

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 August 31, 2008

- 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

(State or other jurisdiction of incorporation or organization)

98-0430222

(I.R.S. Employer Identification No.)

**Suite 400, 1445 West Georgia Street
Vancouver, British Columbia, Canada**

(Address of principal executive offices)

V6G 2T3

(Zip Code)

(604) 669-0323

(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 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. **61,035,878 shares of common stock as of October 17, 2008.**

DOUGLAS LAKE MINERALS INC.

**Quarterly Report On Form 10-Q
For The Quarterly Period Ended
August 31, 2008**

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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-KSB for the year ended May 31, 2008, this quarterly report on Form 10-Q, 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:

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

	August 31, 2008 \$ (unaudited)	May 31, 2008 \$
ASSETS		
Current Assets		
Cash	58,165	53,610
Prepaid deposits (Note 3)	40,370	163,292
Total Current Assets	98,535	216,902
Property and Equipment (Note 4)	4,625	1,165
Total Assets	103,160	218,067
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities		
Accounts payable	530,296	369,081
Accrued liabilities (Note 7)	376,741	535,781
Loan payable (Note 8)	20,000	20,000
Due to related parties (Note 5)	510,018	551,858
Total Liabilities	1,437,055	1,476,720
Commitments and Contingencies (Notes 1, 6 and 12)		
Stockholders' Deficit		
Common Stock		
Authorized: 100,000,000 shares, \$0.001 par value		
Issued and outstanding: 52,702,545 shares (May 31, 2008 - 41,385,865 shares)	52,703	41,386
Additional Paid-in Capital	21,116,378	19,380,195
Common Stock Subscribed (Notes 6 and 12(a))	2,253,000	2,498,000
Donated Capital	109,000	109,000
Deficit Accumulated During the Exploration Stage	(24,864,976)	(23,287,234)
Total Stockholders' Deficit	(1,333,895)	(1,258,653)
Total Liabilities and Stockholders' Deficit	103,160	218,067

(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 August 31, 2008 \$	For the Three Months Ended August 31, 2008 \$	For the Three Months Ended August 31, 2007 \$
Revenue	-	-	-
Expenses			
General and administrative	5,975,392	387,469	251,014
Impairment of mineral property costs	17,499,571	-	-
Mineral property costs	1,457,761	1,187,466	7,953
Rent	31,198	2,807	2,166
Total Expenses	24,963,922	1,577,742	261,133
Net Loss Before Other Expense	(24,963,922)	(1,577,742)	(261,133)
Other Expense			
Mineral property option payments	156,017	-	100,000
Loss on sale of investment securities	(57,071)	-	-
Net Loss	(24,864,976)	(1,577,742)	(161,133)
Net Loss Per Share – Basic and Diluted		(0.04)	-
Weighted Average Shares Outstanding		43,354,000	36,305,000

(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)

	For the Three Months Ended August 31, 2008 \$	For the Three Months Ended August 31, 2007 \$
Operating Activities		
Net loss for the period	(1,577,742)	(161,133)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization	341	-
Changes in operating assets and liabilities:		
Prepaid deposit	122,922	(902)
Accounts payable and accrued liabilities	2,175	15,082
Due to related parties	(41,840)	76,253
Net Cash Used in Operating Activities	(1,494,144)	(70,700)
Investing Activities		
Purchase of property and equipment	(3,801)	(1,553)
Net Cash Used In Investing Activities	(3,801)	(1,553)
Financing Activities		
Proceeds from issuance of common stock	1,522,500	90,000
Repayment of loan payable	-	(10,000)
Share issuance costs	(20,000)	(5,000)
Net Cash Provided By Financing Activities	1,502,500	75,000
Increase in Cash	4,555	2,747
Cash - Beginning of Period	53,610	4,509
Cash - End of Period	58,165	7,256
Non-cash Investing and Financing Activities		
Loan payable settled by grant of mineral property option	-	10,000
Supplemental Disclosures		
Interest paid	-	-
Income taxes paid	-	-

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

Douglas Lake Minerals Inc.
(An Exploration Stage Company)
Notes to the Financial Statements
(Expressed in U.S. dollars)
(unaudited)

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 Standard (“SFAS”) No.7 *“Accounting and Reporting for Development Stage Companies”*. 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 August 31, 2008, the Company has a working capital deficit of \$1,338,520 and has accumulated losses of \$24,864,976 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. There can be no assurance that the Company will be able to raise sufficient funds to pay the expected expenses for the next twelve months.

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. 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 for Securities and Exchange Commission (“SEC”) Form 10-QSB. 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 financial statements and notes thereto for the year ended May 31, 2008, included in the Company’s Annual Report on Form 10-KSB filed on September 15, 2008 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 August 31, 2008, and the results of its operations and cash flows for the three months ended August 31, 2008 and 2007. The results of operations for the three months ended August 31, 2008 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 of long-lived assets, stock-based compensation, donated expenses 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 SFAS No. 128, "*Earnings per Share*". SFAS No. 128 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

SFAS No. 130, "*Reporting Comprehensive Income*," establishes standards for the reporting and display of comprehensive loss and its components in the financial statements. As at August 31, 2008 and 2007, the Company had no items that represent a comprehensive loss, and therefore has not included a schedule of comprehensive loss in the financial statements.

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.

2. Summary of Significant Accounting Policies (continued)

g) Investment 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 recorded at cost and amortized on a straight-line basis over a three-year period.

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 when incurred using the guidance in EITF 04-02, "*Whether Mineral Rights Are Tangible or Intangible Assets*". The Company assesses the carrying costs for impairment under SFAS No. 144, "*Accounting for Impairment or Disposal of Long Lived Assets*" 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.

2. Summary of Significant Accounting Policies (continued)

j) Long-lived Assets

In accordance with SFAS No. 144, *“Accounting for the Impairment or Disposal of Long-Lived Assets”*, 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 SFAS No. 143 *“Accounting for Asset Retirement Obligations”*. SFAS No. 143 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.

l) Financial Instruments

The fair values of financial instruments including cash, accounts payable, accrued liabilities, loan payable and due to related parties were estimated to approximate their carrying values due to the immediate or short-term maturity of these financial instruments. The Company’s operations are in Canada and Africa resulting 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 SFAS No. 109, *“Accounting for 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.

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 SFAS No. 52 "*Foreign Currency Translation*" 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.

o) Stock-based Compensation

The Company records stock-based compensation in accordance with SFAS 123(R), "*Share-Based Payments*," 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. In March 2005, the Securities and Exchange Commission issued SAB 107 relating to SFAS 123(R). The Company applied the provisions of SAB 107 in its adoption of SFAS 123(R).

SFAS 123(R) 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

In May 2008, the Financial Accounting Standards Board ("FASB") issued SFAS No. 163, "*Accounting for Financial Guarantee Insurance Contracts – An interpretation of FASB Statement No. 60*". SFAS 163 requires that an insurance enterprise recognize a claim liability prior to an event of default when there is evidence that credit deterioration has occurred in an insured financial obligation. It also clarifies how Statement 60 applies to financial guarantee insurance contracts, including the recognition and measurement to be used to account for premium revenue and claim liabilities, and requires expanded disclosures about financial guarantee insurance contracts. It is effective for financial statements issued for fiscal years beginning after December 15, 2008, except for some disclosures about the insurance enterprise's risk-management activities. SFAS 163 requires that disclosures about the risk-management activities of the insurance enterprise be effective for the first period beginning after issuance. Except for those disclosures, earlier application is not permitted. The adoption of this statement is not expected to have a material effect on the Company's financial statements.

Douglas Lake Minerals Inc.
(An Exploration Stage Company)
Notes to the Financial Statements
(Expressed in U.S. dollars)
(unaudited)

2. Summary of Significant Accounting Policies (continued)

(p) Recently Issued Accounting Pronouncements (continued)

In May 2008, the FASB issued SFAS No. 162, *“The Hierarchy of Generally Accepted Accounting Principles”*. SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles in the United States. It is effective 60 days following the SEC’s approval of the Public Company Accounting Oversight Board amendments to AU Section 411, *“The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles”*. The adoption of this statement is not expected to have a material effect on the Company’s financial statements.

In March 2008, the Financial Accounting Standards Board (“FASB”) issued SFAS No. 161, *“Disclosures about Derivative Instruments and Hedging Activities – an amendment to FASB Statement No. 133”*. SFAS No. 161 is intended to improve financial standards for derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity’s financial position, financial performance, and cash flows. Entities are required to provide enhanced disclosures about: (a) how and why an entity uses derivative instruments; (b) how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations; and (c) how derivative instruments and related hedged items affect an entity’s financial position, financial performance, and cash flows. It is effective for financial statements issued for fiscal years beginning after November 15, 2008, with early adoption encouraged. The adoption of this statement is not expected to have a material effect on the Company’s financial statements.

In December 2007, the Financial Accounting Standards Board (FASB) issued SFAS No. 141R, *“Business Combinations”*. This statement replaces SFAS 141 and defines the acquirer in a business combination as the entity that obtains control of one or more businesses in a business combination and establishes the acquisition date as the date that the acquirer achieves control. SFAS 141R requires an acquirer to recognize the assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of that date. SFAS 141R also requires the acquirer to recognize contingent consideration at the acquisition date, measured at its fair value at that date. This statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008, and earlier adoption is prohibited. The adoption of this statement is not expected to have a material effect on the Company’s financial statements.

