehensive loss	(98,528,198)	(444,740)	(265,176)	(68,432,650)	(2,033,324)
Net Loss Per Share – Basic and Diluted		–	–	(0.39)	(0.03)
Weighted Average Shares Outstanding		183,650,000	72,313,000	174,474,000	71,264,000

(The accompanying notes are an integral part of these financial statements)

Douglas Lake Minerals Inc.
(An Exploration Stage Company)
Statements of Cash Flows
(Expressed in U.S. dollars)
(Unaudited)

	Accumulated from January 5, 2004 (Date of Inception) to February 28, 2011 $	For the Nine Months Ended February 28, 2011 $	For the Nine Months Ended February 28, 2010 $
Operating Activities			
Net loss	(98,608,198)	(68,512,650)	(2,033,324)
Adjustments to reconcile net loss to net cash used in operating activities:			
Amortization	60,994	18,241	18,712
Donated services and rent	9,000	–	–
Impairment of mineral property acquisition costs	77,492,074	60,000,000	–
Loss on sale of investment securities	57,071	–	–
Mineral property option payments	(156,017)	–	–
Stock-based compensation	15,689,602	10,342,766	1,519,382
Gain on write-down of accounts payable	(102,880)	(102,880)	–
Write off of equipment	3,693	3,693	–
Shares received from mineral property option payment	(2,760,000)	(2,760,000)	–
Changes in operating assets and liabilities:			
Amount receivable	–	–	(125,000)
Prepaid expenses	(256,185)	(242,693)	(60,886)
Accounts payable and accrued liabilities	259,147	146,007	37,147
Due to related parties	876,614	(99,202)	210,539
Net Cash Used in Operating Activities	(7,435,085)	(1,206,718)	(433,430)
Investing Activities			
Mineral property acquisition costs	(697,677)	–	–
Proceeds from mineral property options	600,000	–	250,000
Purchase of property and equipment	(103,113)	(27,061)	–
Net Cash Used In Investing Activities	(200,790)	(27,061)	250,000
Financing Activities			
Cheques issued in excess of funds on deposit	–	(3,313)	–
Proceeds from issuance of common stock	7,990,532	1,257,000	40,000
Proceeds from stock subscriptions	202,500	202,500	–
Share issuance costs	(334,749)	–	(13,400)
Net Cash Provided By Financing Activities	7,858,283	1,456,187	26,600
Increase (Decrease) in Cash	222,408	222,408	(156,830)
Cash – Beginning of Period	–	–	197,030
Cash – End of Period	222,408	222,408	40,200
Non-cash Investing and Financing Activities			
Amount owing pursuant to mineral license acquisition agreements included in accrued liabilities	250,000	–	–
Common shares issued to settle related party payable	619,306	619,306	
Common shares subscribed for mineral licenses acquired	2,203,000	–	–
Common shares issued for mineral licenses acquired	74,796,750	60,000,000	–
Shares gifted to the Company to settle liabilities	100,000	–	–
Investment securities received and sold by the President of the Company on behalf of the Company	79,603	–	–
Supplemental Disclosures			
Interest paid	–	–	–
Income taxes paid	–	–	–

(The accompanying notes are an integral part of these financial statements)

1. Nature of Operations and Continuance of Business

The Company was incorporated in the State of Nevada on January 5, 2004. The Company is an Exploration Stage Company, as defined by Statement of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 915, *Development Stage Entities*. The Company's principal business is the acquisition and exploration of mineral resources located in Tanzania, Africa. The Company has not presently determined whether its properties contain mineral reserves that are economically recoverable. To date, the Company has not incurred any asset retirement obligations.

These financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company has never generated revenues since inception and has never paid any dividends and is unlikely to pay dividends or generate earnings in the immediate or foreseeable future. The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders, the ability of the Company to obtain necessary equity financing to continue operations and to determine the existence, discovery and successful exploitation of economically recoverable reserves in its resource properties, confirmation of the Company's interests in the underlying properties, and the attainment of profitable operations. As at February 28, 2011, the Company has cash on hand of $222,408 and has accumulated losses of $98,608,198 since inception. These factors raise substantial doubt regarding the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company's plans for the next twelve months are to focus on the exploration of its mineral properties in Tanzania and estimates that cash requirements of approximately $2,600,000 will be required for exploration and administration costs and to fund working capital. Management intends to raise additional funds through debt and/or equity financing. Subsequent to February 28, 2011, the Company closed a private placement which raised funds exceeding the $2,600,000 cash requirement (See Note 14).

2. Summary of Significant Accounting Policies

a) Basis of Presentation

These financial statements and related notes are presented in accordance with accounting principles generally accepted in the United States, and are expressed in U.S. dollars. Beijing Dao Hu Investment -Consulting, Ltd., (Beijing Dao) a Chinese company previously wholly-owned, was consolidated on May 31, 2010. During the nine months ended February 28, 2011, the Company dissolved Beijing Dao; and the dissolution is immaterial to the financial statements. The Company's fiscal year-end is May 31.

b) Interim Financial Statements

The interim unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Securities and Exchange Commission ("SEC") Form 10-Q. They do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. Therefore, these financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended May 31, 2010, included in the Company's Annual Report on Form 10-K filed on September 14, 2010 with the SEC.

The financial statements included herein are unaudited; however, they contain all normal recurring accruals and adjustments that, in the opinion of management, are necessary to present fairly the Company's financial position at February 28, 2011, and the results of its operations and cash flows for the interim periods ended February 28, 2011 and 2010. The results of operations for the three months and nine months ended February 28, 2011 are not necessarily indicative of the results to be expected for future quarters or the full year.

2. Summary of Significant Accounting Policies (continued)

c) Use of Estimates

The preparation of financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses in the reporting period. The Company regularly evaluates estimates and assumptions related to the recoverability and useful life of long-lived assets, stock-based compensation, and deferred income tax asset valuation allowances. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

d) Basic and Diluted Net Income (Loss) Per Share

The Company computes net income (loss) per share in accordance with ASC 260, *Earnings per Share* which requires presentation of both basic and diluted earnings per share (EPS) on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti dilutive.

e) Comprehensive Loss

ASC 220, *Comprehensive Income* establishes standards for the reporting and display of comprehensive loss and its components in the financial statements. As at February 28, 2011, the Company's only component of other comprehensive income was an unrealized fair value gain on available for sale marketable securities.

f) Cash and Cash Equivalents

The Company considers all highly liquid instruments with maturity of three months or less at the time of issuance to be cash equivalents.

g) Marketable Securities

The Company reports investments in debt and marketable equity securities at fair value based on quoted market prices or, if quoted prices are not available, discounted expected cash flows using market rates commensurate with credit quality and maturity of the investment. All investment securities are designated as available for sale with unrealized gains and losses included in stockholders' equity. Unrealized losses that are other than temporary are recognized in earnings. Realized gains and losses are accounted for on the specific identification method.

The Company periodically reviews these investments for other-than-temporary declines in fair value based on the specific identification method and writes down investments to their fair value when an other-than- temporary decline has occurred. When determining whether a decline is other-than-temporary, the Company examines (i) the length of time and the extent to which the fair value of an investment has been lower than its carrying value: (ii) the financial condition and near-term prospects of the investee, including any specific events that may influence the operations of the investee such as changes in technology that may impair the earnings potential of the investee: and (iii) the Company's intent and ability to retain its investment in the investee for a sufficient period of time to allow for any anticipated recovery in market value. The Company generally believes that an other-than-temporary decline has occurred when the fair value of the investment is below the carrying value for one year, absent of evidence to the contrary.

h) Property and Equipment

Property and equipment consists of office equipment and automobiles recorded at cost and amortized on a straight-line basis over a three-year period.

2. Summary of Significant Accounting Policies (continued)

i) Mineral Property Costs

The Company has been in the exploration stage since its inception on January 5, 2004 and has not yet realized any revenues from its planned operations. It is primarily engaged in the acquisition and exploration of mining properties. Mineral property exploration costs are expensed as incurred. Mineral property acquisition costs are initially capitalized. The Company assesses the carrying costs for impairment under ASC 360, *Property, Plant, and Equipment* at each fiscal quarter end. When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, the costs then incurred to develop such property, are capitalized. Such costs will be amortized using the units-of-production method over the estimated life of the probable reserve. If mineral properties are subsequently abandoned or impaired, any capitalized costs will be charged to operations.

j) Long-Lived Assets

In accordance with ASC 360*, Property Plant and Equipment* the Company tests long-lived assets or asset groups for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant decreases in the market price of the asset; significant adverse changes in the business climate or legal factors; accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset; and current expectation that the asset will more likely than not be sold or disposed significantly before the end of its estimated useful life. Recoverability is assessed based on the carrying amount of the asset and its fair value which is generally determined based on the sum of the undiscounted cash flows expected to result from the use and the eventual disposal of the asset, as well as specific appraisal in certain instances. An impairment loss is recognized when the carrying amount is not recoverable and exceeds fair value.

k) Asset Retirement Obligations

The Company accounts for asset retirement obligations in accordance with the provisions of ASC 440 *Asset Retirement and Environmental Obligations* which requires the Company to record the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development and/or normal use of the assets. The Company did not have any assets retirement obligations as of February 28, 2011 and 2010.

l) Financial Instruments

ASC 825, *Financial Instruments* requires an entity to maximize the use of observable inputs and the fair value of financial instruments, which include cash, bank indebtedness, marketable securities, accounts payable, and amounts due to related parties were estimated to approximate their carrying values due to the immediate or short-term maturities of these financial instruments.

The Company's operations are in Canada and Africa, which results in exposure to market risks from changes in foreign currency rates. The financial risk is the risk to the Company's operations that arise from fluctuations in foreign exchange rates and the degree of volatility of these rates. Currently, the Company does not use derivative instruments to reduce its exposure to foreign currency risk.

m) Income Taxes

The Company accounts for income taxes using the asset and liability method in accordance with ASC 740, *Income Taxes.* The asset and liability method provides that deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, and for operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company records a valuation allowance to reduce deferred tax assets to the amount that is believed more likely than not to be realized.

2. Summary of Significant Accounting Policies (continued)

n) Foreign Currency Translation

The functional and reporting currency of the Company is the United States dollar. Monetary assets and liabilities denominated in foreign currencies are translated to United States dollars in accordance with ASC 740 *Foreign Currency Translation Matters*, using the exchange rate prevailing at the balance sheet date. Gains and losses arising on translation or settlement of foreign currency denominated transactions or balances are included in the determination of income. The Company has not, to the date of these financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

To the extent that the Company incurs transactions that are not denominated in its functional currency, they are undertaken in Canadian dollars, and Tanzanian Shilling. The Company has not, to the date of these financials statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

o) Stock-based Compensation

The Company records stock-based compensation in accordance with ASC 718, *Compensation – Stock Based Compensation* and ASC 505, *Equity Based Payments to Non-Employees*, which requires the measurement and recognition of compensation expense based on estimated fair values for all share-based awards made to employees and directors, including stock options.

ASC 718 requires companies to estimate the fair value of share-based awards on the date of grant using an option-pricing model. The Company uses the Black-Scholes option-pricing model as its method of determining fair value. This model is affected by the Company's stock price as well as assumptions regarding a number of subjective variables. These subjective variables include, but are not limited to the Company's expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviours. The value of the portion of the award that is ultimately expected to vest is recognized as an expense in the statement of operations over the requisite service period.

All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable.

p) Recently Issued Accounting Pronouncements

The Company has implemented all new accounting pronouncements that are in effect and that may impact its financial statements and does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

q) Reclassification

Certain reclassifications have been made to the prior period's financial statements to conform to the current period's presentation.

3. Prepaid Expenses

The components of prepaid expenses are as follows:

	February 28, 2011 $	May 31, 2010 $
General and administrative	73,238	4,083
Professional fees	10,000	–
Rent	40,589	2,194
Travel and exploration expenses	132,358	7,213
	256,185	13,490

(Expressed in U.S. dollars)

4. Property and Equipment

	Cost $	Accumulated Amortization $	February 28, 2011 Net Book Value $	May 31, 2010 Net Book Value $
Automobiles	54,000	42,750	11,250	24,750
Office equipment	38,112	12,883	25,229	8,549
Software	2,138	191	1,947	–
	94,250	55,824	38,426	33,299

5. Related Party Transactions and Balances

a) During the nine months ended February 28, 2011, the Company incurred $186,781 (2010 - $124,058) of consulting fees, and reimbursed $180,732 (2010 - $94,758) of expenses incurred on behalf of the Company, by various directors and officers. On September 20, 2010, the President of the Company converted $616,186 of related party debt into 5,000,000 units. Each unit consisted of one share of the Company's common stock and one share purchase warrant to purchase an additional share of common stock at $0.25 for two years. Due to an error, the Company issued units for $133,814 more than was owing to the President. Subsequent to the end of the period the President of the Company paid the additional $133,814 of subscriptions for the shares. As a result $133,814 was included in subscriptions receivable at February 28, 2011. The Company recorded stock based compensation of $3,035,505, equal to the difference between the fair value of the units of $3,785,505 and the $750,000 of debt settled and subscriptions receivable as stock based compensation.

b) During the nine month period ended February 28, 2011, the Company paid consulting fees of $14,867 (2010 - $Nil) to a relative of the CEO.

c) During the nine month period ended February 28, 2011, the Company paid directors fees of $15,268 (2010 - $Nil).

d) At February 28, 2011 the Company was indebted to the President for $Nil (May 31, 2010 - $731,890). As at February 28, 2011, the Company was indebted to the Chief Financial Officer of the Company for $12,671 (May 31, 2010 – $6,169). As at February 28, 2011, the Company was indebted to directors of the Company for $10,000 (May 31, 2010 - $Nil). The amounts due are non-interest bearing, unsecured and due on demand.

