UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **August 31, 2016**

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: **000-50907**

HANDENI GOLD INC.

(Exact name of registrant as specified in its charter)

Nevada	**98-0430222**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
P.O. Box 33507, Plot 82A, ITV Road, Mikocheni Light Industrial Area, Dar es Salaam, the United Republic of Tanzania	**N/A**
(Address of principal executive offices)	(Zip Code)

+255 222 70 00 84
(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 [X]   No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes [X]   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 [X]

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

Indicate the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date:
2,142,778 shares of common stock as of October 10, 2016.

HANDENI GOLD INC.

Quarterly Report On Form 10-Q
For the Quarterly Period Ended
August 31, 2016

INDEX

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 gold, availability of funds, government regulations, permitting, common share prices, operating costs, capital costs, outcomes of ore reserve development, recoveries and other factors. Forward-looking statements are made, without limitation, in relation to operating plans, property exploration and development, availability of funds, environmental reclamation, operating costs and permit acquisition. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may", "will", "should", "expect", "plan", "intend", "anticipate", "believe", "estimate", "predict", "potential" or "continue", the negative of such terms or other comparable terminology. Actual events or results may differ materially. In evaluating these statements, you should consider various factors, including the risks outlined in our annual report on Form 10-K for the year ended May 31, 2016, 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 consolidated financial statements of Handeni Gold Inc. (sometimes referred to as "we", "us" or "our Company") are included in this quarterly report on Form 10-Q:

Handeni Gold Inc.
Consolidated Balance Sheets
(Expressed in U.S. dollars)

	August 31, 2016 (Unaudited)	May 31, 2016 (Audited)
ASSETS		
Current Assets		
Cash	$ 79,530	$ 52,373
Amounts receivable (Note 3)	19,331	14,142
Prepaid expenses and deposits (Note 4)	10,345	1,941
Total Current Assets	109,206	68,456
Restricted cash equivalent (Note 5)	13,152	13,158
Mineral licenses (Note 6)	1,415,000	1,415,000
Equipment, net (Note 7)	251	358
TOTAL ASSETS	$ 1,537,609	$ 1,496,972
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current Liabilities		
Accounts payable and accrued liabilities	$ 79,841	$ 72,880
Accounts payable and accrued liabilities - related parties (Note 8 (b) and (d))	457,000	451,000
Current portion of loans from related parties (Note 8 (a))	-	1,625,000
Total Current Liabilities	536,841	2,148,880
Loans from related parties - Long-term portion (Note 8 (a)(iv))	1,825,000	90,000
Total Liabilities	2,361,841	2,238,880
Nature of Operations and Going Concern (Note 1)		
Stockholders' Deficiency		
Common stock (Note 9)		
Authorized: 500,000,000 shares, $0.001 par value		
Issued and outstanding: 2,142,778 shares (May 31, 2016 – 2,142,778 shares)	2,143	2,143
Additional paid-in capital (Note 9)	116,734,098	116,734,098
Donated capital (Note 8 (a))	556,736	502,897
Deficit accumulated during the exploration stage	(118,117,209)	(117,981,046)
Total Stockholders' Deficiency	(824,232)	(741,908)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIENCY	$ 1,537,609	$ 1,496,972

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

Handeni Gold Inc.
Interim Consolidated Statements of Operations and Comprehensive Loss
(Expressed in U.S. dollars)
(Unaudited)

	For the Three Months Ended,	
	August 31, 2016	August 31, 2015
Revenue	$ -	$ -
Expenses		
Consulting fees	1,350	1,350
Depreciation	107	795
Exploration expenses (Note 8 (b))	29,270	20,303
General and administrative (Note 8 (c))	43,634	47,868
Interest expense (Note 8 (a))	53,839	36,007
Professional	15,046	3,347
Rent (Note 8 (b))	26,559	36,411
Travel and investor relations	174	165
Total Expenses	169,979	146,246
Loss From Operations	(169,979)	(146,246)
Other Income (Expenses)		
Gain on disposal of equipment (Note 7)	35,000	10,000
Interest income	8	12
Loss on write-off of amounts receivable (Note 3)	(1,192)	-
Total Other Expenses	33,816	10,012
Net Loss and Comprehensive Loss	$ (136,163)	$ (136,234)
Net Loss per Share - Basic and Diluted	$ (0.06)	$ (0.06)
Basic and Diluted Weighted Average Number of Common Shares Outstanding (Note 9)	2,142,778	2,142,778

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

Handeni Gold Inc.
Interim Consolidated Statements of Cash Flows
(Expressed in U.S. dollars)
(Unaudited)

	For the Three Months Ended,	
	August 31, 2016	August 31, 2015
CASH PROVIDED BY (USED IN):		
Operating Activities:		
Net loss	$ (136,163)	$ (136,234)
Adjustments for non-cash items in net loss:		
Depreciation	107	795
Donated capital, services, interest and rent (Note 8 (a))	53,839	36,007
Loss on unrealized foreign exchange	6	813
Loss on write-off of amounts receivable	1,192	-
Gain on disposal of equipment	(35,000)	(10,000)
Changes in non-cash operating working capital:		
Amounts receivable	(6,381)	(1,572)
Prepaid expenses and deposits	(8,404)	(10,181)
Accounts payable and accrued liabilities	6,961	173
Due to related parties	6,000	(3,615)
Cash Used in Operating Activities	(117,843)	(123,814)
Investing Activities:		
Proceeds from disposal of equipment	35,000	10,000
Cash Provided by Investing Activities	35,000	10,000
Financing Activities:		
Loan from a related party	110,000	135,000
Cash Provided by Financing Activities	110,000	135,000
Increase in cash	27,157	21,186
Cash, at beginning of the year	52,373	85,985
Cash, at end of the year	$ 79,530	$ 107,171

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

1. Nature of Operations and Going Concern

The Company was incorporated in the State of Nevada on January 5, 2004. On February 14, 2012, the Company changed its name from Douglas Lake Minerals Inc. to Handeni Gold Inc. (the "Company"). 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.

These consolidated 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 stockholders, 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, 2016, the Company has not generated any revenues, has a working capital deficiency of $427,635 and has accumulated losses of $118,117,209 since inception. These factors raise substantial doubt regarding the Company's ability to continue as a going concern. The Company plans to raise equity and/or debt financing to fund its operations which may result in substantial dilution to the Company's stockholders or may not be available, if at all, in amounts or on terms acceptable to the Company. If additional capital is not obtained, the Company may be forced to cease operations. These consolidated 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. Such adjustments could be material.

2. Summary of Significant Accounting Policies

a) Basis of Presentation

These consolidated 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. These consolidated financial statements include the accounts of the Company and its subsidiaries described as follows. In June 2011, the Company incorporated in Tanzania a wholly-owned subsidiary, HG Limited (formerly DLM Tanzania Limited), which undertakes mineral property exploration activities in Tanzania. The Company also has a wholly-owned non-operating Tanzanian subsidiary (Douglas Lake Tanzania Limited).

All significant intercompany transactions and balances have been eliminated. The Company's fiscal year-end is May 31.

b) Interim Consolidated Financial Statements

The interim unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Securities and Exchange Commission ("SEC") Form 10-Q. They do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. Therefore, these financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended May 31, 2016, included in the Company's Annual Report on Form 10-K filed on August 19, 2016 with the SEC.

The interim 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, 2016, and the results of its operations and cash flows for the interim period ended August 31, 2016. The results of operations for the three months ended August 31, 2016 are not necessarily indicative of the results to be expected for future quarters or the full year.

c) Use of Estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenue and expenses in the reporting period. The Company regularly evaluates estimates and assumptions related to the recoverability and useful life of long-lived assets, mineral prospecting licenses, stock-based compensation, deferred income tax asset valuation allowances and contingent liabilities. 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.

(Expressed in U.S. dollars)

2. Summary of Significant Accounting Policies (continued)

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

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

The Company retroactively adjusted the number of common shares outstanding in accordance with ASC 260-10-55-12, *Earnings per Share – Implementation Guidance and Illustrations.* ASC 260-10-55-12 requires the computations of basic and diluted EPS shall be adjusted retroactively for all periods presented to reflect that change in capital structure, if the number of common shares outstanding increases as a result of a stock dividend or stock split or decreases as a result of a reverse stock split. If changes in common stock resulting from stock dividends, stock splits, or reverse stock splits occur after the close of the period but before the consolidated financial statements are issued or are available to be issued, the per-share computations for those and any prior-period consolidated financial statements presented shall be based on the new number of shares. If per-share computations reflect such changes in the number of shares, that fact shall be disclosed.

e) Comprehensive Income (Loss)

ASC 220, *Comprehensive Income* establishes standards for the reporting and display of comprehensive income (loss) and its components in the consolidated financial statements. As at August 31, 2016, the Company has no component of other comprehensive income (loss) and accumulated other comprehensive income (loss).

f) Cash and Cash Equivalents

Cash and cash equivalents are carried at fair value and they comprise cash on hand, deposits held with banks and other highly liquid investments. Highly liquid investments are readily convertible to cash and generally have maturities of three months or less from the time acquired. The Company places its cash and cash equivalents with high quality financial institutions which the Company believes limits credit risk.

g) Equipment

Property and equipment consists of office equipment, automobiles and computer software recorded at cost and depreciated on a straight- line basis as follows:

Automobile equipment	3 years
Camp and equipment	3 years
Office furniture and equipment	3 years
Software	1 year

h) 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 prospecting licenses and mineral property acquisition costs are initially capitalized in accordance with ASC 805-20-55-37, *Whether Mineral Rights are Tangible or Intangible Assets*. The Company assesses the carrying costs for impairment under ASC 360-10-35-21, *Accounting for Impairment or Disposal of Long-Lived Assets,* whenever events or changes in circumstances indicate that the carrying costs may not be recoverable.