In December 2007, the Financial Accounting Standards Board (FASB) issued SFAS No. 160, *“Noncontrolling Interests in Consolidated Financial Statements Liabilities –an Amendment of ARB No. 51”*. This statement amends ARB 51 to establish accounting and reporting standards for the Noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. This statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008, and earlier adoption is prohibited. The adoption of this statement is not expected to have a material effect on the Company’s future financial statements.

2. Summary of Significant Accounting Policies (continued)

(p) Recently Issued Accounting Pronouncements (continued)

In February 2007, the Financial Accounting Standards Board (“FASB”) issued SFAS No. 159, “*The Fair Value Option for Financial Assets and Financial Liabilities – Including an Amendment of FASB Statement No. 115*”. This statement permits entities to choose to measure many financial instruments and certain other items at fair value. Most of the provisions of SFAS No. 159 apply only to entities that elect the fair value option. However, the amendment to SFAS No. 115 “Accounting for Certain Investments in Debt and Equity Securities” applies to all entities with available-for-sale and trading securities. SFAS No. 159 is effective as of the beginning of an entity’s first fiscal year that begins after November 15, 2007. Early adoption is permitted as of the beginning of a fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provision of SFAS No. 157, “*Fair Value Measurements*”. The adoption of this statement did not have a material effect on the Company’s financial statements.

In September 2006, the FASB issued SFAS No. 157, “*Fair Value Measurements*”. The objective of SFAS No. 157 is to increase consistency and comparability in fair value measurements and to expand disclosures about fair value measurements. SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS No. 157 applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements. The provisions of SFAS No. 157 are effective for fair value measurements made in fiscal years beginning after November 15, 2007. The adoption of this statement did not have a material effect on the Company’s financial statements.

q) Reclassifications

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:

	August 31, 2008	May 31, 2008
	\$	\$
Rent	903	903
Mineral property option payments	10,000	20,000
Finder’s fees	–	40,000
Consulting fees	29,467	102,389
Total prepaid expenses	40,370	163,292

Douglas Lake Minerals Inc.
(An Exploration Stage Company)
Notes to the Financial Statements
(Expressed in U.S. dollars)
(unaudited)

4. Property and Equipment

	Cost	Accumulated Amortization	August 31, 2008 Net Book Value	May 31, 2008 Net Book Value
	\$	\$	\$	\$
Office equipment	6,553	1,928	4,625	1,165

5. Related Party Transactions

- As at August 31, 2008, the Company owed the former President of the Company \$47,788 (May 31, 2008 - \$47,788) which is non-interest bearing, unsecured and due on demand.
- During the three month period ended August 31, 2008, the Company incurred \$30,000 (2007 - \$43,500) of consulting fees included in general and administrative expenses, and reimbursed \$53,091 (2007 - \$115,000) of expenses incurred on behalf of the Company, with various directors and officers. As at August 31, 2008, the Company was indebted to the former Chief Financial Officer of the Company for \$46,119 (May 31, 2008 - \$46,167), the Chief Executive Officer of the Company for \$317,611 (May 31, 2008 - \$349,657) and two directors of the Company for \$98,500 (May 31, 2008 - \$108,246). The amounts due are non-interest bearing, unsecured and due on demand.

6. Mineral Properties

Tanzania, Africa

- On August 4, 2005, the Company 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 kilometres in Tanzania, for an aggregate purchase price of \$75,000 and 2,800,000 restricted shares of common stock. On November 10, 2005, the Company entered into an Amendment Agreement in which the number of shares to be issued was increased to 5,600,000 restricted shares of common stock. On October 16, 2006, the Company 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, the Company had completed its due diligence and closed the agreement. At the first closing, Prospecting Licence No. 2810/2004, known as “Tabora”, was transferred to the Company’s name and the Company issued 5,600,000 restricted shares of common stock to KBT (See(d) below). The Prospecting Licence No. 3117/2005, known as “Morogoro”, and Prospecting Licence 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 the joint venture agreements and transferred the Morogoro and KM 7 Prospecting Licenses to the Company’s name and the Company paid KBT \$75,000. On July 19, 2006, the Company entered into a Letter of Amendment, whereby the Company paid \$50,000 directly to Atlas. During the year ended May 31, 2007, the Company 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 their initial issuance. The Company can apply to reacquire 50% of the area covered by the original prospecting license. As at August 31, 2008, the Company has applied to reacquire the licenses.

Douglas Lake Minerals Inc.
(An Exploration Stage Company)
Notes to the Financial Statements
(Expressed in U.S. dollars)
(unaudited)

6. Mineral Properties (continued)

Tanzania, Africa (continued)

- b) On August 4, 2005, the Company entered into an Asset Purchase Agreement (the “HG Agreement”) with Hydro-Geos Consulting Group Tanzania Limited (“HG”) to acquire Prospecting License No. 2683/2004 known as “Ashanti South East”, which covers an area of approximately 210 square kilometres in Tanzania, for an aggregate purchase price of 2,600,000 restricted shares of common stock. On November 10, 2005, the Company entered into an Amendment Agreement in which the number of shares to be issued was increased to 5,200,000 restricted shares of common stock. By the end of the fiscal year ended May 31, 2006, the Company had completed its due diligence and closed the agreement. At closing, Prospecting License Ashanti South East was transferred to the Company’s name and the Company issued 5,200,000 restricted shares of common stock to HG (See (d) below). The prospecting licenses expire three years after their initial issuance. The prospecting licenses expire three years after their initial issuance. The Company can apply to reacquire 50% of the area covered by the original prospecting license. As at August 31, 2008, the Company has applied to reacquire the licenses.
- c) On August 4, 2005, the Company entered into an Asset Purchase Agreement (the “Megadeposit Agreement”) with Megadeposit Explorers Limited (“Megadeposit”) to acquire Prospecting Licence Renewal No. 2957/2005 known as “Negero”, which covers an area of approximately 207 square kilometres in Tanzania, for an aggregate purchase price of 2,600,000 restricted shares of common stock. On November 10, 2005, the Company entered into an Amendment Agreement in which the number of shares to be issued was increased to 5,200,000 restricted shares of common stock. By the end of the fiscal year ended May 31, 2006, the Company had completed its due diligence and closed the agreement. At closing, Prospecting License Green Hills South East was transferred to the Company’s name and the Company issued 5,200,000 restricted shares of common stock to Megadeposit (See (d) below). This Prospecting License expired on December 21, 2006, and Megadeposit will apply for a prospecting license (“Reaquired PLs”) covering the same area previously covered by Prospecting Licence No. 2957/2005. Pursuant to an agreement to transfer mineral rights dated June 20, 2007 between Megadeposit and Douglas Lake, Megadeposit will transfer the Reaquired PLs to the Company for no consideration. At August 31, 2008, the Reaquired PL’s had been applied for and will be transferred to the Company once they are granted. Refer to Note 6(s).
- d) On April 26, 2006, the Company issued a total of 16,000,000 restricted shares of common stock at a fair value of \$5,620,000 upon completion of due diligence related to the three agreements described in (a), (b), and (c) above.
- e) 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 option agreement described in Note 6(f)(i). 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 August 31, 2008, and \$88,000 is included in common stock subscribed.

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6. Mineral Properties (continued)

Tanzania, Africa (continued)

- f) On October 5, 2006 the Company entered into an option agreement with Canaco whereby the Company granted Canaco the right to earn up to a 70% interest in Prospecting License 3117/2005 in Tanzania known as "Morogoro" held by the Company (see Note 6(a)). Under the option agreement Canaco has agreed to:
- i) make cash payments to the Company of \$250,000, of which \$50,000 (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 \$75,000 (paid) is payable on the first anniversary of the Effective Date (refer to Note 6(e)) and an additional \$125,000 is payable on the second anniversary of the Effective Date;
 - ii) issue up to 800,000 of its common shares to the Company, 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
 - iii) commit to spend up to \$2,000,000 in exploration expenses on the subject property prior to the third anniversary of the Effective Date (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).
- g) On November 17, 2006, the Company entered into an Asset Purchase Agreement with Atlas to acquire Prospecting License No. 3920/2006, 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 August 31, 2008, the remaining 3,000,000 shares at the fair value of \$2,115,000 is included in common stock subscribed. Refer to Note 6(q).
- h) On November 17, 2006, the Company entered into an Asset Purchase Agreement with HG to acquire six 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 August 31, 2008, \$300,000 is included in accrued liabilities.
- i) On November 19, 2006, the Company entered into an Asset Purchase Agreement with Megadeposit to acquire five Prospecting Licenses, which cover an area of approximately 1,401 square kilometres in Tanzania. Prospecting License Renewal No.'s 3436/2005 and 2874/2004, and Prospecting License No.'s 3107/2005, 3916/2006, and 2956/2004 were transferred to the Company's name on signing the agreement and the Company issued 4,000,000 restricted shares of common stock at a fair value of \$2,820,000.