6. Mineral Properties

Tanzania, Africa

a) On June 27, 2008, the Company entered into a Joint Venture Agreement that grants the Company the right to explore for minerals on properties in Liwale and Nachigwea Districts of Tanzania known as the Mkuvia Alluvial Gold Project, in consideration for the payment of $1,000,000 (paid) upon signing the agreement and $540,000 over five years beginning July 15, 2008. The $540,000 is payable in stages on a quarterly basis of which $80,000 must be paid in the first year, and $460,000 over the next five years. The holder of the property licenses retains a net smelter royalty return of 3%.

On June 5, 2009, the Company entered into a new joint venture which reduced the area covered by the original agreement to approximately 380 square kilometres. Pursuant to the new joint venture agreement, the Company was required to pay $40,000 upon the signing of the new agreement. In addition, the joint venture partner is still entitled to receive a perpetual net smelter royalty return of 3% from any product realized from the property underlying the prospecting licenses. By entering into the new joint venture agreement, the Company is no longer required to pay the balance of the $460,000 previously due under the prior joint venture agreement. The new joint venture agreement covers prospecting licenses No. 5673/2009, No. 5669/2009, No. 5664/2009, and No. 5662/2009 all of which were renewed on June 12, 2009 for a period of three years.

On November 7, 2009, the Company entered into its first agreement with Ruby Creek Resources Inc. ("RCR") in which RCR has the right to acquire a 70% interest in 125 square kilometres of the Company's interest in the 380 square kilometres covered by the four prospecting licenses in the Mkuvia Alluvial Gold Project in consideration for $3,000,000 payable as follows:

6. Mineral Properties (continued)

   i) $100,000 within 5 business days of signing the agreement (received).

   ii) $150,000 within 15 business days of signing the agreement (received).

   iii) $100,000 upon satisfactory completion of RCR due diligence (received).

   iv) $400,000 upon closing and receipt the first mining license.

   v) $750,000 payable within 12 months of closing.

   vi) $750,000 payable within 24 months of closing, and

   vii) $750,000 payable within 36 months of closing. This payment may be made in common shares of RCR. The shares will be valued at the 10 day average trading price of RCR's common stock prior to the payment date.

RCR can increase its ownership from 70% to 75% by paying an additional $1,000,000 within 12 months of closing.

b) On May 24, 2010, in a second agreement (fully executed on June 16, 2010) between RCR and the Company, RCR has to the right to earn a 70% interest in the remaining 255 square kilometres of the 380 square kilometre Mkuvia Alluvial Gold Project by making additional payments totalling $6,000,000 to the Company.

The schedule by which RCR is to pay such $6,000,000 to the Company is as follows:

   i) $200,000 due within seven days of execution of the Agreement (received) with $100,000 applied towards costs of environmental permitting and the initial mining license (applied);

   ii) $150,000 (received) plus the issuance of four million restricted shares of common stock of RCR, with an agreed upon value of $0.80 per share for a deemed valuation of $3,200,000, within 30 days of the receipt of Certificates of Acknowledgement for all underlying and related Agreements from the Commissioner for Minerals in Tanzania as required by the Mining Act of Tanzania (Certificates of Acknowledgement received August 12, 2010). The four million restricted shares of common stock of RCR were issued to the Company on December 16, 2010.

   iii) $450,000 on June 1, 2011;

   iv) $1,000,000 on June 1, 2012; and

   v) $1,000,000 on June 1, 2013 (which may be satisfied by the issuance of stock by RCR).

Thus, the combined payments under the November 7, 2009 and the May 24, 2010 agreements provide for a total commitment of $9,000,000 payable to the Company by RCR to purchase a 70% interest in the entire 380 square kilometre Mkuvia Alluvial Gold Project. The ownership structure of the interest in the Mkuvia Alluvial Gold Project shall be a 70% interest RCR, a 25% interest for Douglas Lake, and a 5% interest for Mr. Mkuvia Maita, the original owner of the underlying prospecting licenses. In addition, Mr. Maita retains a 3% net smelter royalty. RCR may increase its ownership position from a 70% interest to 75%, reducing the Company's position to 20%, by giving Notice to the Company and paying $1,000,000 to the Company by June 1, 2011.

On June 3, 2010, the Company and RCR incorporated Ruby Creek Resources (Tanzania) Limited ("Ruby Creek Tanzania") to manage the mining operations in the Mkuvia Gold Project in Tanzania. Ruby Creek Resources (Tanzania) Limited, a joint venture company, is owned by Ruby Creek Resources (70%), the Company (25%) and Mr. Mkuvia Maita (5%).

c) On April 27, 2006, the Company entered into a Strategic Alliance Agreement with Canaco Resources Inc. ("Canaco"), a Canadian public company. Under the terms of the agreement, Canaco paid $350,000 (received during fiscal 2007) to the Company, and will provide technical management and fund the initial assessment of each of the prospects in Tanzania, in order to earn up to a 70% undivided interest in the prospects. The $350,000 payment can be allocated at Canaco's discretion to cash payments owing under subsequent option agreements. On November 1, 2007, Canaco allocated $75,000 of the payment as the cash consideration owed under the Morogoro option agreement which was subsequently abandoned by Morogoro. In connection with this agreement, the Company is required to issue 200,000 restricted shares of common stock. The Company determined the fair value of the 200,000 shares to be $88,000. The 200,000 shares have not been issued as at February 28, 2011, and $88,000 is included in common stock subscribed.

6. Mineral Properties (continued)

d) On November 17, 2006, the Company entered into an Asset Purchase Agreement with Atlas to acquire Prospecting License No. 3920/2006 known as “Shinyanga” or “Magembe,” which covers an area of approximately 46 square kilometres in Tanzania. The Licenses were transferred to the Company’s name on signing the agreement for an aggregate purchase price of $200,000 (paid) and 4,500,000 restricted shares of common stock. The Company determined the fair value of the shares to be $3,172,500. As at May 31, 2007, the Company issued 1,500,000 shares at the fair value of $1,057,500 and at February 28, 2011, the remaining 3,000,000 shares at the fair value of $2,115,000 is included in common stock subscribed. During fiscal 2010, the Company decided to focus on other properties and has let the Magembe prospecting license lapse.

e) On November 17, 2006, the Company entered into an Asset Purchase Agreement with Hydro-Geos Consulting Group Tanzania Limited (“HG”) to acquire nine Prospecting Licenses, which cover an area of approximately 2,388.79 square kilometres in Tanzania. Prospecting License No.’s 3868/2006, 3671/2005, 3398/2005, 3105/2005, 3211/2005, and 2961/2004 were transferred to the Company’s name on signing the agreement for an aggregate purchase price of $600,000 (“Cash Payment”) and issuance of 4,000,000 restricted shares of common stock (issued) at a fair value of $2,820,000. The Cash Payment is to be made as follows: $150,000 (paid) on signing of the agreement and $150,000 payments at the end of each ninety day period thereafter until the consideration is paid in full. As at February 28, 2011, $250,000 is included in accrued liabilities. The Company has let Prospecting License No.’s 3671/2005, 3398/2005, 3105/2005, 3211/2005, and 2961/2004 lapse.

f) On September 21, 2010, the Company completed a Mineral Property Acquisition Agreement with IPP Gold Limited (“IPP Gold”), and the Company acquired four prospecting licences totalling approximately 800 square kilometres, located in the Handeni District of Tanzania (the “Handeni Properties”). IPP Gold retained a 2.5% net smelter royalty (“NSR”) on the Handeni Properties and the Company has the option to reduce the NSR to 1.25% by paying $5,000,000. If the NSR is reduced to 1.25% the maximum NSR for any year is capped at $1,000,000. In any year the NSR payment is less than $1,000,000 the difference between the actual NSR payment and $1,000,000 will be carried forward to subsequent years. In addition if the London spot price for gold is equal to or greater than $1,500 then the NSR will increase from 2.5% to 3%. The Company issued 133,333,333 restricted shares of common stock to IPP Gold to acquire the Handeni Properties and no further payments to IPP Gold in shares or cash is required.

On September 1, 2010, the Company entered into a Transaction Fee Agreement with a consultant for services related to soliciting offers from and in assisting in the negotiation with potential Company financiers, purchasers, acquisition targets and/or joint venture development partners (each such party being a “Potential Investor”). The initial term of the agreement is a period of 60 days and automatically renews monthly unless otherwise specifically renewed in writing by each party or terminated by the Company. Pursuant to the agreement, the Company agreed to pay the consultant a transaction fee for each completed property acquisition transaction in Tanzania (a “Completed Transaction”). The transaction fee is 12.5% of the shares issuable under each Completed Transaction, payable in restricted common shares at the lowest priced security issuable under each Completed Transaction. On September 30, 2010, the Company issued 16,666,667 restricted shares of common stock pursuant to the Transaction Fee Agreement in relation to the acquisition of the Handeni Properties.

The fair value of the 133,333,333 shares of the Company’s common stock issued to IPP Gold pursuant to the Acquisition Agreement and the 16,666,667 shares of the Company’s common stock issued pursuant to the Transaction Fee Agreement totalled $60,000,000.

On November 30, 2010, the capitalized acquisition costs of the Handeni Properties were tested for impairment by the Company’s management as required by ASC 360. Management determined that no positive cash flows from the Handeni Properties could be identified or supported and a full impairment loss was recognized in expenses for the $60,000,000 acquisition cost.

(Expressed in U.S. dollars)

7. Accrued Liabilities

The components of accrued liabilities are as follows:

	February 28, 2011 $	May 31, 2010 $
Consulting fees	15,286	30,000
Mineral property expenditures	250,000	250,623
Professional fees	36,926	635
Total Accrued Liabilities	302,212	281,258

8. Common Stock

a) As at February 28, 2011, the Company has received stock subscriptions for 450,000 units at $0.45 per share pursuant to a private placement for proceeds of $202,500, which is included in common stock subscribed. Each unit consists of one common share of the Company's common stock and one share purchase warrant entitling the holder to purchase one share of common stock at an exercise price of $0.52 per share expiring 18 months from the date of issuance. The Company completed the private placement and issued the shares on March 11, 2011. Refer to Note 14(a).

b) On February 23, 2011, the Company issued 20,000 shares of common stock upon the exercise of 20,000 stock options for proceeds of $6,000.

c) On February 4, 2011, the Company issued 2,900,000 shares of common stock upon the cashless exercise of 2,900,000 stock options.

d) On January 31, 2011, the Company issued 2,000,000 shares of common stock upon the exercise of 2,000,000 stock purchase warrants for proceeds of $150,000.

e) On January 18, 2011, the Company issued 1,100,000 shares of common stock upon the cashless exercise of 1,100,000 stock options.

f) On January 12, 2011, the Company issued 20,000 shares of common stock upon the exercise of 20,000 stock options for proceeds of $6,000.

g) On January 11, 2011, the Company issued 22,000,000 units at $0.05 per unit for proceeds of $1,100,000 pursuant to a private placement. Each unit consists of one share of common stock and one purchase warrant entitling the holder to purchase one share of common stock at an exercise price of $0.075 per share until January 10, 2013.

h) On November 23, 2010, the Company issued 50,000 shares of common stock upon the exercise of 50,000 stock options for proceeds of $15,000.

i) On September 20, 2010, the Company issued 5,000,000 units with a fair value of $3,785,505 to the Chief Executive Officer of the Company to settle debt of $614,352. Each unit consists of one share of common stock and one purchase warrant entitling the holder to purchase one share of common stock at an exercise price of $0.25 per share expiring on September 20, 2012.

j) On September 15, 2010, the Company issued 133,333,333 shares of common stock pursuant to the Acquisition Agreement described in Note 6(f).

k) On September 15, 2010, the Company issued 16,666,667 shares of common stock pursuant to the Transaction Fee Agreement described in Note 6(f).

l) On August 23, 2010, the Company issued 9,800,000 shares of common stock upon the cashless exercise of 9,800,000 stock options.