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.

i) Long-Lived Assets

In accordance with ASC 360*, Property, Plant and Equipment* the Company tests long-lived assets or asset groups for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant decreases in the market price of the asset; significant adverse changes in the business climate or legal factors; accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset; and current expectation that the asset will more likely than not be sold or disposed significantly before the end of its estimated useful life.

2. Summary of Significant Accounting Policies (continued)

i) Long-Lived Assets (continued)

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, specific third-party appraisal in certain instances, and evaluation of the project characteristics and level of advancement. If the Company is unable to estimate the sum of the undiscounted future net cash flows, it will adopt a market approach to estimate fair value by using a combination of observed market value metrics based on comparable transactions. An impairment loss is recognized when the carrying amount is not recoverable and exceeds fair value.

j) Asset Retirement Obligations

The Company accounts for asset retirement obligations in accordance with the provisions of ASC 440, *Asset Retirement and Environmental Obligations,* which requires the Company to record the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development and/or normal use of the assets. The Company did not have any asset retirement obligations as of August 31, 2016 and May 31, 2016.

k) Financial Instruments

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

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

l) Income Taxes

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

m) Foreign Currency Translation

The functional and reporting currency of the Company is the United States dollar. Monetary assets and liabilities denominated in foreign currencies are translated to United States dollars in accordance with ASC 830, *Foreign Currency Translation Matters*, using the exchange rate prevailing at the consolidated balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies are translated at rates of exchange in effect at the date of the transaction. Average rates are used to translate revenues and expenses.

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 consolidated financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

To the extent that the Company incurs transactions that are not denominated in its functional currency, they are undertaken in Canadian dollars ("Cdn$") and Tanzanian shillings. The Company has not, to the date of these consolidated financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

n) Stock-based Compensation

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

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

(Expressed in U.S. dollars)

2. Summary of Significant Accounting Policies (continued)

o) Reclassification

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

p) Recently Issued Accounting Pronouncements

The Company has adopted all new accounting pronouncements that are mandatorily effective and none have a material impact on its consolidated financial statements.

New accounting pronouncements effective June 1, 2016

The Company does not believe that there are any new accounting pronouncements that have been issued that are expected to have a material impact on its financial position or results of operations.

3. Amounts Receivable

The components of amounts receivable are as follows:

	August 31, 2016 $	May 31, 2016 $
Recoverable goods and services / harmonized sales tax	19,331	14,058
Other receivable	-	84
	19,331	14,142

The Company had recoverable value added tax ("VAT") of $29,268 (TZS 63,703,026) as at August 31, 2016 and $28,002 (TZS 61,107,912) as at May 31, 2016. In January 2015, the Company submitted VAT refund certificates to the Tanzania Revenue Authority ("TRA") requesting TZS 49,061,634 recoverable VAT refund. In June 2016, the Company received a letter from TRA dated May 2, 2016 to reject the refund application of TZS 49,061,634 based on changed interpretation on the provisions of subsection (2) of section 17 of the VAT Act cap 148 (repealed) whereby to consider a person to be eligible for VAT refund, such person must have the VAT charged on the supplies made for the period of the refund. The Company has filed a Notice of Objection to appeal TRA's decision. Expecting difficulties to challenge TRA's decision, the Company wrote off $1,192 of recorded revocable VAT as at August 31, 2016 and $28,002 of recorded recoverable VAT as at May 31, 2016, respectively.

4. Prepaid Expenses and Deposits

The components of prepaid expenses and deposits are as follows:

	August 31, 2016 $	May 31, 2016 $
General and administrative	10,292	1,888
Rent	53	53
	10,345	1,941

5. Restricted Cash Equivalent

As of August 31, 2016, the Company has pledged a GIC of $13,152 ($17,250 CAD) (May 31, 2016: $13,158 ($17,250 CAD)) as security held on a corporate credit card. The $6 difference compared to May 31, 2016 is attributed to loss on unrealized Canadian dollar foreign exchange.

6. Mineral Properties and Licenses

Handeni Properties, Tanzania, Africa

a) Prospecting Licenses ("PLs")

On September 21, 2010, the Company completed a Mineral Property Acquisition Agreement with IPP Gold Limited ("IPP Gold"), and the Company acquired four PLs totaling approximately 800 square kilometers, located in the Handeni District of Tanzania (the "Handeni Properties"). IPP Gold retained a 2.5% net smelter royalty ("NSR") on the Handeni Properties and the Company has the option to reduce the NSR to 1.25% by paying $5,000,000. If the NSR is reduced to 1.25% the maximum NSR for any year is capped at $1,000,000. In any year the NSR payment is less than $1,000,000 the difference between the actual NSR payment and $1,000,000 will be carried forward to subsequent years. In addition if the London spot price for gold is equal to or greater than $1,500 then the NSR will increase from 2.5% to 3%. The Company issued 888,889 (133,333,333 pre-consolidation) restricted shares of common stock to IPP Gold to acquire the Handeni Properties and no further payments to IPP Gold in shares or cash are required.

6. Mineral Properties and Licenses (continued)

Handeni Properties, Tanzania, Africa (continued)

a) Prospecting Licenses ("PLs") (continued)

On September 1, 2010, the Company entered into a Transaction Fee Agreement with a consultant for services related to soliciting offers from and in assisting in the negotiation with potential Company financiers, purchasers, acquisition targets and/or joint venture development partners (each such party being a "Potential Investor"). The initial term of the agreement was a period of 60 days and automatically renews monthly unless otherwise specifically renewed in writing by each party or terminated by the Company. Pursuant to the agreement, the Company agreed to pay the consultant a transaction fee for each completed property acquisition transaction in Tanzania (a "Completed Transaction"). The transaction fee is 12.5% of the shares issuable under each Completed Transaction, payable in restricted common shares at the lowest priced security issuable under each Completed Transaction. On September 30, 2010, the Company issued 111,111 (16,666,667 pre-consolidation) restricted shares of common stock pursuant to the Transaction Fee Agreement in relation to the acquisition of the Handeni Properties.

The fair value of the 888,889 (133,333,333 pre-consolidation) shares of the Company's common stock issued to IPP Gold pursuant to the Acquisition Agreement and the 111,111 (16,666,667 pre-consolidation) shares of the Company's common stock issued pursuant to the Transaction Fee Agreement totaled $60,000,000. On November 30, 2010, the capitalized acquisition costs of the Handeni Properties were tested for impairment by the Company's management as required by ASC 360. Management determined that no positive cash flows from the Handeni Properties could be identified or supported and a full impairment loss was recognized in expenses for the $60,000,000 acquisition cost.

Under Tanzanian law, 50% of the area of PLs need to be relinquished following a period of three years after allocation of the PLs to the Company (1998 Mining Act applicable to the Companies' PLs). The Company has received four renewal PLs of the renewal areas under PL6742/2010, PL6744/2010, PL6743/2010 and PL6779/2010 effective on October 5, 2013, September 13, 2013, October 13, 2013 and September 13, 2013, respectively. These four PLs namely PL6742/2010 (4/10/2016), PL6743/2010 (12/10/2016), PL6744/2010 (12/09/2016) and PL6779/2010 (12/09/2016) are valid with their current sizes to dates indicated in brackets. Following these dates each of the PLs sizes need to be reduced by 50% according to Tanzanian mining law. HNDI is currently delineating the new PL outlines, to comply with a 50% reduction in size, in collaboration with the Ministry of Energy and Minerals, a process that should be finished during the month of October 2016. The total area occupied by the renewal licenses is approximately 359.80 km^2 or 45% of the original area.

In addition to the renewal areas, the Company had also applied for the remainder of the license areas and has received four additional PLs under PL9853/2014, PL10000/2014, PL10262/2014 and PL10409/2014 effective on July 2, 2014, July 22, 2014, September 25, 2014 and December 2, 2014, respectively. These four PLs are valid for four years and cover areas of 63.23 km^2. The Company now holds a total license area of approximately 423.03 km^2 (53% of its original 800 km^2 license area).

b) Primary Mining Licenses ("PMLs")

On August 5, 2011, the Company entered a Mineral Property Acquisition Agreement (the "2011 Acquisition Agreement") with Handeni Resources Limited ("Handeni Resources"), a limited liability company registered under the laws of Tanzania. The Chairman of the Board of Directors of the Company has an existing ownership and/or beneficial interest(s) in Handeni Resources. Pursuant to the 2011 Acquisition Agreement, the Company had an exclusive option to acquire from Handeni Resources a 100% interest in mineral licenses covering an area of approximately 2.67 square kilometers to the east of Magambazi Hill, which is adjacent to the area covered by the Company's four existing PLs in the Handeni District.

On November 30, 2011, the Company completed the 2011 Acquisition Agreement and issued 100,000 (15,000,000 pre-consolidation) restricted common shares to Handeni Resources as payment. As at November 30, 2011, the fair market price of the Company's common stock was $0.11 per share; accordingly, the Company recorded a total fair market value of $1,650,000 as the mineral licenses acquisition cost.