6. Mineral Properties (continued)

Tanzania, Africa (continued)

- j) On November 20, 2006, the Company entered into an Asset Purchase Agreement with Sumayi Investment International Limited (“Sumayi”) to acquire 75% ownership of four Gemstone Licenses, which cover an area of approximately 3.88 square kilometres in Tanzania. Gemstone Mining License No.’s 201/2005, 198/2005, 199/2005 and 202/2005 were transferred to the Company’s name on signing the agreement for an aggregate purchase price of \$100,000 payable one year from signing. During the year ended May 31, 2008, the Company terminated the agreement and returned the Mining Licenses.
- k) On November 21, 2006, the Company entered into an Asset Purchase Agreement with Haperk Traders Limited (“Haperk”) to acquire Prospecting License Renewal No. 2987/2005 and Prospecting License No. 3267/2005, which cover an area of approximately 658 square kilometres in Tanzania. The Licenses were transferred to the Company’s name on signing the agreement for an aggregate purchase price of \$62,500 (paid) and issuance of 1,000,000 restricted shares of common stock at a fair value of \$735,000. This Prospecting License expired on January 17, 2007, and Haperk will apply for a prospecting license (“Reacquired PLs”) covering the same area previously covered by Prospecting License No. 2987/2005. Pursuant to an agreement to transfer mineral rights dated June 20, 2007 between Haperk and Douglas Lake, Haperk will transfer the Reacquired PLs to the Company for no consideration. At August 31, 2008, the reacquired PL’s had been applied for and will be transferred to the Company once they are granted. Refer to Note 6(r).
- l) On November 21, 2006, the Company entered into an Asset Purchase Agreement with Sika Holdings Limited (“Sika”) to acquire Prospecting License No. 2544/2004 which covers an area of approximately 5 square kilometres in Tanzania. The Licenses were transferred to the Company’s name on signing the agreement for an aggregate purchase price of \$60,000 (paid) and issuance of 750,000 restricted shares of common stock (issued) at a fair value of \$551,250.
- m) On November 21, 2006, the Company entered into an Asset Purchase Agreement with KBT to acquire two Prospecting Licenses, which cover an area of approximately 1,119 square kilometres in Tanzania. Prospecting License No.’s 3899/2006, and 3900/2006 were transferred to the Company’s name on signing the agreement and the Company issued 200,000 restricted shares of common stock at a fair value of \$147,000.
- n) On November 22, 2006, the Company entered into an Asset Purchase Agreement with Robert Nicolas to acquire Prospecting License No. 3907/2006, which covers an area of approximately 34 square kilometres in Tanzania. The Licenses were transferred to the Company’s name on signing the agreement for an aggregate purchase price of \$15,000 (paid) and the issuance of 100,000 restricted shares of common stock (issued) at a fair value of \$73,000.
- o) On November 22, 2006, the Company entered into an Asset Purchase Agreement with Atupele A. Mwanjala and Naniel Kerrosi to acquire Prospecting License No. 2797/2004 which covers an area of approximately 28.8 square kilometres in Tanzania. The Licenses were transferred to the Company’s name on signing the agreement for an aggregate purchase price of \$20,000 (paid) and issuance of 100,000 restricted shares of common stock (issued) at a fair value of \$73,000.

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6. Mineral Properties (continued)

Tanzania, Africa (continued)

- p) On November 29, 2006, the Company entered into an Asset Purchase Agreement with Ziko Farms Limited (“Ziko”) to acquire four Prospecting Licenses, which cover an area of approximately 284.26 square kilometres in Tanzania. Prospecting License No.’s 2637/2004, 2638/2004, 2639/2004, and 3826/2005 were transferred to the Company’s name on signing the agreement for an aggregate purchase price of \$90,174 (paid) and 900,000 restricted shares of common stock. The Company determined the fair value of the shares to be \$634,500. On June 21, 2007 the Company issued 900,000 shares of common stock pursuant to the asset purchase agreement.
- q) On March 2, 2007, the Company entered into an option agreement with Canaco whereby the Company 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 (see Note 6(g)). Under the option agreement Canaco has agreed to:
- i) make cash payments to the Company 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,(such date is referred to as the “Effective Date”). An additional \$100,000 is payable on the first anniversary of the Effective Date (received);
 - ii) issue up to 750,000 of its common shares to the Company, 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
 - iii) 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).

If the Company fails to require the Prospecting Licenses by March 31, 2008 the Company will not receive the additional cash payments. The Company failed to reacquire Prospecting License 2987/2005 (Refer to Note 6(r)). Pursuant to the agreement the \$100,000 option payment received was applied to the Magembe property.

- r) On June 29, 2007, the Company entered into an option agreement with Canaco whereby the Company granted Canaco the right to earn up to a 70% interest in Prospecting License 2987/2005 in Tanzania known as “Kwadijava” in the process of being acquired by the Company (see Note 6(k)). Under the option agreement Canaco has agreed to:
- i) make cash payments to the Company of \$250,000, of which \$50,000 (less the amount owing by the Company to Canaco in the amount of \$17,953) is payable upon the execution of the agreement (received). An additional \$75,000 is payable on the first anniversary of the Effective Date (as such term is defined in the agreement, that being the date on which the Company has reacquired the Prospecting License and has obtained all applicable regulatory approvals), and \$125,000 is payable on the second anniversary of the Effective Date;

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6. Mineral Properties (continued)

Tanzania, Africa (continued)

r) (continued)

- ii) issue up to 800,000 of its common shares to the Company, of which 100,000 shares are issuable on the Effective Date, 200,000 shares are issuable on the first anniversary of the Effective Date, an additional 500,000 shares are issuable on the second anniversary of the Effective Date; and
- iii) commit to spend up to \$2,000,000 in exploration expenses on the subject property prior to the third 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, up to \$1,250,000 in cumulative exploration expense prior to the third anniversary of the Effective Date, and up to 2,000,000 in cumulative exploration expense prior to the third anniversary of the Effective Date).

If the Company fails to reacquire the Prospecting License by March 31, 2008 the Company will be deemed to have waived Canaco's obligation to pay the Company \$100,000 pursuant to the option agreement relating to the Magembe property. The Company failed to reacquire Prospecting License 2987/2005. Pursuant to the agreement the option payment received by the Company is applied against the option payment described in Note 6(q).

- s) On June 29, 2007, the Company entered into an option agreement with Canaco whereby the Company granted Canaco the right to earn up to a 70% interest in Prospecting License 2957/2005 in Tanzania known as "Negero" in the process of being acquired by the Company (see Note 6(c)). Under the option agreement Canaco has agreed to:
 - i) make cash payments to the Company of \$250,000, of which \$50,000 (received) is payable upon the execution of the agreement. An additional \$75,000 is payable on the first anniversary of the Effective Date (as such term is defined in the agreement, that being the date on which the Company has reacquired the Prospecting License and has obtained all applicable regulatory approvals), and \$125,000 is payable on the second anniversary of the Effective Date;
 - ii) issue up to 800,000 of its common shares to the Company, of which 100,000 shares are issuable on the Effective Date, 200,000 shares are issuable on the first anniversary of the Effective Date, an additional 500,000 shares are issuable on the second anniversary of the Effective Date; and
 - iii) commit to spend up to \$2,000,000 in exploration expenses on the subject property prior to the third 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, up to \$1,250,000 in cumulative exploration expense prior to the third anniversary of the Effective Date, and up to 2,000,000 in cumulative exploration expense prior to the third anniversary of the Effective Date).

If the Company fails to reacquire the Prospecting License by March 31, 2008 the Company will be deemed to have waived Canaco's obligation to pay the Company \$100,000 pursuant to the option agreement relating to the Magembe property. (See Note 6(c)).

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6. Mineral Properties (continued)

Tanzania, Africa (continued)

- t) 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 in consideration for the payment of \$1,000,000 (\$750,000 paid) upon signing the agreement and \$540,000 over five years beginning July 15, 2008. As at August 31, 2008, \$250,000 is included in accounts payable. The \$540,000 is payable in stages on a quarterly basis of which \$80,000 (\$10,000 paid) must be paid in the first year, \$90,000 in the second year, \$100,000 in the third year, \$120,000 in the fourth year, and \$150,000 in the fifth year. The holder of the property licenses retains a net smelter royalty return of 3%. During the three month period ended August 31, 2008, the Company paid \$80,000 of finder's fees related to this Agreement.

7. Accrued Liabilities

The components of accrued liabilities are as follows:

	August 31, 2008	May 31, 2008
	\$	\$
Mineral property expenditures	334,800	525,000
Professional fees	25,855	8,443
Investor relations	–	2,338
Travel expenses	16,086	–
Total accrued liabilities	376,741	535,781

8. Loan Payable

The balance owing to an unrelated third party is non-interest bearing, unsecured and due on demand.