(Expressed in U.S. dollars)

9. Stock Options

The Company adopted a Stock Option Plan dated April 27, 2007, (the “2007 Stock Option Plan”), under which the Company is authorized to grant stock options to acquire up to a total of 10,000,000 shares of common stock. At February 28, 2011, the Company had no shares of common stock available to be issued under the 2007 Stock Option Plan.

The Company adopted an additional Stock Option Plan dated October 20, 2008 (the “2008 Stock Option Plan”), under which the Company is authorized to grant stock options to acquire up to a total of 10,000,000 shares of common stock. At February 28, 2011, the Company had no shares of common stock available to be issued under the 2008 Stock Option Plan. On August 11, 2010, the Company granted stock options to acquire 3,800,000 common shares at a price of $0.05 per share exercisable for 10 years. During the nine months ended February 28, 2011, the Company recorded stock-based compensation of $415,102 as consulting expense.

The Company adopted an additional Stock Option Plan dated August 11, 2010 (the “August 2010 Stock Option Plan”), under which the Company is authorized to grant stock options to acquire up to a total of 10,000,000 shares of common shares. At February 28, 2011, the Company had no shares of common stock available to be issued under the August 2010 Stock Option Plan. On August 11, 2010, the Company granted stock options to acquire 6,000,000 common shares at a price of $0.05 per share exercisable for 10 years. During the nine months ended February 28, 2011, the Company recorded stock-based compensation of $655,425 as consulting expense.

On October 21, 2010, the Company granted stock options to acquire 4,000,000 common shares at a price of $0.30 per share exercisable for 10 years. During the nine months ended February 28, 2011, the Company recorded stock-based compensation of $1,189,225 as consulting expense.

The Company adopted an additional Stock Option Plan dated November 29, 2010 (the “November 2010 Stock Option Plan”), under which the Company is authorized to grant stock options to acquire up to a total of 40,000,000 shares of common shares. At February 28, 2011, the Company had 6,500,000 shares of common stock available to be issued under the November 2010 Stock Option Plan. On November 29, 2010, the Company granted stock options to acquire 33,500,000 common shares at a price of $0.20 per share exercisable for 10 years. During the nine months ended February 28, 2011, the Company recorded stock-based compensation of $5,047,509 as consulting expense.

The fair value for stock options granted was estimated at the date of grant using the Black-Scholes option-pricing model and the weighted average fair value of stock options granted during the nine months ended February 28, 2011 was $0.29 per share (2010 - $0.34). The weighted average assumptions used are as follows:

	Nine Months Ended February 28, 2011	Nine Months Ended February 28, 2010
Expected dividend yield	0%	0%
Risk-free interest rate	2.79%	2.71%
Expected volatility	161%	177%
Expected option life (in years)	10.00	5.00

The total intrinsic value of stock options exercised during the nine months ended February 28, 2011, was $1,645,000 (2010 - $966,000) and the intrinsic value of outstanding options at February 28, 2011 was $15,775,000 May 31, 2010 - $Nil).

The following table summarizes the continuity of the Company’s stock options:

	Number of Options #	Weighted Average Exercise Price $	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value $
Outstanding, May 31, 2010	3,123,333	0.30		
Granted	47,300,000	0.18		
Exercised	(13,890,000)	0.12		
Outstanding, February 28, 2011	26,800,000	0.21	9.17	–
Exercisable, February 28, 2011	9,733,333	0.23	7.56	–

(Expressed in U.S. dollars)

9. Stock Options (continued)

A summary of the status of the Company's non-vested stock options as of February 28, 2011, and changes during the nine months ended February 28, 2011 is presented below:

Non-vested stock options	Number of Shares	Weighted Average Grant Date Fair Value $
June 1, 2010	–	–
Granted	47,300,000	0.29
Vested	(20,500,000)	0.22
Non-vested at February 28, 2011	26,800,000	0.35

As at February 28, 2011, there was $7,767,963 of total unrecognized compensation cost related to non-vested stock option agreements. That cost is expected to be recognized over a weighted average period of 1.75 years.

The stock options outstanding are exercisable for cash or on a cashless exercise basis using a prorated formula whereby the number of shares issuable is equal to (a) the average closing price for the five days prior to exercise date ("ACP") in excess of the exercise price, divided by (b) the exercise price multiplied by (c) the number of options exercised. During the nine months ended February 28, 2011, 13,800,000 cashless stock options were exercised (2010 - 4,200,000).

10. Share Purchase Warrants

The following table summarizes the continuity of the Company's share purchase warrants:

	Number of Warrants	Weighted Average Exercise Price $
Balance, May 31, 2010	733,500	0.39
Issued	27,000,000	0.11
Exercised	(2,000,000)	0.075
Expired	(733,500)	0.39
Balance, February 28, 2011	25,000,000	0.11

As at February 28, 2011, the following common share purchase warrants were outstanding:

Number of Warrants	Exercise Price $	Remaining Contractual Life (years)
5,000,000	0.25	1.56
20,000,000	0.075	1.87
25,000,000		

11. Marketable Securities

	Cost $	Fair Value Based On Quoted Market Price $	Accumulated Unrealized Gains $
Ruby Creek Minerals Inc., 4,000,000 common shares	2,760,000	2,840,000	80,000

12. Commitments

a) On January 9, 2006, the Company entered into a consulting agreement for a term of three months for consideration of $75,000 cash (paid in fiscal 2006 by a director on behalf of the Company) and 150,000 shares of common stock (100,000 shares transferred to the consultant by related parties during fiscal 2006). As at February 28, 2011, 50,000 shares of common stock are owed to the consultant. As at February 28, 2011, the fair value of $50,000 for these shares owed is included in common stock subscribed.

b) On September 20, 2009, the Company agreed to pay the CFO Cdn$6,500 per month for six months. On April 1, 2010, the Company extended the employment agreement for three years.

c) On September 24, 2009, the Company agreed to pay the CEO $10,000 per month for a period of three years. During the quarter ended November 30, 2010, the salary of the CEO increased to $15,000 per month.

d) On June 1, 2010, the Company entered into a consulting agreement for consulting services related to the Company's China operation for a fee of $10,000 per month for three years. During the nine months ended February 28, 2011 the agreement was terminated.

13. Fair Value Measurements

ASC 820 requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 820 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

Pursuant to ASC 820, the fair value of our cash equivalents and marketable securities are determined based on "Level 1" inputs, which consist of quoted prices in active markets for identical assets.

Management believes that the recorded values of all of the Company's other financial instruments approximate their current fair values because of their nature and respective maturity dates or durations.

14. Subsequent Events

a) On March 11, 2011, the Company issued 11,285,494 units at $0.45 per unit for proceeds of $5,078,472 pursuant to a private placement. Each unit consists of one share of common stock and one purchase warrant entitling the holder to purchase one share of common stock at an exercise price of $0.52 per share until September 11, 2012.

b) On March 21, 2011, the Company issued 3,576,768 units at $0.45 per unit for proceeds of $1,609,545 pursuant to a private placement. Each unit consists of one share of common stock and one purchase warrant entitling the holder to purchase one share of common stock at an exercise price of $0.52 per share until September 21, 2012.

c) On March 29, 2011, the Company issued 12,311,110 units at $0.45 per unit for proceeds of $5,540,000 pursuant to a private placement. Each unit consists of one share of common stock and one purchase warrant entitling the holder to purchase one share of common stock at an exercise price of $0.52 per share until September 29, 2013. The Company is required to use reasonable commercial efforts to file a resale registration statement with the SEC within 45 days following the closing of the private placement that covers the resale by the purchasers of the unit shares and the warrant issuable upon exercise of the warrants issued in the private placement.

d) The Company paid finders' fees and legal expenses in an aggregate amount of $788,382 in relation to the three private placements as described in Notes 14(a), (b) and (c). On March 29, 2011, the Company also issued 1,243,045 warrants as finders' fees. Each warrant is exercisable for one additional common share of the Company at an exercise price of $0.52 per share, expiring on September 29, 2013.

e) On April 6, 2011, the Company entered into drilling contracts to drill 10,000 meters at the Handeni Properties and a deposit of $500,000 was paid to the contractor. Drilling is planned to commence in June 2011.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of our financial condition, changes in financial condition and results of operations for the nine months ended February 28, 2011 and 2010 should be read in conjunction with our unaudited interim financial statements and related notes for the nine months ended February 28, 2011 and 2010. The following discussion contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements.

Overview of our Business

We were incorporated on January 5, 2004 under the laws of the State of Nevada. We are an exploration stage company engaged in the acquisition and exploration of mineral properties. During our year ended May 31, 2010, we had interests in several mineral claims located in Tanzania, Africa, through prospecting licenses issued by the government of Tanzania. However, we have allowed several of such property interests to lapse, and we currently have interests in the Mkuvia Alluvial Gold Project and the Handeni District Project, as described below.

None of our mineral claims that we held during the nine months ended February 28, 2011, including the Mkuvia Alluvial Gold Project and Handeni District Project, contain any substantiated mineral deposits or reserves of minerals. Minimal exploration has been carried out on these claims. Accordingly, additional exploration of these mineral claims is required before any determination as to whether any commercially viable mineral deposit may exist on our mineral claims. Our plan of operations is to carry out preliminary exploration work on our mineral claims in order to ascertain whether our mineral claims warrant advanced exploration to determine whether they possess commercially exploitable deposits of minerals. We will not be able to determine whether or not any of our mineral claims contain a commercially exploitable mineral deposit, or reserve, until appropriate exploratory work is done and an economic evaluation based on that work concludes economic viability.

We are considered an exploration or exploratory stage company because we are involved in the examination and investigation of land that we believe may contain valuable minerals, for the purpose of discovering the presence of ore, if any, and its extent. Because we are an exploration stage company, there is no assurance that a commercially viable mineral deposit exists on the properties underlying our mineral claim interests, and a great deal of further exploration will be required before a final evaluation as to the economic and legal feasibility for our future exploration is determined. We have no known reserves of any type of mineral. To date, we have not discovered an economically viable mineral deposit on the properties, and there is no assurance that we will discover any.

Our Mineral Claims

Handeni District Prospecting Licenses

Currently, our primary focus in on the Handeni District Project. Effective September 21, 2010, the Company's Board of Directors ratified the entering into of and immediate closing of a certain Mineral Property Acquisition Agreement (the "Acquisition Agreement") dated September 15, 2010 with IPP Gold Limited ("IPP"), pursuant to which the Company acquired an undivided 100% legal, beneficial and registerable interest in and to four prospecting licences (the "PLs"), totaling approximately 800 square kilometres, located in the Handeni District of Tanzania and which were owned or controlled by IPP Gold and its affiliates.

In accordance with the terms of the Acquisition Agreement effective September 21, 2010, IPP Gold has now become a major stakeholder in the Company. Pursuant to the terms of the Acquisition Agreement the Company has issued 133,333,333 restricted shares of common stock to IPP Gold in exchange for 100% interest in the four PLs of the new Handeni Project, with no further payments in shares or cash required.

As previously reported on a Current Report on Form 8-K as filed with the SEC on January 5, 2011, on December 31, 2010, the Company issued a news release announcing that the Commissioner for Minerals of Tanzania has confirmed the recording in the Central Register the transfer of 100% shares of each of the Prospecting License Nos. 6742/2010, 6743/2010, 6744/2010 and 6779/2010, which comprise the Handeni Project, from IPP Gold Limited to the Company, and that such transfer has been duly recorded on the terms and conditions contained in such Prospecting Licenses.

As previously reported on a Current Report on Form 8-K furnished to the SEC on January 5, 2011, on January 5, 2011, the Company issued a news release announcing that it has filed a Canadian National Instrument 43-101 Standards for Disclosure of Mineral Projects ("NI 43-101") Technical Report (the "Technical Report") for its Handeni Project with the British Columbia Securities Commission via the System for Electronic Document Analysis and Retrieval (SEDAR). The Technical Report was prepared by Dr. Reyno Scheepers, Ph.D., Pr.Sci.Nat., a South African based consulting geologist and a director of the

Company who fulfills the requirements to be a "Qualified Person" for the purposes of NI 43-101. The Technical Report details the results of exploration activities conducted by IPP Resources, the previous holding company of the area. Extensive geophysical and geologic work was conducted over several field seasons from 2008. The work included prospecting, rock and soil sampling, and a ground magnetic survey. All geochemical analytical work was conducted by internationally accredited labs, SGS Laboratories and/or Humac Laboratories in Mwanza, Tanzania.

The exploration also included a fixed-wing aeromagnetic and radiometric survey. The survey and interpretation was conducted according to internationally accepted standards by the Council for Geoscience, South Africa. The Technical Report identified and selected a total of 12 priority gold targets which are recommended for follow up work.