To comply with the laws and regulations of the Republic of Tanzania whereby foreign companies may not own PMLs, on July 19, 2012, the Company entered into an Addendum agreement to the 2011 Acquisition Agreement whereby Handeni Resources, on behalf of the Company, administers the 32 PMLs until such time as a mining license on the 32 PMLs (2.67 km^2) have been allocated. During this period Handeni Resources is conducting exploration and mining activities on the PMLs as directed by the Company.

As at May 31, 2016, the Company had recognized an impairment loss of $235,000 with respect to the carrying value of its mineral licenses as a result of management's intention to let four of the 32 PMLs pertaining to the Handeni Properties lapse. This impairment loss represents the write-off of the original acquisition cost relating to these four PMLs. As the intention to let these four PMLs lapse was considered an indicator of impairment, management performed a recoverability test for the remaining 28 PMLs and noted that their carrying value did not exceed their estimated fair value, thereby resulting in no additional impairment loss.

During the three months ended August 31, 2016, the Company paid $1,800 (the three months ended August 31, 2015: $1,223) in annual rental and licenses renewal fees for PLs. Such license related fees have been recorded as exploration expenses on the consolidated statement of operations and comprehensive loss.

(Expressed in U.S. dollars)

7. Equipment

	August 31, 2016			May 31, 2016
	Cost $	Accumulated Depreciation $	Net Book Value $	Net Book Value $
Automobile vehicles	139,169	139,169	-	-
Camp and equipment	197,011	197,011	-	-
Office furniture and equipment	100,222	99,971	251	358
Software	7,930	7,930	-	-
	444,332	444,081	251	358

During the three months ended August 31, 2016, the Company sold certain of its fully amortized equipment and recognized a gain on disposal of $35,000 (the year ended May 31, 2016: $10,653) in the consolidated statement of operations and comprehensive loss.

8. Related Party Transactions

a) The Company has entered into the following facility agreements with related parties:

i) On December 7, 2012, and as amended on September 4, 2013, June 18, 2014, March 20, 2015 and August 30, 2016, the Company entered into a facility agreement with IPP Ltd., a private company controlled by the Chairman of the Company. The funding is in the form of an interest-free unsecured loan to the Company of up to $720,000 due December 31, 2018. As of August 31, 2016 and May 31, 2016, IPP Ltd. has fully advanced $720,000 to the Company pursuant to this facility agreement.

ii) On October 9, 2013, and as amended on June 18, 2014, March 20, 2015 and August 30, 2016, the Company entered into a facility agreement with Consultancy & Finance Company Associates Ltd. ("C&F"), a private company controlled by the Chairman of the Company. The funding is in the form of an interest-free unsecured loan to the Company of up to $405,000. During the current period the due date has been extended from May 31, 2017 to December 31, 2018 without any interest or penalties. As of August 31, 2016 and May 31, 2016, C&F has fully advanced $405,000 to the Company pursuant to this facility agreement.

iii) On November 20, 2014, and as amended on August 30, 2016, the Company entered into a facility agreement with C&F. The funding is in the form of an interest-free unsecured loan to the Company of up to $500,000. During the current period, the due date has been extended from May 31, 2017 to December 31, 2018 without any interest or penalties. As of August 31, 2016 and May 31, 2016, C&F has fully advanced $500,000 to the Company pursuant to this facility agreement.

iv) On January 16, 2016, the Company entered into an additional facility agreement with C&F. The funding is in the form of an interest-free unsecured loan to the Company of up to $360,000. During the current period the due date has been extended from May 31, 2017 to December 31, 2018 without any interest or penalties. A maximum amount of $30,000 may be drawn by the Company per calendar month. As of August 31, 2016 and May 31, 2016, C&F has advanced $200,000 and $90,000 respectively to the Company pursuant to this facility agreement.

For the three months ended August 31, 2016, $53,839 of deemed interest was calculated at an annual interest rate of 12% (three months ended August 31, 2015: $36,007 calculated at an annual interest rate of 12%). Such deemed interest approximates the fair market value of the borrowings, and was recorded as interest expense and donated capital.

b) The Company's President and Chief Executive Officer (the "CEO") has incurred $Nil of administration and professional services fees during the three months ended August 31, 2016 and 2015. As at August 31, 2016 and May 31, 2016, accounts payable included $306,000 of unpaid CEO fees.

During the three months ended August 31, 2016, the Company paid $26,400 (the three months ended August 31, 2015: $36,000) representing 60% of annual rental expenses associated with renting the CEO's family house in Tanzania, pursuant to the underlying Executive Services Agreement.

In addition, during the three months ended August 31, 2016 and 2015, the Company incurred geological service fees of $9,000 to a private company controlled by a person who is related to the CEO. This amount is included in exploration expenses. As at August 31, 2016, accounts payable included $6,000 (May 31, 2016, $Nil) of unpaid fees.

c) During the three months ended August 31, 2016, the Company incurred administration and consulting services fees of $17,344 (the three months ended August 31, 2015: $17,737) to a private company controlled by the Company's Chief Financial Officer (the "CFO"). The Company also incurred salary of $10,406 (the three months ended August 31, 2015: $10,561) to the Company's CFO. These amounts are included in general and administrative expense.

d) During the three months ended August 31, 2016 and 2015, the Company incurred $Nil of directors' fees. As at August 31, 2016 and May 31, 2016, accounts payable included $145,000 of unpaid independent directors' fees.

(Expressed in U.S. dollars)

9. Common Stock and Additional Paid-in Capital

The authorized common stock of the Company consists of 500,000,000 shares, with $0.001 par value. On June 8, 2016, the Company effected a reverse stock split (the "Reverse Split") of its issued and outstanding shares of common stock, in which one (1) new share was exchanged for one-hundred-fifty (150) old shares (1:150), as set for in a Certificate of Amendment to the Company's Articles of Incorporation effected and filed on May 24, 2016 with the Nevada Secretary of State.

As a result of the Reverse Split, the Company's issued and outstanding shares of common stock have decreased from 321,416,653 shares of common stock to 2,142,778 shares of common stock. The Company gave retroactive effect in the consolidated financial statements for the Reverse Split at May 31, 2016.

During the three months ended August 31, 2016, the Company had no changes in its common stock and additional paid-in capital.

10. Stock Options

The Company adopted a Stock Option Plan, dated November 29, 2010 (the "November 2010 Stock Incentive Plan"), under which the Company is authorized to grant stock options to acquire up to a total of 266,667 (40,000,000 pre-consolidation) shares of common shares. The stock options outstanding are exercisable for cash or on a cashless exercise basis using a prorated formula whereby the number of shares issuable is equal to (a) the average closing price for the five days prior to exercise date ("ACP") in excess of the exercise price, divided by (b) the exercise price multiplied by (c) the number of options exercised.

During the three months ended August 31, 2016 and 2015, there were no stock options granted or exercised. As at August 31, 2016 and May 31, 2016, there were no intrinsic values attributed to outstanding options, all stock options were fully vested, and the Company had 71,333 (10,700,000 pre-consolidation) shares of common stock available to be issued under the November 2010 Stock Incentive Plan.

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

	Number of Options #	Weighted Average Exercise Price $	Weighted Average Remaining Contractual Terms (years)	Aggregate Intrinsic Value $
Outstanding, May 31, 2015	188,667	35.10	5.56	-
Outstanding, May 31, 2016	188,667	35.10	4.56	-
Outstanding and exercisable, August 31, 2016	188,667	35.10	4.31	-

11. Fair Value Measurements

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

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

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

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

Pursuant to ASC 820, the fair value of cash and restricted cash equivalent are determined based on Level 1 inputs, which consist of quoted prices in active markets for identical assets. As at August 31, 2016 and May 31, 2016, there were no Level 2 and Level 3 inputs and no liabilities measured at fair value on a recurring basis presented on the Company's consolidated balance sheets.

Management believes that the recorded values of all of the Company's other financial instruments approximate their current fair values because of their nature and respective maturity dates or durations. Assets measured at fair value on a recurring basis were presented on the Company's consolidated balance sheets as of August 31, 2016 and May 31, 2016, as follows:

(Expressed in U.S. dollars)

11. Fair Value Measurements (continued)

	Fair Value Measurements Using			
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Balance as of August 31, 2016	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Balance as of May 31, 2016
Assets:				
Cash	$ 79,530	$ 79,530	$ 52,373	$ 52,373
Restricted cash equivalent	13,152	13,152	13,158	13,158
Total assets measured at fair value	$ 92,682	$ 92,682	$ 65,531	$ 65,531

12. Segment Disclosures

The Company operates in one reportable segment, being the acquisition and exploration of mineral properties. Segmented information has been compiled based on the geographic regions that the Company and its subsidiary registered and performed exploration and administration activities. Assets by geographical segment are as follows:

	Canada	Tanzania, Africa	Total
Current assets	$ 39,716	$ 69,490	$ 109,206
Restricted cash equivalent	13,152	-	13,152
Mineral licenses	-	1,415,000	1,415,000
Equipment, net	-	251	251
Total assets, at August 31, 2016	$ 52,868	$ 1,484,741	$ 1,537,609