9. Common Stock

On August 15, 2008, the Company completed a non-brokered private placement for total proceeds of \$1,767,500 comprised of:

- i) 6,666,680 shares of common stock at \$0.15 per share for proceeds of \$1,000,000;
- ii) 1,000,000 units at \$0.10 per unit for proceeds of \$100,000. Each unit consists of one share of common stock and one-half of one warrant. Each full warrant entitles the holder to acquire an additional share of common stock at an exercise price of \$0.25 per share for a period of one year from closing;
- iii) 2,000,000 units at \$0.15 per unit for proceeds of \$300,000. Each unit consists of one share of common stock and one-half of one warrant. Each full warrant entitles the holder to acquire an additional share of common stock at an exercise price of \$0.30 per share for a period of one year from closing;
- iv) 1,462,500 units at \$0.20 per unit for proceeds of \$292,500. Each unit consists of one share of common stock and one-half of one warrant. Each full warrant entitles the holder to acquire an additional share of common stock at an exercise price of \$0.40 per share for a period of one year from closing;

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9. Common Stock (continued)

- v) 187,500 units at \$0.40 per unit for proceeds of \$75,000. Each unit consists of one share of common stock and one-half of one warrant. Each full warrant entitles the holder to acquire an additional share of common stock at an exercise price of \$0.50 per share for a period of one year from closing;

The Company paid finder's fees of \$22,000 pursuant to this private placement during the year ended May 31, 2008. The Company paid finder's fees of \$20,000 pursuant to this private placement during the three month period ended August 31, 2008.

10. 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. As at May 31, 2008, the Company had 1,210,000 shares of common stock available to be issued under the Plan. At May 31, 2008 and 2007, the Company had no unrecognized compensation costs and no unvested options.

The Company did not grant any stock options during the three month period ended August 31, 2008.

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, 2008	640,000	0.30		
Exercised	—	—		
Outstanding, August 31, 2008	640,000	0.30	3.66	76,800
Exercisable, August 31, 2008	640,000	0.30	3.66	76,800

The stock options outstanding are exercisable for cash at \$0.30 per share, 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 \$0.30 exercise price, divided by (b) the exercise price multiplied by (c) the number of options exercised. During the three month periods ended August 31, 2008 and 2007, there was no exercise of stock options.

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11. Share Purchase Warrants

On August 15, 2008, the Company completed a non-brokered private placement and issued 4,650,000 units for proceeds of \$767,500. Each unit consists of one share of common stock and one-half of one warrant. Each full warrant entitles the holder to acquire an additional share of common stock at a weighted average exercise price of \$0.33 per share for a period of one year from August 15, 2008. Refer to Note 9.

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

	Number of Warrants	Weighted Average Exercise Price \$
Balance, May 31, 2008	–	–
Issued	2,325,000	0.33
Balance, August 31, 2008	2,325,000	0.33

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 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 May 31, 2008, 50,000 shares of common stock are owed to the consultant. As at August 31, 2008, the fair value of \$50,000 for these shares owed is included in common stock subscribed.
- b) On June 18, 2007, the Company entered into an agreement to rent office space for \$959 (Cdn\$954) per month for a period of twelve months. The Company can terminate the agreement with sixty days notice.
- c) On May 13, 2008, the Company entered into employment agreements with employees who will provide geological services in exchange for \$8,000 per month in aggregate for a period of one year commencing June 1, 2008.
- d) On May 13, 2008, the Company entered into an employment agreement with an employee who will provide exploration management services in exchange for \$5,000 per month for a period of one year commencing June 1, 2008.
- e) On May 13, 2008 the Company entered into an employment agreement with an employee who will provide operations management services in exchange for \$3,000 per month for a period of one year commencing June 1, 2008.
- f) On June 1, 2008, the Company entered into an employment agreement with an employee who will provide operations management services in exchange for \$2,500 per month for a period of one year commencing June 1, 2008.

12. Commitments (continued)

- g) On June 26, 2008, the Company entered into an Agreement with SD Partners, LLC (“SD”) for consulting and fundraising services, including a secondary public offering of securities of the Company in the United Kingdom, on an exclusive basis for a period of three years. The Agreement also contemplates a possible transaction between the Company and a Shell company (the “Merged Shell transaction”). As compensation for SD’s services, the Company agrees to pay \$50,000 for the first two months of the engagement, payable as to \$25,000 by June 30, 2008 (paid), and the remaining \$25,000 by July 28, 2008. As at August 31, 2008, \$25,000 is included in accounts payable. The agreement shall automatically be extended for additional 30 days on the same condition and terms with a payment of \$25,000 per month due at the beginning of each month. In consideration of structuring the Merged Shell transaction, SD will receive warrants to acquire 5% of the shares of the Company exercisable for five years at \$0.01 per share. In consideration for additional financings resulting from SD’s services, the Company will pay a cash fee of 5% of the gross proceeds. If any warrants from any such financings are exercised, SD will be entitled to 5% of the gross warrant proceeds. In consideration of an acquisition by or of the Company, SD will be entitled to a fee of 10% of the value of the transaction, of which 5% is payable in cash and 5% is payable in common shares of the Company. If this agreement is terminated by the Company, and the Company receives any funding in the United Kingdom within twenty four months of termination, the Company must pay a breakup fee to SD of the greater of \$200,000 or 5% of such funding.
- h) On July 28, 2008, the Company entered into an Agreement with SD for fundraising services, in relation to a private placement of up to \$2,100,000. The Company will pay a cash fee of 7% of the first \$1,500,000 gross proceeds, 13% of the next \$600,000 gross proceeds, and 10% of any amount above \$2,100,000 gross proceeds. If warrants are issued with the financing, SD will be entitled to 5% of the gross proceeds from the exercise of any such warrants. The Company also agrees to issue warrants exercisable for five years at \$0.01 per share to SD to acquire 3% of the total number of common shares outstanding. Should SD raise an additional \$2,000,000, SD will be granted an additional 1% of the total number of common shares outstanding. The total number of warrants granted to SD will not exceed 5% of the total number of common shares outstanding after closing of the funding. As at August 31, 2008, SD has not raised any funds for the Company.

13. Subsequent Events

Effective on September 15, 2008, the Company completed a non-brokered private placement pursuant to which the Company issued from treasury to one subscriber 866,667 shares of common stock at subscription price of \$0.15 per share for total proceeds of \$130,000.

Effective on October 3, 2008, the Company completed a non-brokered private placement pursuant to which the Company issued from treasury to four subscribers 2,466,666 shares of common stock at subscription price of \$0.15 per share for total proceeds of \$370,000.

Effective on October 15, 2008, the Company completed a non-brokered private placement pursuant to which the Company issued from treasury to one subscriber 5,000,000 shares of common stock at subscription price of \$0.25 per share for total proceeds of \$1,000,000.

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 three months ended August 31, 2008 and 2007 should be read in conjunction with our unaudited interim financial statements and related notes for the three months ended August 31, 2008 and 2007. 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 as a result of many factors, including, but not limited to, those set forth below under the heading "Risk Factors".

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. We currently own 31 mineral claims located in Tanzania, Africa, through prospecting licences issued by the government of Tanzania. These mineral claims do not 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.

Our Mineral Claims

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 Licence No. 2810/2004, known as "Tabora", was transferred to us and we issued 5,600,000 restricted shares of common stock to KBT. Prospecting Licence No. 3117/2005, known as "Morogoro", and Prospecting Licence 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. We have applied to reacquire the licenses.

On August 4, 2005, we entered into an Asset Purchase Agreement (the "HG Agreement") with Hydro-Geos Consulting Group Tanzania Limited ("HG") to acquire Prospecting License No. 2683/2004 known as "Ashanti South East", which covers an area of approximately 210 square kilometers in Tanzania, for an aggregate purchase price of 2,600,000 restricted shares of common stock. On November 10, 2005, we entered into an amendment agreement to the HG Agreement pursuant to which the number of shares to be issued was increased to 5,200,000 restricted shares of common stock. By the end of our fiscal year ended May 31, 2007, we had completed our due diligence and closed the agreement. Pursuant to the terms of the HG Agreement, as amended, the Ashanti South East Prospecting License was transferred to us and we issued 5,200,000 restricted shares of common stock to HG. The

prospecting licenses expire three years after their initial issuance. We can apply to reacquire 50% of the area covered by the original prospecting license. We have applied to reacquire the licenses.

On August 4, 2005, we entered into an Asset Purchase Agreement (the “Megadeposit Agreement”) with Megadeposit Explorers Limited (“Megadeposit”) to acquire Prospecting Licence Renewal No. 2957/2005 known as “Negero”, which covers an area of approximately 207 square kilometers in Tanzania, for an aggregate purchase price of 2,600,000 restricted shares of common stock. On November 10, 2005, we entered into an amendment agreement to the Megadeposit Agreement pursuant to which the number of shares to be issued was increased to 5,200,000 restricted shares of common stock. By the end of our fiscal year ended May 31, 2006, we had completed our due diligence and closed the agreement. Under the Megadeposit Agreement, as amended, Prospecting License Negero was transferred to us and we issued 5,200,000 restricted shares of common stock to Megadeposit. This prospecting license expired on December 21, 2006, and Megadeposit has applied to reacquire the prospecting license covering the same area previously covered by Prospecting License No. 2957/2005. Pursuant to an agreement to transfer mineral rights dated June 20, 2007 between Megadeposit and us, Megadeposit has agreed to transfer the reacquired prospecting license to us for no additional consideration. As at August 31, 2008, the reacquired prospecting license had been applied for and is expected to be transferred to us once granted.