Mkuvia Alluvial Gold Project

Our other primary property of interest is the Mkuvia Alluvial Gold Project. On June 27, 2008 but effective on August 4, 2008 when ratified by our Board of Directors, we entered into a Joint Venture Agreement with Mkuvia Maita ("Mr. Maita"), the registered holder of certain prospecting licenses over certain areas covering approximately 430 square kilometers located in the Liwale and Nachigwea Districts of Tanzania. Pursuant to this agreement, we had the right to enter, sample, drill and otherwise explore for minerals on the property underlying the prospecting licenses as granted by the Government of Tanzania under the Mining Act of 1998, subject to a perpetual net smelter royalty return of 3% payable to Mr. Maita.

Effective on July 14, 2009, our Board of Directors ratified, confirmed and approved our entering into of a new Joint Venture Agreement (the "New Mkuvia Agreement") with Mr. Maita. The New Mkuvia Agreement covers a slightly smaller area than the original agreement, covering an area of approximately 380 square kilometers located in the Liwale and Nachigwea Districts of Tanzania, and more particularly described as follows:

- Prospecting License No. 5673/2009;
- Prospecting License No. 5669/2009;
- Prospecting License No. 5664/2009; and
- Prospecting License No. 5662/2009

The New Mkuvia Agreement, which is dated for reference June 5, 2009, supersedes and replaces the prior joint venture agreement as entered into by and between the Company and Mr. Maita (the "Prior Agreement") regarding prior prospecting licenses held by Mr. Maita over substantially the same area, known as the "Mkuvia Project", which is the focus of our current exploration and development efforts.

Pursuant to the terms of the New Mkuvia Agreement we shall continue to have the right to enter, sample, drill and otherwise explore for minerals on the property underlying the New Prospecting Licenses as granted by the Government of Tanzania under the Mining Act of 1998 and any other rights covered by the prospecting licenses listed above.

In consideration for the entry into of the New Mkuvia Agreement, we were required to pay Mr. Maita US$40,000 upon signing of the New Mkuvia Agreement. In addition, and upon commencement of any production on the property underlying the prospecting licenses, Mr. Maita is still entitled to receive a perpetual net smelter royalty return of 3% from any product realized from the property underlying the prospecting licenses under the New Mkuvia Agreement. By entering into the New Mkuvia Agreement, the Company is no longer required to pay Mr. Maita the balance of approximately US$460,000 in aggregate yearly cash payments previously due under the Prior Agreement in consideration, in part, of the Company reducing the current unexplored property area underlying the prospecting licenses under the New Mkuvia Agreement by approximately 50 square kilometers.

The prospecting licenses were renewed on June 12, 2009 for the period of three years.

The property has several overlying primary mining licenses ("PMLs") that have mineral rights that lie within the boundaries of the Mkuvia property. Generally, PMLs represent limited mining rights which allow the small scale exploration of minerals by local miners and must predate the establishment of a prospecting license. PMLs are retained exclusively for Tanzanian citizens. The maximum size of the demarcated area for a PML for all minerals other than building materials is 10 hectares. The PML is granted for a period of five years, renewable once upon request. When a PML expires, the mineral rights succeed to the underlying prospecting license and cannot be renewed or re-staked thereafter, so long as the prospecting license remains valid. Specifically, the PMLs on the Mkuvia property consist of approximately 115 licenses owned by Mr. Maita, and have been provided for in the New Mkuvia Agreement. Upon a successful mining permit application and receipt, the PMLs will be collapsed and superseded by the prospecting license rights.

We obtained a Technical and Recourse Report on the Mkuvia Alluvial Gold Project, dated July 24, 2009, as prepared by Laurence Stephenson, P. Eng., and Ross McMaster, MAusIMM. This report was prepared in accordance with Canadian National Instrument 43-101 Standards for Disclosure of Mineral Projects and its Companion Policy ("NI 43-101"). Much of the information regarding the Mkuvia Alluvial Gold Project as provided below is based on information provided in the 43-101 Report.

Effective November 7, 2009, the Company entered into a purchase agreement with Ruby Creek Resources, Inc. ("Ruby Creek"), pursuant to which Ruby Creek has the right to purchase a 70 percent interest in 125 square kilometres of the Company' 380 square kilometre Mkuvia Alluvial Gold Project upon payment of $3,000,000 over a three-year period. The schedule by which Ruby Creek is to pay such $3,000,000 to the Company is as follows:

- $100,000 within five business days of signing of the Agreement;
- $150,000 within 15 business days of signing of the Agreement;
- $100,000 upon satisfactory completion of Ruby Creek's due diligence;
- $400,000 upon closing under the Agreement and receipt of the first mining license;
- $750,000 within 12 months of closing;
- $750,000 within 24 months of closing and
- $750,000 within 36 months of closing (this final payment may be made, in Ruby Creek's discretion, in cash or shares of Ruby Creek).

The Agreement also provides that within 12 months of the closing transaction, Ruby Creek has the option to increase its interest from 70 percent to 75 percent of the 125 square kilometres by making an additional $1,000,000 payment to the Company.

In a further purchase agreement between the Company and Ruby Creek dated for reference May 19, 2010 and fully executed on June 16, 2010, Ruby Creek agreed to purchase 70% of the remaining 255 sq km of the Mkuvia Alluvial Gold Project in accordance with the terms of such further purchase agreement. Under the terms of the further purchase agreement, Ruby Creek will earn a 70 percent interest in the remaining 255 square kilometres of the Company's 380 square kilometre Mkuvia Alluvial Gold Project by making payments totaling $6,000,000 to the Company. The schedule by which Ruby Creek is to pay such $6,000,000 to the Company is as follows:

- $200,000 due within seven days of execution of the agreement;
- $150,000 plus the issuance of 4 million restricted shares of common stock of Ruby Creek, with an agreed upon value of $0.80 per share for a stated valuation of $3.2 million, within 30 days of the receipt of Certificates of Acknowledgement for all underlying and related Agreements from the Commissioner for Minerals in Tanzania as required by the Mining Act of Tanzania;
- $450,000 on June 1, 2011;
- $1,000,000 on June 1, 2012; and
- $1,000,000 on June 1, 2013 (which may be satisfied by the issuance of stock by Ruby Creek).

Thus, the combined payments under the November 2009 and the June 2010 Agreement provide for a total commitment of $9,000,000 payable to the Company by Ruby Creek to purchase a 70% interest in the entire 380 square kilometre Mkuvia Alluvial Gold Project.

The ownership structure of the interest in the Mkuvia Alluvial Gold Project shall be a 70% interest for Ruby Creek, a 25% interest for Douglas Lake, and a 5% interest for Mr. Mkuvia Maita, the original owner of the underlying prospecting licenses. In addition, Mr. Maita retains a 3% net smelter royalty. However, the Agreement also provides that Ruby Creek may increase its ownership position from a 70% interest to 75%, reducing the Company's position to 20%, by giving Notice to the Company and paying $1,000,000 to the Company by June 1, 2011.

Location and Access

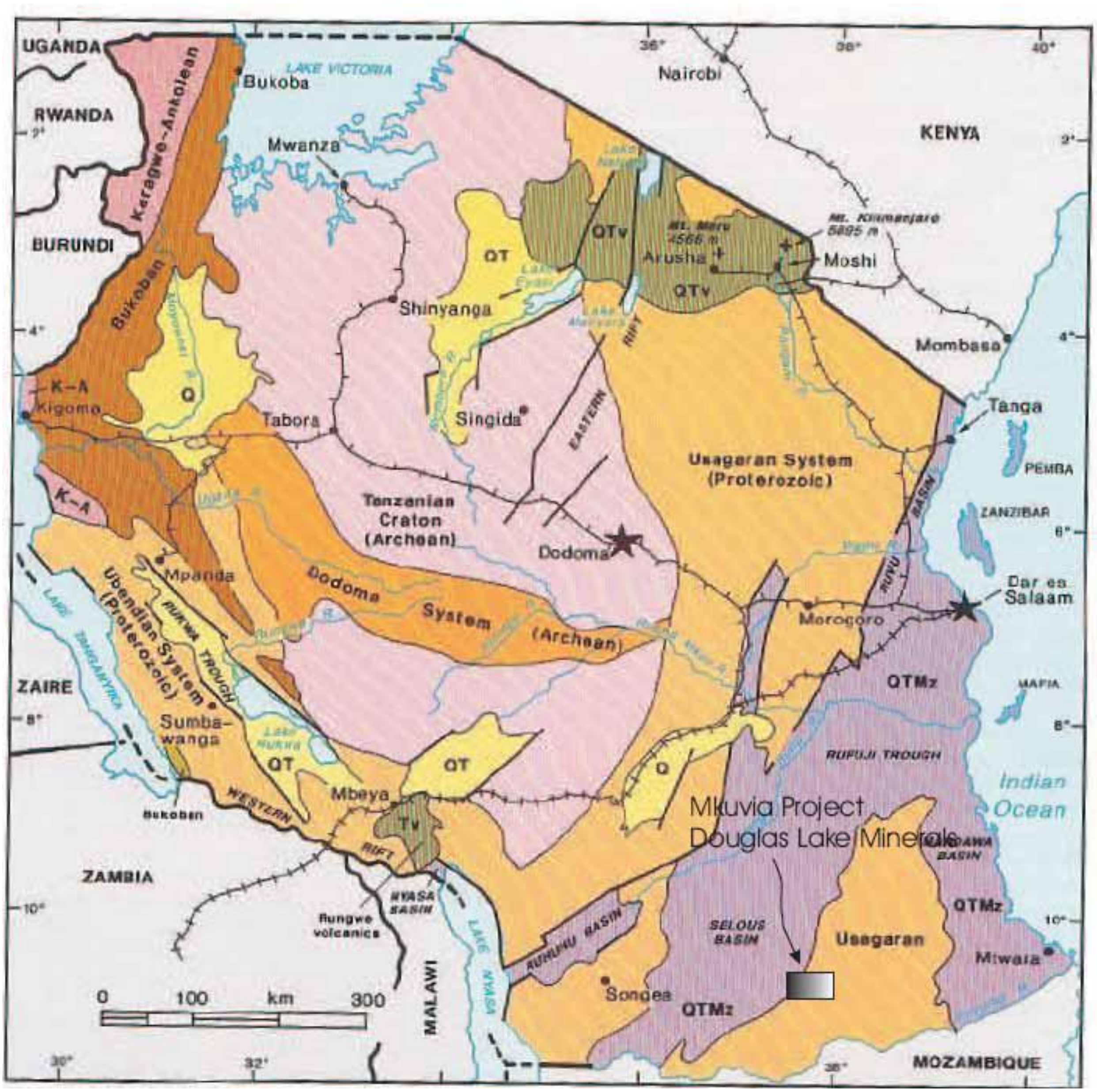
The 380 square kilometres Mkuvia Project is located in the Nachingwea District, Lindi Region of the United Republic of Tanzania, and approximately 140 kilometres west of Nachingwea town. Lindi Region is one of the three regions forming Southern Zone of United Republic of Tanzania, the other regions being Mtwara and Ruvuma. The Mtwara and Ruvuma regions border northern Mozambique and eastern Malawi. A central point in the mining license is located at 361600 mE, 8856946 mN, UTM Zone 37 Southern Hemisphere (WGS 84)

The Lindi Region is one of the 20 Regions in Tanzania Mainland. The Region lies between South latitude 08o30' and 10o30' and East longitude 37o30' and 39o30'. It is bordered by four other regions, the Coastal and Morogoro regions to the North, the Ruvuma region to the West, the Mtwara region to the South and the Indian Ocean to the East.

The main road from Dar es Salaam to the southern regions passes through the Coastal, Lindi, Mtwara and Ruvuma regions. The road connects to northern Mozambique and eastern Malawi via the Mtwara and Ruvuma regions. Recently funding from external donors and the central government have significantly improved the road from Dar Es Salaam to the Lindi and Mtwara regions from gravel to tarmac level, covering a total distance of about 700 kilometres, including the construction of 1 kilometre long bridge across the Rufiji River.

The Lindi Region is served by 4 airstrips, in Lindi, Nachingwea, Liwale and Kilwa Masoko. These gravel strips are capable of supporting small to medium size planes only. There is no commercial air service to the region.

LOCATION MAP: MKUVIA PROPERTY IN TANZANIA



The Mkuvia Property is accessible by dirt gravel road from Nachingwea town via Mbondo, Kilimarondo and Kiegeyi villages. However, during intense rain, access to the property from Kiegeyi village can only be achieved by using 4 x 4 trucks. Operations for the exploration of the Mkuvia Property would be based out of the town of Nachingwea located 140 kilometres east of the property and about 600 kilometres southwest of Dar es Salaam, the capital of Tanzania. Nachingwea town, which is one of the districts within Lindi Region, has an airstrip facility on which up to medium size aircrafts can safely be utilized.