	Canada	Tanzania, Africa	Total
Current assets	$ 42,193	$ 26,263	$ 68,456
Restricted cash equivalent	13,158	-	13,158
Mineral licenses	-	1,415,000	1,415,000
Equipment, net	-	358	358
Total assets, at May 31, 2016	$ 55,351	$ 1,441,621	$ 1,496,972

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, 2016 and 2015 should be read in conjunction with our unaudited interim consolidated financial statements and related notes for the three months ended August 31, 2016 and 2015 included herewith and our audited consolidated financial statements as at May 31, 2016 and 2015 included in our Annual Report on Form 10-K for our fiscal year ended May 31, 2016 as filed with the SEC. All financial information in this Management's Discussion and Analysis ("MD&A" or the "discussion") is expressed and prepared in conformity with U.S. generally accepted accounting principles. All dollar references are to the U.S. dollar, the Company's reporting currency, unless otherwise noted. Some numbers in this MD&A have been rounded to the nearest thousand for discussion purposes.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements that involve risks, uncertainties and assumptions with respect to the Company's activities and future financial results, which are made based upon management's current expectations and beliefs. These forward-looking statements involve risks and uncertainties, including statements regarding the Company's capital needs, business plans and expectations. 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 under "Risk Factors" and elsewhere in this annual report. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. Management disclaims any obligation to publicly update these statements, or disclose any difference between its actual results and those reflected in these statements. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

Overview

We are engaged in the acquisition and exploration of mineral properties. Our principal area of focus is the Handeni Gold Project located in the Handeni district, within the Tanga region of the Republic of Tanzania in East Africa, in which we have interests in mineral claims through prospecting licenses ("PLs") and/or primary mining licenses ("PMLs") issued by the government of the Republic of Tanzania. None of our mineral claims contain any substantiated mineral deposits, resources or reserves of minerals to date. Exploration has been carried out on these claims, in particular the eight PLs in the Handeni District. Accordingly, additional exploration of these mineral claims is required before any conclusion can be drawn as to whether any commercially viable mineral deposit may exist on any of our mineral claims. Our plan of operations is to continue exploration and drilling work when funds are available in order to ascertain whether our mineral claims warrant further 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, resource or reserve, until appropriate exploratory work has been completed and an economic evaluation based on that work concludes economic viability.

We are considered an exploration or exploratory stage company, because we are involved in the examination and investigation of land that we believe may contain valuable minerals, for the purpose of discovering the presence of ore, if any, and its extent. There is no assurance that a commercially viable mineral deposit exists on the properties underlying our mineral claim interests, and considerable further exploration will be required before a final evaluation as to the economic and legal feasibility for our future exploration is determined.

Illegal artisanal activity on the Company's license areas is a continuous and remaining concern to the company's interests in the Handeni district. During the past 2 years illegal artisanal activities on our properties seriously interfered with the company's exploration programs as outlined in our quarterly reports. The Company has and is addressing this issue with responsible local, regional and central government authorities on a continuous basis. The Company was given assurances by the Ministry of Energy and Minerals (the "MEM") that illegal artisanal miners would be removed from our target areas, including Mjembe and Target 5 following an agreed date of at first 24 November 2015, then postponed to April 2, 2016.The Company can now gladly report that on 16 and 20 June 2016 illegal miners were removed by governmental authorities and the police force from two of our target areas namely Ngwila and Mjembe. The Company is establishing a base camp on the Mjembe site to continue with exploration and to secure the site from interference by illegal artisanal miners. Although the Company is relieved that the Tanzanian government acted to protect our legal interests, we are of the opinion that much more needed to be done to address the illegal artisanal problem with the aim of having a long term solution. The Company will continue to follow all available legal structures to protect our exploration assets whilst at the same time work with authorities and artisanal miners to further the interest of both parties based on a secure legal framework. Not Handeni Gold Inc.or Tanzania as a country can afford the sterilization of its mining assets by unbridled illegal artisanal activity as it is currently conducted.

Our Mineral Claims

Handeni District Gold Project

Location and Access

The Handeni Gold properties lie within the historic Handeni artisanal gold mining district, located in Tanga Province, roughly 175 km northwest of Tanzania's largest city, Dar Es Salaam, and 100 km southwest of the more northerly coastal city of Tanga (Fig. 1). The road from Dar Es Salaam to Tanga is paved; the secondary road that heads northwest from this road to the town of Handeni, a distance of 65 km, has recently been paved. The Handeni properties are located roughly 35 km south of the town of Handeni along a secondary gravel road. From this point, a number of dirt roads head south across various portions of the Handeni property and beyond. Driving time from Dar Es Salaam to the Handeni Gold properties is approximately five hours, depending on traffic and the weather.

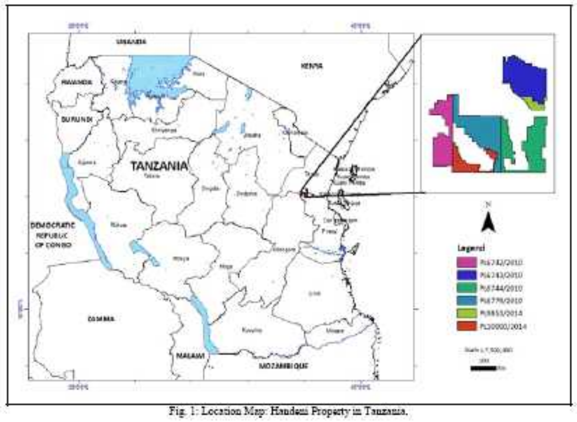

Fig. 1: Location Map: Handeni Property in Tanzania.

Prospecting Licenses (PLs)

Currently, our primary focus is on the undivided 100% legal, beneficial and registerable interest in and to eight PLs, located in the Handeni District of Tanzania. The total area held by the Company in the Handeni district is now 423.03 km^2 (Fig. 2) (Table 1).

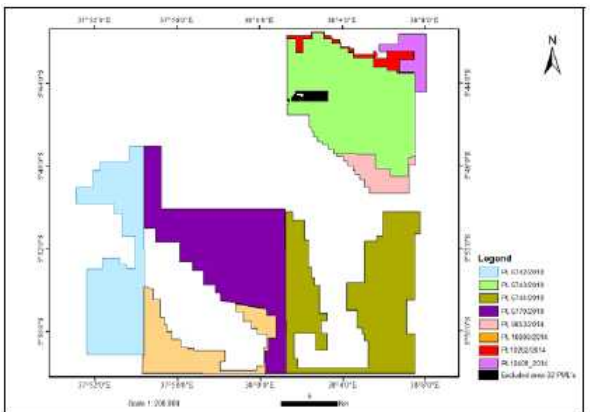

Fig. 2. Outline of Handeni Gold PLs in the Handeni district. An area containing 32 PMLs is represented in black

Table 1: List of Prospecting Licenses, Handeni Property (prior to the 2013 renewal of the licenses)

PL No.	Area (Sq Km)	Issue Date	Original Recipient	Transfer Date (To IPP Gold)	Transfer Date (To Handeni Gold)	Expiry Date	Renewal Date
6742/2010	197.98	05/10/10	Diamonds Africa Ltd.	18/11/10	12/12/10	04/10/13	05/10/13
6743/2010	195.48	13/10/10	Gold Africa Ltd.	18/11/10	12/12/10	12/10/13	13/10/13
6744/2010	198.70	13/09/10	M-Mining Ltd.	18/11/10	12/12/10	12/09/13	13/09/13
6779/2010	197.74	13/09/10	Tanzania Gem Center Ltd.	18/11/10	12/12/10	12/09/13	13/09/13

Following the 2013 renewal of the properties and acquisition of PLs in the current period, the Company now holds interests in PLs with details as described in Table 2, below.

Table 2: Handeni Gold Prospecting Licenses

PL Number	Granted Date	Expiry Date	Area Size (km^2)
6742/2010	5/10/2013	4/10/2016	70.32
6743/2010	13/10/2013	12/10/2016	95.08
6744/2010	13/9/2013	12/9/2016	97.56
6779/2010	13/9/2013	12/9/2016	96.84
9853/2014	2/7/2014	1/7/2018	12.32
10000/2014	22/7/2014	21/7/2018	33.62
10262/2014	25/9/2014	24/9/2018	6.97
10409/2014	02/12/2014	01/12/2018	10.32

During September and October of 2016, the company will need to (by Tanzanian law) reduce the areas of some of our PL's by 50% which will result in the company holding an area of approximately 211 km^2 as prospecting licenses.

To expand its operations to the Lake Victoria gold fields, the company applied for a prospecting license (PL11157/2016) bordering an active mining site with the ore zone potentially extending to the PL of interest.

Primary Mining Licenses (PMLs)

On November 30, 2011, the Company acquired from Handeni Resources a 100% interest in primary mining licenses covering an area of approximately 2.67 square kilometers to the east of Magambazi Hill (Figs. 2 and 4). To comply with the laws and regulations of the Republic of Tanzania whereby foreign companies may not own PMLs, on July 19, 2012, the Company:

(1) entered into an Addendum agreement to the 2011 Acquisition Agreement whereby Handeni Resources will administer the 32 PMLs until such time as a mining license ("ML") on the 32 PMLs (2.67 km^2) have been allocated; and

(2) during this period Handeni Resources will be conducting exploration and mining activities on the PMLs as directed by the Company.