On April 26, 2006, we issued a total of 16,000,000 restricted shares of common stock at a fair value of \$5,620,000 upon completion of due diligence related to the KBT Agreement, HG Agreement and Megadeposit Agreement, each as described above.

On April 27, 2006, we entered into a strategic alliance agreement (the “SA Agreement”) with Canaco Resources Inc. (“Canaco”), a Canadian public company. Under the terms of the SA Agreement, Canaco paid \$350,000 to us and will provide technical management and fund the initial assessment of each of the prospects in Tanzania, and can earn up to a 70% undivided interest in the prospects. In connection with this agreement, the Company is required to issue 200,000 shares. We have determined the fair market value of these shares to be \$88,000. As at August 31, 2008, these shares have not been issued.

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 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.

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 has issued 1,500,000 shares, and as at August 31, 2008, the remaining 3,000,000 shares that are issuable under the agreement had not been issued.

On November 17, 2006, we entered into an Asset Purchase Agreement with HG to acquire six Prospecting Licenses, which cover an area of approximately 2,389 square kilometers in Tanzania. Prospecting License No.'s 3868/2006, 3671/2005, 3398/2005, 3105/2005, 3211/2005 and 2961/2004 were transferred to us on signing the agreement for an aggregate purchase price of \$600,000 (the "Cash Payment") and 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 in payments at the end of each 90 day period thereafter until the consideration is paid in full. As at August 31, 2008, \$300,000 of the amount payable is included in accrued liabilities.

On November 19, 2006, we entered into an Asset Purchase Agreement with Megadeposit to acquire five Prospecting Licenses, which cover an area of approximately 1,401 square kilometers in Tanzania. Prospecting License Renewal No.'s 3436/2005 and 2874/2004, and Prospecting License No.'s 3107/2005, 3916/2006, and 2956/2004 were transferred to us on signing the agreement for an aggregate purchase price of 4,000,000 restricted shares of common stock at a fair value of \$2,820,000, which have been issued.

On November 21, 2006, we entered into an Asset Purchase Agreement with Haperk Traders Limited to acquire Prospecting License Renewal No. 2987/2005 and Prospecting License No. 3267/2005, which cover an area of approximately 658 square kilometres in Tanzania. The licenses were transferred to us on signing the agreement for an aggregate purchase price of \$62,500 (paid) and 1,000,000 restricted shares of common stock at a fair value of \$735,000, which have been issued. These prospecting licenses expired on January 17, 2007, and Haperk has applied to a prospecting license covering the same area. Pursuant to an agreement to transfer mineral rights dated June 20, 2007 between Haperk and us, Haperk has agreed to transfer the reacquired prospect licenses to us for no additional consideration.

On November 21, 2006, we entered into an Asset Purchase Agreement with Sika Holdings Limited to acquire Prospecting License No. 2544/2004, which covers an area of approximately 5 square kilometers in Tanzania. The license was transferred to us on signing the agreement for an aggregate purchase price of \$60,000 (paid) and 750,000 restricted shares of common stock (issued) at a fair value of \$551,250.

On November 21, 2006, we entered into an Asset Purchase Agreement with KBT to acquire two Prospecting Licenses, which cover an area of approximately 1,119 square kilometers in Tanzania. Prospecting License No.'s 3899/2006 and 3900/2006 were transferred to us on signing the agreement for an aggregate purchase price of 200,000 restricted shares of common stock (issued) at a fair value of \$147,000.

On November 22, 2006, we entered into an Asset Purchase Agreement with Robert Nicolas to acquire Prospecting License No. 3907/2006, which covers an area of approximately 34 square kilometers in Tanzania. The license was transferred to us on signing the agreement for an aggregate purchase price of \$15,000 (paid) and 100,000 restricted shares of common stock (issued) at a fair value of \$73,000.

On November 22, 2006, we entered into an Asset Purchase Agreement with Atupele A. Mwanjala and Naniel Kerrosi to acquire Prospecting License No. 2797/2004, which covers an area of approximately 28.8 square kilometers in Tanzania. The license was transferred to us on signing the agreement for an aggregate purchase price of \$20,000 (paid) and 100,000 restricted shares of common stock (issued) at a fair value of \$73,000.

On November 29, 2006, we entered into an Asset Purchase Agreement with Ziko Farms Limited to acquire four Prospecting Licenses, which cover an area of approximately 284.26 square kilometers in Tanzania. Prospecting License No.'s 2637/2004, 2638/2004, 2639/2004 and 3826/2005 were transferred to us on signing the agreement for an aggregate purchase price of \$90,174 (paid) and 900,000 restricted shares of common stock, which we issued on June 21, 2007 at a fair value of \$634,500.

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).

On June 29, 2007, we entered into an option agreement with Canaco whereby we granted Canaco the right to earn up to a 70% interest in Prospecting License 2987/2005 in Tanzania known as “Kwadijava” in the process of being acquired by us. Under the option agreement Canaco has agreed to:

- (a) make cash payments to us of \$250,000, of which \$50,000 (less the amount owing by us to Canaco in the amount of \$17,953) is payable upon the execution of the agreement (received). An additional \$75,000 is payable on the first anniversary of the Effective Date (as such term is defined in the agreement, that being the date on which we have reacquired the Prospecting License and have obtained all applicable regulatory approvals), and \$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, 200,000 shares are issuable on the first anniversary of the Effective Date, an additional 500,000 shares are issuable on the second anniversary of the Effective Date; and
- (c) commit to spend up to \$2,000,000 in exploration expenses on the subject property prior to the third 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, up to \$1,250,000 in cumulative exploration expense prior to the third anniversary of the Effective Date, and up to 2,000,000 in cumulative exploration expense prior to the third anniversary of the Effective Date).

If we fail to reacquire the Prospecting License by March 31, 2008 we will be deemed to have waived Canaco’s obligation to pay us \$100,000 pursuant to the option agreement relating to the Magembe property that we entered into on March 2, 2007, as described above. In July 2007, we filed paperwork to reacquire the Prospecting License, but we have not yet received formal approval from the Tanzania mining division. If and when we receive formal confirmation that we have reacquired the Prospecting License, Canaco’s obligation to pay us \$100,000 as described above will be reinstated.

On June 29, 2007, we entered into an option agreement with Canaco whereby we granted Canaco the right to earn up to a 70% interest in Prospecting License 2957/2005 in Tanzania known as “Negero” in the process of being acquired 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 execution of the agreement. An additional \$75,000 is payable on the first anniversary of the Effective Date (as such term is defined in the agreement, that being the date on which we have reacquired the Prospecting License and have obtained all applicable regulatory approvals), and \$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, 200,000 shares are issuable on the first anniversary of the Effective Date, an additional 500,000 shares are issuable on the second anniversary of the Effective Date; and
- (c) commit to spend up to \$2,000,000 in exploration expenses on the subject property prior to the third 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, up to \$1,250,000 in cumulative exploration expense prior to the third anniversary of the Effective Date, and up to 2,000,000 in cumulative exploration expense prior to the third anniversary of the Effective Date).

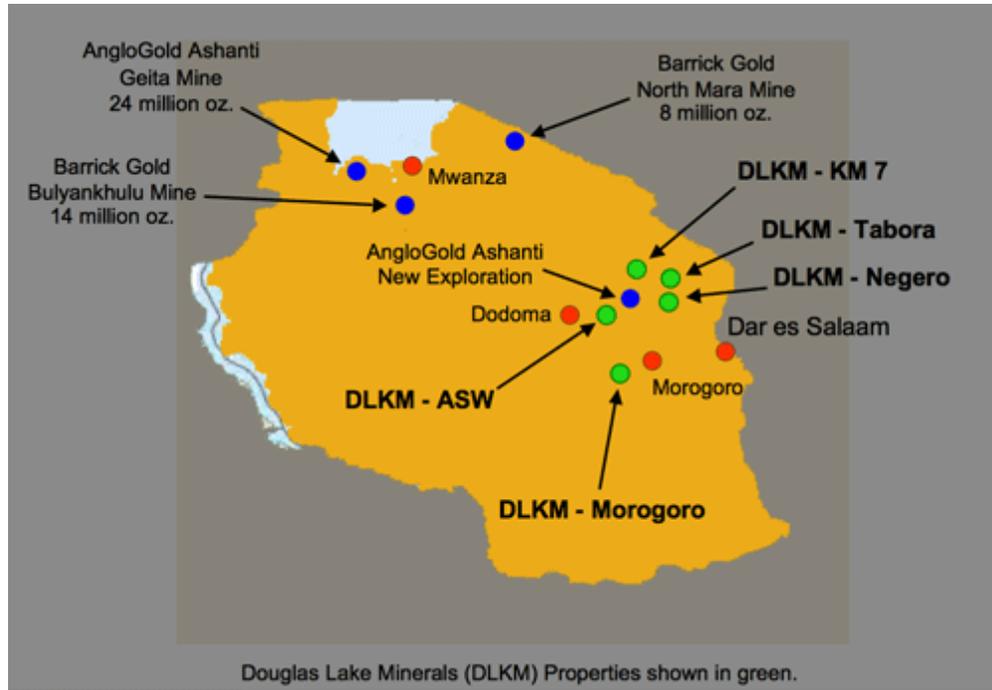
If we fail to reacquire the Prospecting License by March 31, 2008 we will be deemed to have waived Canaco's obligation to pay us \$100,000 pursuant to the option agreement relating to the Magembe property that we entered into on March 2, 2007, as described above. In July 2007, we filed paperwork to reacquire the Prospecting License, but we have not yet received formal approval from the Tanzania mining division. If and when we receive formal confirmation that we have reacquired the Prospecting License, Canaco's obligation to pay us \$100,000 as described above will be reinstated.