Access to the property is via main Tanzanian highways to the village of Kiegeyi and then by field road to the Company's main field camp. Field roads exist throughout the property.

Although the electrical power grid is reaching most areas of Tanzania it does not extend to the area of the Mkuvia property and will not likely be available in the near future. Since Tanzania has a vibrant mining community, a large pool of experienced mining personnel and equipment is available, some of it locally.

There are no waste treatment plants in the immediate area.

Topography and Climate

The topography of the area ranges between 480 to 760 metres and is relatively moderately rugged to the central, west and the southwest, and flat to the eastern part. Many of the rivers and streams which are flowing to the south, north and east directions are seasonally dry. The main Mbwemkuru River flows all year round and water availability for all aspects of the exploration and development program will not be a problem. The area is dense vegetated with thick bushes along the rivers and streams valleys.

There are four main climatic zones that can affect the whole of Tanzania: the coastal area where conditions are tropical; the central plateau, which is hot and dry; the semi-temperate highland areas; and the high, moist lake regions. There are two rainy seasons in the north, from November to January and from March through May. In the Lindi Region, annual rainfall ranges from 600mm in low lands to 1200mm in the highland plateau. Most parts of the coastal, central and north eastern highlands are currently experiencing extreme drought conditions after a prolonged period of below average annual rainfall in consecutive seasons. Plans to develop water resources could not only facilitate operations but might provide a local resource that will attract government approval and funding.

The mean annual temperatures vary with altitude from the valley bottom to the mountain top. The average annual temperature varies between 18 degrees C on the mountains to 30 degrees C in river valleys. In most parts of the region, the average temperatures are almost uniform at 25 degrees C. In general the hot season runs from July to September.

History

Gold mineralization in the area was first discovered at the time of the government's Geological Survey of Tanzania, a country-wide geochemical survey program conducted in the 1990s. The property is part of a previously described gold district, the Kitowero Prospect, in which a State Mining Corporation reported mineral concentrates in the current rivers, including the Mbwemkuru River. The authors of the 43-101 Report have advised that they have not been able to verify this information, and no historical estimates or details is available on the source of this information.

Small scale artisanal mining activities commenced in 2002 by local miners, with the aim of exploring and mining gemstone along the main Mbwemkuru River and its tributaries. However, gold was recovered from the concentrates and hence the area turned from gemstone to alluvial gold mining. The current production from artisanal mining work by local miners, as reported by them averages between 1.5 to 2 kilograms of gold per month, recovered from loose sands and gravels. The authors of the 43-101 Report have not been able to verify this information.

Geological Setting

Tanzania has a geological environment representing all the known chronostratigraphical units of the world ranging from Archaean, Proterozoic, Phanerozoic to Quarternary ages. These geological formations host a variety of minerals such as gold, base metals, diverse types of gemstones (including tanzanite, diamonds, emerald, sapphires, colored quartz, ruby, beryl, tourmaline, garnet), various industrial minerals, building materials, phosphate, coal, salt, kaolin, tin, water and hydrocarbons.

Regional Geology. Much of the central and northern part of the country is underlain by the Tanzania Archaean Craton. The central part of the country is composed of the high grade metamorphic terrain (the Dodoman Supergroup dominated by rafts of amphibolite to granulite facies metamorphic rocks in migmatitic granite terrain), whereas the northern part is covered by the Greenstone Belt (the Nyazian – Kavirondian Supergroup comprising sequences of mafic to felsic volcanics, chert/banded iron formation and clastic sediments). The Tanzania Archaean Craton is well known as a host for world-class gold deposits similar to other Archaean Cratons around the world. The Craton is also intruded by a number of diamondiferous kimberlite pipes.

The Tanzania Archaean Craton is engulfed to southeast and southwest by Palaeaproterozoic Usagaran and Ubendian mobile belts respectively, with high grade crystalline metamorphic rocks with a number of postorogenic gabbroic and granitic intrusives hosting base metals, shear zone hosted gold, various types of gemstones and industrial minerals. The eastern part of the Usagaran Belt is mobilized by the Neoproterozoic Pan African Orogeny forming the Mozambique Belt with lithological, structural and metallurgical characteristics similar to that of the Usagaran - Ubendian Belt.

The Palaeoproterozoic Ubendian mobile belt is bound to the west by the mildly metamorphosed Mesoproterozoic Fold Belt (the Kibaran –Bukoban - Karagwe-Ankolean Supergroup*).* The supercrustal rocks of this Belt (mainly meta – argillites, phyllites, low-grade sericite schists and quartzites) are intruded by post orogenic granites which have alteration haloes containing veins with tin and tungsten mineralization. The Belt is also characterized by post – orogenic basic intrusives hosting platinum group metals (PGMs).

The Uha - Malagarasi Neoproterozoic to early Palaeozoic age is an intracratonic formation consisting of sedimentary – volcanic depositional sequences of sandstones, quartzites, shales, red beds, dolomitic limestones, cherts and amygdaloidal lavas with indications of strata-bound copper deposits and various industrial minerals.

Phanerozoic formations in Tanzania include the following:

(i) The Karoo Supergroup of Late carboniferous to Jurassic age made up of continental sedimentary rocks famous for hosting good-quality coal resources occurring in several isolated coalfields located in south west of Tanzania.

(ii) Marin Formations that are dominated by shelf-facies clay bound sands, marls and some isolated coral reefs good for production of portland cement, lime and construction aggregates. The marls and sands are respectively, good source and reservoir rocks of hydrocarbons. At Mandawa there are salt domes made up of gypsums and other evaporates salts that can be used for various industrial purposes.

(iii) Neogene to Quarternary continental formations in isolated basins and river channels composed of clays (red soils, ochre, kaolin, bentonites, meerschaum, bauxite), limestone, evaporates (gypsum, nitrates and halides) and sands; volcanic rocks ranging in composition from lavas (basalts, andesites, and phonolites) good for aggregates, apatite and niobium bearing carbonatites (good for fertilizers), tuffs, ash and pumice (good for production of pozzolana cement) and dimension stones; volcanic fumarolic exhalative deposits (mainly sulphur and fluorites).

Property Geology. The Mkuvia Project is situated at the eastern margin of the Selous Basin where Karoo and young sedimentary rock are in fault contact with low to high-grade metamorphosed rocks of Neoproterozoic age belonging to the Mozambique Belt. The Proterozoic basement rocks are bounded by Palaeozoic, Mesozoic and Cenozoic basins to the east, north and west. The dominant rocks are biotite schist and gneiss, granitic gneiss, garnetiferous amphibolites, quartzite, pegmatite dyke and mafic sills which are unconformably overlain by palaeo-placer sand and pebble beds and recent superficial deposits. The regional structural trends that control the deposition appear to be trending at northwest and northeast.

The geology of the property is dominated by thick (up to 10 m) of transported cover consisting of palaeo-placer sand, gravel and pebble beds derived from Karoo to the west and younger sedimentary rocks. The sand horizon is massive, graded from fine to coarse grained, characterized by orange-yellow sands, well exposed at Old Matandani Prospect, and white-grey sands which cover the large part of the property. The basal conglomerate pebbles (auriferous pebbles and cobbles beds) are well rounded, well sorted, dominantly made of quartzite, quartz rocks, and other basement rocks.

The thickness of palaeo-placer sand–pebble beds and the overlaying black clays material increase toward the eastern part of Mbwemkuru River as observed at Mkilikage Prospect. This would be expected if the source of the deltaic or beach placer material is from the west. At Mkilikage Prospect, a thick layer of medium to coarse grained sandy bed (~ 2.5 m thick) resulted from modern river deposition is overlaying palaeo-placer sand-pebble beds. This sandy bed is characterized by well developed cross bedding sedimentary structures with minimal gold content until the lower reaches.

The red-brown sands are massive with no obvious bedding. They comprise subangular quartz grains with a matrix of hematite clay. They range from <1 m up to 3 m thickness, and generally appear to be thicker upslope, particularly at the western extremity of the property, well exposed at Old Matandani workings. They have been reworked in the current river bed, with removal of the clay, to produce white friable sands that extend for up to 300 m, but generally less, upslope. These are clearly gold-bearing as they have been extensively mined by artisanals, but panning suggests that they are low grade.

The sands overlie a polymictic conglomerate sequence that comprises several clay-rich, horizontally bedded units interlayered with sandy beds. The clasts range from pebbles through cobbles to boulders, the latter being only sporadically developed, but suggesting that there may be distinct channels in the conglomerate sequence upslope from the present river. Artisanal activity and panning indicate that the conglomerates have higher gold grades than the overlying sands. This feature would be anticipated in a delta or beach placer forming river fan.

Most of the Neoproterozoic basement rocks are exposed on the NE-SW trending ridge located in the central-eastern portion of the property with few outcrops observed in the south part, exposed on the river banks and beds. The basement geology consists of granite-gneisses, biotite gneiss, schists and quartzo-feldspathic gneiss and quartzite, which have been intruded by pegmatite veins and mafic dykes and quartz veins.

The quartzite has a bedded sugary texture. The biotite gneiss is fine grained, well bedded with biotite, feldspar and quartz. Quartz-feldspar gneiss additionally contains minor biotite and was also observed to contain some large augen like feldspar crystals. Pegmatite was generally seen to have graphic texture with very coarse grained feldspar and smaller quartz crystals, and with only biotite or chlorite as an accessory mineral. The granite-gneiss characterized by granoblastic texture and weakly developed foliation fabrics.

Mineralization

Thus far, the known gold mineralization in Mkuvia Property occurs as placer deposits comprising of a significant, but unquantified accumulation of gold in alluvium hosted by: 1) reworked palaeo-placer by the Mbwemkuru River and its tributaries, and 2) an over 10 m thick zone of palaeo-placer sand and pebble beds non-conformably overlying biotite schist, gneiss, quartzite, garnet-amphibolite and granitoids. The latter comprises a poorly sorted palaeo-beach placer plateau extending over 29 km along a NW-SE direction and ~5 km wide along a NE-SW direction. In addition there are extensive troughs with similar continental alluvium further west in the Karroo Basin. It is however notable that at the highest point on the property, pebble conglomerates were noted on the surface that have been worked sporadically by the artisanal miners (due to lack of water resources) suggesting that gold is present. This is consistent with the proposition that the mineralization is associated with a wide spread beach placer environment.

Gold-bearing alluvium along the Mbwemkuru River occurs within a 0.35 to 2.0 m thick zone between the bedrock and sandy-gravelly material related to present drainage active channels and terraces. This zone contains an estimated 1.0 grams per cubic metre that the small-scale miners are currently reportedly recovering.

Gold is very fine-grained in general, suggesting a distal source, although some coarser-grained flakes are present. The gold is associated with the black sands that comprise fine-grained ilmenite and pink garnet and minor magnetite. These may be represented by distinct ferruginous layers in the conglomerate sequence. The minerals in the black sand are consistent with the beach placer model.

Artisanal miners have been active since 2002 exploiting these deposits using simple sluice techniques and hence dependant on water for treatment. Placer type gold occurs as very fine flat pieces implying reworking or a distal source. Other elements (such as Pt, Pd, Ag, U and Th) in the placer are of passing interest only. Pt and Pd do not appear to be a consistent constituent.

The area was loosely defined by the surface inspection of the beach placer type gravel formations in place. The wide spread area remains to definitively be surveyed to confirm that the boundaries indicated are correctly delineated. This delineation should be treated as speculative and will need further exploration work to define.

Exploration Activities

The Mkuvia Property is without known reserves and our activities to date have been exploratory in nature.

An estimated total of US$2.1 million has been spent on Mkuvia Property during the period from April to December 2008 for various exploration activities, which include casual labour salaries, transport, field costs, office and administration and hardware. Reconnaissance exploration work on the project to date has consisted of pitting and sampling, geological mapping and bedrock sampling, and stream and sediments sampling, as described below.

<u>Pitting and Sampling.</u> Pitting work commenced in June 2008 and continued throughout to March 2009. The initial pit sampling program on the Mkuvia property was undertaken at the Matandani Main workings, along the Mbwemkuru River. A total of 161 pits consisting of 498 samples were completed from 10 sections during the period from June to December 2008. These pits were deepened and sampled trying to reach bedrock (12-15 m estimate, bedrock was not encountered) where possible. Analysis of the gold content in the pit samples continued through to May 2009.

Lines were run north south across the area on a line spacing of 500 m and with a pit being dug to the bedrock refusal at 50 m intervals along the line. The sampling was done volumetrically from the surface, where a 100 litre sample was collected from each cubic meter of material recovered. The pit sampling was done based on the geological control. Each individual horizon (sand, gravel, pebble) was sampled separately, maintaining a 100 litre sample size.