An enlargement of the "excluded area" as delineated on Fig. 2 is presented below (Fig. 3). An area within the outline of the 32 PML's without a PML number (Fig. 3) has now been confirmed to be part of PL6743/2010. The block of 32 PMLs, shown in grey below, belongs to the Company as described above and are being explored.

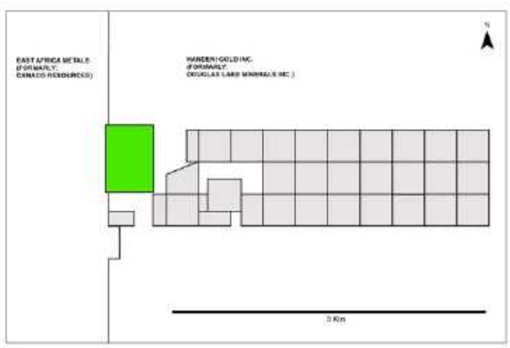

Fig. 3: Exclusion areas within PL6743/2010. Note area in white within PML's is part of PL6743/2010.

West of the western border of PL 6743/2010 are several more PMLs that do not belong to the Company. The area colored in green (Fig. 3) is a unitized block of four PMLs that were apparently acquired by Canaco Resources Inc. ("CRI") (now East Africa Metals Inc.) from their owners.

Handeni District Project

We obtained a Technical Report on the Handeni Property (the "Handeni Report"), dated April 25, 2011, as prepared at our request by Avrom E. Howard, MSc, FGA, PGeol (Ontario), Principal Consultant at Nebu Consulting LLC. Mr. Howard is a Qualified Person in accordance with Canadian National Instrument 43-101 "Standards for Disclosure of Mineral Projects" and its Companion Policy (collectively, "NI 43-101") and is a Practicing Professional Geologist registered with the Association of Professional Geoscientists of Ontario (registration number 0380).

Subsequent to the publishing of the April 25, 2011 NI 43-101 report by Mr. Howard, the Company produced numerous in-house technical reports and is in the process of compiling an updated NI 43-101 report that will include the updated model for mineralization on our Handeni property. The drilling conducted by the Company was done implementing and following Quality Control and Quality Assessment procedures recommended by SRK (Stephen, Robertson and Kirsten).

Property Description

General

Exploration, mining and related activities is regulated and controlled under the Mining Act of 1998 (revised in 2010) (the "Mining Act"). Tanzania is Africa's fourth leading gold producer, with several major companies producing and exploring for gold, mostly in northwestern Tanzania, south of Lake Victoria, in an area informally known as the Lake Victoria gold belt.

The Handeni Property

The increase in gold prices at the turn of the century and consequent increase in artisanal gold mining activity in the Handeni area led to the discovery of deposits of placer gold, in turn leading in 2003 to a classic gold rush. The discovery and mining of lode deposits followed, soon after, along with the growth of a shanty mining town at the northern base of Magambazi Hill.

Between 2005 and 2010, IPP Gold carried out exploration over its Prospecting Reconnaissance License leading to the upgrading of its holdings from one PLR to four PL's of 800 km^2, in August 2010. Exploration work included airborne magnetic and radiometric surveys, ground magnetic surveys, reconnaissance geological mapping, soil sampling, pitting and trenching. It is these four PLs that were acquired by the Company from IPP Gold under the September 2010 agreement.*Geological Setting*Regional GeologyRegional geological mapping programs led to the recognition of several major litho-structural provinces from Archean to recent age in Tanzania. The Archean craton covers most of the western two thirds of the country, roughly bounded to the east by the East African Rift. Archean rocks host all of the country's kimberlite pipes and contained lode diamond deposits, and most of its lode gold deposits. The Archean basement terrain is bounded to the east and west by a series of Proterozoic mobile belts; this area, particularly that to the east, hosts most of the country's wide variety of colored gemstone deposits. Some recent research suggests that portions of this assumed Proterozoic terrane may actually consist of Archean crust that has undergone a later phase of higher grade metamorphism.

The Handeni district forms part of the Tanzanian Mozambique belt. The belt was subjected to four tectonothermal events at 830-800Ma, ~760Ma, 630-580Ma and 560-520Ma. All except the last attained upper amphibolite / granulite grade metamorphic conditions. Property Geology The Handeni area is situated in the Palaeoproterozoic, Usugaran/Ubendian Metamorphic Terrane of Tanzania, along the northern extension of the north-trending Proterozoic Mozambique Mobile Belt.

The geology of the Handeni area comprises amphibolite to granulite facies metamorphic rocks interpreted to originally have formed a sequence of ultramafic to felsic volcanic flows, black shales and quartz-bearing sedimentary rocks. It is furthermore interpreted to comprise a metamorphosed/overprinted eastern extension/remnant of the Lake Victoria cratonic greenstone belt. High grade metamorphism has converted these original lithologies to a variety of metamorphic equivalents, including biotite-hornblende-garnet-pyroxene gneiss, migmatitic augen garnet-hornblende-pyroxene gneiss, quartzo-feldspathic hornblende-biotite-pyroxene gneiss, pyroxene-hornblende-biotite-garnet granulite and others.

Recent research by geologists from the University of Western Australia suggests that much of what has previously been considered to be of Proterozic age (Usagaran System) may in fact be overprinted Archean crust. This hypothesis has been invoked to help interpret the geology within which gold in this area is found and as the basis for an analogy between this gold mineralization and that found in less metamorphosed, bona fide Archean rocks in the Lake Victoria gold district, a few hundred km to the northwest. However, this is a hypothesis only, one that may be used for exploration modeling purposes but one that still requires more work.

Mineralization

The Handeni property is at an early stage of exploration. There are no known mineral resources or reserves on the Handeni property, nor are there any known economically mineable deposits on the property. Gold is found within garnet-amphibolite zones within biotite-feldspar gneiss at three k n o w n locations in the Company's property, locations where historical lode gold occurrences have been documented. Gold occurs in quartz veins as well as within the garnet amphibolites adjacent to the quartz veins. Proof of this association is informally corroborated by the testimony of local, illegal artisanal miners, who recover gold both from quartz veins and gold-bearing gneiss that is not quartz vein bearing. Gold in the Company's property has also been documented in soils and placers, at a variety of locations, as well.

Our geophysical and structural geological interpretation on which the drilling program conducted in 2012 was based, supported the mineralization model described above in broad terms.

Whereas gold was known in the Handeni area prior to the arrival in 2005 of the Company's predecessor, IPP Gold, there is no history of any formal exploration in the area aside from limited work at Magambazi Hill itself and the work conducted in recent years by Canaco (East African Metals) in the region.

Handeni Gold's intensive early exploration program following the Company's September 2010 agreement with IPP achieved the following in terms of mineralization on the properties:

- It outlined a number of locations where intensive placer and illegal artisanal gold mining took place within the Handeni property, notably the Kwandege, Magambazi and Mjembe areas.

- A helicopter based TEM electromagnetic and radiometric aerial survey program clearly delineated subsurface geological features of importance to gold and base metal mineralization in this high grade metamorphic terrain. The data proved to be invaluable in the definition of structurally important sites and target definition and was key in defining areas for ground geophysical surveys including ground magnetics, - radiometrics and I.P (Induced Polarization Surveys). Based on this exploration, priority drill targets were selected including Magambazi East as well as the Kwandege targets that were subsequently drilled.

- Twenty-eight (28) diamond core holes (5,347 meters) were drilled on the Magambazi East and related targets and delineated a gold enriched mineralization zone extending for a distance of approximately 500 meters to the south east of the Magambazi Hill mineralization as defined by CRI. Based on drill data and re-interpretation of this target we are now convinced that the gold potential of this target may be proven or disproven with drilling of 5 directional drill holes.

- Thirty-seven (37) drill holes (4,989 meters in total) have been drilled on the Kwandege mineralized zone, completing the first phase drilling program on this project. Twenty-six of the 32 drill holes on the main Kwandege target yielded gold assay values of more than 0.5 g/t over a one-meter interval or thicker intersection, whereas four of the remaining holes had anomalous gold values of up to 0.49 g/t. An important feature of the Kwandege target is the fact that low level gold values (0.5 g/t to 1 g/t) were encountered in numerous intersections in the drill holes and also confirmed by the latest assay results. Anomalous gold with some potentially economic intersections have been encountered in an E - W (strike) direction of 1,501 meters (based on the results of the completed phase 1 drilling program). The open ended nature of the mineralization in an E-W direction was confirmed. Recently acquired data confirms the potential of the Kwandege target area as part of a much larger structure with high gold potential. In terms of our new geological model continued drilling on the Kwandege target is highly recommended.

- The results of the soil sampling program on Target 5 yielded gold in soil values of up to 200 ppb. Au (gold) assay results received for 2331 samples coincides with a magnetic and electro-magnetic geophysical anomaly on surface over an area of approximately 1.8 km (N-S) by 900 m (E-W). The evaluation of this target is to be continued by pitting, trenching and ground IP. The exploration on this target was interrupted by the on-going activity of illegal artisanal miners. The activity of these miners and the fact that their activity might lead to the sterilization of a potentially viable gold deposit forced the company to avoid work on the site as our activities may provide clues as to our interpretation of the mineralization. It is hoped that the evacuation of miners from the Mjembe target by authorities as described above will discourage illegal artisanal activity on Target 5.