Effective on August 4, 2008, we entered into of a Joint Venture Agreement with Mkuvia Maita ("Mr. Maita"), the registered holder of certain prospecting licenses (the "Prospecting Licenses") over certain areas located in the Liwale and Nachigwea Districts of Tanzania. Pursuant to this agreement, the we have 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 and any other rights covered by the Prospecting Licenses, subject to a perpetual net smelter royalty return of 3% payable to Mr. Maita. In consideration, we are required to pay Mr. Maita US\$1,000,000 upon signing of the Agreement and to make further payments of US\$540,000 over five years, on a quarterly basis beginning as of July 15, 2008, in the following amounts per year:

- Year one: US\$80,000;
- Year two: US\$90,000;
- Year three: US\$100,000;
- Year four: US\$120,000
- Year five: US\$150,000.

Properties Underlying our Mineral Claims

The following map shows the general location of the properties underlying our mineral claims:



Exploration Activities

All of our properties are in the exploration stage. Pursuant to the SA Agreement, Canaco is performing an initial technical assessment of the mineral potential of our mineral properties. All geological work completed to date was done under joint venture with Canaco Resources. This includes a 2500 meter drill program on the Morogoro property as well as a bulk testing and mapping on the Magembe Diamond property. We have not conducted any other drilling on our properties and none of our properties has been determined to contain any mineral deposits or reserves.

Mineral exploration and development involves a high degree of risk and few properties, which 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 our mineral claims to determine whether any mineral deposit exists on our mineral claims. Even if we determine that a mineral deposit exists on any of our mineral claims, an economic evaluation must be completed before the economic viability of commercial exploitation of our mineral claims could be completed. Both advanced exploration and an economic determination will be contingent upon the results of our preliminary exploration programs and our ability to raise additional financing in order to proceed with advanced exploration and an economic evaluation. There is no assurance that we will be able to obtain any additional financing to fund our exploration activities.

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 licence 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 approximately 8 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 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 our mineral properties in Tanzania. We are also seeking opportunities to acquire other mineral exploration properties that, in the opinion of our consulting geologist, offer attractive mineral exploration opportunities. We anticipate that we will require approximately \$2,600,000 for our plan of operations over the next twelve months, as follows:

- (a) \$1,500,000 for exploration programs;
- (b) \$1,015,000 for management and consulting expenses; and
- (c) \$85,000 administration and operating expenses.

At August 31, 2008, we had cash of \$58,165 and a working capital deficit of \$1,338,520. As set forth in our current report on Form 8-K as filed on August 20, 2008, we completed private placements of shares and units on August 15, 2008, pursuant to which we raised approximately \$1,767,500. In addition, we completed a private placements on September 15, 2008, October 3, 2008 and October 15, 2008, pursuant to which we raised approximately \$130,000, \$370,000 and \$1,000,000 respectively. Nonetheless, we believe that we will require additional funds to pursue our plan of operations as set forth above. Accordingly, we will be required to obtain additional financing in order to pay our planned expenses during the next 12 months. We are continuing to seek to raise funds through private placement offerings of our shares of common stock. However, there can be no assurance that we will complete any such private placement offerings or that the funds raised will be sufficient for us to pay our expenses for and beyond the next twelve months.

During the twelve month period following the date of this report, we anticipate that we will not generate any revenue. Accordingly, we will be required to obtain additional financing in order to pursue our plan of operations for and beyond the next twelve months. We believe that debt financing will not be an alternative for funding additional phases of exploration as we do not have tangible assets to secure any debt financing. 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

exploration program going forward. In the absence of such financing, we will not be able to continue exploration of our mineral claims and our business plan will fail. Even if we are successful in obtaining equity financing to fund our exploration program, there is no assurance that we will obtain the funding necessary to pursue any advanced exploration of our 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 have entered into a SA Agreement with Canaco in respect of our mineral claims as described above. In addition, we entered into a joint venture agreement with Mr. Maita with respect to certain mineral claims. We may consider entering into additional joint venture arrangements to provide the required funding to develop the mineral claims. We have not undertaken any efforts to locate other joint venture partners for the mineral claims. Even if we determined 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 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 August 31, 2008 \$	For the Three Months Ended August 31, 2008 \$	For the Three Months Ended August 31, 2007 \$
Revenue	-	-	-
Expenses			
General and administrative	5,975,392	387,469	251,014
Impairment of mineral property costs	17,499,571	-	-
Mineral property costs	1,457,761	1,187,466	7,953
Rent	31,198	2,807	2,166
Total Expenses	24,963,922	1,577,742	261,133
Net Loss Before Other Expense	(24,963,922)	(1,577,742)	(261,133)
Other Expense			
Mineral property option payments	156,017	-	100,000
Loss on sale of investment securities	(57,071)	-	-
Net Loss	(24,864,976)	(1,577,742)	(161,133)

Revenues

We have had no operating revenues since our inception on January 5, 2004 to August 31, 2008. We anticipate that we will not generate any revenues for so long as we are an exploration stage company.

General and Administrative Expenses

Our general and administrative expenses in the three months ended August 31, 2008 increased to \$387,469 from \$251,014 in the three months ended August 31, 2007, primarily as a result of an increase in our operations.

Mineral Property Costs

In the three months ended August 31, 2008, we incurred mineral property costs of \$1,187,466, compared to mineral property costs of \$7,953 in the three months ended August 31, 2007. We expense our mineral property costs as they are incurred.

Rent

In the three months ended August 31, 2008, our rent expenses increased slightly to \$2,807 from \$2,166 for the three months ended August 31, 2007.

Mineral Property Option Payments

In the three months ended August 31, 2008, we received \$nil in mineral property option payments (2007 - \$100,000).

Net Loss

As a result of the above, our net loss for the three months ended August 31, 2008 was \$1,577,742, as compared to \$161,133 in the three months ended August 31, 2007.

Liquidity and Capital Resources

At August 31, 2008, we had cash of \$58,165 and a working capital deficit of \$1,338,520. During the 12 month period following the date of this quarterly report, we anticipate that we will not generate any revenue. We do not have sufficient funds to pursue our plan of operations as set forth above. Accordingly, we will be required to obtain additional financing in order to pay our planned expenses during the next 12 months. As set forth above under "Plan of Operations" and in our current report on Form 8-K as filed on August 20, 2008, we completed private placements of shares and units on August 15, 2008, pursuant to which we raised approximately \$1,767,500. In addition, we completed a private placements on September 15, 2008, October 3, 2008 and October 15, 2008, pursuant to which we raised approximately \$130,000, \$370,000 and \$1,000,000 respectively. Nonetheless, we believe that we will require additional funds to pursue our plan of operations as set forth above. Accordingly, we will be required to obtain additional financing in order to pay our planned expenses during the next 12 months. We are continuing to seek to raise funds through private placement offerings of our shares of common stock. However, there can be no assurance that we will complete any such private placement offerings or that the funds raised will be sufficient for us to pay our expenses for and beyond the next twelve months.

We will be required to obtain additional financing in order to continue to pursue our plan of operations. We believe that debt financing will not be an alternative for funding additional phases of exploration as we do not have tangible assets to secure any debt financing. We anticipate that additional funding will be in the form of equity financing from the sale of our common stock. However, 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 exploration program going forward. In the absence of such financing, we will not be able to continue exploration of our mineral claims and our business plan will fail. Even if we are successful in obtaining equity financing to fund our exploration program, there is no assurance that we will obtain the funding necessary to pursue any advanced exploration of our 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.

Net Cash Used in Operating Activities

Net cash used in operating activities in the three months ended August 31, 2008 was \$1,494,144, compared to \$70,700 in the three months ended August 31, 2007, primarily as a result of our increased mineral property costs as indicated above. We anticipate that cash used in operating activities will increase in 2008 as we pursue our plan of operations.

Cash Used in Investing Activities

In the three months ended August 31, 2008, we used net cash of \$3,801 in investing activities, compared to \$1,553 net cash used in investing activities in the three months ended August 31, 2007.

Cash Provided By Financing Activities

We have funded our business to date primarily from sales of our common stock. In the three months ended August 31, 2008, we raised net proceeds of \$1,502,000, compared to \$75,000 in the three months ended August 31, 2007, in each case primarily from the sale of our common stock.