The pit samples were then treated using a Knelson Concentrator on site in September 2008.

The compilation of all heavy mineral and gold results was completed by TMEx staff in laboratory conditions at Arusha, Tanzania, which included separating and weighing the gold recovered from each sample where measurable gold was observed. Each sample was taken from a designated and mapped stratigraphy as a measured volume of loose material (e.g.: sands, gravel) and usually were 100 litres in field estimated volume. Sample treatment was by a 7.5 inch Knelson concentrator to produce a heavy mineral concentrate. After further hand panning in the TMEx laboratory reduced the concentrate, it was dried and the gold was finally separated from all other minerals, described and weighed to give a result in g/Lcm. (A loose cubic metre (Lcm) is defined as the expansion of the in situ measurement of material that once excavated increases by a 20-30% factor that will be determined exactly in further test work.) TMEx is a company controlled by Mr. McMaster took charge of the concentrate from the Knelson concentrator and proceeded to calculate the weight of gold.

All pits were geologically mapped, level surveyed and generated cross sections. Of significance is that where the test pits were able to penetrate below the pebble conglomerate the encountered clay rich units were significantly devoid of gold colour counts and assay analysis.

The pit sampling has successfully identified the sand and pebble conglomerates as auriferous in the area of the Matandani Main workings, along the Mbwemkuru River.

Geological Mapping and Bedrock Sampling. Geological mapping work is ongoing in the Mkuvia Project. The mapping is conducted at scale of 1:20,000. However, most of the Mkuvia Property lies under superficial covers, with outcrops being exposed on the NE-SW trending Mbwemkuru ridge located in the central - eastern portion of the property and along rivers and streams beds flowing in the southern portion. The dominant basement lithologies encountered during the mapping, stream sampling and pitting activities are biotite-hornblende gneiss, which developed strong foliation fabrics and compositional banding and weakly foliated to massive quartzo-feldspathic gneiss referred as granite-gneiss, with granular igneous texture being preserved. The granite-gneiss is characterized by granoblastic texture and weak foliation fabrics. Quartz-magnetite subcrops and rubbles are exposed on the northern part along Mbwemkuru ridge. The rock is characterized by alternating narrow bands/layers of quartz and magnetite. The basement rocks have been intruded by the late pegmatite dykes and veins and quartz veins.

The superficial covers which dominated the western part of the project consist of palaeo-sands, gravels, pebbles and cobbles deposition, with recent river deposition and clayey material. The pebbles and cobbles are well rounded, made up of mainly quartzite and quartz vein.

Calcrete formations have been observed, mostly formed in the swamps.

Bedrock sampling work is taking place concurrently with the geological mapping. Thus far, a total of 60 bedrock samples were collected for gold and base metals assaying and references. The samples for assaying were sent to SGS Laboratory, Mwanza for analysis. Many of the bedrock samples were collected from the central-eastern portion of the property where basement rocks are well exposed along Mbwemkuru Hill and river beds.

Stream and Sediments Sampling. Reconnaissance stream sediments sampling work commenced in September 2008 in all prioritized rivers and streams within the Mkuvia Property. The objective of the program was to quickly define the pattern and limit of the placer gold mineralization within the property. The program was undertaken in the eastern and northeast part of the property. The stream samples were taken from at least one meter deep pits dug to the base of the selected part of the stream where gravels and heavy minerals are concentrated. A total of 73 stream sediments samples were collected during the period from September to December 2008.

From September 2008, sample treatment was by a 7.5 inch Knelson Concentrator to produce a heavy mineral concentrate. This concentrate was dried and examined under a binocular microscope to identify heavy minerals of interest and gold. The gold was recovered, described, and gold grain counts were recorded to guide exploration in the reconnaissance stream samples.

A preliminary review heavy mineral stream sampling, field observations and interpretation of available aerial photography has resulted in the identification of substantial additional areas of recent palaeo-alluvial deposits in the Mkuvia project area. The initial reconnaissance heavy mineral sampling has highlighted several drainages and gravel ridges that warrant exploration and further evaluation.

Of the 256 stream samples, over a hundred had gold colours of more then 10 with 16 having over 100. With reference to the work done in the pits, and since the samples taken from the stream sediments were done with the same volumetric procedure, the high colour counts suggest that other zones with grade potential could be identified on the property.

Results and Recommendations

The authors of the 43-101 report concluded that the Mkuvia Property is a significant property of exploration merit and have recommended a two-phase exploration program, as described below, which the Company intends to implement, subject to sufficient funding.

Phase I has a budget of $2.58 million and will lead directly to the implementation of Phase II. Phase II is contingent on positive results that show the presence of gold in measurable quantities throughout the units identified and tested in Phase I. A decision will be made at the completion of Phase I as to whether to proceed to Phase II.

Phase II is recommended to expand on the results of Phase I with a full test mining program which will include development and resource definition and consisting of further Auger or a reverse circulation drilling program, a further local test mining pit sampling along sections of newly selected areas, and full scale test placer operation. Phase II has a budget of $7.42 million.

A break-down of the budgets for each of Phase I and Phase II are as follows:

PHASE I

	Action	Budgeted Cost
1.	Quaternary Surface geological mapping and drill site selection	$25,000
2.	Additional Pit Sampling on Cross section	$150,000
3.	Drilling 3000 metres @ $125/metre (15 to 20 metres /hole)	$375,000
4.	Assaying (Pan cons, soil, etc.)	$30,000
5.	Permitting and bonding	$20,000
6.	Support, logistical and operational, travel & supplies	$250,000
7.	Drill Site preparation	$100,000
8.	Test Pit Equipment and Operation	$1,000,000
9.	Supervision, report writing & contingency (20%)	$430,000
Total:		$2,580,000

PHASE II

	Action	Budgeted Cost
1.	Drilling 6000 metres @ $125/ metre (15 to 20 metres /hole	$750,000
2.	Quaternary Surface geological mapping and drill site selection	$40,000
3.	Test Pit Operation	$250,000
4.	Large Scale Test Pit Equipment and Operation	$2,500,000
5.	Support logistical and operational, travel & supplies	$2,500,000
6.	Supervision, report writing & contingency (25%)	$1,380,000
Total:		$7,420,000

Mineral exploration and development involves a high degree of risk, and few properties that are explored are ultimately developed into producing mines. There is no assurance that our mineral exploration activities will result in any discoveries of commercial bodies of ore. Our long-term profitability is directly related to the cost and success of our exploration programs, which may be affected by a number of factors beyond our control.

We will require additional financing in order to pursue the exploration of the Mkuvia Project to determine whether a economic mineral deposit exists on the property. Our ability to pursue the exploration program outlined above is contingent on our ability to raise additional financing in order to proceed with such exploration. There is no assurance that we will be able to obtain any additional financing to fund our exploration activities.

Other Property Interests

All of the properties in which we held an interest during our quarter ended February 28, 2011 are in the exploration stage. As described above, our current mineral property interests at this time are the Mkuvia Alluvial Gold Project and the Handeni Project. The Company has allowed its interests in various other properties to lapse during its most recent fiscal year.

Morogoro

On August 4, 2005, we entered into an Asset Purchase Agreement (the "KBT Agreement") with KBT Discovery Group Tanzania Ltd. ("KBT") to acquire three prospecting licenses, which cover an area of approximately 621 square kilometers in Tanzania, for an aggregate purchase price of $75,000 and 2,800,000 restricted shares of common stock. On November 10, 2005, we entered into an amendment agreement to the KBT Agreement pursuant to which the number of shares to be issued was increased to 5,600,000 restricted shares of common stock. On October 16, 2006, we entered into an Amendment Agreement in which the aggregate purchase price was increased to $225,000. By the end of the fiscal year ended May 31, 2006, we had completed due diligence and closed the agreement. At the first closing, Prospecting License No. 2810/2004, known as “Tabora”, was transferred to us and we issued 5,600,000 restricted shares of common stock to KBT. Prospecting License No. 3117/2005, known as “Morogoro”, and Prospecting License No. 3118/2005, known as “KM 7”, were in the name of Atlas Africa Limited (“Atlas”), a Tanzanian company. KBT had entered into an agreement with Atlas which gave KBT the right to prospect minerals under the Morogoro and KM 7 Prospecting Licenses and an option to enter into a joint venture with Atlas to prospect and mine minerals under the Morogoro and KM 7 Prospecting Licenses. KBT caused Atlas to terminate this joint venture agreement and transferred the Morogoro and KM 7 Prospecting Licenses to us and we paid KBT $75,000. On July 19, 2006, we entered into a Letter of Amendment, pursuant to which we agreed to pay $50,000 directly to Atlas. During the year ended May 31, 2007, we paid the $50,000 to Atlas and recognized an impairment loss of $50,000 as there are no proven or probable reserves on any of the Tanzania properties. The prospecting licenses expire three years after the initial issuance. We can apply to reacquire 50% of the area covered by the original prospecting licenses. The Company has allowed its interests in Tabora, KM 7 and Morogoro to lapse.

On October 5, 2006, we entered into an option agreement (the “Option Agreement”) with Canaco pursuant to which we granted Canaco the right to earn up to a 70% interest in Prospecting License 3117/2005 in Tanzania known as “Morogoro” held by us. Under the Option Agreement Canaco has agreed to:

(a) make cash payments to us of $250,000, of which $50,000 (received) is payable upon the approval of the Option Agreement by the board of directors of both companies and the TSX Venture Exchange (the stock exchange upon which Canaco’s shares are listed; and such date being referred to as the “Effective Date”). An additional $75,000 (paid) is payable on the first anniversary of the Effective Date and an additional $125,000 is payable on the second anniversary of the Effective Date;

(b) issue up to 800,000 of its common shares to us, of which 100,000 shares are issuable on the Effective Date (received), an additional 200,000 shares are issuable on the first anniversary of the Effective Date (received); and an additional 500,000 shares are issuable on the second anniversary of the Effective Date; and

(c) spend up to $2,000,000 in exploration expenses on the subject property prior to the third anniversary of the Effective Date in the following manner: up to $250,000 in exploration expense prior to the first anniversary of the Effective Date, up to $750,000 in cumulative exploration expense prior to the second anniversary of the Effective Date and up to $2,000,000 in cumulative exploration expense prior to the third anniversary of the Effective Date.

Canaco has failed to make their required payments and has abandoned their option on this property.

Magembe

On November 17, 2006, we entered into an Asset Purchase Agreement with Atlas to acquire Prospecting License No. 3920/2006, known as “Shinyanga” or “Magembe”, which covers an area of approximately 46 square kilometres in Tanzania. The license was transferred to us on signing the agreement for an aggregate purchase price of $200,000 (paid) and 4,500,000 restricted shares of common stock. We determined the fair market value of the 4,500,000 shares to be $3,172,500. As at May 31, 2007, the Company had issued 1,500,000 shares, and as at February 28, 2011, the remaining 3,000,000 shares that are issuable under the agreement had not been issued.

On March 2, 2007, we entered into an option agreement with Canaco, whereby we granted Canaco the right to earn up to a 75% interest in Prospecting License 3920/2006 in Tanzania known as “Shinyanga” or “Magembe” held by the Company. Under the option agreement Canaco has agreed to:

(a) make cash payments to us of $200,000, of which $100,000 (received) is payable upon the approval of the board of directors of both companies and the TSX Venture Exchange, the stock exchange that Canaco’s shares are listed on (such date is referred to as the “Effective Date”). An additional $100,000 is payable on the first anniversary of the Effective Date (received);

(b) issue up to 750,000 of its common shares to us, of which 250,000 shares are issuable on the second anniversary of the Effective Date, an additional 500,000 shares are issuable on the third anniversary of the Effective Date; and

(c) commit to spend up to $2,500,000 in exploration expenses on the subject property prior to the fourth anniversary of the Effective Date ($250,000 in cumulative exploration expense prior to the first anniversary of the Effective Date, up to $500,000 in cumulative exploration expense prior to the second anniversary of the Effective Date, and up to $750,000 in cumulative exploration expense prior to the third anniversary of the Effective Date, and up to $1,000,000 in cumulative exploration expense prior to the fourth anniversary of the Effective Date).

Canaco has failed to make their required payments and has abandoned their option on this property. During fiscal 2010, the Company has decided to focus on other properties and has let the Magembe prospecting license lapse.

Compliance with Government Regulation

We are subject to local laws and regulation governing the exploration, development, mining, production, importing and exporting of minerals; taxes; labor standards; occupational health; waste disposal; protection of the environment; mine safety; toxic substances; and other matters. We require licenses and permits to conduct exploration and mining operations. Amendments to current laws and regulations governing operations and activities of mining companies or more stringent implementation thereof could have a material adverse impact on our Company. Applicable laws and regulations will require us to make certain capital and operating expenditures to initiate new operations. Under certain circumstances, we may be required to close an operation once it is started until a particular problem is remedied or to undertake other remedial actions. This would have a material adverse effect on our results and financial condition.