- Data collected from our intensive efforts to delineate alluvial gold mineralization with economic potential yielded the following:

  a) The fluvial environment has the largest potential for the extraction of coarse grained gold in the Handeni area.
  b) A large proportion of gold is contained as fine grained gold. This conclusion was based on the fact that geochemically analyzed samples of the same locations as the bulk sampled areas yielded significantly higher gold values.
  c) Some specific horizons in the fluvial horizon yield higher values than others.
  d) Allowing for a mere 50% efficiency of the applied processes, the overburden, the grade as well as consistency of gold on the alluvial targets evaluated thus far our results indicated that secondary gold mineralization is not economically mineable.
  e) Recent activities of illegal artisanal miners on our Ngwila alluvial target provided a classic example of the disastrous effect of illegal artisanal miners on a potential viable gold deposit. Within a period of 2 months the activity of a thousand or more illegal miners led to the almost certain sterilization of a low grade alluvial gold deposit by unplanned pitting and excavation along a strike distance of more than 1 km. Although the illegal activity was stopped by authorities, exploration and potential resource determination on this deposit will now require a substantially larger exploration budget.

- The exploration results on our Mjembe target defined a significant potential gold mineralization zone with a high correlation between geochemical, structural and geophysical data. Mjembe will be the Company's primary target during the 2016/2017 field season. The potential of this area has been exploited by illegal artisanal miners. As described above the area has now been secured and our exploration activities are continuing.

Exploration conducted during the past three months included:

The company is currently focusing exploration on its Mjembe target area (Target 7). Our evaluation of the Mjembe target areas is that gold is present in rocks formed during ductile, transitional and brittle deformation episodes – a classical example of mobilization and remobilization of gold over a long term period of geological deformation and metamorphism. Exploration on Target 7 (Mjembe) was highly successful and 3 potential drill sites have been delineated within the larger Mjembe target area. A limited grab sampling program was conducted on illegal artisanal sites within the Mjembe target. The results in these primary source rocks are highly encouraging with visible gold present in many of the samples. Twelve grab samples (12 kg each) on illegal artisanal mine dumps yielded gold values of between 2 and 7 grams per ton. These mine dumps are providing minimum values for gold as they represent an un-concentrated mixture of "ore zone", hanging wall and foot wall material. HNDI is currently planning an exploration shaft to enable the company to gain a better understanding of the nature of the structural geology on the Mjembe-1 project as well as to conduct bulk sampling on the mineralization zone. Whole rock samples collected from a 60 m long and up to 10 m deep trench dug on our Mjembe-1 target yielded gold values of up to 6,1 g/t on specific horizons. The trench provided the necessary geological input to effectively determine the position of the exploration shaft.

- The Company is still experiencing illegal mining activities on its Mjembe targets despite the fact that exploration on this target is now continuing as reported above.

- XRF analyses and evaluation of drill core on the Magambazi East and Kwandege sites continued.

- An updated NI43-101 is being compiled. Based on the strategic and confidential nature of the results contained in this report and the Company's experiences gained over the past three years related to the securing of our exploration targets, it is deemed in the company's interest not to publish this report at this stage.

- The Company now has 5 high potential drill targets of the 17 areas investigated in detail on its approximately 423 km^2 license areas in the Handeni district. Significant anomalous results have been achieved on 3 additional targets.

- Detail geological mapping on the Gole sheath fold, a structural feature of 11 km by 4.5 km (Targets 12, 13, 14 and 17), have commenced and is continuing. Potential gold bearing amphibolite zones have been identified, which will be the focus of further investigation. Due to a lack of funding the Gole target will most likely not be further explored during the 2016/2017 field season.

- Further detailed mapping was conducted on Target 16. This was followed by gold assays using specialized geochemical techniques to test the potential of increasing the effectivity of the Company's soil sampling program. The results were highly successful and the Company will implement this technique on Target 10 when funds become available.

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.

Four of our mineral interests in Tanzania are currently held under PLs granted pursuant to the Mining Act for an initial period of three years and are renewable in two successive periods of two years only. The remaining four PL's are being held under the 2010 Mining Act and are valid for an initial period of 4 years (the initial period expiring in 2018 (Table 2)). Following this the first renewal is for 3 years and the second renewal for 2 years, each renewal accompanied by a mandatory relinquishment of at least 50% of the license area. The application fees are $300 on initial application and $300 for each renewal. There is a preparation fee of $500 applicable on each license. The annual rent for the licenses are $\$100/km^2$ (initial period), $\$150/km^2$ (1^{st} renewal) and $\$200/km^2$ (2^{nd} renewal).

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

We must hold a mining license to carry out mining activities, which are granted only to the holder of a PL covering a particular area. A mining license is granted for a period of 25 years or the life of the mine. It is renewable after 10 years for a period not exceeding 15 years. Other than the PMLs being held under Handeni Resources, we do not hold any mining licenses, only PLs. An application for the 32 PMLs being held under agreement by Handeni Resources to be changed into a mining license (ML) is underway. 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 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

Other than our directors and executive officers, we had approximately four full-time equivalent employees and consultants located in Tanzania as of August 31, 2016. We also utilize 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

The Company has two subsidiaries, both of which are Tanzanian companies: (i) HG Limited (formerly DLM Tanzania Limited); and (ii) Douglas Lake Tanzania Limited, which is inactive.

Plan of Operations

Our plan of operations through our fiscal year ending May 31, 2017 is to continue to focus on the exploration of our Handeni mineral property in Tanzania, and the budget for this plan requires approximately $0.6 million for our plan of the exploration work, $100,000 for mineral licenses fees and a minimum of $0.5 million for our general and administration expenses, professional and consulting fees and other operating expenses.

Handeni Gold Inc. has clearly identifiable goals for its exploration program in Tanzania, which has been adapted to reflect recent changes in the situation on the ground and our exploration activities:

a) The company will now focus on its outlined drill targets for the next financial year, including Mjembe, Targets 5 and Target 16.

b) Intensive exploration on the larger Mjembe target area will be conducted, including ground geophysics with the aim of outlining additional drill targets on the structure.

c) Reduce the Company’s license holding in the Handeni district by at least 50% reduction of our currently held license areas.

d) Acquire additional licenses bordering our target areas for reconnaissance work for a one year period. Relinquish those with low potential after one year.

e) Continue efforts to secure funding for drilling on drill targets.

Other low cost exploration activities being conducted on a continuous basis on the Company’s Handeni licenses include:

a) Identification of potential alluvial mining areas other than those currently known and being evaluated by utilizing remote sensing activities.

b) A detailed interpretation of already collected geophysical data.

c) A petrological, geochemical and mineralogical investigation of the Kwandege drill core to understand the style of gold mineralization at this locality.

d) The planning and siting of drill holes as a follow up Reverse Circulation program to evaluate the near – surface potential of the Kwandege target.

The estimated budget for the completion of these exploration programs is provided below:

EXPLORATION WORK	BUDGET (US$)
Ground Geophysics	10,000
Mapping, trenching, sampling, etc.	20,000
Drilling	350,000
Geologists, field personnel and general exploration	150,000
Sundry & contingencies	50,000
TOTAL	**$580,000**

Our exploration efforts are severely restricted by a cash-flow problem as well as by the efforts to curb the activity of illegal artisanal mining activities. To this extent the company has only spent limited funding on exploration of our planned 2017 and 2016 operations. Solving the illegal artisanal mining situation on the Mjembe target has now enabled the company to focus our efforts on this target which is well defined and the target that will most likely yield further positive results with a relatively low input of cash.

For the three months ended August 31, 2016, the Company used $118,000 cash in operating activities. At August 31, 2016, we had cash of $80,000 and a working capital deficit of $428,000. In addition, we have a total of $160,000 funds available to be withdrawn pursuant to a facility agreement with a related party. We assume $457,000 of payables due to related parties would not be demanded to pay in the next fiscal year. As such, we estimated that we will still need a minimum of $1 million additional funds in order to cover our planned operations over the fiscal year ending May 31, 2017. Our actual expenditures may exceed our estimations.

We anticipate that we will not generate any revenues for so long as we are an exploration stage company. Accordingly, we will be required to obtain additional financing in order to pursue our plan of operations.

We believe that external debt financing will not be an alternative for funding our next fiscal year exploration, as we do not have significant tangible assets to secure any debt financing. Therefore, we anticipate that additional funding will be in the form of further related parties debt financing and/or equity financing from the sale of our common stock. We cannot provide investors with any assurance that we will be able to obtain sufficient financing to fund our acquisition and exploration program going forward. In the absence of sufficient funding, we will not be able to continue acquisition and exploration of mineral claims and we will be forced to abandon our mineral claims and our plan of operations. Even if we are successful in obtaining financing to fund our acquisition and exploration program, there is no assurance that we will obtain the funding necessary to pursue any advanced exploration of any mineral claims.