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, 2008 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 and are expressed in U.S. dollars. For a summary of significant accounting policies, please see Note 2 to our financial statements for our quarter ended August 31, 2008, which are included in this quarterly report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

As of August 31, 2008, we carried out an evaluation, under the supervision of our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our Company's disclosure controls and procedures pursuant to Rule 13a-15(b) of the Exchange Act. Based on this evaluation, our Chief Executive Officer, and our Chief Financial Officer concluded that, as of August 31, 2008, our disclosure controls and procedures were not effective in light of the material weaknesses described below.

Based on its assessment, management concluded that we did not maintain effective internal control over financial reporting as of August 31, 2008 due to certain material weaknesses, in particular:

- inadequate controls over equity transactions

- inadequate entity level controls;
- inadequate segregation of duties; and
- Inadequate controls over related party transactions/operating expenses;

in each case as more fully described below.

Inadequate Controls Over Equity Transactions. We do not have adequate review and supervision controls or sufficient supporting documentation of certain equity-related transactions to ensure that such transactions are properly valued and recorded on a timely basis. As a result, adjustments in the equity accounts and financial statements could occur. If we were not, or are not in future periods, successful in identifying these adjustments, our quarterly or annual financial statements could be materially misstated, which could require a restatement.

The Board of Directors has overall responsibility for establishing and maintaining an effective system for risk assessment and internal control. The Board has adopted a work plan for its activities, in which the mutual division of work between the members of the Board is defined. The day-to-day work of maintaining an effective internal control environment and continuous risk assessment in respect of financial reporting has been delegated to the CEO and CFO.

We are in the process of reviewing and strengthening our internal control procedures and intend to pursue actions to ensure all aspects of our controls related to all our equity transactions. Such actions include but are not necessarily limited to the following:

- (a) we utilize an outside consulting firm (Lancaster and David) to help review all equity transactions and assist in the implementation of appropriate review and supervision controls to ensure the proper and timely recording of equity transactions; and
- (b) we perform extensive internal review and approval of all equity transactions and ensure proper supporting documentation is maintained.

Inadequate entity level controls. We do not have effective entity level controls. These weaknesses include:

- (a) weaknesses in the risk assessment controls, including the lack of adequate mechanisms for anticipating and identifying financial reporting risks; and for reacting to changes in the operating environment that could have a potential effect on financial reporting; and
- (b) weaknesses in monitoring controls, including the lack of adequate staffing and procedures to ensure periodic evaluations of internal controls to ensure that appropriate personnel regularly obtain evidence that controls are functioning effectively and that identified control deficiencies are timely remedied.

If we were not, or are not in future periods, successful in identifying these control weaknesses, our quarterly or annual financial statements could be materially misstated, which could require a restatement.

Inadequate segregation of duties. We do not have adequate procedures and controls in place to ensure proper segregation of duties within the contract approval processes. As a result, adjustments in the financial statements could occur and not be prevented or detected by our controls in a timely manner.

Inadequate controls over related party transactions/operating expenses. We do not have adequate procedures and controls to ensure that related party transactions including those which affect operating expense transactions are accurately recorded in the correct period, and that any resulting adjusting entries are accurately and timely recorded in our general ledger. As a result, material post-closing adjustments were posted to our general ledger.

Our disclosure controls and procedures are designed to ensure that the information required to be disclosed in our reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods

specified in the SEC rules and forms, and to reasonably assure that such information is accumulated and communicated to our management, to allow timely decisions regarding required disclosure. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met under all potential conditions, regardless of how remote, and may not prevent or detect all error and all fraud. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our Company have been prevented or detected.

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 August 31, 2008 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 currently are not a party to any material legal proceedings and, to our knowledge, no such proceedings are threatened or contemplated.

Item 1A. Risk Factors

An investment in our common stock involves a number of very significant risks. You should carefully consider the following risks and uncertainties in addition to other information in this quarterly report in evaluating our Company and its business before purchasing shares of our common stock. Our business, operating results and financial condition could be seriously harmed due to any of the following risks. The risks described below may not be all of the risks facing our Company. Additional risks not presently known to us or that we currently consider immaterial may also impair our business operations. You could lose all or part of your investment due to any of these risks.

We are a recently organized business with a limited operating history.

We were incorporated in January 2004 and have a limited operating history which makes it difficult to evaluate the investment merits of our Company. As of August 31, 2008, we had incurred an accumulated net loss since inception of \$24,864,976. There can be no assurance that we will be profitable in the future.

We could be required to rescind an offering of our shares.

On January 23, 2006, the Pennsylvania Securities Commission (“PSC”) issued an inquiry letter to the Company. The inquiry alleged that we offered and sold securities to investors without being in compliance with Regulation D and without registration. The PSC notified us that an acceptable course of action was for us to offer the Pennsylvania state residents an opportunity to rescind their investment with us. While the Pennsylvania state residents have rejected our offer to repurchase their shares, we do not plan to make the same offer to our other US investors, residents of California, or our British Columbia resident investors. The offering consisted of a total of 38 investors, 35 of which are residents of British Columbia and the total amount of money paid to us to acquire common stock during this offering was \$397,000. If the investors invoked their rescission right or if any securities commission requires us to offer a right of rescission to the rest of the investors, we may have to refund up to \$388,600.

We may not be able to continue as a going concern if we do not obtain additional financing.

Our independent accountants' audit report for our fiscal year ended May 31, 2008 states that there is substantial doubt about our ability to continue as a going concern. We have incurred only losses since our inception raising substantial doubt about our ability to continue as a going concern. Therefore, our ability to continue as a going concern is highly dependent upon obtaining additional financing for our planned operations. There can be no assurance that we will be able to raise any additional funds, in the amounts required or on terms favorable to us.

We rely on consultants and engineers to perform our exploration activities.

We rely on Canaco Resources Inc., our joint venture partner, to perform initial technical assessments of the mineral potential of our properties. Although Canaco has committed to spend up to \$2 million over the next two years performing initial technical assessments of the mineral potential of our properties, substantial expenditures will be required to develop the exploration infrastructure at any site chosen for exploration, to establish ore reserves through drilling, to carry out environmental and social impact assessments, and to develop metallurgical processes to extract the metal from the ore. We may not be able to discover minerals in sufficient quantities to justify commercial operation, and we may not be able to obtain funds required for exploration on a timely basis. Accordingly, you could lose your entire investment.

We have incurred net losses since our inception and expect losses to continue.

We have not been profitable since our inception. For the three months ended August 31, 2008, we had a net loss of \$1,577,742. Since our inception on January 5, 2004 to August 31, 2008, we had an accumulated net loss of \$24,864,976. We have not generated revenues from operations and do not expect to generate revenues from operations until one or more of our properties is placed in production. There is a risk that none of our properties will be placed in production, and that our operations will not be profitable in the future and you could lose your entire investment.

Our exploration activities are highly speculative and involve substantial risks.

All of our mineral properties are in the exploration stage and no proven mineral reserves have been established. Our exploration work may not result in the discovery of mineable deposits of ore in a commercially economical manner. There may be limited availability of water, which is essential to mining operations, and interruptions may be caused by adverse weather conditions. Our operations are subject to a variety of existing laws and regulations relating to exploration and development, permitting procedures, safety precautions, property reclamation, employee health and safety, air quality standards, pollution and other environmental protection controls. Our exploration activities are subject to substantial hazards, some of which are not insurable or may not be insured for economic reasons. Any of these factors could have a material adverse effect on our results and financial condition.

We cannot accurately predict whether commercial quantities of ores will be established.

Whether an ore body will be commercially viable depends on a number of factors beyond our control, including the particular attributes of the deposit such as size, grade and proximity to infrastructure, as well as mineral prices and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. We cannot predict the exact effect of these factors, but the combination of these factors may result in a mineral deposit being unprofitable which would have a material adverse effect on our business. We have no mineral producing properties at this time. We have not defined or delineated any proven or probable reserves or resources on any of our properties.

We may not be able to establish the presence of minerals on a commercially viable basis.

Our ability to generate revenues and profits is expected to occur through exploration and development of our existing properties as well as through acquisitions of interests in new properties. We will need to incur substantial expenditures in an attempt to establish the economic feasibility of mining operations by identifying mineral deposits

and establishing ore reserves through drilling and other techniques, developing metallurgical processes to extract metals from ore, designing facilities and planning mining operations. The economic feasibility of a project depends on numerous factors beyond our control, including the cost of mining and production facilities required to extract the desired minerals, the total mineral deposits that can be mined using a given facility, the proximity of the mineral deposits to a user of the minerals, and the market price of the minerals at the time of sale. Our existing or future exploration programs or acquisitions may not result in the identification of deposits that can be mined profitably and you could lose your entire investment.

Our competition is intense in all phase of our business.

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 substantially greater than ours. 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.

Our exploration activities are subject to various local laws and regulations

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.

We have uninsurable risks.

We may be subject to unforeseen hazards such as unusual or unexpected formations and other conditions. We may become subject to liability for pollution, cave-ins or hazards against which we cannot insure or against which we may elect not to insure. The payment of such liabilities may have a material adverse effect on our financial position.

We depend on key management personnel.

The success of our operations and activities is dependent to a significant extent on the efforts and abilities of our management. We do not have employment contracts with, and we do not maintain key-man life insurance on, our President and Chief Executive Officer, Chairman or Chief Financial Officer. A loss of any of them could adversely affect our business.