The Company's mineral interests in Tanzania are held under prospecting licenses granted pursuant to the Mining Act, 1998 (Tanzania) for an initial period of three years and a prospecting license reconnaissance issued for initial periods of two years, and are renewable in two successive periods of two years only. We must pay annual rental fees for our prospecting licenses at a rate of $20 per square kilometer. There is also an initial one-time "preparation fee" of $200 per license. Upon renewal, we pay a fee of $200 per license. Renewals of our prospecting licenses can take many months and even years to process by the regulatory authority in Tanzania.

All prospecting licenses in Tanzania require the holder to employ and train local residents, typically amounting to $5,000 per year, and make exploration expenditures, as set out in the *Mining Act, 1998* (Tanzania). At each renewal, at least 50% of our licensed area must be relinquished. If we wish to keep the relinquished one-half portion, we must file a new application for the relinquished portion.

The geographical area covered by a prospecting license ("PL") may contain one or more previously granted primary mining licenses (a "PML"). A PLM is a mining license granted only to a Tanzanian citizen consisting of an area of not to exceed 10 hectares. Once a PL is granted, no additional PMLs can be granted within the geographical area covered by the PL. The PL is subject to the rights of previously granted and existing PMLs. The holder of a PL will have to work around the geographical area of the PML unless the PL holder acquires the PML and any rights to the land covered by the PML.

We must hold a mining license to carry on mining activities, which are granted only to the holder of a prospecting license covering a particular area. A mining license is granted for a period of 25 years or the life of the mine. It is renewable for a period not exceeding 15 years. We do not hold any mining licenses, only prospecting licenses. Prospecting and mining license holders must submit regular reports in accordance with mining regulations. Upon commercial production, the government of Tanzania imposes a royalty on the gross value of all production at the rate of 3% of all gold produced. The applicable regulatory body in Tanzania is the Ministry of Energy and Minerals.

In July 1999, environmental management and protection regulations under the Mining Act, 1998 (Tanzania) came into force. An environmental impact statement and an environmental management plan must accompany special mining license, mining license and gemstone mining license applications for mineral rights. In addition to the establishment of environmental regulations, the Tanzanian government has improved management procedures for effective monitoring and enforcement of these regulations by strengthening the institutional capacity, especially in the field offices. The government has provided rules for the creation of reclamation funds to reinstate land to alternative uses after mining and it has developed guidelines for mining in restricted areas, such as forest reserves, national parks, near sources of water and other designated areas. These regulations have not had any material effect on our operations to date.

Competition

We operate in a highly competitive industry, competing with other mining and exploration companies, and institutional and individual investors, which are actively seeking minerals exploration properties throughout the world together with the equipment, labour and materials required to exploit such properties. Many of our competitors have financial resources, staff and facilities substantially greater than ours. The principal area of competition is encountered in the financial ability to cost effectively acquire prime minerals exploration prospects and then exploit such prospects. Competition for the acquisition of minerals exploration properties is intense, with many properties available in a competitive bidding process in which we may lack technological information or expertise available to other bidders. Therefore, we may not be successful in acquiring, exploring and developing profitable properties in the face of this competition. No assurance can be given that a sufficient number of suitable minerals exploration properties will be available for acquisition, exploration and development.

Employees

We have no significant employees other than our officers and directors. We plan to retain independent geologists and consultants on a contract basis to conduct the work programs on our mineral properties in order to carry out our plan of operations.

Research and Development Expenditures

We have not incurred any research or development expenditures since our incorporation.

Subsidiaries

We currently do not have any subsidiaries.

Patents and Trademarks

We do not own, either legally or beneficially, any patent or trademark.

Plan of Operations

Our plan of operations for the next twelve months is to focus on the exploration of mineral properties in Tanzania. We anticipate that we will require approximately $2,600,000 for our plan of operations over the next twelve months, as follows:

(a) approximately $1,600,000 for acquisition and exploration of mineral properties.

(b) approximately $1,000,000 for management, consulting, administration and operating expenses.

At February 28, 2011, we had cash of $222,408 and a working capital of $2,440,698. Subsequent to our period ended February 28, 2011, as reported in our Current Report on Form 8-K filed with the SEC on March 31, 2011, effective March 29, 2011, we closed on the final tranche of a three-tranche private placement transaction in which we sold an aggregate of 27,173,372 units at a subscription price of $0.45 per Unit, for gross proceeds of $12,228,017. As such, we believe that we have sufficient capital to fund our plan of operations during the next twelve months.

Beyond the next twelve months, should re require additional funding, we anticipate that additional funding will be in the form of equity financing from the sale of our common stock. We cannot provide investors with any assurance that we will be able to raise sufficient funding from the sale of our common stock to fund our acquisition and exploration program going forward. In the absence of such financing, we will not be able to continue acquisition and exploration of mineral claims and our business plan will fail. Even if we are successful in obtaining equity financing to fund our acquisition and exploration program, there is no assurance that we will obtain the funding necessary to pursue any advanced exploration of any mineral claims. If we do not continue to obtain additional financing, we will be forced to abandon our mineral claims and our plan of operations.

We entered into a joint venture agreement with Mr. Maita with respect to the Mkuvia Project, and we have also entered into a purchase agreement with Ruby Creek whereby Ruby Creek may purchase a substantial interest in this project from us. We may consider entering into additional arrangements to provide the required funding to develop the mineral claims. If we determine to pursue another joint venture partner, there is no assurance that any third party would enter into a joint venture agreement with us in order to fund the exploration of our current, and any future, mineral claims. If we entered into another joint venture arrangement, we would likely have to assign a significant percentage of our interest in our mineral claims to the joint venture partner.

Results of Operations

The following table sets out our loss for the periods indicated:

	Accumulated from January 5, 2004 (Date of Inception) to February 28, 2011 $	For the Three Months Ended February 28, 2011 $	For the Three Months Ended February 28, 2010 $	For the Nine Months Ended February 28, 2011 $	For the Nine Months Ended February 28, 2010 $
Revenue	–	–	–	–	–
Expenses					
Amortization	60,994	7,082	–	18,241	–
Consulting	18,289,339	2,801,607	106,683	10,738,950	1,700,294
General and administrative	1,160,896	100,151	17,098	160,070	93,132
Mineral property costs	79,767,059	77,646	56,984	60,237,646	67,081
Professional	1,424,388	163,057	30,463	304,843	191,039
Rent	164,604	14,181	13,743	30,866	42,046
Travel	1,402,744	121,016	40,205	234,914	64,732
Total Expenses	102,270,024	3,284,740	265,176	71,725,530	2,158,324
Net Loss Before Other Expense	(102,270,024)	(3,284,740)	(265,176)	(71,725,530)	(2,158,324)
Other Income (Expense)					
Gain on write-down of accounts payable	102,880	–	–	102,880	–
Mineral property option payments	3,616,017	2,760,000	–	3,110,000	125,000
Loss on sale of investment securities	(57,071)	–	–	–	–
Net Loss	(98,608,198)	(524,740)	(265,176)	(68,512,650)	(2,033,324)
Other Comprehensive Income					
Unrealized gain on marketable securities	80,000	80,000	–	80,000	–
Comprehensive loss	(98,528,198)	(444,740)	(265,176)	(68,432,650)	(2,033,324)

Revenues

We had no operating revenues since our inception (January 5, 2004) to February 28, 2011. We anticipate that we will not generate any revenues for so long as we are an exploration stage company.

Expenses

Our expenses in the nine months ended February 28, 2011 increased to $71,725,530 from $2,158,324 in the nine months ended February 28, 2010, primarily as a result of the expense recognized for the impairment of the Handeni Property acquisition costs. On February 28, 2011 the capitalized acquisition costs of the Handeni Properties were tested for impairment by management as required by ASC 360. Management determined that no positive cash flows from the Handeni Properties could be identified or supported and a full impairment loss was recognized in expenses for the $60,000,000 acquisition cost

Net Loss and Comprehensive Loss

Our net loss for the nine months ended February 28, 2011 was $68,512,650, compared to $2,033,324 for the nine months ended February 28, 2010. Our comprehensive loss for the nine months ended February 28, 2011 was $68,432,650, compared to $2,033,324 for the nine months ended February 28, 2010.

Liquidity and Capital Resources

We had cash of $222,408 and working capital of $2,440,698 at February 28, 2011.

We estimate that our total expenditures over the next twelve months will be approximately $2,600,000, as outlined above under the heading "Plan of Operations".

Net Cash Used in Operating Activities

Net cash used in operating activities was $1,206,718 during the nine months ended February 28, 2011, as compared to $433,430 during the nine months ended February 28, 2010. Net cash used in operating activities from our inception on January 5, 2004 to February 28, 2011 was $7,435,085.

Net Cash Used in Investing Activities

Net cash used in investing activities was $27,061 during the nine months ended February 28, 2011 (purchase of property and equipment), as compared to $250,000 used in investing activities during the nine months ended February 28, 2010. Net cash used in investing activities from our inception on January 5, 2004 to February 28, 2011 was $200,790.

Net Cash from Financing Activities

During the nine months ended February 28, 2011, we received $1,456,187 net cash from financing activities, primarily from the sale of our common stock. During the nine months ended February 28, 2011, we received $1,257,000 net cash from financing activities from the sale of our common stock. We have funded our business to date primarily from sales of our common stock. From our inception on January 5, 2004 to February 28, 2011, net cash provided by financing activities was $7,858,283.

There are no assurances that we will be able to achieve further sales of our common stock or any other form of additional financing. If we are unable to achieve the financing necessary to continue our plan of operations, then we will not be able to continue our exploration of the property underlying our mineral claim interest and our venture will fail.

Going Concern

We have not attained profitable operations and are dependent upon obtaining financing to pursue any extensive exploration activities. For these reasons our auditors stated in their report on our audited financial statements for the year ended May 31, 2010 that they have substantial doubt we will be able to continue as a going concern.

Future Financings

We anticipate continuing to rely on equity sales of our common shares in order to continue to fund our business operations. Issuances of additional shares will result in dilution to our existing shareholders. There is no assurance that we will achieve any additional sales of our equity securities or arrange for debt or other financing to fund our planned exploration activities.

Off-Balance Sheet Arrangements

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to stockholders.

Critical Accounting Policies

Our financial statements and accompanying notes have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

We regularly evaluate the accounting policies and estimates that we use to prepare our financial statements. In general, management's estimates are based on historical experience, on information from third party professionals, and on various other assumptions that are believed to be reasonable under the facts and circumstances. Actual results could differ from those estimates made by management.

We believe the following critical accounting policies require us to make significant judgments and estimates in the preparation of our consolidated financial statements.

Mineral Property Costs

The Company has been in the exploration stage since its inception on January 5, 2004 and has not yet realized any revenues from its planned operations. It is primarily engaged in the acquisition and exploration of mining properties. Mineral property exploration costs are expensed as incurred. Mineral property acquisition costs are initially capitalized. The Company assesses the carrying costs for impairment under ASC 360, *Property, Plant, and Equipment* at each fiscal quarter end. When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, the costs then incurred to develop such property, are capitalized. Such costs will be amortized using the units-of-production method over the estimated life of the probable reserve. If mineral properties are subsequently abandoned or impaired, any capitalized costs will be charged to operations.

Long-Lived Assets

In accordance with ASC 360, *Property Plant and Equipment* the Company tests long-lived assets or asset groups for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant decreases in the market price of the asset; significant adverse changes in the business climate or legal factors; accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset; and current expectation that the asset will more likely than not be sold or disposed significantly before the end of its estimated useful life. Recoverability is assessed based on the carrying amount of the asset and its fair value which is generally determined based on the sum of the undiscounted cash flows expected to result from the use and the eventual disposal of the asset, as well as specific appraisal in certain instances. An impairment loss is recognized when the carrying amount is not recoverable and exceeds fair value.

Asset Retirement Obligations

The Company accounts for asset retirement obligations in accordance with the provisions of ASC 440 *Asset Retirement and Environmental Obligations* which requires the Company to record the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development and/or normal use of the assets. The Company did not have any assets retirement obligations as of February 28, 2011 and 2010.

Financial Instruments

ASC 825, *Financial Instruments* requires an entity to maximize the use of observable inputs and the fair value of financial instruments, which include cash, bank indebtedness, marketable securities, accounts payable, and amounts due to related parties were estimated to approximate their carrying values due to the immediate or short-term maturities of these financial instruments. The Company's operations are in Canada, China and Africa, which results in exposure to market risks from changes in foreign currency rates. The financial risk is the risk to the Company's operations that arise from fluctuations in foreign exchange rates and the degree of volatility of these rates. Currently, the Company does not use derivative instruments to reduce its exposure to foreign currency risk.