Results of Operations

We have had no operating revenues and accumulated net loss of $118 million since our inception (January 5, 2004) to August 31, 2016. The following table sets out our losses from operations for the periods indicated:

	For the Three Months Ended,	
	August 31, 2016	August 31, 2015
Revenue	$ -	$ -
Expenses		
Consulting fees	1,350	1,350
Depreciation	107	795
Exploration expenses (Note 8 (b))	29,270	20,303
General and administrative (Note 8 (c))	43,634	47,868
Interest expense (Note 8 (a))	53,839	36,007
Professional	15,046	3,347
Rent (Note 8 (b)	26,559	36,411
Travel and investor relations	174	165
Total Expenses	169,979	146,246
Loss From Operations	$ (169,979)	$ (146,246)

Three Months Ended August 31, 2016 Compared to Three Months Ended August 31, 2015

Our net loss for the three months ended August 31, 2016 was $136,000, compared to $136,000 for the same period ended August 31, 2015, the difference is mainly due to gain on disposal of equipment increased by $25,000 for the three months ended August 31, 2016 and our operating expenses for the three months ended August 31, 2016 increased by $24,000 to $170,000 from $146,000 for the same period ended February 29, 2015. The main operating expenses changes are as follows:

- our consulting, general and administrative fees decreased by $4,000 to $45,000 during the period ended August 31, 2016 (three months ended August 31, 2015 - $49,000), primarily due to fund limitation and continuing cost management;

- our exploration expenses increased by $9,000 to $29,000 during the three months ended August 31, 2016 (three months ended August 31, 2015 - $20,000). Our funding limitations caused our reduced exploration activities;

- depreciation fees decreased by $700 to $100 during the three months ended August 31, 2016 (three months ended August 31, 2015 - $800) mainly because the majority of our equipment was fully depreciated;

- interest expenses increased by $18,000 to $54,000 during the three months ended August 31, 2016 (three months ended August 31, 2015 - $36,000), which represented deemed interest on increased interest free unsecured loans from related parties. Such deemed interest was recorded as donated capital;

- our professional fees increased by $12,000 to $15,000 during the three months ended August 31, 2016 (three months ended August 31, 2015 - $3,000) primarily due to increased legal fees on capital reorganization;

- our rent expenses were less than $500 during the three months ended August 31, 2016 and 2015 mainly due to our fund limitation caused our Tanzania and Canadian office space limitation; Included in the rent for the three months ended August 31, 2016, there was $26,400 (three months ended August 31, 2015: $36,000) representing 60% of the rental expense associated with renting our CEO's family house in Tanzania;

- our travel and investor relations expenses were less than 200 during the three months ended August 31, 2016 and 2015 mainly due to our funding limitations.

Liquidity and Capital Resources

The Company has been reviewing its budgets for its current business needs and its further exploration. We estimate that our total expenditures for our fiscal year ending May 31, 2017 will be approximately $1 million, as outlined above under the heading "Plan of Operations". At August 31, 2016, we had cash of $80,000, a working capital deficit of $428,000. We believe that we have insufficient capital to fund our plan of operations.

On January 16, 2016, the Company entered into a credit facility agreement with a private company controlled by our Chairman of the Board of Directors. The funding is in the form of an interest-free unsecured loan to the Company of up to $360,000 due December 31, 2018. A maximum amount of $30,000 may be drawn by the Company per calendar month. As of the date of this report, we received a total of $200,000, with $160,000 available to be withdrawn pursuant to this facility agreement.

We have not generated revenues since the date of inception on January 5, 2004, and our cash has been generated primarily from the sale of our securities. We anticipate that we will not generate any revenue in near future. We anticipate that additional funding will be in the form of equity financing from the sale of our common stock, related parties debt financing, joint ventures or some combination of these or other means. We believe that external debt financing will not be an alternative at this stage for funding additional phases of our exploration as we do not have significant tangible assets to secure any debt financing.

We cannot provide investors with any assurance that we will be able to raise sufficient funding to continue our acquisition and exploration program going forward. If we are not able to obtain financing in the amounts required or on terms that are acceptable to us, we may be forced to scale back, or abandon, our plan of operations. Even if we are successful in obtaining equity and/or debt financing to fund our acquisition and exploration program, there is no assurance that we will obtain the funding necessary to pursue any advanced exploration of any mineral claims. If we do not continue to obtain additional funding, 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 decreased by $6,000 to $118,000 during the three months ended August 31, 2016, as compared to $124,000 during the same period in 2015.

Net Cash Used in Investing Activities

Net cash provided in investing activities was $35,000 during the three months ended August 31, 2016 (August 31, 2015: 10,000) due to proceeds from disposal of automobile vehicles.

Net Cash from Financing Activities

During the three months ended August 31, 2016, we received $110,000 (August 31, 2015: $135,000) in loans pursuant to facility agreements with related parties. We have funded our business to date primarily from sales of our common stock and loans from related parties.

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

Going Concern

We have not attained profitable operations and are dependent upon obtaining financing to pursue any extensive exploration activities. The Company has not generated any revenues and has accumulated losses of $118 million since inception to August 31, 2016. In addition, we had working capital deficit of $428,000 as of August 31, 2016.

Future Financings

We anticipate continuing to rely on equity sales of our common shares, debt financing from our related parties, and/or other financing in order to continue to fund our business operations through our next fiscal year ending May 31, 2017. 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.

Related Party Transactions

The details of related party transactions are disclosed in footnote 8 of our Company's interim unaudited consolidated financial statements for the fiscal quarter ended August 31, 2016 (Item 1, above).

Segment Disclosures

The Company operates in one reportable segment, located in Tanzania Africa, being the acquisition and exploration of mineral properties. The details of segment disclosures are disclosed in footnote 12 of our Company's interim unaudited consolidated financial statements for the fiscal quarter ended August 31, 2016 (Item 1, above).

Inflation

We do not believe that inflation has had a significant impact on our consolidated results of operations or financial condition.

Contractual Obligations

a) On December 7, 2012, and as amended on September 4, 2013, June 18, 2014, March 20, 2015 and August 30, 2016, the Company entered into a facility agreement with IPP Ltd., a private company controlled by the Chairman of the Company. The funding is in the form of an interest free unsecured loan to the Company of up to $720,000. During the current period the due date has been extended from May 31, 2017 to December 31, 2018 without any interest or penalties. As of the date of this report, IPP Ltd. has fully advanced $720,000 to the Company pursuant to this facility agreement.

b) On October 9, 2013, and as amended on June 18, 2014, March 20, 2015 and August 30, 2016, the Company entered into a facility agreement with Consultancy & Finance Company Associates Ltd. ("C&F"), a private company controlled by the Chairman of the Company. The funding is in the form of an interest free unsecured loan to the Company of up to $405,000. During the current period the due date has been extended from May 31, 2017 to December 31, 2018 without any interest or penalties. As of the date of this report, C&F has fully advanced $405,000 to the Company pursuant to this facility agreement.

c) On November 20, 2014, and as amended on August 30, 2016, the Company entered into a facility agreement with C&F. The funding is in the form of an interest-free unsecured loan to the Company of up to $500,000. During the current period the due date has been extended from May 31, 2017 to December 31, 2018 without any interest or penalties. As of the date of this report, C&F has fully advanced $500,000 to the Company pursuant to this facility agreement.

d) On January 16, 2016, the Company entered into an additional facility agreement with C&F. The funding is in the form of an interest-free unsecured loan to the Company of up to $360,000 due December 31, 2018. A maximum amount of $30,000 may be drawn by the Company per calendar month. As of the date of this report, C&F has advanced $200,000 to the Company pursuant to this facility agreement.

Critical Accounting Policies

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

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

The critical accounting policies are disclosed in footnote 2 of our Company's interim unaudited consolidated financial statements for the fiscal quarter ended August 31, 2016 (Item 1, above).

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not required because we are a smaller reporting company.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

An evaluation was performed under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer ("CEO"), Reyno Scheepers, and the Company's Chief Financial Officer ("CFO"), Melinda Hsu, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rules 13a-15(b) and 15d-15(b) under the Exchange Act as of the end of the period covered by this report. Based upon the evaluation, the Company's CEO and CFO have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were not effective as of the end of the period covered by this report (that is, as of February 28, 2015), due to the material weaknesses in our internal control over financial reporting as disclosed in the Company's annual report for our fiscal year ended May 31, 2016, which have not been completely resolved as of August 31, 2016.

Management believes that the material weaknesses did not have a material impact on the Company's financial results and information required to be disclosed by the Company in its reports. However, management believes that these material weaknesses resulting in ineffective oversight in the establishment and monitoring of required internal control over financial reporting can impact the Company's consolidated financial statements for future years. As a result material errors could occur.

Changes in Internal Control Over Financial Reporting

There were no changes to our internal control over financial reporting that occurred during our fiscal quarter ended August 31, 2016 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

Except as disclosed below, management is not aware of any legal proceedings contemplated by any governmental authority or any other party involving us or our properties. As of the date of this quarterly report, no director, officer or affiliate is (i) a party adverse to us in any legal proceeding, or (ii) has an adverse interest to us in any legal proceedings. Management is not aware of any other legal proceedings pending or that have been threatened against us or our properties.

a) On February 8, 2012, Ruby Creek Resources Inc. ("RCR") filed a lawsuit against the Company in the Supreme Court, State of New York, in which RCR alleges that the Company participated in a fraudulent transfer of certain mineral property interests in Tanzania that RCR had the right to purchase pursuant to a series of agreements with the Company. The Company is of the view that such allegations were without merit and vigorously contested the action.

   On February 23, 2012, the Company filed a lawsuit against RCR in the Supreme Court of British Columbia (the "British Columbia Action"), seeking relief for RCR's breach of its payment obligations under the above-referenced agreements and seeking an order that RCR remove the U.S. restrictive legend from 4,000,000 RCR shares issued to the Company under the agreements.