We are subject to the volatility of metal and mineral prices.

The economics of developing metal and mineral properties are affected by many factors beyond our control including, without limitation, the cost of operations, variations in the grade ore or resource mined, and the price of such resources. The market prices of the metals for which we are exploring are highly speculative and volatile. Depending on the price of gold or other resources, we may determine that it is impractical to commence or continue commercial production. The price of gold has fluctuated widely in recent years. The price of gold and other metals

and minerals may not remain stable, and such prices may not be at levels that will make it feasible to continue our exploration activities, or commence or continue commercial production.

Our business activities are conducted in Tanzania.

Our mineral exploration activities in Tanzania may be affected in varying degrees by political stability and government regulations relating to the mining industry and foreign investment in that country. The government of Tanzania may institute regulatory policies that adversely affect the exploration and development (if any) of our properties. Any changes in regulations or shifts in political conditions in this country are beyond our control and may materially adversely affect our business. Our operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, foreign exchange controls, income taxes, expropriation of property, environmental legislation and mine safety.

We may not have clear title to our properties.

Acquisition of title to mineral properties is a very detailed and time-consuming process, and title to our properties may be affected by prior unregistered agreements or transfer, or undetected defects. Some of our prospecting licenses are currently subject to renewal by the Ministry of Energy and Minerals of Tanzania. There is a risk that we may not have clear title to all our mineral property interests, or they may be subject to challenge or impugned in the future, which would have a material adverse effect on our business.

Other Mining Licences.

Local residents in Tanzania may have registered the right to mine in small areas located within a prospecting license, such rights are evidenced by a mining license. We are attempting to identify the number and the precise location of mining licenses registered amongst our prospecting licenses. There can be no guarantee that we will be successful in negotiating with mining license owners, if any, to acquire their rights if we determine that we need their permission to drill or mine on the land covered by such mining licenses.

We have requirements for and there is an uncertainty of access to additional capital.

At August 31, 2008, we had cash of \$58,165 and a working capital deficit of \$1,338,520. We will continue to incur exploration costs to fund our plan of operations and intend to fund our plan of operations from working capital and equity subscriptions. Ultimately, our ability to continue our exploration activities depends in part on our ability to commence operations and generate revenues or to obtain financing through joint ventures, debt financing, equity financing, production sharing agreements or some combination of these or other means. There can be no assurance that we will be able to obtain any such financing.

We have no cash flow from operations and depend on equity financing for our operations.

Our current operations do not generate any cash flow. Any work on our properties may require additional equity financing. If we seek funding from existing or new joint venture partners, our project interests will be diluted. If we seek additional equity financing, the issuance of additional shares will dilute the current interests of our shareholders. We may not be able to obtain additional funding to allow us to fulfill our obligations on existing exploration properties. Our failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and the possible partial or total loss of our potential interest in certain properties or dilution of our interest in certain properties which would have a material adverse effect on our business.

Our directors and officers are indemnified for any monies they pay in settlement of actions performed while a director or officer.

Sections 78.7502 and 78.751 of the Nevada Revised Statutes provide for indemnification of our officers and directors in certain situations where they might otherwise personally incur liability, judgments, penalties, fines and expenses in connection with a proceeding or lawsuit to which they might become parties because of their position

with the Company. We have authorized the indemnification of our officers and directors to the full extent available under the Nevada Revised Statutes.

Penny stock rules may make it more difficult to trade our shares.

Our shares will have to comply with the Penny Stock Reform Act of 1990 which may potentially decrease your ability to easily transfer our shares. Broker-dealer practices in connection with transactions in “penny stocks” are regulated. Penny stocks generally are equity securities with a price of less than \$5.00. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document that provides information about penny stocks and the risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction, and monthly account statements showing the market value of each penny stock held in the customer’s account. In addition, the penny stock rules generally require that prior to a transaction in a penny stock, the broker-dealer make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser’s written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for a stock that has to comply with the penny stock rules. As our shares will likely have to comply with such penny stock rules, our shareholders will in all likelihood find it more difficult to sell their securities.

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

August 15, 2008 Private Placement

Effective on August 15, 2008, we completed a non-brokered private placement pursuant to which we issued from treasury to a total of 15 subscribers an aggregate of:

- (a) 6,666,680 of our common shares (each a “Share”), at a subscription price of \$0.15 per Share; and
- (b) the following units (each a “Unit”):
 - (i) 1,000,000 Units, at a subscription price of \$0.10 per Unit, with each such Unit being comprised of one common share of common stock (each a “Unit Share”) and one-half of one common stock share purchase warrant (each a “Unit Warrant”), and with each such whole Unit Warrant being exercisable for one additional common share (each a “Warrant Share”) at an exercise price of \$0.25 per Warrant Share for a period of one year from closing;
 - (ii) 2,000,000 Units, at a subscription price of \$0.15 per Unit, with each such Unit being comprised of one Unit Share and one-half of one Unit Warrant, and with each such whole Unit Warrant being exercisable for one Warrant Share at an exercise price of \$0.30 per Warrant Share for a period of one year from closing;
 - (iii) 1,462,500 Units, at a subscription price of \$0.20 per Unit, with each such Unit being comprised of one Unit Share and one-half of one Unit Warrant, and with each such whole Unit Warrant being exercisable for one Warrant Share at an exercise price of \$0.40 per Warrant Share for a period of one year from closing; and
 - (iv) 187,500 Units, at a subscription price of \$0.40 per Unit, with each such Unit being comprised of one Unit Share and one-half of one Unit Warrant, and with each such whole Unit Warrant being exercisable for one Warrant Share at an exercise price of \$0.50 per Warrant Share for a period of one year from closing.

We relied on exemptions from registration under the United States *Securities Act of 1933*, as amended, provided by Regulation D (with respect to five of the subscribers) and Regulation S (with respect to the remaining ten

subscribers), based on representations and warranties provided by the purchasers of the Units in their respective subscription agreements entered into between each purchaser and our Company.

September 15, 2008 Private Placement

Effective on September 15, 2008, we completed a non-brokered private placement pursuant to which we issued from treasury to one subscriber 866,667 shares of our common stock at subscription price of \$0.15 per share. We relied on an exemption from registration under the United States *Securities Act of 1933*, as amended, provided by Regulation S, based on representations and warranties provided by the purchaser in his subscription agreement entered into between the purchaser and our Company.

October 3, 2008 Private Placement

Effective on October 3, 2008, we completed a non-brokered private placement pursuant to which we issued from treasury to four subscribers 2,466,666 shares of our common stock at subscription price of \$0.15 per share. We relied on an exemption from registration under the United States *Securities Act of 1933*, as amended, provided by Regulation S, based on representations and warranties provided by each of the purchasers in their respective subscription agreements entered into between each purchaser and our Company.

October 15, 2008 Private Placement

Effective on October 15, 2008, we completed a non-brokered private placement pursuant to which we issued from treasury to one subscriber 5,000,000 shares of our common stock at subscription price of \$0.25 per share. We relied on an exemption from registration under the United States *Securities Act of 1933*, as amended, provided by Regulation S, based on representations and warranties provided by the purchaser in his subscription agreement entered into between the purchaser and our Company.

The net proceeds of these offerings will be used to advance our various resource acquisition, exploration and development activities in Tanzania and for general working capital and corporate purposes.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Securities Holders

None.

Item 5. Other Information

None.

Item 6. Exhibits

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
3.1 ⁽¹⁾	Articles of Incorporation
3.4 ⁽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.

Exhibit Number	Description of Exhibit
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 ⁽¹¹⁾	Consulting Agreement with Harpreet Sangha
10.18 ⁽¹¹⁾	Consulting Agreement with Rovingi
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 Annual Report on Form 10-KSB for year ended May 31, 2005.

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, Secretary,
Treasurer and a director
Date: October 20, 2008

By: "Sylvia Tang"
Sylvia Tang
Chief Financial Officer
Date: October 20, 2008

CERTIFICATION

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

1. I have reviewed this report on Form10-Q for the quarterly period ended August 31, 2008 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: October 20, 2008

"Harpreet S. Sangha"

By: **Harpreet S. Sangha**

Title: President, Chief Executive Officer, Secretary, Treasurer and a director
(Principal Executive Officer)

CERTIFICATION

I, **Sylvia Tang**, certify that:

1. I have reviewed this report on Form10-Q for the quarterly period ended August 31, 2008 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: October 20, 2008

"Sylvia Tang"

By: **Sylvia Tang**
Title: Chief Financial Officer
(Principal Financial Officer)

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 S. Sangha, the Chief Executive Officer of Douglas Lake Minerals Inc. (the “Company”), and Sylvia Tang, the Chief Financial Officer of 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 or her knowledge, the Quarterly Report on Form 10-Q of the Company, for the quarterly period ended August 31, 2008, 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, Secretary, Treasurer and a director
(Principal Executive Officer)

Date: October 20, 2008

“Sylvia Tang”

Sylvia Tang

Chief Financial Officer
(Principal Financial Officer)

Date: October 20, 2008

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.