Income Taxes

The Company accounts for income taxes using the asset and liability method in accordance with ASC 740, *Income Taxes.* The asset and liability method provides that deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, and for operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company records a valuation allowance to reduce deferred tax assets to the amount that is believed more likely than not to be realized.

Stock-based Compensation

The Company records stock-based compensation in accordance with ASC 718, *Compensation – Stock Based Compensation* and ASC 505, *Equity Based Payments to Non-Employees,* which requires the measurement and recognition of compensation expense based on estimated fair values for all share-based awards made to employees and directors, including stock options.

ASC 718 requires companies to estimate the fair value of share-based awards on the date of grant using an option-pricing model. The Company uses the Black-Scholes option-pricing model as its method of determining fair value. This model is affected by the Company's stock price as well as assumptions regarding a number of subjective variables. These subjective variables include, but are not limited to the Company's expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviours. The value of the portion of the award that is ultimately expected to vest is recognized as an expense in the statement of operations over the requisite service period.

All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable.

Recent Accounting Pronouncements

The Company has implemented all new accounting pronouncements that are in effect and that may impact its financial statements and does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not required because we are a smaller reporting company.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Harpreet Singh Sangha, our principal executive officer and Herminder Rai, our principal financial officer, have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were not effective as of the end of the period covered by this report, based on their evaluation of these controls and procedures required by paragraph (b) of Rules 13a-15 and 15d-15, due to the deficiencies in our internal control over financial reporting as described below.

As disclosed in the Company's annual report for our fiscal year ended May 31, 2010, management determined that, during the year ended May 31, 2010, our internal controls and procedures were not effective due to material weaknesses. Management identified the following material weaknesses in internal control over financial reporting as of our fiscal year ended May 31, 2010:

1. The Company does not have a separate Audit Committee - the entire Board of Directors acts as the Company's Audit Committee. As of May 31, 2010 there was a lack of a majority of independent directors on the Company's the Board of Directors, and the Company had not identified an "expert", one who is knowledgeable about reporting and financial statement requirements.
2. There was lack of oversight by the Company's audit committee and board of directors in timely review and approval of the certain financial expenses incurred by the Company.
3. Certain entity level controls establishing a "tone at the top" were considered material weaknesses. The Company has an audit committee (the entire Board of Directors) however it is not independent. There is no policy on fraud and no code of ethics at this time. A whistleblower policy is not necessary given the small size of the organization.
4. The Company has limited segregation of duties which is not consistent with good internal control procedures.
5. The Company does not have a written internal control procedurals manual which outlines the duties and reporting requirements of the Directors and any staff to be hired in the future. This lack of a written internal control procedurals manual does not constitute effective internals controls over financial reporting.

As disclosed in the Company's annual report for our year ended May 31, 2010, management believes that the material weaknesses set forth above did not have a material affect on the Company's financial results for the year ended May 31, 2010. However, management believes that the lack of a functioning audit committee and lack of a majority of independent directors on the Company's board of directors, resulting in ineffective oversight in the establishment and monitoring of required internal controls and procedures, can impact the Company's financial statements for the future years. As a result material errors could occur.

The Company and its management will endeavor to correct the above noted weaknesses in internal control once it has adequate funds to do so. We intend to establish an audit committee, appoint sufficient independent members thereto and identify an "expert" for the committee to advise other members as to correct accounting and reporting procedures. In addition, we intend to establish a written policy manual outlining the duties of each of the officers and staff of the Company to facilitate better internal control procedures.

Management will continue to monitor and evaluate the effectiveness of the Company's internal controls and procedures and its internal controls over financial reporting on an ongoing basis and are committed to taking further action and implementing additional enhancements or improvements, as necessary and as funds allow.

Changes in Internal Control Over Financial Reporting

There were no changes to our internal control over financial reporting that occurred during the three months ended February 28, 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

We are not a party to any material legal proceedings nor are we aware of any legal proceedings pending or threatened against us or our properties.

Item 1A. Risk Factors

Not required because we are a smaller reporting company.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On January 10, 2011, we completed a non-brokered private placement pursuant to which we issued to 38 subscribers a total of 22,000,000 units at an issuance price of $0.05 per unit for total proceeds of $1,100,000. Each unit consists of one common share and one share purchase warrant to purchase an additional share of common stock at an exercise price of $0.075 until January 10, 2013. We relied on an exemption from registration under the Securities Act provided by Regulation S for each of the subscribers, in each case based on representations and warranties provided by the subscribers in their respective subscription agreements entered into between each subscriber and our Company.

On January 18, 2011, we issued 1,100,000 restricted shares of our common stock to one investor upon the cashless exercise of previously issued options at a deemed issuance price of $0.30 per share. We relied on an exemption from registration under the Securities Act provided by Regulation S for the issuance to this investor.

On January 21, 2011, we issued 2,000,000 restricted shares of our common stock to one investor upon the exercise of previously issued share purchase warrants at an exercise price of $0.075 per share. We relied on an exemption from registration under the Securities Act provided by Regulation S for the issuance to this investor.

On February 4, 2011, we issued an aggregated of 2,900,000 restricted shares of our common stock to four investors upon the cashless exercise of previously issued options at a deemed exercise price of $0.30 per share. We relied on an exemption from registration under the Securities Act provided by Rule 506 of Regulation D for two of the investors and Regulation S for the other two investors.

On March 11, 2011, we completed a private placement pursuant to which we issued to 47 subscribers a total of 11,285,494 units at an issuance price of $0.45 per unit for total proceeds of $5,078,472. Each unit consists of one common share and one share purchase warrant to purchase an additional share of common stock at an exercise price of $0.52 until September 11, 2012. We relied on an exemption from registration under the Securities Act provided by Rule 506 of Regulation D and Regulation S for each of the subscribers, in each case based on representations and warranties provided by the subscribers in their respective subscription agreements entered into between each subscriber and our Company.

On March 21, 2011, we completed a private placement pursuant to which we issued to 49 subscribers a total of 3,576,768 units at an issuance price of $0.45 per unit for total proceeds of $1,609,545. Each unit consists of one common share and one share purchase warrant to purchase an additional share of common stock at an exercise price of $0.52 until September 11, 2012. We relied on an exemption from registration under the Securities Act provided by Rule 506 of Regulation D and Regulation S for each of the subscribers, in each case based on representations and warranties provided by the subscribers in their respective subscription agreements entered into between each subscriber and our Company.

On March 29, 2011, we completed a private placement pursuant to which we issued to 5 subscribers a total of 12,311,110 units at an issuance price of $0.45 per unit for total proceeds of $5,540,000. Each unit consists of one common share and one share purchase warrant to purchase an additional share of common stock at an exercise price of $0.52 until September 29, 2013. We relied on an exemption from registration under the Securities Act provided by Rule 506 of Regulation D for each of the subscribers, in each case based on representations and warranties provided by the subscribers in their respective subscription agreements entered into between each subscriber and our Company.

On March 29, 2011 we issued 1,243,045 finder's fee warrants, with each finder's fee warrant being exercisable for one additional common share of the Company at an exercise price of $0.52 per share, expiring on September 29, 2013.

Item 3. Defaults Upon Senior Securities

None.

Item 4. (Removed and Reserved).

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Description of Exhibit
3.1[(1)]	Articles of Incorporation
3.2[(11)]	Certificate of Amendment to Articles of Incorporation
3.3[(2)]	Amended Bylaws, as amended on September 5, 2006
10.1[(3)]	Asset Purchase Agreement with KBT Discovery Group Tanzania Ltd.
10.2[(3)]	Asset Purchase Agreement with Hydro-Geos Consulting Group Tanzania Ltd.
10.3[(3)]	Asset Purchase Agreement with Megadeposit Explorers Ltd.
10.4[(4)]	Amendment No. 1 to Asset Purchase Agreement with KBT Discovery Group Tanzania Ltd.
10.5[(4)]	Amendment No. 1 to Asset Purchase Agreement with Hydro-Geos Consulting Group Tanzania Ltd.
10.6[(4)]	Amendment No. 1 to Asset Purchase Agreement with Megadeposit Explorers Ltd.
10.7[(5)]	Amendment No. 2 to Asset Purchase Agreement with KBT Discovery Group Tanzania Ltd.
10.8[(5)]	Amendment No. 2 to Asset Purchase Agreement with Hydro-Geos Consulting Group Tanzania Ltd.
10.9[(5)]	Amendment No. 2 to Asset Purchase Agreement with Megadeposit Explorers Ltd.
10.10[(6)]	Strategic Alliance Agreement between the Company and Canaco
10.11[(7)]	Option Agreement between the Company and Canaco
10.12[(8)]	Amendment Not. 1 to Strategic Alliance Agreement between the Company and Canaco
10.13[(8)]	Kwadijava Option Agreement
10.14[(8)]	Negero Option Agreement

10.15[9]	Joint Venture Agreement with Mkuvia Maita
10.16[10]	2007 Stock Incentive Plan
10.17[13]	2007 Stock Incentive Plan
10.18[10]	Consulting Agreement with Harpreet Sangha
10.19[10]	Consulting Agreement with Rovingi
10.20[12]	Joint Venture Agreement with Mkuvia Maita dated June 5, 2009
10.21[14]	Agreement with Ruby Creek Resources, Inc. dated November 7, 2009
10.22[15]	Purchase Agreement with Ruby Creek Resources, Inc., dated for reference May 19, 2010
10.23[16]	2010 Stock Incentive Plan
10.24[17]	Mineral Property Acquisition Agreement between the Company and IPP Gold Limited, dated September 15, 2010, ratified by the Company's Board of Directors on September 21, 2010.
31.1	Certifications of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certifications of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certifications of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(1) Incorporated by reference to Form SB-2 Registration Statement filed on July 22, 2004.
(2) Incorporated by reference to Annual Report on Form 10-KSB for year ended May 31, 2006.
(3) Incorporated by reference to Current Report on Form 8-K filed on August 4, 2005.
(4) Incorporated by reference to Current Report on Form 8-K filed on November 21, 2005.
(5) Incorporated by reference to Quarterly Report on Form 10-SB for quarterly period ended November 30, 2005.
(6) Incorporated by reference to Current Report on Form 8-K filed on May 4, 2006.
(7) Incorporated by reference to Quarterly Report on Form 10-SB for quarterly period ended August 31, 2006.
(8) Incorporated by reference to Quarterly Report on Form 10-SB for quarterly period ended August 31, 2007.
(9) Incorporated by reference to Current Report on Form 8-K filed on August 6, 2008.
(10) Incorporated by reference to Annual Report on Form 10-KSB for year ended May 31, 2007.
(11) Incorporated by reference to Current Report on Form 8-K filed on January 27, 2009
(12) Incorporated by reference to Current Report on Form 8-K filed on July 16, 2009
(13) Incorporated by reference to Registration Statement Form S-8 filed on December 30, 2008.
(14) Incorporated by reference to Current Report on Form 8-K filed on November 13, 2009.
(15) Incorporated by reference to Current Report on Form 8-K filed on June 21, 2010.
(16) Incorporated by reference to Annual Report on Form 10-K for the year ended May 31, 2010.
(17) Incorporated by reference to Current Report on Form 8-K filed on September 27, 2010.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DOUGLAS LAKE MINERALS INC.

By: *"Harpreet S. Sangha"*
Harpreet S. Sangha
President, Chief Executive Officer and a director
Date: April 14, 2011

By: *"Herminder Rai"*
Herminder Rai
Chief Financial Officer, Secretary and Treasurer
Date: April 14, 2011

Exhibit 31.1

CERTIFICATION

I, **Harpreet S. Sangha**, certify that:

1. I have reviewed this report on Form10-Q for the quarterly period ended February 28, 2011 of Douglas Lake Minerals Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of the internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 14, 2011

"Harpreet S. Sangha"
By: **Harpreet S. Sangha**
Title: President, Chief Executive Officer and a director
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, **Herminder Rai**, certify that:

1. I have reviewed this report on Form10-Q for the quarterly period ended February 28, 2011 of Douglas Lake Minerals Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of the internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 14, 2011

"Herminder Rai"
By: **Herminder Rai**
Title: Secretary, Treasurer and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, Harpreet Singh Sangha, the Chief Executive Officer, and Herminder Rai, the Chief Financial Officer, of Douglas Lake Minerals Inc. (the "Company"), each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge, the Quarterly Report on Form 10-Q for the period ended February 28, 2011, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in the Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of the Company.

"Harpreet S. Sangha"
Harpreet S. Sangha
President, Chief Executive Officer and a director
Date: April 14, 2011

"Herminder Rai"
Herminder Rai
Secretary, Treasurer and Chief Financial Officer
Date: April 14, 2011

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signatures that appear in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.