   In addition to the British Columbia Action, on May 21, 2012 in answering RCR's claim in New York, the Company counterclaimed against RCR on the basis of the alleged breaches set out in the British Columbia Action (the "New York Counter Claim"). On November 19, 2012, the British Columbia Action was dismissed on the grounds that the Court in British Columbia did not have jurisdiction and further that the dismissal was without prejudice to either of the Company's and RCR's respective actions in New York against one another. This Order was granted by consent of both the Company and RCR.

   On January 13, 2015, the Company and RCR reached a binding settlement regarding the above-referenced litigation. The settlement does not require any monetary payment by the Company to RCR. Under the terms of the settlement, the Company will turn over its interest in Ruby Creek Resources (Tanzania) Limited and has agreed to return to RCR the 4,000,000 shares of restricted RCR common stock previously issued to the Company. Both parties have agreed to dismiss their respective claims, with prejudice, and the litigation is now concluded. Although the Company has not yet received formal settlement documents from RCR as agreed, the settlement is binding and the litigation is concluded.

b) On October 25, 2012, Craig Alford filed a lawsuit against the Company in the Supreme Court of British Columbia for breach of an alleged employment agreement. Mr. Alford claims the agreement was for a term of three years, commencing on March 1, 2011, with a monthly salary of $12,500. Mr. Alford claims that the Company wrongfully terminated the agreement in October 2011 and is seeking judgment in the amount of $362,500. The Company is of the view that the allegation is without merit and intends to vigorously contest the action. On February 4, 2013 the Company filed its response to Mr. Alford's claim with the Supreme Court of British Columbia.

Item 1A. Risk Factors

Not required because we are a smaller reporting company.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

The following exhibits are filed with this Quarterly Report on Form 10-Q:

Exhibit Number	Description of Exhibit
3.1(1)	Articles of Incorporation.
3.2(12)	Certificate of Amendment to Articles of Incorporation.
3.3(21)	Articles of Merger as filed with the Nevada Secretary of State.
3.3(3)	Amended Bylaws, as amended on September 5, 2006.
10.1(4)	Asset Purchase Agreement with KBT Discovery Group Tanzania Ltd.
10.2(4)	Asset Purchase Agreement with Hydro-Geos Consulting Group Tanzania Ltd.
10.3(4)	Asset Purchase Agreement with Megadeposit Explorers Ltd.
10.4(5)	Amendment No. 1 to Asset Purchase Agreement with KBT Discovery Group Tanzania Ltd.
10.5(5)	Amendment No. 1 to Asset Purchase Agreement with Hydro-Geos Consulting Group Tanzania Ltd.
10.6(5)	Amendment No. 1 to Asset Purchase Agreement with Megadeposit Explorers Ltd.
10.7(6)	Amendment No. 2 to Asset Purchase Agreement with KBT Discovery Group Tanzania Ltd.
10.8(6)	Amendment No. 2 to Asset Purchase Agreement with Hydro-Geos Consulting Group Tanzania Ltd.
10.9(6)	Amendment No. 2 to Asset Purchase Agreement with Megadeposit Explorers Ltd.
10.10(7)	Strategic Alliance Agreement between the Company and Canaco Resources Inc.
10.11(8)	Option Agreement between the Company and Canaco Resources Inc.
10.12(9)	Amendment No. 1 to Strategic Alliance Agreement between the Company and Canaco Resources Inc.
10.13(9)	Kwadijava Option Agreement.
10.14(9)	Negero Option Agreement.
10.15(10)	Joint Venture Agreement with Mkuvia Maita.
10.16(11)	2007 Stock Incentive Plan.
10.17(14)	2008 Stock Incentive Plan.
10.18(11)	Consulting Agreement with Harpreet Sangha.
10.19(11)	Consulting Agreement with Rovingi.
10.20(13)	Joint Venture Agreement with Mkuvia Maita dated June 5, 2009.
10.21(15)	Agreement with Ruby Creek Resources, Inc. dated November 7, 2009.
10.22(16)	Purchase Agreement with Ruby Creek Resources, Inc., dated for reference May 19, 2010.
10.23(17)	August 2010 Stock Incentive Plan.
10.24(18)	Mineral Property Acquisition Agreement between the Company and IPP Gold Limited, dated September 15, 2010, ratified by the Company's Board of Directors on September 21, 2010.
10.26(19)	November 2010 Stock Incentive Plan.
10.27(20)	Mineral Property Acquisition Agreement between the Company and Handeni Resources Limited, dated August 5, 2011.
10.28(22)	Executive Consulting Services Agreement between the Company and Amica Resource Inc., dated February 28, 2012.

10.29(23)	Unsecured Term Loan Facility Agreement between the Company and IPP Ltd. dated December 7, 2012
10.30(24)	Unsecured Term Loan Facility Agreement between the Company and Consultancy & Finance Company Associates Ltd. dated October 9, 2013
10.31(25)	Unsecured Term Loan Facility Agreement between the Company and Consultancy & Finance Company Associates Ltd. dated November 20, 2014
10.32(26)	Unsecured Term Loan Facility Agreement between the Company and Consultancy & Finance Company Associates Ltd. dated January 16, 2016
14.1(2)	Code of Ethics.
21.1	Subsidiaries of the Registrant: a. Douglas Lake Tanzania Limited (Tanzania); and b. HG Limited (Tanzania) (formerly: DLM Tanzania Limited (Tanzania)).
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 Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certifications of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Filed herewith.

(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, 2005.
(3) Incorporated by reference to Annual Report on Form 10-KSB for year ended May 31, 2006.
(4) Incorporated by reference to Current Report on Form 8-K filed on August 4, 2005.
(5) Incorporated by reference to Current Report on Form 8-K filed on November 21, 2005.
(6) Incorporated by reference to Quarterly Report on Form 10-SB for quarterly period ended November 30, 2005.
(7) Incorporated by reference to Current Report on Form 8-K filed on May 4, 2006.
(8) Incorporated by reference to Quarterly Report on Form 10-SB for quarterly period ended August 31, 2006.
(9) Incorporated by reference to Quarterly Report on Form 10-SB for quarterly period ended August 31, 2007.
(10) Incorporated by reference to Current Report on Form 8-K filed on August 6, 2008.
(11) Incorporated by reference to Annual Report on Form 10-KSB for year ended May 31, 2007.
(12) Incorporated by reference to Current Report on Form 8-K filed on January 27, 2009
(13) Incorporated by reference to Current Report on Form 8-K filed on July 16, 2009
(14) Incorporated by reference to Registration Statement Form S-8 filed on December 30, 2008.
(15) Incorporated by reference to Current Report on Form 8-K filed on November 13, 2009.
(16) Incorporated by reference to Current Report on Form 8-K filed on June 21, 2010.
(17) Incorporated by reference to Annual Report on Form 10-K for the year ended May 31, 2010.
(18) Incorporated by reference to Current Report on Form 8-K filed on September 27, 2010.
(19) Incorporated by reference to Annual Report on Form 10-K for the year ended May 31, 2011.
(20) Incorporated by reference to Current Report on Form 8-K filed on August 10, 2011.
(21) Incorporated by reference to Current Report on Form 8-K filed on February 15, 2012.
(22) Incorporated by reference to Current Report on Form 8-K filed on March 2, 2012.
(23) Incorporated by reference to Quarterly Report on Form 10-Q for the quarterly period ended November 30, 2012.
(24) Incorporated by reference to Quarterly Report on Form 10-Q for the quarterly period ended August 31, 2013.
(25) Incorporated by reference to Quarterly Report on Form 10-Q for the quarterly period ended November 30, 2014.
(26) Incorporated by reference to Quarterly Report on Form 10-Q for the quarterly period ended February 29, 2016.

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.

HANDENI GOLD INC.

By: *“Reyno Scheepers”*
Reyno Scheepers
President, Chief Executive Officer (Principal Executive Officer) and a director

By: *“Melinda Hsu”*
Melinda Hsu
Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer), Secretary and Treasurer

Date: October 10, 2016

Exhibit 31.1

CERTIFICATION

I, **Reyno Scheepers**, certify that:

1. I have reviewed this report on Form10-Q for the quarterly period ended August 31, 2016 of Handeni Gold 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 10, 2016

"Reyno Scheepers"
By: **Reyno Scheepers**
Title: President, Chief Executive Officer, Chief Operating Officer,
and a Director (Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, **Melinda Hsu**, certify that:

1. I have reviewed this report on Form10-Q for the quarterly period ended August 31, 2016 of Handeni Gold 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 10, 2016

"Melinda Hsu"
By: **Melinda Hsu**
Title: Chief Financial Officer, Secretary and Treasurer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

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

The undersigned, Reyno Scheepers, the Chief Executive Officer of Handeni Gold Inc. (the "Company"), hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge, the Quarterly Report on Form 10-Q for the period ended August 31, 2016, 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.

"Reyno Scheepers"
Reyno Scheepers
President, Chief Executive Officer, Chief Operating Officer, and a director
(Principal Executive Officer)
Date: October 10, 2016

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.

Exhibit 32.2

CERTIFICATION OF 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, Melinda Hsu, the Chief Financial Officer of Handeni Gold Inc. (the "Company"), hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge, the Quarterly Report on Form 10-Q for the period ended August 31, 2016, 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.

"Melinda Hsu"
Melinda Hsu
Chief Financial Officer, Secretary and Treasurer
(Principal Financial Officer and Principal Accounting Officer)
Date: October 10, 2016

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.